

Existing Multi-Family Building Value-Add Analysis

<b>General</b>			
<b>Lenox Ridge</b>		Lot Size	<b>1.00 Acres</b> 43,560 SF
Renovation Date	NA	Building SF	<b>280,279 GSF</b>
Total Apartments	<b>350 Units</b>	Commercial SF	<b>5,000 RSF</b>
Units To Renovate	<b>84 Units</b>	Current Occupancy	<b>71.00%</b>

<b>Acquisition Uses and Sources of Funds</b>			
		Going-in Cap Rate: 4.30%	GRM: 10.99x
Purchase Price		\$231.91 PSF	\$65,000,000
Acquisition Costs		2.85%	\$1,852,500
Renovation Costs			\$1,694,239
<b>Total Uses of Funds</b>			<b>\$68,546,739</b>

		% Total Cost	
Equity		30.00%	Rate \$20,564,022
Senior Loan	30-Year Am.	70.00%	4.00%
<b>Total Sources of Funds</b>	<b>0.00 yrs 1/O</b>	100.00%	<b>\$68,546,739</b>

<b>Renovation</b>			
Average Renovation Cost/Unit	<b>\$20,000</b>	<b>Income Growth Rate</b>	<b>2.50%</b>
Average Post-Reno. Monthly Rent Increase	<b>\$150</b>	<b>Expense Growth Rate</b>	<b>2.50%</b>
Construction and Post-Const. Marketing	<b>4 Month(s)</b>	Rent PSF	\$1.80 \$1.85 \$1.89 \$1.94 \$1.99 \$2.04 \$2.09 \$2.14 \$2.20 \$2.25 \$2.31
Payback Period for Renovations	11.1 Years	Economic V.c.y.	34.00% 23.42% 16.34% 9.42% 5.00% 6.00% 6.00% 6.00% 6.00% 6.00% 6.00%

<b>Renovation Schedule</b>			
		Unreno. Units	
	<b>Time 0</b>	<b>Year 1</b>	<b>Year 2</b>
Units Renovated	84 done 0 to go	<b>70</b>	<b>5</b>
Cumulative Units Renovated	All units renovated	70	75
Renovation Income Premium Impact		<b>50.00%</b>	<b>50.00%</b>
CAGR - Income		2.50%	5.06%
CAGR - Expenses		2.50%	5.06%

<b>Income</b>			
	<b>T12 Values</b>	<b>T12</b>	
Gross Potential Rent	<b>5,915,250</b>	5,915,250	
Renovated Units Rent Premium			
Parking and Retail Income	<b>488,943</b>	488,943	
Other Income	<b>102,849</b>	102,849	
Loss to Lease	<b>(300)</b>		

<b>Gross Potential Income</b>	<b>\$6,507,342</b>		
Vacancy Loss - Renovation/Down Units			
<b>Vacancy and Credit Loss</b>	<b>T12 Values</b>	<b>64.30%</b>	
	<b>(4,184,467)</b>	(4,184,467)	
<b>Effective Gross Income</b>	<b>\$2,322,875</b>		

<b>OpEx, Taxes &amp; Reserves</b>			
	<b>T12 Values</b>	<b>T12</b>	
Utilities	<b>(141,007)</b>	(141,007)	
Payroll Expenses	<b>(443,029)</b>	(443,029)	
General & Administrative	<b>(48,363)</b>	(48,363)	
Marketing and Advertising	<b>(15,000)</b>	(15,000)	
Contract Maintenance	<b>(39,031)</b>	(39,031)	
Turnover Costs	<b>(3,716)</b>	(3,716)	
Repairs and Maintenance	<b>(19,643)</b>	(19,643)	
Insurance	<b>(0)</b>	(0)	
Reserves	<b>(0)</b>	(0)	
Real Estate Taxes	<b>(810,868)</b>	(810,868)	
Management Fee	<b>(257,840)</b>	(257,840)	

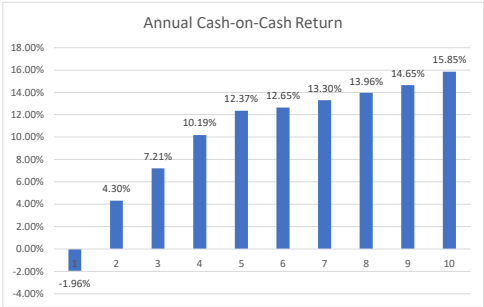
<b>Total OpEx, Taxes &amp; Reserves</b>	<b>(1,778,497)</b>		
<b>Net Operating Income</b>	<b>\$544,378</b>		
<b>Yield on Purchase Price</b>	<b>0.84%</b>		
Operating Margin	8.37%		
<b>Annual Debt Service</b>			
DSCR			
CapEx beyond Reserves & Reno. Budget	<b>\$450,999</b>		
<b>Cash Flow After Debt Service</b>			

Acquisition	(\$68,546,739)	(68,546,739)	
Loan Funding	\$47,982,717	47,982,717	
Net Sale Proceeds	\$96,834,917		
Loan Repayment	(\$37,905,410)		
<b>Levered Cash Flow</b>	<b>\$59,446,464</b>	<b>(\$20,564,022)</b>	<b>(\$402,220)</b>
<b>Cash-on-Cash Return Excluding any Sale Proceeds</b>			

All units renovated  
Today's Date 3/31/2021

<b>Property Sale</b>		Month 120
Timing		<b>End of Yr. 10</b>
Capitalization Rate		<b>6.00%</b>
Valuation Basis		<b>Forward 12 Months</b>
Gross Valuation		\$100,869,705
Valuation Per Unit		\$288,199
Valuation CAGR		4.49%
Selling Costs		4.00%

<b>Investment Returns</b>	
Equity Invested	\$20,564,022
Average Cash-on-Cash	10.25%
Net Profit	\$59,446,464
IRR	16.56%
Multiple on Equity	3.89x



6,063,131	6,214,710	6,370,077	6,529,329	6,692,562	6,859,876	7,031,373	7,207,158	7,387,337	7,572,020	7,761,321
64,575	136,879	152,580	165,962	175,340	175,340	175,340	175,340	175,340	175,340	175,340
501,167	513,696	526,538	539,702	553,194	567,024	581,200	595,730	610,623	625,888	641,536
102,420	108,056	110,757	113,526	116,364	119,273	122,255	125,312	128,444	131,655	134,947
(308)	(315)	(323)	(331)	(339)	(348)	(357)	(366)	(375)	(384)	(394)
<b>6,733,986</b>	<b>6,973,025</b>	<b>7,159,630</b>	<b>7,348,188</b>	<b>7,532,850</b>	<b>7,721,172</b>	<b>7,914,201</b>	<b>8,112,056</b>	<b>8,314,857</b>	<b>8,522,729</b>	<b>8,735,797</b>
(404,209)	(29,594)	(24,267)	(31,092)	0	0	0	0	0	0	0
<b>28.00%</b>	<b>23.00%</b>	<b>16.00%</b>	<b>9.00%</b>	<b>5.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>	<b>6.00%</b>
(1,885,516)	(1,603,796)	(1,145,541)	(661,337)	(376,643)	(463,270)	(474,852)	(486,723)	(498,891)	(511,364)	(524,148)
<b>4,444,261</b>	<b>5,339,635</b>	<b>5,989,822</b>	<b>6,655,759</b>	<b>7,156,208</b>	<b>7,257,901</b>	<b>7,439,349</b>	<b>7,625,332</b>	<b>7,815,966</b>	<b>8,011,365</b>	<b>8,211,649</b>
Adjustment Index	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
(144,532)	(148,145)	(151,849)	(155,645)	(159,536)	(163,525)	(167,613)	(171,803)	(176,098)	(180,501)	(185,013)
(454,105)	(465,457)	(477,094)	(489,021)	(501,247)	(513,778)	(526,622)	(539,788)	(553,283)	(567,115)	(581,292)
(49,572)	(50,811)	(52,082)	(53,384)	(54,718)	(56,086)	(57,488)	(58,926)	(60,399)	(61,909)	(63,456)
(15,375)	(15,759)	(16,153)	(16,557)	(16,971)	(17,395)	(17,830)	(18,276)	(18,733)	(19,201)	(19,681)
(40,007)	(41,007)	(42,032)	(43,083)	(44,160)	(45,264)	(46,396)	(47,555)	(48,744)	(49,963)	(51,212)
(3,716)	(3,904)	(4,002)	(4,102)	(4,204)	(4,309)	(4,417)	(4,528)	(4,641)	(4,757)	(4,876)
(19,643)	(20,134)	(21,153)	(21,682)	(22,224)	(22,780)	(23,349)	(23,933)	(24,531)	(25,145)	(25,773)
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
(831,140)	(851,918)	(873,216)	(895,047)	(917,423)	(940,358)	(963,867)	(987,964)	(1,012,663)	(1,037,980)	(1,063,929)
(88,885)	(106,793)	(119,796)	(133,115)	(143,124)	(145,158)	(148,787)	(152,507)	(156,319)	(160,227)	(164,233)
<b>(1,647,559)</b>	<b>(1,704,433)</b>	<b>(1,757,378)</b>	<b>(1,811,636)</b>	<b>(1,863,608)</b>	<b>(1,908,654)</b>	<b>(1,956,370)</b>	<b>(2,005,280)</b>	<b>(2,055,412)</b>	<b>(2,106,797)</b>	<b>(2,159,467)</b>
2,796,702	3,635,202	4,232,444	4,844,123	5,292,600	5,349,247	5,482,978	5,620,053	5,760,554	5,904,568	6,052,182
4.30%	5.59%	6.51%	7.45%	8.14%	8.23%	8.46%	8.65%	8.86%	9.08%	9.31%
41.53%	52.13%	59.12%	65.92%	70.26%	69.28%	69.28%	69.28%	69.28%	69.28%	69.28%
(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)	(2,748,922)
1.02x	1.32x	1.54x	1.76x	1.93x	1.95x	1.99x	2.04x	2.10x	2.16x	2.23x
<b>(450,000)</b>	<b>(999)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b>(402,220)</b>	<b>885,281</b>	<b>1,483,522</b>	<b>2,095,201</b>	<b>2,543,678</b>	<b>2,600,325</b>	<b>2,734,056</b>	<b>2,871,131</b>	<b>3,011,632</b>	<b>3,258,372</b>	

0	0	0	0	0	0	0	0	0	0	96,834,917
0	0	0	0	0	0	0	0	0	0	(37,905,410)
<b>\$885,281</b>	<b>\$1,483,522</b>	<b>\$2,095,201</b>	<b>\$2,543,678</b>	<b>\$2,600,325</b>	<b>\$2,734,056</b>	<b>\$2,871,131</b>	<b>\$3,011,632</b>	<b>\$62,187,879</b>		
<b>-1.96%</b>	<b>4.30%</b>	<b>7.21%</b>	<b>10.19%</b>	<b>12.37%</b>	<b>12.65%</b>	<b>13.30%</b>	<b>13.96%</b>	<b>14.65%</b>	<b>15.85%</b>	