



Financial Returns.

Cap Rate using the investment in Year 1 of \$ 5,100,000 6.26%

| | | <u>With Financing</u> | <u>Without Financing</u> |
|--|---|---------------------------|------------------------------|
| Internal Rate of Return (IRR) | Before Tax | 12.09% | 9.04% |
| | After Tax | 8.95% | 6.05% |
| Net Present Value (NPV) | Before Tax | \$ 166,248 at 11.00% | (\$ 647,649) at 11.00% |
| | After Tax | \$ 446,385 at 6.38% | (\$ 128,814) at 6.38% |
| Modified Internal Rate of Return (MIRR) | Before Tax | 10.95% | 7.79% |
| | Short Term Financing Rate (Before Tax) | 8.00% | 8.00% |
| | Short Term Reinvestment Rate (Before Tax) | 3.00% | 3.00% |
| Modified Internal Rate of Return (MIRR) | After Tax | 8.18% | 5.35% |
| | Short Term Financing Rate (After Tax) | 4.64% | 4.64% |
| | Short Term Reinvestment Rate (Before Tax) | 1.74% | 1.74% |

Financial Operating Ratios

| Year | Debt Coverage Ratio | Default Ratio (Breakeven) (Using PGI) | Overall Operating Expense Ratio (Using PGI) |
|-------------|----------------------------|--|--|
| Year 1 | 1.24 | 85.27% | 33.74% |
| Year 2 | 1.29 | 83.27% | 33.75% |
| Year 3 | 1.34 | 81.35% | 33.77% |
| Year 4 | 1.40 | 79.52% | 33.78% |
| Year 5 | 1.45 | 77.71% | 33.78% |
| Year 6 | 1.51 | 76.02% | 33.80% |
| Year 7 | 1.57 | 74.37% | 33.80% |
| Year 8 | 1.64 | 72.80% | 33.81% |
| Year 9 | 1.70 | 71.29% | 33.82% |
| Year 10 | 1.77 | 69.83% | 33.83% |



Cash on Cash Returns

| Year | Based on Initial Equity in Year 1 | | | | Based on Adjusted Annual Equity | | | |
|---------|-----------------------------------|---------|------------------------|---------|---------------------------------|---------|------------------------|---------|
| | Cash on Cash Before Tax | | Cash on Cash After Tax | | Cash on Cash Before Tax | | Cash on Cash After Tax | |
| | Annual | Average | Annual | Average | Annual | Average | Annual | Average |
| Year 1 | 3.26% | 3.26% | 2.08% | 2.08% | 3.26% | 3.26% | 2.08% | 2.08% |
| Year 2 | 3.94% | 3.60% | 3.71% | 2.90% | 3.94% | 3.60% | 3.71% | 2.90% |
| Year 3 | 4.65% | 3.95% | 3.93% | 3.24% | 4.65% | 3.95% | 3.93% | 3.24% |
| Year 4 | 5.38% | 4.31% | 4.16% | 3.47% | 5.38% | 4.31% | 4.16% | 3.47% |
| Year 5 | 6.16% | 4.68% | 4.42% | 3.66% | 6.16% | 4.68% | 4.42% | 3.66% |
| Year 6 | 6.95% | 5.06% | 4.68% | 3.83% | 6.95% | 5.06% | 4.68% | 3.83% |
| Year 7 | 7.78% | 5.45% | 4.97% | 3.99% | 7.78% | 5.45% | 4.97% | 3.99% |
| Year 8 | 8.64% | 5.85% | 5.26% | 4.15% | 8.64% | 5.85% | 5.26% | 4.15% |
| Year 9 | 9.54% | 6.26% | 5.58% | 4.31% | 9.54% | 6.26% | 5.58% | 4.31% |
| Year 10 | 10.48% | 6.68% | 5.91% | 4.47% | 10.48% | 6.68% | 5.91% | 4.47% |