

**Illustration of Internal Rate of Return over a 10-Year Holding Period
2101-2103 MARYLAND AVENUE**

Purchase Price	795,000	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual Rent	4.0%	109,041	113,403	117,939	122,656	127,563	132,665	137,972	143,491	149,230	155,199
Vacancy	3.0%	3,271	3,402	3,538	3,680	3,827	3,980	4,139	4,305	4,477	4,656
Effective Income		105,770	110,001	114,401	118,977	123,736	128,685	133,833	139,186	144,753	150,543
Expenses	4.0%	28,841	29,995	31,195	32,442	33,740	35,090	36,493	37,953	39,471	41,050
Exp as a percent of Annual Rent		27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Exp per unit	7	4,120	4,285	4,456	4,635	4,820	5,013	5,213	5,422	5,639	5,864
NOI	0	76,929	80,006	83,206	86,534	89,996	93,595	97,339	101,233	105,282	109,493
Debt Service	\$ 3,147	37,767	37,767	37,767	37,767	37,767	37,767	37,767	37,767	37,767	37,767
Before Tax Cash Flow	(238,500)	39,162	42,239	45,439	48,767	52,229	55,829	59,572	63,466	67,515	709,887
25.3% Internal Rate of Return											

NOI		76,929	80,006	83,206	86,534	89,996	93,595	97,339	101,233	105,282	109,493
Less Interest		23,592	23,015	22,413	21,788	21,137	20,459	19,754	19,020	18,257	17,462
Less Depreciation		21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200
Taxable Income to Individuals		32,137	35,791	39,592	43,546	47,659	51,936	56,385	61,012	65,825	70,831
Pass Thru Entity	20%	(6,427)	(7,158)	(7,918)	(8,709)	(9,532)	(10,387)	(11,277)	(12,202)	(13,165)	(14,166)
Taxable Income	0	25,709	28,633	31,674	34,837	38,127	41,549	45,108	48,810	52,660	56,665
Tax @ *	37%	9,512	10,594	11,719	12,890	14,107	15,373	16,690	18,060	19,484	20,966
After Tax Cash Flow	(238,500)	29,649	31,645	33,720	35,878	38,122	40,456	42,883	45,406	48,031	592,793
20.1% Internal Rate of Return											

Purchase	795,000											Assume a Sale at End of Year 10		
L-V	75%											Annual Rent Roll	155,199	
Loan	596,250											GRM	7.3	
Down Payment	198,750					annual appreciation	3.6%					Price	1,131,533	
Cap Improvement	-											Sale Costs	6%	67,892
Closing Costs	39,750											Less: Basis		583,000
Initial Investment	238,500											Gain		480,641
Rate	4.00%											Tax @	20%	96,128
Term	25											Mortgage Balance		425,480
P&I	\$3,147.23											Sale Proceeds Before Tax		638,161
												Sale Proceeds After Tax		542,032

Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
596,250 Beg Bal		596,250	582,075	567,323	551,970	535,991	519,361	502,054	484,042	465,295	445,785
4.00% Prin		14,175	14,752	15,353	15,979	16,630	17,307	18,012	18,746	19,510	20,305
25.0 Int		23,592	23,015	22,413	21,788	21,137	20,459	19,754	19,020	18,257	17,462
3,147 Bal EOY		582,075	567,323	551,970	535,991	519,361	502,054	484,042	465,295	445,785	425,480
Cost Recovery / Depreciation		795,000	795,000	Building	80%	636,000	Land	20%	159,000	Life	30
		21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200	21,200
Basis		773,800	752,600	731,400	710,200	689,000	667,800	646,600	625,400	604,200	583,000

* Tax rate of 35% applies to income of \$200,001 to \$500,000 for singles; \$400,001 to \$600,000 for married filing jointly. Marginal rate above \$500k/\$600k is 37%.