

Property Summary

1212 Fremont St.
Des Moines, Ia 50316



Overview

Finished Area (Square Feet)	1170
Initial Market Value	\$109,850
Purchase Price	\$109,850
Downpayment	\$21,970
Closing Costs	\$1,805
Initial Cash Invested	\$23,775

Income & Expenses	Monthly	Annual
Gross Rent	\$970	\$11,640
Vacancy Losses	\$49	\$582
Operating Income	\$922	\$11,058
Operating Expenses	\$351	\$4,214

Net Performance	Monthly	Annual
Net Operating Income	\$570	\$6,844
- Mortgage Payments	\$432	\$5,188
= Cash Flow	\$138	\$1,656
+ Principal Reduction	\$125	\$1,503
+ First-Year Appreciation	\$275	\$3,296
= Gross Equity Income	\$538	\$6,454

Financial Indicators (Year 1)

Capitalization Rate	6.2%
Cash on Cash Return	7.0%
Total Return on Investment	27.1%
Total ROI with Tax Savings	30.5%

Assumptions

Real Estate Appreciation Rate	3.0%
Vacancy Rate	5.0%
Management Fee	10.0%

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Year 1 Performance Projection

1212 Fremont St.
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Overview

Finished Area (Square Feet)	1170
Initial Market Value	\$109,850
Purchase Price	\$109,850
Downpayment	\$21,970
Loan Origination Fees	\$634
Depreciable Closing Costs	\$1,171
Other Closing Costs and Fixup	\$0
Initial Cash Invested	\$23,775
Cost per Square Foot	\$94
Monthly Rent per Square Foot	\$0.83



Income	Monthly	Annual
Gross Rent	\$970	\$11,640
Vacancy Losses	-\$49	-\$582
Operating Income	\$922	\$11,058

Expenses	Monthly	Annual
Property Taxes	-\$146	-\$1,752
Insurance	-\$50	-\$600
Management Fees	-\$92	-\$1,106
Leasing/Advertising Fees	-\$15	-\$175
Association Fees	\$0	\$0
Maintenance	-\$49	-\$582
Other	\$0	\$0
Operating Expenses	-\$351	-\$4,214

Net Performance	Monthly	Annual
Net Operating Income	\$570	\$6,844
- Mortgage Payments	-\$432	-\$5,188
= Cash Flow	\$138	\$1,656
+ Principal Reduction	\$125	\$1,503
+ First-Year Appreciation	\$275	\$3,296
= Gross Equity Income	\$538	\$6,454
+ Tax Savings	\$67	\$799
= GEI w/Tax Savings	\$604	\$7,253

Mortgage Info

Loan-to-Value Ratio	80%
Loan Amount	\$87,880
Monthly Payment	\$432
Loan Type	Fully Amortizing Fixed Rate
Term (Years)	30
Interest Rate	4.25%

Financial Indicators

Debt Coverage Ratio	1.3
Annual Gross Rent Multiplier	9.4
Monthly Gross Rent Multiplier	113.2
Capitalization Rate	6.2%
Cash on Cash Return	7.0%
Total Return on Investment	27.1%
Total ROI with Tax Savings	30.5%

Assumptions

Real Estate Appreciation Rate	3.0%
Vacancy Rate	5.0%
Management Fee	10.0%
Maintenance Percentage	5.0%

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10 Year Performance Projection

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Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Rent	\$11,640	\$11,989	\$12,349	\$12,719	\$13,101	\$13,494	\$13,899	\$14,316	\$14,745	\$15,188
Vacancy Losses	-\$582	-\$599	-\$617	-\$636	-\$655	-\$675	-\$695	-\$716	-\$737	-\$759
Operating Income	\$11,058	\$11,390	\$11,731	\$12,083	\$12,446	\$12,819	\$13,204	\$13,600	\$14,008	\$14,428

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Property Taxes	-\$1,752	-\$1,805	-\$1,859	-\$1,914	-\$1,972	-\$2,031	-\$2,092	-\$2,155	-\$2,219	-\$2,286
Insurance	-\$600	-\$618	-\$637	-\$656	-\$675	-\$696	-\$716	-\$738	-\$760	-\$783
Management Fees	-\$1,106	-\$1,139	-\$1,173	-\$1,208	-\$1,245	-\$1,282	-\$1,320	-\$1,360	-\$1,401	-\$1,443
Leasing/Advertising Fees	-\$175	-\$180	-\$185	-\$191	-\$197	-\$202	-\$208	-\$215	-\$221	-\$228
Association Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance	-\$582	-\$599	-\$617	-\$636	-\$655	-\$675	-\$695	-\$716	-\$737	-\$759
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	-\$4,214	-\$4,341	-\$4,471	-\$4,605	-\$4,743	-\$4,886	-\$5,032	-\$5,183	-\$5,339	-\$5,499

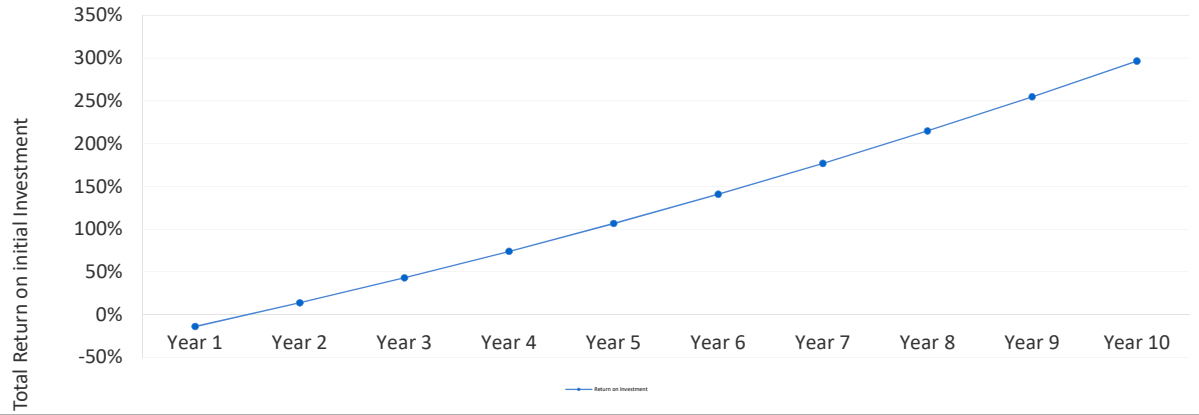
Income Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$6,844	\$7,049	\$7,260	\$7,478	\$7,703	\$7,934	\$8,172	\$8,417	\$8,669	\$8,929
- Mortgage Payments	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188	-\$5,188
= Cash Flow	\$1,656	\$1,861	\$2,073	\$2,290	\$2,515	\$2,746	\$2,984	\$3,229	\$3,481	\$3,742
+ Principal Reduction	\$1,503	\$1,566	\$1,633	\$1,702	\$1,775	\$1,850	\$1,929	\$2,011	\$2,096	\$2,185
+ Appreciation	\$3,296	\$3,394	\$3,496	\$3,601	\$3,709	\$3,820	\$3,935	\$4,053	\$4,175	\$4,300
= Gross Equity Income	\$6,454	\$6,822	\$7,202	\$7,594	\$7,999	\$8,416	\$8,848	\$9,293	\$9,752	\$10,227
Capitalization Rate	6.2%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Cash on Cash Return	7.0%	7.8%	8.7%	9.6%	10.6%	11.5%	12.6%	13.6%	14.6%	15.7%
Return on Equity	27.1%	25.5%	22.7%	20.6%	19.0%	17.7%	16.6%	15.7%	14.9%	14.3%

Loan Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Value	\$113,146	\$116,540	\$120,036	\$123,637	\$127,346	\$131,167	\$135,102	\$139,155	\$143,329	\$147,629
- Loan Balance	-\$86,377	-\$84,811	-\$83,178	-\$81,475	-\$79,701	-\$77,850	-\$75,922	-\$73,911	-\$71,815	-\$69,629
= Equity	\$26,768	\$31,729	\$36,858	\$42,162	\$47,646	\$53,316	\$59,180	\$65,244	\$71,515	\$78,000
Loan-to-Value Ratio	76%	73%	69%	66%	63%	59%	56%	53%	50%	47%
Potential Cash-Out Refi	\$4,139	\$8,421	\$12,851	\$17,434	\$22,176	\$27,083	\$32,160	\$37,413	\$42,849	\$48,474

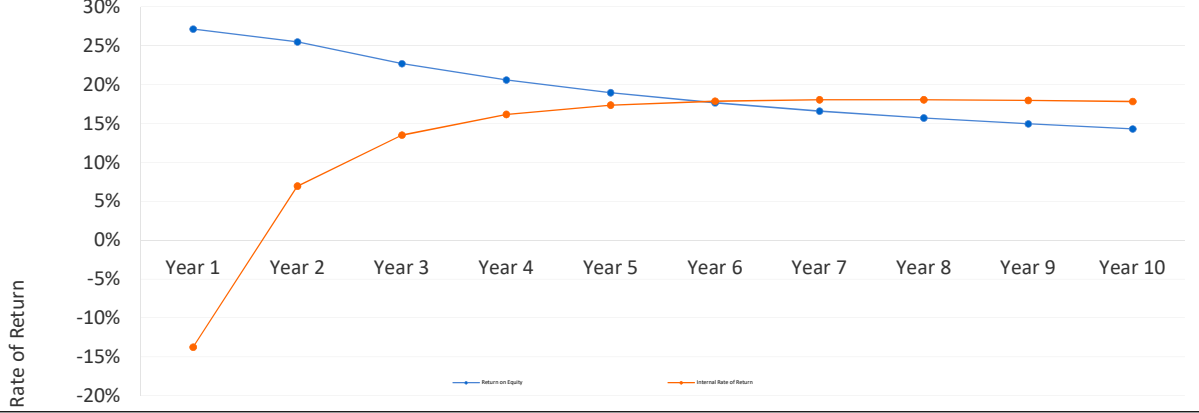
Sale Analysis	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Equity	\$26,768	\$31,729	\$36,858	\$42,162	\$47,646	\$53,316	\$59,180	\$65,244	\$71,515	\$78,000
- Closing Costs	-\$7,920	-\$8,158	-\$8,403	-\$8,655	-\$8,914	-\$9,182	-\$9,457	-\$9,741	-\$10,033	-\$10,334
= Proceeds After Sale	\$18,848	\$23,571	\$28,456	\$33,507	\$38,731	\$44,134	\$49,723	\$55,503	\$61,482	\$67,666
+ Cumulative Cash Flow	\$1,656	\$3,517	\$5,589	\$7,880	\$10,395	\$13,140	\$16,124	\$19,353	\$22,835	\$26,576
- Initial Cash Invested	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775	-\$23,775
= Net Profit	-\$3,271	\$3,313	\$10,270	\$17,612	\$25,351	\$33,500	\$42,072	\$51,081	\$60,541	\$70,467
Internal Rate of Return	-13.8%	7.0%	13.5%	16.2%	17.4%	17.9%	18.1%	18.1%	18.0%	17.8%
Return on Investment	-14%	14%	43%	74%	107%	141%	177%	215%	255%	296%

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10 Year Total Return on Investment Projection



10 Year Rate of Return Projection



Assumptions

Closing Costs at Sale	7.0%
Rent Appreciation Rate	3.0%
Property Tax Appreciation	3.0%
Insurance Appreciation	3.0%
Management fee Appreciation	3.0%
Leasing/Advertising Fees Appr	3.0%
Association Fees Appreciation	3.0%
Maintenance Appreciation	3.0%
Other Appreciation	3.0%

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