

# GLOBAL ASSUMPTIONS

Aspen Shadows@Flagstaff Ranch

Address:

		Plan Pricing	Base	Furniture	Per Unit	Total
Price	\$3,300,000	Plan 1	\$339,600	\$0	\$339,600	\$1,018,800
<b>Cap Rate on Year 1</b>		Plan 2	\$398,300	\$0	\$398,300	\$1,194,900
<b>Projected NOI</b>	<b>6.30%</b>	Plan 3	\$362,100	\$0	\$362,100	\$1,086,300
		Plan 4	\$0	\$0	\$0	\$0
Resale Assumptions		Plan 5	\$0	\$0	\$0	\$0
Reversion Cap	5.00%	Plan 6	\$0	\$0	\$0	\$0
Sales Commission	2%					

Unit Mix:

	# of units	% of mix	SF/unit	Total SF	Rent/mo	Rent/sf	Monthly
Plan 1: 3 br 2.5 ba	3	33%	1,678	5,034	2,925	1.74	8,775
Plan 2: 4 br 3.5 ba	3	33%	2,572	7,716	3,275	1.27	9,825
Plan 3: 3 br 2.5 ba	3	33%	1,783	5,349	3,025	1.70	9,075
	0	0%	0	0	0	#DIV/0!	0
	0	0%	0	0	0	#DIV/0!	0
	0	0%	0	0	0	#DIV/0!	0
Total/Average	9	100%	2,011	18,099	3,075	1.53	27,675

## INCOME & EXPENSES

	Proforma	Per/Unit	Economic Vacancy
INCOME			(entered below)
Rent	\$332,100	\$36,900	
Vacancy	(23,247)	(2,583)	7.00% of rent
Non-Revenue Units	0	0	0.00% of rent
Concessions	(3,321)	(369)	1.00% of rent
Credit Loss	(1,661)	(185)	0.50% of rent
Miscellaneous Income	4,500	500	\$500 per unit per year
Effective Gross Income	\$308,372	\$34,264	
EXPENSES			
Real Estate Taxes	\$17,375	\$1,931	
Insurance	15,203	1,689	
Salaries	0	0	
Management Fee	16,605	1,845	5%
POA & Waste Water	22,356	2,484	
Membership Dues	30,024	3,336	
Capital Replacements	5,400	600	
Total Expenses	\$106,963	\$11,885	
Net Operating Income	\$201,409	\$22,379	

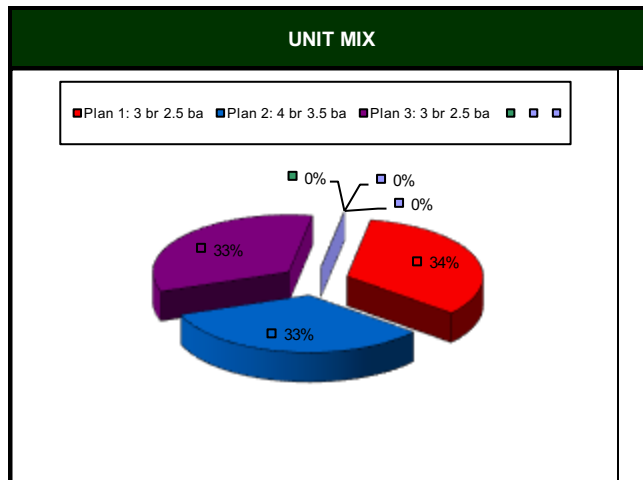
## INFLATION ASSUMPTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Rent	0%	3%	3%	3%	3%	3%	3%	3%
Miscellaneous Income	0%	3%	3%	3%	3%	3%	3%	3%
Vacancy	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%
Non-Revenue Units	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Concessions	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Credit Loss	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
Real Estate Taxes	0%	3%	3%	3%	3%	3%	3%	3%
Insurance	0%	3%	3%	3%	3%	3%	3%	3%
Salaries	0%	3%	3%	3%	3%	3%	3%	3%
Management Fee	5%	5%	5%	5%	5%	5%	5%	5%
Utilities	0%	3%	3%	3%	3%	3%	3%	3%
Advertising	0%	3%	3%	3%	3%	3%	3%	3%
Maintenance	0%	3%	3%	3%	3%	3%	3%	3%
Membership Dues	0%	3%	3%	3%	3%	3%	3%	3%
Capital Replacements	0%	3%	3%	3%	3%	3%	3%	3%

# OFFERING

PROPERTY CHARACTERISTICS	
Offering Price	\$3,300,000
Year Built	2019
Units	9
Proforma Occupancy	93.00%
Proforma Economic Loss	8.50%
Rentable SF	18,099
Avg. SF per Unit	2,011
Current Avg Rent per SF	\$1.53
Current Avg Rent per Unit	\$3,075

FORECAST YEAR ONE OPERATIONS			
	<u>Monthly/Unit</u>	<u>Annual/Unit</u>	<u>Annual</u>
Gross Potential Income	\$3,075	\$36,900	\$332,100
Economic Loss	(261)	(3,137)	(28,229)
Other Income	42	500	4,500
Effective Gross Income	<u>\$2,855</u>	<u>\$34,264</u>	<u>\$308,372</u>
Operating Expenses	\$929	\$11,153	\$100,377
Capital Reserve	50	600	5,400
Reserve & Expenses	<u>979</u>	<u>11,753</u>	<u>105,777</u>
Net Operating Income	\$1,876	\$22,511	\$202,595



FORECAST YEAR TWO OPERATIONS			
	<u>Monthly/Unit</u>	<u>Annual/Unit</u>	<u>Annual</u>
Gross Potential Income	\$3,167	\$38,007	\$342,063
Economic Loss	(269)	(3,231)	(29,075)
Other Income	43	515	4,635
Effective Gross Income	<u>\$2,941</u>	<u>\$35,291</u>	<u>\$317,623</u>
Operating Expenses	\$960	\$11,522	\$103,696
Capital Reserve	52	618	5,562
Reserve & Expenses	<u>1,012</u>	<u>12,140</u>	<u>109,258</u>
Net Operating Income	\$1,929	\$23,152	\$208,364

# YEAR ONE INCOME

Unit Inventory and Market Rent Summary									
Unit Type	Floor Plan Description	No. of Units	Unit Mix	Unit SF	Avg Rent per SF	Avg Rent per Unit	Avg Monthly Rent	Avg Annual Rent	Percent Annual Rent
Plan 1	Plan 1: 3 br 2.5 ba	3	33.3%	1,678	\$1.743	\$2,925	\$8,775	\$105,300	31.7%
Plan 2	Plan 2: 4 br 3.5 ba	3	33.3%	2,572	\$1.273	\$3,275	\$9,825	\$117,900	35.5%
Plan 3	Plan 3: 3 br 2.5 ba	3	33.3%	1,783	\$1.697	\$3,025	\$9,075	\$108,900	32.8%
Plan 4	0	0	0.0%	0	#DIV/0!	\$0	\$0	\$0	0.0%
Plan 5	0	0	0.0%	0	#DIV/0!	\$0	\$0	\$0	0.0%
Plan 6	0	0	0.0%	0	#DIV/0!	\$0	\$0	\$0	0.0%
<b>Totals/Averages</b>		<b>9</b>	<b>100%</b>	<b>2,011</b>	<b>\$1.529</b>	<b>\$3,075</b>	<b>\$27,675</b>	<b>\$332,100</b>	<b>100.0%</b>
<b>Rentable SF</b>		<b>18,099</b>							

## YEAR ONE INCOME & EXPENSE FORECAST

Year One Forecast Revenue & Collections		Annual	Monthly	/Unit/mo	/sq. ft.	%GPI
<b>Gross Market Rents</b>		<b>\$332,100</b>	<b>\$27,675</b>	<b>\$3,075</b>	<b>\$1.53</b>	
Market Rent Increase	0.00%	0	0	0	0.00	
<b>Gross Potential Income (GPI)</b>		<b>332,100</b>	<b>27,675</b>	<b>3,075</b>	<b>1.53</b>	<b>100%</b>
Vacancy	-7.00%	(23,247)	(1,937)	(215)	(0.11)	-7.00%
Non-Revenue Units	0.00%	0	0	0	0.00	0.00%
Concessions	-1.00%	(3,321)	(277)	(31)	(0.02)	-1.00%
Credit Loss	-0.50%	(1,661)	(138)	(15)	(0.01)	-0.50%
Economic Loss	-8.50%	(28,229)	(2,352)	(261)	(0.13)	-8.50%
Net Rental Income		303,872	25,323	2,814	1.40	91.50%
Miscellaneous Income	0.00%	4,500	375	42	0.02	1.36%
<b>Effective Gross Income (EGI)</b>		<b>\$308,372</b>	<b>\$25,698</b>	<b>\$2,855</b>	<b>\$1.42</b>	<b>92.86%</b>
Operating Expenses & Reserves				/Unit/mo	/sq. ft.	%EGI
Real Estate Taxes		17,375	1,448	161	0.08	5.63%
Insurance		15,203	1,267	141	0.07	4.93%
Salaries		0	0	0	0.00	0.00%
Management Fee	5.0% (of EGI)	15,419	1,285	143	0.07	5.00%
POA & Waste Water		22,356	1,863	207	0.10	7.25%
Membership Dues		30,024	2,502	278	0.14	9.74%
<b>Total Operating Expenses</b>		<b>\$100,377</b>	<b>\$8,365</b>	<b>\$929</b>	<b>\$0.46</b>	<b>32.55%</b>
Capital Reserves		5,400	450	50	0.02	1.75%
Expenses & Reserves		105,777	8,815	979	0.49	34.30%
<b>Net Operating Income (NOI)</b>		<b>\$202,595</b>	<b>\$16,883</b>	<b>\$1,876</b>	<b>\$0.93</b>	<b>65.70%</b>



## TEN YEAR FORECAST CASH FLOW

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
GPI / Rent Growth	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>INCOME</b>										
Gross Potential Income	\$332,100	\$342,063	\$352,325	\$362,895	\$373,781	\$384,995	\$396,545	\$408,441	\$420,694	\$433,315
Vacancy	(23,247)	(23,944)	(24,663)	(25,403)	(26,165)	(26,950)	(27,758)	(28,591)	(29,449)	(30,332)
Non-Revenue Units	0	0	0	0	0	0	0	0	0	0
Concessions	(3,321)	(3,421)	(3,523)	(3,629)	(3,738)	(3,850)	(3,965)	(4,084)	(4,207)	(4,333)
Credit Loss	(1,661)	(1,710)	(1,762)	(1,814)	(1,869)	(1,925)	(1,983)	(2,042)	(2,103)	(2,167)
Economic Loss	(28,229)	(29,075)	(29,948)	(30,846)	(31,771)	(32,725)	(33,706)	(34,717)	(35,759)	(36,832)
Economic Loss Percentage	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%	-8.50%
Miscellaneous Income	4,500	4,635	4,774	4,917	5,065	5,217	5,373	5,534	5,700	5,871
<b>Effective Gross Income</b>	<b>308,372</b>	<b>317,623</b>	<b>327,151</b>	<b>336,966</b>	<b>347,075</b>	<b>357,487</b>	<b>368,212</b>	<b>379,258</b>	<b>390,636</b>	<b>402,355</b>
EGI annual growth rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Other Income growth rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>EXPENSES</b>										
Real Estate Taxes	17,375	17,896	18,433	18,986	19,556	20,142	20,747	21,369	22,010	22,670
Insurance	15,203	15,659	16,129	16,613	17,111	17,624	18,153	18,698	19,259	19,836
Salaries	0	0	0	0	0	0	0	0	0	0
Management Fee (5% of EGI)	15,419	16,190	16,999	17,849	18,741	19,678	20,662	21,695	22,780	23,919
Maintenance	22,356	23,027	23,717	24,429	25,162	25,917	26,694	27,495	28,320	29,170
Membership Dues	30,024	30,925	31,852	32,808	33,792	34,806	35,850	36,926	38,034	39,175
Operating Expenses	100,377	103,696	107,131	110,685	114,362	118,168	122,107	126,183	130,403	134,770
Capital Replacements	5,400	5,562	5,729	5,901	6,078	6,260	6,448	6,641	6,841	7,046
Expenses & Reserves	105,777	109,258	112,860	116,586	120,440	124,428	128,555	132,824	137,243	141,816
<b>NET OPERATING INCOME</b>	<b>202,595</b>	<b>208,364</b>	<b>214,292</b>	<b>220,380</b>	<b>226,635</b>	<b>233,059</b>	<b>239,657</b>	<b>246,434</b>	<b>253,393</b>	<b>260,539</b>
NOI growth rate		2.85%	2.84%	2.84%	2.84%	2.83%	2.83%	2.83%	2.82%	2.82%
Expenses & Reserves per unit		\$12,140	\$12,540	\$12,954	\$13,382	\$13,825	\$14,284	\$14,758	\$15,249	\$15,757
All-Cash Internal Rate of Return*										10.93%
Reversion Cap	5.00%									
Sales Commission	2.00%									
*Note: The residual value is calculated on the NOI with net of the Capital Replacement Reserves.										