

PRO FORMA APPROACH

| RESIDENTIAL INCOME: | No. of | Unit | Average | Market | | Monthly | Annual |
|---------------------------------|-----------|--------------|---------------|---------|---------------|-----------------|--------------------|
| Unit Type | Units | Numbers | Size (SF) | Rent | Rent/SF | Income | Income |
| 1 BR/1 BA | 1 | | 672 SF | \$1,600 | Unit/Month | \$1,600 | \$19,200 |
| 2 BR/2 BA | 1 | | 1143 SF | \$1,800 | Unit/Month | \$1,800 | \$21,600 |
| 3 BR/2 BA | 10 | | 920 SF | \$2,300 | Unit/Month | \$23,000 | \$276,000 |
| 3 BR/2 BA | 15 | | 952 SF | \$2,350 | Unit/Month | \$35,250 | \$423,000 |
| 3 BR/2 BA | 1 | | 1115 SF | \$2,400 | Unit/Month | \$2,400 | \$28,800 |
| 3 BR/2 BA | 4 | | 1152 SF | \$2,450 | Unit/Month | \$9,800 | \$117,600 |
| 3 BR/2 BA | 1 | | 1209 SF | \$2,500 | Unit/Month | \$2,500 | \$30,000 |
| 3 BR/2 BA | 4 | | 1245 SF | \$2,550 | Unit/Month | \$10,200 | \$122,400 |
| Total Residential Income | 37 | Units | 37,207 | | \$2.33 | \$86,550 | \$1,038,600 |

Average: \$2,339.19

Less: Vacancy, Concession and Credit Loss - Residential 1.0% (\$866) (\$10,386)

TOTAL Effective Gross Rental Income \$85,685 \$1,028,214

Supplemental Income
Other Income \$1,500 /Month \$18,000

TOTAL EFFECTIVE GROSS INCOME \$87,185 \$1,046,214

| Less: Operating Expenses | Amount | Totals | Per SF | Unit Amount | Totals | % of EGI | Totals |
|--|----------|------------------|-----------|-------------|----------------|---------------|--------------------|
| Fixed Expenses | | | | | | | |
| Real Estate Taxes (8-year aba | \$11,354 | | \$0.31 | \$307 | | 1.09% | |
| Rental Registration Fees | \$500 | | \$0.01 | \$14 | | 0.05% | |
| Insurance | \$18,000 | | \$0.48 | \$486 | | 1.72% | |
| Total Fixed Expenses | | \$29,854 | | | \$807 | | 2.85% |
| Utilities | | | | | | | |
| Electricity | \$3,840 | | \$0.10 | \$0 | | 0.37% | |
| Water/Sewer/Stormwater | \$0 | | \$0.00 | \$0 | | 0.00% | |
| Garbage | \$21,000 | | \$0.56 | \$350 | | 2.01% | |
| Total Utilities | | \$24,840 | | | \$671 | | 2.37% |
| Maintenance and Repair - Normalized | | | | | | | |
| Supplies, Maint. & Repairs | \$14,000 | | \$0.38 | \$300 | | 1.34% | |
| Unit turnover | \$15,000 | | \$0.40 | \$300 | | 1.43% | |
| Fire System | \$3,000 | | \$0.08 | \$100 | | 0.29% | |
| Landscaping | \$1,200 | | \$0.03 | \$200 | | 0.11% | |
| Total Maintenance and Repair | | \$33,200 | | | \$900 | | 3.17% |
| Professional Management | | \$41,849 | | | \$1,131 | | 4.00% |
| Advertising | | \$3,000 | | | \$50 | | 0.29% |
| Office/Admin./Misc. | | | | | | | |
| Office/Admin | \$1,500 | | \$0.04 | \$41 | | 0.14% | |
| Legal | \$1,500 | | \$0.04 | \$41 | | 0.14% | |
| Miscellaneous | \$1,500 | | \$0.04 | \$41 | | 0.14% | |
| Total Office/Admin./Misc. | | \$4,500 | | | \$122 | | 0.43% |
| Reserves | | \$20,924 | 3 BR/2 BA | | \$566 | | 2.00% |
| Totals | | \$158,167 | \$4.25 | | \$4,275 | 15.12% | (\$158,167) |

NET OPERATING INCOME \$888,047
NOI/SF of GLA \$23.87 /SF

VALUATION OF INCOME:

Net Operating Income: \$888,047
Capitalization Rate: 4.23%

Indication Value: \$21,000,000

Reconciled Value, Rounded: \$21,000,000