Illustration of Internal Rate of Return over a 10-Year Holding Period

2201 N CHARLES STREET

Purchase Price	**365,000**	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual Rent	4.0%	49,200	51,168	53,215	55,343	57,557	59,859	62,254	64,744	67,334	70,027
Expenses	4.0%	14,777	15,368	15,982	16,622	17,286	17,978	18,697	19,445	20,223	21,032
Exp as a percent of Annual Rent		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Exp per unit	4	3,694	3,842	3,996	4,155	4,322	4,494	4,674	4,861	5,056	5,258
NOI	0	34,423	35,800	37,232	38,722	40,271	41,881	43,557	45,299	47,111	48,995
Debt Service	$ 1,470	17,635	17,635	17,635	17,635	17,635	17,635	17,635	17,635	17,635	17,635
Before Tax Cash Flow	**(109,500)**	**16,789**	**18,166**	**19,598**	**21,087**	**22,636**	**24,247**	**25,922**	**27,664**	**29,476**	**297,025**
23.8% Internal Rate of Return											
NOI		34,423	35,800	37,232	38,722	40,271	41,881	43,557	45,299	47,111	48,995
Less Interest		13,596	13,389	13,172	12,944	12,704	12,451	12,186	11,907	11,614	11,306
Less Depreciation		10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618
Taxable Income	0	10,209	11,793	13,442	15,160	16,949	18,812	20,752	22,773	24,878	27,071
Tax @	25%	2,552	2,948	3,361	3,790	4,237	4,703	5,188	5,693	6,220	6,768
After Tax Cash Flow	**(109,500)**	**14,236**	**15,218**	**16,237**	**17,297**	**18,399**	**19,544**	**20,734**	**21,971**	**23,257**	**244,353**
19.9% Internal Rate of Return											

Purchase	365,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			70,027
Loan	273,750							GRM			7.4
Down Payment	91,250				annual appreciation		3.6%	Price			519,509
Cap Improvement	-							Sale Costs		6%	31,171
Closing Costs	18,250							Less: Basis			258,818
Initial Investment	109,500							Gain			229,520
Rate	5.00%							Tax @		20%	45,904
Term	30							Mortgage Balance			222,674
P&I	$1,469.55							Sale Proceeds Before Tax			265,664
								Sale Proceeds After Tax			219,760

Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
273,750	Beg Bal	273,750	269,711	265,466	261,003	256,312	251,381	246,198	240,749	235,022	229,002
5.00%	Prin	4,039	4,245	4,463	4,691	4,931	5,183	5,448	5,727	6,020	6,328
30.0	Int	13,596	13,389	13,172	12,944	12,704	12,451	12,186	11,907	11,614	11,306
1,470	Bal EOY	269,711	265,466	261,003	256,312	251,381	246,198	240,749	235,022	229,002	222,674
Cost Recovery / Depreciation		365,000	365,000	Building	80%	292,000	Land	20%	73,000	Life	27.5
		10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618	10,618
Basis		354,382	343,764	333,145	322,527	311,909	301,291	290,673	280,055	269,436	258,818

Prepared by: Ben Frederick Realty Inc. For Illustration Purposes Only. Though believed accurate and reliable, information is not guaranteed.

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BALTIMORE'S APARTMENT PROPERTY SPECIALIST