Illustration of Internal Rate of Return over a 10-Year Holding Period
113 WEST 22ND STREET

Purchase Price	**279,000**	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Annual Rent	4.0%	33,600	34,944	36,342	37,795	39,307	40,880	42,515	44,215	45,984	47,823
Vacancy	3.0%	1,008	1,048	1,090	1,134	1,179	1,226	1,275	1,326	1,380	1,435
Effective Income		32,592	33,896	35,252	36,662	38,128	39,653	41,239	42,889	44,604	46,389
Expenses	4.0%	10,642	11,068	11,510	11,971	12,450	12,948	13,465	14,004	14,564	15,147
Exp as a percent of Annual Rent		33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Exp per unit	3	3,547	3,689	3,837	3,990	4,150	4,316	4,488	4,668	4,855	5,049
NOI	0	21,950	22,828	23,741	24,691	25,678	26,706	27,774	28,885	30,040	31,242
Debt Service	$ 999	11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988	11,988
Before Tax Cash Flow	**(83,700)**	**9,962**	**10,840**	**11,753**	**12,703**	**13,691**	**14,718**	**15,786**	**16,897**	**18,052**	**227,676**
20.9% Internal Rate of Return											
NOI		21,950	22,828	23,741	24,691	25,678	26,706	27,774	28,885	30,040	31,242
Less Interest		8,303	8,153	7,997	7,834	7,665	7,489	7,305	7,114	6,916	6,709
Less Depreciation		7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Taxable Income to Individuals		6,207	7,235	8,305	9,417	10,574	11,777	13,029	14,330	15,684	17,093
Pass Thru Entity	20%	(1,241)	(1,447)	(1,661)	(1,883)	(2,115)	(2,355)	(2,606)	(2,866)	(3,137)	(3,419)
Taxable Income	0	4,966	5,788	6,644	7,534	8,459	9,422	10,423	11,464	12,547	13,674
Tax @ *	37%	1,837	2,142	2,458	2,787	3,130	3,486	3,856	4,242	4,643	5,059
After Tax Cash Flow	**(83,700)**	**8,125**	**8,699**	**9,295**	**9,916**	**10,561**	**11,232**	**11,929**	**12,655**	**13,410**	**188,881**
17.0% Internal Rate of Return											

Purchase	279,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			47,823
Loan	209,250							GRM			8.3
Down Payment	69,750				annual appreciation		3.6%	Price			397,104
Cap Improvement	-							Sale Costs		6%	23,826
Closing Costs	13,950							Less: Basis			204,600
Initial Investment	83,700							Gain			168,678
Rate	4.00%							Tax @		20%	33,736
Term	30							Mortgage Balance			164,855
P&I	$998.99							Sale Proceeds Before Tax			208,422
								Sale Proceeds After Tax			174,687

Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
209,250	Beg Bal	209,250	205,565	201,730	197,739	193,585	189,261	184,762	180,079	175,206	170,134
4.00%	Prin	3,685	3,835	3,991	4,154	4,323	4,499	4,683	4,873	5,072	5,279
30.0	Int	8,303	8,153	7,997	7,834	7,665	7,489	7,305	7,114	6,916	6,709
999	Bal EOY	205,565	201,730	197,739	193,585	189,261	184,762	180,079	175,206	170,134	164,855
Cost Recovery / Depreciation		279,000	279,000	Building	80%	223,200	Land	20%	55,800	**Life**	**30**
		7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440
Basis		271,560	264,120	256,680	249,240	241,800	234,360	226,920	219,480	212,040	204,600

* 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%.