

**Illustration of Internal Rate of Return over a 10-Year Holding Period
2012 NORTH CALVERT STREET**

| Purchase Price | 345,000 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|--|------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Annual Rent | 4.0% | 42,900 | 44,616 | 46,401 | 48,257 | 50,187 | 52,194 | 54,282 | 56,453 | 58,712 | 61,060 |
| Vacancy | 3.0% | 1,287 | 1,338 | 1,392 | 1,448 | 1,506 | 1,566 | 1,628 | 1,694 | 1,761 | 1,832 |
| Effective Income | | 41,613 | 43,278 | 45,009 | 46,809 | 48,681 | 50,629 | 52,654 | 54,760 | 56,950 | 59,228 |
| Expenses | 4.0% | 11,279 | 11,730 | 12,199 | 12,687 | 13,195 | 13,722 | 14,271 | 14,842 | 15,436 | 16,053 |
| Exp as a percent of Annual Rent | | 27% | 27% | 27% | 27% | 27% | 27% | 27% | 27% | 27% | 27% |
| Exp per unit | 4 | 2,820 | 2,932 | 3,050 | 3,172 | 3,299 | 3,431 | 3,568 | 3,711 | 3,859 | 4,013 |
| NOI | 0 | 30,334 | 31,548 | 32,810 | 34,122 | 35,487 | 36,906 | 38,383 | 39,918 | 41,515 | 43,175 |
| Debt Service | \$ 1,273 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 | 15,275 |
| Before Tax Cash Flow | (103,500) | 15,060 | 16,273 | 17,535 | 18,847 | 20,212 | 21,632 | 23,108 | 24,643 | 26,240 | 283,921 |
| 23.1% Internal Rate of Return | | | | | | | | | | | |
| NOI | | 30,334 | 31,548 | 32,810 | 34,122 | 35,487 | 36,906 | 38,383 | 39,918 | 41,515 | 43,175 |
| Less Interest | | 10,913 | 10,724 | 10,526 | 10,320 | 10,106 | 9,882 | 9,648 | 9,404 | 9,150 | 8,884 |
| Less Depreciation | | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 |
| Taxable Income to Individuals | | 10,222 | 11,624 | 13,083 | 14,601 | 16,181 | 17,825 | 19,534 | 21,314 | 23,165 | 25,091 |
| Pass Thru Entity | 20% | (2,044) | (2,325) | (2,617) | (2,920) | (3,236) | (3,565) | (3,907) | (4,263) | (4,633) | (5,018) |
| Taxable Income | 0 | 8,177 | 9,299 | 10,467 | 11,681 | 12,945 | 14,260 | 15,628 | 17,051 | 18,532 | 20,073 |
| Tax @ * | 37% | 3,026 | 3,441 | 3,873 | 4,322 | 4,790 | 5,276 | 5,782 | 6,309 | 6,857 | 7,427 |
| After Tax Cash Flow | (103,500) | 12,034 | 12,832 | 13,662 | 14,525 | 15,422 | 16,355 | 17,326 | 18,334 | 19,383 | 234,778 |
| 18.7% Internal Rate of Return | | | | | | | | | | | |
| Purchase | 345,000 | | | | | | | | | | |
| L-V | 75% | | | | | | | | | | |
| Loan | 258,750 | | | | | | | | | | |
| Down Payment | 86,250 | | | | | | | | | | |
| Cap Improvement | - | | | | | | | | | | |
| Closing Costs | 17,250 | | | | | | | | | | |
| Initial Investment | 103,500 | | | | | | | | | | |
| Rate | 4.25% | | | | | | | | | | |
| Term | 30 | | | | | | | | | | |
| P&I | \$1,272.89 | | | | | | | | | | |
| Assume a Sale at End of Year 10 | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | 61,060 |
| | | | | | | | | | | | 8.0 |
| | | | | | | | | | | | 491,043 |
| | | | | | | | | | | 6% | 29,463 |
| | | | | | | | | | | | 253,000 |
| | | | | | | | | | | | 208,580 |
| | | | | | | | | | | 20% | 41,716 |
| | | | | | | | | | | | 205,559 |
| | | | | | | | | | | | 256,021 |
| | | | | | | | | | | | 214,305 |
| Mortgage Amortization | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 258,750 Beg Bal | | 258,750 | 254,388 | 249,837 | 245,088 | 240,134 | 234,965 | 229,572 | 223,945 | 218,075 | 211,950 |
| 4.25% Prin | | 4,362 | 4,551 | 4,748 | 4,954 | 5,169 | 5,393 | 5,627 | 5,871 | 6,125 | 6,390 |
| 30.0 Int | | 10,913 | 10,724 | 10,526 | 10,320 | 10,106 | 9,882 | 9,648 | 9,404 | 9,150 | 8,884 |
| 1,273 Bal EOY | | 254,388 | 249,837 | 245,088 | 240,134 | 234,965 | 229,572 | 223,945 | 218,075 | 211,950 | 205,559 |
| Cost Recovery / Depreciation | | 345,000 | 345,000 | Building | 80% | 276,000 | Land | 20% | 69,000 | Life | 30 |
| | | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 |
| Basis | | 335,800 | 326,600 | 317,400 | 308,200 | 299,000 | 289,800 | 280,600 | 271,400 | 262,200 | 253,000 |

* 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%.