Illustration of Internal Rate of Return over a 10-Year Holding Period
207 WEST 29th STREET

Purchase Price	**350,000**	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Rent	4.0%	39,540	41,122	42,766	44,477	46,256	48,106	50,031	52,032	54,113	56,278
Vacancy	3.0%	1,186	1,234	1,283	1,334	1,388	1,443	1,501	1,561	1,623	1,688
Effective Income		38,354	39,888	41,483	43,143	44,869	46,663	48,530	50,471	52,490	54,589
Expenses	4.0%	13,136	13,661	14,208	14,776	15,367	15,982	16,621	17,286	17,977	18,696
Exp as a percent of Annual Rent		34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
Exp per unit	3	4,379	4,554	4,736	4,925	5,122	5,327	5,540	5,762	5,992	6,232
NOI	0	25,218	26,227	27,276	28,367	29,501	30,681	31,909	33,185	34,512	35,893
Debt Service	$ 1,253	15,039	15,039	15,039	15,039	15,039	15,039	15,039	15,039	15,039	15,039
Before Tax Cash Flow	**(105,000)**	**10,179**	**11,188**	**12,237**	**13,328**	**14,463**	**15,643**	**16,870**	**18,147**	**19,474**	**282,316**
19.0% Internal Rate of Return											
NOI		25,218	26,227	27,276	28,367	29,501	30,681	31,909	33,185	34,512	35,893
Less Interest		10,416	10,228	10,032	9,828	9,615	9,394	9,164	8,925	8,676	8,417
Less Depreciation		9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333
Taxable Income to Individuals		5,469	6,666	7,911	9,206	10,553	11,954	13,411	14,927	16,503	18,143
Pass Thru Entity	20%	(1,094)	(1,333)	(1,582)	(1,841)	(2,111)	(2,391)	(2,682)	(2,985)	(3,301)	(3,629)
Taxable Income	0	4,375	5,333	6,329	7,365	8,442	9,563	10,729	11,941	13,203	14,514
Tax @ *	37%	1,619	1,973	2,342	2,725	3,124	3,538	3,970	4,418	4,885	5,370
After Tax Cash Flow	**(105,000)**	**8,561**	**9,215**	**9,896**	**10,603**	**11,339**	**12,105**	**12,900**	**13,728**	**14,589**	**234,625**
15.6% Internal Rate of Return											

Purchase	350,000							**Assume a Sale at End of Year 10**			
L-V	75%							Annual Rent Roll			56,278
Loan	262,500							GRM			8.9
Down Payment	87,500				annual appreciation		3.6%	Price			498,159
Cap Improvement	-							Sale Costs		6%	29,890
Closing Costs	17,500							Less: Basis			256,667
Initial Investment	105,000							Gain			211,603
Rate	4.00%							Tax @		20%	42,321
Term	30							Mortgage Balance			206,808
P&I	$1,253.22							Sale Proceeds Before Tax			261,462
								Sale Proceeds After Tax			219,141

Mortgage Amortization		1	2	3	4	5	6	7	8	9	10
262,500	Beg Bal	262,500	257,877	253,066	248,059	242,848	237,425	231,780	225,906	219,792	213,430
4.00%	Prin	4,623	4,811	5,007	5,211	5,423	5,644	5,874	6,114	6,363	6,622
30.0	Int	10,416	10,228	10,032	9,828	9,615	9,394	9,164	8,925	8,676	8,417
1,253	Bal EOY	257,877	253,066	248,059	242,848	237,425	231,780	225,906	219,792	213,430	206,808
Cost Recovery / Depreciation		350,000	350,000	Building	80%	280,000	Land	20%	70,000	**Life**	**30**
		9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333	9,333
Basis		340,667	331,333	322,000	312,667	303,333	294,000	284,667	275,333	266,000	256,667

* 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%.