

Strictly Confidential

Hillsdale Apartments

Topeka, Kansas

REQUEST FOR \$3.8MM DEBT FOR THE PURCHASE AND REDEVELOPMENT OF 94 APARTMENT UNITS IN TOPEKA, KANSAS



5613 DTC Parkway, Suite 810 | Denver, CO 80111 | (720) 881-2822 | www.swinvest.com



Confidential Offering Memorandum 1

CONFIDENTIALITY AGREEMENT

This confidential financing memorandum (“Memorandum”) has been prepared by Southwestern Property Corp. (SWPC) solely for your limited use in determining whether to conduct due diligence in anticipation of providing equity to Southwestern Property Corp. (“Sponsor”) to develop Aspen Hills Apartments – a multi-family apartment property (the “Property”) located in Commerce City, CO.

The Memorandum does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information, which prospective investors may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Sponsor; and, therefore, are subject to material variation. This Memorandum does not constitute an indication that there has been no change in the business or affairs of the Property or Sponsor since the date of preparation of this Memorandum. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective capital providers.

Neither SWPC, the Sponsor, nor any of their respective officers, agents, or principals, has made or will make any representations or warranties, expressed or implied, as to the accuracy or completeness of this Memorandum or its contents. Analysis and verification of the information contained in the Memorandum is solely the responsibility of the prospective lender. The Sponsor expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to finance the Project and/or terminate discussions with any entity at any time with or without notice.

This Memorandum and its contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein called the “Contents”), are of a confidential nature. By accepting this Memorandum, you acknowledge that unauthorized use and/or accidental or willful release of information contained herein shall cause irreparable damage to the Sponsor and SWPC, which cannot be calculated at this time, and agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Memorandum or any of its contents to any other entity (except for outside advisors retained by you if necessary, in your opinion, to assist in your determination of whether or not to make a proposal provided that such advisors agree to be bound by the terms of this confidentiality agreement) without prior written authorization of the Sponsor or SWPC, and that you will not use the Memorandum or any of its contents in any fashion or manner detrimental to the interest of the Sponsor or SWPC.

Expressions of interest should be directed to:

Joseph R. Pelham, LL.M., M.B.A., M.S.A.

Vice President of Acquisitions

Phone: (775) 219-0297

joe@swinvest.com



EXECUTIVE SUMMARY

Transaction Overview

Southwestern Property Corp. is seeking a competitive lender for the purchase and redevelopment of Hillsdale Apartments in Topeka, Kansas a 94-unit apartment complex. Southwestern is seeking financing in excess of 75% of project cost or approximately \$3.8MM.

Opportunity

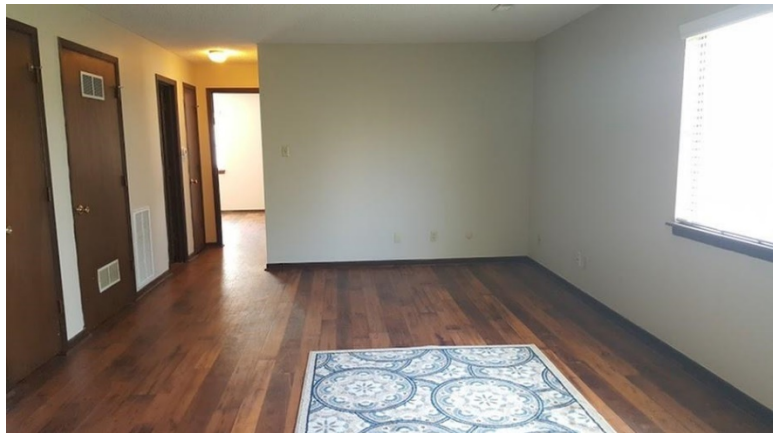
Due to Southwestern's strategic relationships and market edge, Southwestern has been able to acquire Hillsdale in an off-market transaction at a price significantly below market value. Further, Southwestern's market reach and experience give them the ability to find efficiencies and opportunities that the current owner has missed. Coupling this with the economies of scale provided by Southwestern's national portfolio, Southwestern is uniquely positioned to maximize revenue streams at the properties while simultaneously executing a value-add redevelopment vision. Through a value-add renovation strategy Southwestern intends to increase the rental rates and terminal value of the properties.

Financial

Loans of \$3.8MM equates to an exposure of \$40,426 per unit at 75% loan to total project cost based on a project cost of \$4.96MM. We anticipate minor unit upgrades and renovations over the first 24 months of the loan. The properties are underwritten at current market rates which are expected to increase by delivery. The Sponsor believes that the projected market value of the Property will be \$7.65MM by the end of the fourth year, based upon a 7% exit capitalization rate.

Developer

Southwestern Property Corp. is a real estate development company based in Denver, CO. The company specializes in ground-up development and value-add multi-family projects, self-storage facilities, retail centers and residential land development.



Hillsdale

Hillsdale is a 93 unit apartment complex in Topeka, KS. This asset is stable and provides the portfolio with a source of steady cash flow throughout the life of the investment. Hillsdale and Prospect Hills are joint-managed to create economies of scale.

Opportunity

At Hillsdale, with only renovations of \$5,795 average per unit Southwestern can realize rent increases of up to \$200 per unit yielding a renovation ROI of 41.91%, a leveraged IRR of 50.11% and partnership IRR of 28.47% over a planned 3 year hold period.

Asset

Hillsdale Apartments consists of 93 apartment units among two-story residential buildings. The complex was constructed in 1978 and is comprised of studio, one, two, and three bedroom floorplans. Community amenities of the complex include high-speed internet and cable television equipped units, a pool, a clubhouse that includes the leasing office, business center, and community space. Package delivery lockers, a bike workshop, a dog park, community kitchen, and a dog wash are planned amenity additions after closing on this transaction. The asset is in good condition with well-constructed buildings. However, the unit finishes are vintage and in need of an update in order to better realize market potential rents. We intend to renovate the units and increase the community amenity package which will result in higher rents equal to those of surrounding communities. However, even without renovation, this property provides an excellent cash return.

Financial

A loan of \$3.16MM equates to a loan exposure of \$33,978 per unit at 55.41% loan to total project cost based on a project cost of \$5.7MM. We anticipate renovating 40 units in year one and 26 units in year 2. The Property is underwritten at current market rates which are expected to increase by delivery. The Sponsor believes that the projected market value of the Property will be \$7.14MM by the end of the fourth year, based upon a 7% exit capitalization rate.





Topeka

Topeka, the state capital of Kansas, is situated along the Kansas River in northeast Kansas. The metropolitan area is comprised of Shawnee County, Jefferson County, and Osage County. Topeka's economic base is well diversified and specializes in Public Administration, Healthcare and Social Assistance, and Management of Companies and Enterprises. Over the last five years, employment has increased by 0.5% annually on average.¹

Population

The population of Topeka was estimated by the Topeka Economic Development to be 178,187 in January 2018.² The population has remained stable with continual small annual increases. The Median Household Income is also increasing at an average of 1.38% per year. The Median Age is consistent with the national median of 38 years old.

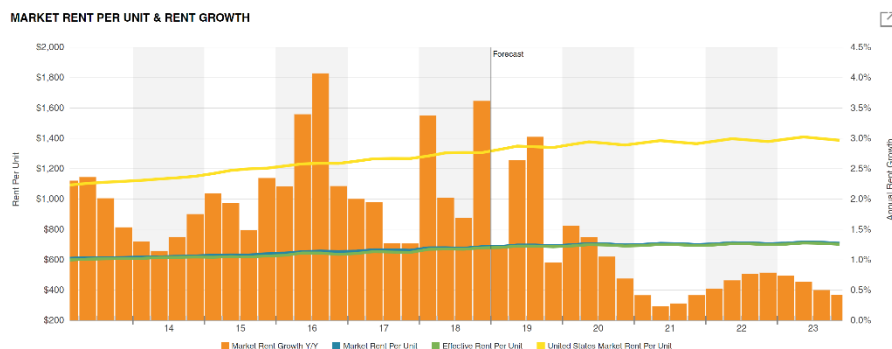


Employment

Employment trends are presented because they affect population growth and the demand for apartments. Employment statistics are compiled by the United States Census Bureau. Utilities, Public Administration, and Management of Companies and Enterprises employ respectively 1.92; 1.85; and 1.43 times more people than what would be expected in a location of this size.³ Transportation and Warehousing is also a major industry with an average wage of about \$50,000.

Neighborhood Trends

The property neighborhood, only minutes from downtown, is one of the more expensive areas in Topeka.⁴ Few new multifamily developments in the area provide a stable outlook for the property. Local services such as recreation and neighborhood retail are convenient, and there is adequate access to employment, and other services. West Ridge Mall is minutes away and includes a Lowe's, Walmart, Sam's Club, and Dillard's. Because of the lack of vacant land, new competition is expected to remain minimal over the long term. There are several small neighborhood parks within a mile of the Property. There are also multiple great schools nearby including Topeka West High School and Washburn Institute of Technology.



¹ Topeka CoStar Market Report

² <https://www.gotopeka.com/community-information/>

³ <https://datausa.io/profile/geo/topeka-ks-metro-area/>

⁴ <https://www.neighborhoodscout.com/ks/topeka/real-estate>

SouthWestern Property Corp



Southwestern Property Corp.
5613 DTC Parkway #810,
Greenwood Village, CO 80111
www.swinvest.com

Southwestern Property Corp. is a Denver-based real estate development company with full-service expertise to acquire, develop, and manage a broad range of product types and sizes. The firm specializes in ground up development and value-add multifamily projects, self-storage facilities, grocery anchored neighborhood retail centers, and residential land development. Southwestern Property Corp. also has extensive experience in natural resource development including water procurement and distribution, gravel pits, and mineral royalties.

Southwestern Property Corp. has specifically engineered its professional team to successfully provide a comprehensive set of real estate disciplines:

- Identifying, targeting and analyzing opportunities
- Procuring the right anchor tenants
- Developing commercial sites for maximum income potential
- Hiring and supervising local contractors
- Managing developed properties
- Acquiring income property, land and water resources
- Rehabilitating abandoned retail centers
- Anticipating, troubleshooting and solving problems
- Strategizing and developing Mater Plans

Mark D. Campbell

President

Mark attended Colorado State University, Fort Collins, Colorado and graduated in 1977 cum laude with a B.S. in Business Administration, concentrating in Accounting. He also earned his CPA in 1977. Mark holds a Colorado real estate license.

Mark began his career at Alexander Grant company where he was an auditor for three years. In 1980 Mark entered the real estate profession and quickly rose to the position of Vice President of Acquisitions for Southmark Corporation where he was responsible for a variety of commercial acquisitions, closing over 400 million dollars in transactions over four years. Later Mark was brought on board by North American Acquisitions, a Toronto based company (a subsidiary of Cadillac Fairview Corporation) to build a presence in Florida where he acquired or developed seven Publix anchored shopping centers.



In 1991 Mark founded the Dartmouth Group, Inc and entitled, developed, acquired, and leased more than fifty shopping centers and twenty land parcels. In 1998 Mark founded Southwestern Investment Group “SW Group” for the purpose of acquiring, developing, leasing and managing shopping centers and other real estate projects. By 2000 SW Group had a portfolio of 15 shopping centers comprising over 1,800,000 square feet of gross leasable area. In 2009 Mark founded Southwestern Investment Advisors which acquired some of SW Group’s projects. Then, in 2015, the company changed its name to Southwestern Property Corp., which better reflects the services that the company provides.

In recent years, Mr. Campbell has been: developing and investing in multi-family housing, acquiring real estate positions as well as consulting with industrial and residential businesses active in northwestern North Dakota and New Mexico, and providing consulting services to take projects through pre-development (planning, design, land purchase, and entitlement) for numerous land, water, and oil and gas entities in Colorado, Wyoming, New Mexico and North Dakota. Mr. Campbell has worked with business-to-business and consumer segments of the real estate sector. His track record includes, but is not limited to: 10 industrial transactions worth \$20 million, 20 residential land transactions totaling over 4,000 lots, 125 water transactions worth \$75 million, 45 retail transactions worth \$500 million, 10 apartment transactions (1,000 apartment units) worth over \$100 million, and four resource mining projects worth \$60 million.

Joseph Pelham, LL.M., M.B.A., M.S.A.

Vice President of Acquisitions

Joseph began his career as a tax and legal consultant in the Boston, MA office of Deloitte and Touche. Later Joseph served as a financial risk analyst for Berkshire Hathaway in San Francisco, CA and as leader of an acquisitions team for Southwestern Property Corp. in Denver, CO. In addition to Joseph’s professional experience, he has an exemplary academic stature. Joseph was in the top of his class and has earned a Master of Science in Accounting degree as well as a Master of Business Administration degree from Northeastern University, and studied law (LL.B. and LL.M.) at the University of Edinburgh School of Law a global top 15 institution. He completed his undergraduate studies in International Affairs at the University of Nevada, Reno.



Joseph has managed acquisitions and developments of properties and assets throughout the American West and in Hawaii with individual transactions ranging in size from \$2MM to \$+150MM. Additionally, during his time at Deloitte, Joseph was a member of a global business structuring team for public and private real estate ventures spanning dozens of countries and six continents. As part of this team, Joseph designed corporate blockers and structures for favorable treatment of funds movement between nations around the world. Joseph has also worked as an independent consultant for a variety of domestic and international entities.

Eli Henrie*Chief Financial Officer*

Mr. Henrie possesses a great depth and breadth of accounting and finance experience. He has excelled and worked as an accounting professional in the fields of SEC compliance, real estate, construction, manufacturing, and governmental accounting for over 35 years.

Mr. Henrie's credentials include over 15 years as a Partner with Grant Thornton a national recognized certified public accounting firm. From 1989 to 1995 he was founder and President of Reynolds Henrie and Associates, PC which performed peer reviews of other CPA firms.

Recently he has assisted with the transactions relating to the significant market corrections and financial restructuring of clients and SWIA. Since 2004, Eli has served as the chief financial officer of Southwestern (SWIA). His accomplishments include the successful completion of initial audits of Southwestern and its sister company, and the internal preparation of tax returns for 85 entities, saving the companies' significant external professional fees.

He was responsible for the upgrade of the accounting software (Yardi) for the merger of four of Southwestern's former co entities and the stabilization of accounting personnel, which resulted in the elimination of external accounting assistance. In 2009, he orchestrated the takeover of accounting services to 11 special districts (related to the Company's land development projects). With these additional services, the Company's accounting department became a profit center rather than a cost center.

In addition, he has assisted with the accounting aspects of the many transactions that Mr. Campbell has been involved with. His total transaction activity exceeds \$1 billion. Mr. Henrie has worked with business to business and consumer segments of the real estate sector. His track record includes but is not limited to the following; 10 industrial transactions worth \$20 million, 20 (4,000 lots)residential land transactions, 125 water transactions worth \$75 million, 45 retail transactions worth \$500 million, 10 apartment transactions (1000 apartment units) worth over \$100 million, 4 resource (gravel pits) worth \$60 million and his team remains an asset manager for various retail, apartment, real estate holdings and metro districts.

**Thomas Oldenburg***Vice President of Development and Construction*

Thomas has more than 37 years of experience in Real Estate Development, and obtained his Bachelor's Degree in Architecture in 1980 from the University of Tennessee. Since that time, he has been involved in numerous developments in New Jersey, Texas, New Mexico, Colorado, Wyoming and California. He has contributed to more than 500 million dollars in Real Estate Development, with experience in Residential, Multifamily, Retail, Office and Industrial Development. Several developments have received rewards for their design and performance.



Jackson Givens

Vice President of Development

Jackson Givens graduated from Colorado College with a degree in International Political Economics. He began his career with Southwestern Property Corp. in 2012, focusing primarily on the development of multifamily and self-storage throughout the southwest. Jackson has also assisted on the acquisition of numerous multifamily complexes, and the sale of single family lots and retail property.





Hillsdale Apartments (Lennox)

Investment Summary

Topeka, KS

DEAL OVERVIEW

Address	1618 SW Chelsea Topeka, KS 66604		
Year Built	1978	Asset Quality	B
Year Renovated	-	Location Quality	B
Analysis Start Date	Jan-19	Hold Period	3 years

INVESTMENT SUMMARY

	Funding Req.	IRR	Eq. Mult.
Unleveraged	\$ 4,390,133	18.64%	1.59x
Leveraged	\$ 1,344,164	43.56%	2.54x
Equity Partner	-	-	-
Sponsor	\$ 1,420,851	42.60%	2.44x

PRICING SUMMARY

	Deal Pricing			Trailing ¹		Forward	
	Total	per unit	per sf	Cap Rate	Rent Mult.	Cap Rate	Rent Mult.
Purchase Price (Jan. 2019)	\$ 4,112,500	\$ 43,750	\$ 47	7.55%	6.31x	9.08%	5.53x
All-in Cost (excl Partnership)	\$ 4,460,633	\$ 47,454	\$ 51	6.96%	6.84x	8.37%	5.99x
Gross Sales Proceeds (Dec. 2021)	\$ 6,075,094	\$ 64,629	\$ 70	6.69%	7.57x	7.00%	7.28x

¹ Going-in Cap Rate based on T1 Annualized NOI

UNIT SUMMARY

Rent Roll as of 6/30/18 (adjusted)

	Units					Market Rent		In-Place Rent	
	Avg. Size	Occup.	Vacant	Non-Rev.	Total	per unit	per sf	per unit	per sf
Studio	500 sf	1 units	-	-	1 units	\$ 500	\$ 1.00	\$ 543	\$ 1.09
1 Bedroom	717 sf	16 units	-	-	16 units	\$ 563	\$ 0.79	\$ 547	\$ 0.76
2 Bedroom	958 sf	66 units	6 units	-	72 units	\$ 646	\$ 0.67	\$ 650	\$ 0.68
3 Bedroom	1,200 sf	5 units	-	-	5 units	\$ 793	\$ 0.66	\$ 838	\$ 0.70
4+ Bedroom	-	-	-	-	-	-	-	-	-
Total / Average	925 sf	88 units	6 units	-	94 units	\$ 638	\$ 0.69	\$ 641	\$ 0.69

DEBT SUMMARY

Funding	Loan 1	-	-	-
Loan to Value	77%	-	-	-
Loan Amount	\$ 3,163,000	-	-	-
Terms				
Funding Month	Jan-19			
Loan Term	36 months	-	-	-
Interest Type	Floating	-	-	-
Interest Rate	4.98%	-	-	-
Interest-Only Period	24 months	-	-	-
Amortization Period	30 years			

SENSITIVITY ANALYSIS

Purchase Price	\$ 4,100,000	\$ 4,100,000	\$ 4,112,500	\$ 4,200,000	\$ 4,200,000
Per Unit	\$ 43,617	\$ 43,617	\$ 43,750	\$ 44,681	\$ 44,681
Going-In Cap Rate ¹	9.12%	9.12%	9.08%	8.85%	8.85%
Year 1 Cash on Cash	19.07%	19.07%	18.88%	17.64%	17.64%
Post-Renov. C-o-C ²	14.45%	14.45%	14.30%	13.29%	13.29%
Unleveraged IRR	18.80%	18.80%	18.64%	17.59%	17.59%
Partnership IRR	25.99%	25.99%	25.64%	23.29%	23.29%

¹ Based on Pro Forma NOI ² In Year 3 (the first full year following completion of all renovations)



Hillsdale Apartments (Lennox)

Renovation Summary

Topeka, KS

EXISTING RENOVATED UNITS

Renovated Units	-
% of Property	-
Average Renov. Rent	-
Average Premium	-
% Premium	-

PROJECTED UNIT RENOVATIONS

Units to be Renovated	66 units	Renovations Start	Jan-19
% of Property	70%	Renovations End	Dec-20
Return on Investment	40.00%	Renovation Period	24 months
Average Premium	\$ 50 / unit	Avg. Monthly Velocity	3 units
Average Cost	\$ 1,500 / unit	Renovation Downtime	14 days

EXISTING RENOVATED UNIT SUMMARY

Rent Roll as of 6/30/18 (adjusted)

	Current Renovation Status		In-Place Rent Per Unit		In-Place Renovation Premium	
	Renovated	Unrenovated	Renovated	Unrenovated	per unit	per sf
Studio	-	1 units	-	\$ 543	-	-
1 Bedroom	-	16 units	-	\$ 547	-	-
2 Bedroom	-	72 units	-	\$ 650	-	-
3 Bedroom	-	5 units	-	\$ 838	-	-
4+ Bedroom	-	-	-	-	-	-
Total / Average	-	94 units	-	\$ 641	-	-

PROJECTED UNIT RENOVATION SUMMARY

	Renovation Costs ¹		Projected Renov. Premium		Post-Renovation Market Rent		Units To Be Renovated			
	per unit	per sf	per unit	per sf	per unit	per sf	Year 1	Year 2	Year 3	Year 4
Studio	\$ 1,500	\$ 3.00	\$ 50	\$ 0.10	\$ 550	\$ 1.10	1 units	-	-	-
1 Bedroom	\$ 1,500	\$ 2.09	\$ 50	\$ 0.07	\$ 613	\$ 0.86	8 units	-	-	-
2 Bedroom	\$ 1,500	\$ 1.58	\$ 50	\$ 0.05	\$ 689	\$ 0.72	31 units	26 units	-	-
3 Bedroom	-	-	-	-	-	-	-	-	-	-
4+ Bedroom	-	-	-	-	-	-	-	-	-	-
Total / Average	\$ 1,500	\$ 1.64	\$ 50	\$ 0.05	\$ 678	\$ 0.74	40 units	26 units	-	-

¹ Renovation costs (\$ 100,560) are funded at closing

SENSITIVITY ANALYSIS

Avg. Renovation Premium	\$ 45	\$ 48	\$ 50	\$ 53	\$ 55
Per sf	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.06
Renovation ROI ¹	36.00%	38.00%	40.00%	42.00%	44.00%
Renovation IRR ²	83.58%	87.48%	91.26%	94.95%	98.54%
Post-Renovation C-o-C ³	14.02%	14.16%	14.30%	14.44%	14.57%
Cash on Cash (3-Yr Avg.)	16.24%	16.33%	16.43%	16.53%	16.62%
Leveraged Deal IRR	25.06%	25.35%	25.64%	25.92%	26.21%

Avg. Renovation Cost	\$ 1,200	\$ 1,350	\$ 1,500	\$ 1,650	\$ 1,800
Per sf	\$ 1.31	\$ 1.47	\$ 1.64	\$ 1.80	\$ 1.96
Renovation ROI ¹	50.00%	44.44%	40.00%	36.36%	33.33%
Renovation IRR ²	106.86%	98.47%	91.26%	84.98%	79.43%
Post-Renovation C-o-C ³	14.52%	14.41%	14.30%	14.19%	14.09%
Cash on Cash (3-Yr Avg.)	16.68%	16.55%	16.43%	16.31%	16.19%
Leveraged Deal IRR	26.13%	25.88%	25.64%	25.39%	25.15%

¹ Does not account for renovation downtime, if any² Includes rent premiums from renovations, downtime vacancy, and increase in residual value due to renovation³ In Year 3 (the first full year following completion of all renovations)



Hillsdale Apartments (Lennox)

Historical Operating Statements

Topeka, KS

HISTORICAL CASH FLOW

	T12 Annualized Dec-18	T9 Annualized Dec-18	T6 Annualized Dec-18	T3 Annualized Dec-18	T1 Annualized Dec-18
OPERATING REVENUE					
Potential Market Rent	\$ 726,850	\$ 726,250	\$ 743,310	\$ 743,870	\$ 741,793
(Loss to Lease) / Gain to Lease	(\$ 43,313)	(\$ 47,833)	(\$ 57,838)	(\$ 52,725)	(\$ 41,155)
Gross Potential Revenue	\$ 683,537	\$ 678,418	\$ 685,473	\$ 691,145	\$ 700,638
Vacancy (incl. Renovation Downtime)	(\$ 70,712)	(\$ 83,196)	(\$ 97,630)	(\$ 106,216)	(\$ 74,380)
Concessions	(\$ 3,836)	(\$ 4,865)	(\$ 7,237)	(\$ 8,194)	(\$ 2,400)
Non-Revenue Units	(\$ 7,776)	(\$ 7,776)	(\$ 7,776)	(\$ 7,776)	(\$ 7,776)
Collection Loss / Bad Debt	-	-	-	-	-
Base Rental Revenue	\$ 601,213	\$ 582,581	\$ 572,830	\$ 568,959	\$ 616,082
Garage / Parking	-	-	-	-	-
Storage	-	-	-	-	-
Expense Reimbursements	\$ 26,378	\$ 27,916	\$ 17,384	\$ 16,889	\$ 17,996
Other Residential Income	\$ 30,258	\$ 28,628	\$ 27,265	\$ 25,048	\$ 17,728
Other Income	\$ 56,636	\$ 56,544	\$ 44,649	\$ 41,937	\$ 35,724
EFFECTIVE GROSS REVENUE	\$ 657,848	\$ 639,125	\$ 617,479	\$ 610,896	\$ 651,806

PROJECTED CASH FLOW

	Pro Forma Yr 1 Dec-19	%	Notes
		Mkt	
	\$ 732,460	100.00%	
	\$ 4,325	0.59%	
	\$ 736,785	100.59%	
	(\$ 47,523)	(6.49%)	
	(\$ 2,675)	(0.37%)	
	-	-	
	-	-	
	\$ 686,587	93.74%	
	-	-	
	-	-	
	\$ 57,742	7.88%	
	-	-	
	\$ 57,742	7.88%	
	\$ 744,329	101.62%	

	Trailing 12	Trailing 12	Trailing 12	Trailing 12	Trailing 12
OPERATING EXPENSES					
Repair & Maintenance	\$ 8,379	\$ 8,379	\$ 8,379	\$ 8,379	\$ 8,379
Contract Services	\$ 33,277	\$ 33,277	\$ 33,277	\$ 33,277	\$ 33,277
Security	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Landscaping / Grounds	\$ 13,489	\$ 13,489	\$ 13,489	\$ 13,489	\$ 13,489
Personnel	\$ 66,933	\$ 66,933	\$ 66,933	\$ 66,933	\$ 66,933
Marketing / Advertising	\$ 7,617	\$ 7,617	\$ 7,617	\$ 7,617	\$ 7,617
Leasing Commissions	-	-	-	-	-
Administrative Expenses	\$ 10,787	\$ 10,787	\$ 10,787	\$ 10,787	\$ 10,787
Turnover / Make-Ready	\$ 5,272	\$ 5,272	\$ 5,272	\$ 5,272	\$ 5,272
Electricity	\$ 10,996	\$ 10,996	\$ 10,996	\$ 10,996	\$ 10,996
Fuel (Gas & Oil)	\$ 3,036	\$ 3,036	\$ 3,036	\$ 3,036	\$ 3,036
Water & Sewer	\$ 37,085	\$ 37,085	\$ 37,085	\$ 37,085	\$ 37,085
Other Utilities	\$ 9,664	\$ 9,664	\$ 9,664	\$ 9,664	\$ 9,664
Insurance	\$ 35,408	\$ 35,408	\$ 35,408	\$ 35,408	\$ 35,408
Real Estate Taxes	\$ 55,804	\$ 55,804	\$ 55,804	\$ 55,804	\$ 55,804
Other Property Taxes	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Property Management Fee	\$ 19,927	\$ 19,927	\$ 19,927	\$ 19,927	\$ 19,927
Other Operating Expenses	-	-	-	-	-
Reimbursements	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 317,875	\$ 317,875	\$ 317,875	\$ 317,875	\$ 317,875

Year 1 Pro Forma

	EGR
\$ 8,379	1.13%
\$ 33,277	4.47%
\$ 100	0.01%
\$ 13,489	1.81%
\$ 66,933	8.99%
\$ 7,617	1.02%
-	-
\$ 10,787	1.45%
\$ 5,272	0.71%
\$ 10,996	1.48%
\$ 3,036	0.41%
\$ 37,085	4.98%
\$ 9,664	1.30%
\$ 35,408	4.76%
\$ 55,804	10.13%
\$ 100	0.01%
\$ 19,927	4.00%
-	-
-	-
\$ 347,318	46.66%

NET OPERATING INCOME					
Net Operating Income (bef. Reserves)	\$ 339,973	\$ 321,250	\$ 299,604	\$ 293,021	\$ 333,931
Replacement Reserves	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500	\$ 23,500
NET OPERATING INCOME (AFT. RESERVES)	\$ 316,473	\$ 297,750	\$ 276,104	\$ 269,521	\$ 310,431

\$ 397,011	53.34%
\$ 23,500	3.16%
\$ 373,511	50.18%

METRICS					
Going-In Cap Rate	7.70%	7.24%	6.71%	6.55%	7.55%
DSCR (Year 1 Combined Debt Payment)	2.01x	1.89x	1.75x	1.71x	1.97x

9.08%	
2.37x	



FINANCIAL FOOTNOTES



Hillsdale Apartments (Lennox)		Property Cash Flow Projections						Topeka, KS
	Dec-18 T1 Ann'd	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	Dec-24 Year 6	Dec-25 Year 7
ANNUAL OPERATING CASH FLOW								
OPERATING REVENUE								
Potential Market Rent	\$ 741,793	\$ 719,460	\$ 719,460	\$ 748,238	\$ 778,168	\$ 809,295	\$ 841,666	\$ 875,333
Renovation Premium		\$ 13,000	\$ 32,450	\$ 41,184	\$ 42,831	\$ 44,545	\$ 46,326	\$ 48,179
(Loss to Lease) / Gain to Lease	(\$ 41,155)	\$ 4,325	\$ 4,440	\$ 4,661	\$ 4,848	\$ 5,041	\$ 5,243	\$ 5,453
Gross Potential Revenue	\$ 700,638	\$ 736,785	\$ 756,350	\$ 794,083	\$ 825,847	\$ 858,881	\$ 893,236	\$ 928,965
Vacancy	(\$ 74,380)	(\$ 35,402)	(\$ 40,697)	(\$ 51,219)	(\$ 53,268)	(\$ 55,399)	(\$ 57,615)	(\$ 59,919)
Renovation Downtime	-	(\$ 12,121)	(\$ 8,088)	-	-	-	-	-
Concessions	(\$ 2,400)	(\$ 2,675)	(\$ 2,746)	(\$ 2,883)	(\$ 2,998)	(\$ 3,118)	(\$ 3,243)	(\$ 3,372)
Non-Revenue Units	(\$ 7,776)	-	-	-	-	-	-	-
Collection Loss / Bad Debt	-	-	-	-	-	-	-	-
Base Rental Revenue	\$ 616,082	\$ 686,587	\$ 704,818	\$ 739,982	\$ 769,581	\$ 800,364	\$ 832,379	\$ 865,674
Expense Reimbursements	\$ 17,996	\$ 57,742	\$ 60,052	\$ 62,454	\$ 64,952	\$ 67,550	\$ 70,252	\$ 73,063
Other Residential Income	\$ 17,728	-	-	-	-	-	-	-
Other Income	\$ 35,724	\$ 57,742	\$ 60,052	\$ 62,454	\$ 64,952	\$ 67,550	\$ 70,252	\$ 73,063
EFFECTIVE GROSS REVENUE	\$ 651,806	\$ 744,329	\$ 764,871	\$ 802,436	\$ 834,533	\$ 867,914	\$ 902,631	\$ 938,736
OPERATING EXPENSES								
Repair & Maintenance	(\$ 8,379)	(\$ 8,379)	(\$ 8,714)	(\$ 9,063)	(\$ 9,425)	(\$ 9,802)	(\$ 10,194)	(\$ 10,602)
Contract Services	(\$ 33,277)	(\$ 33,277)	(\$ 34,609)	(\$ 35,993)	(\$ 37,433)	(\$ 38,930)	(\$ 40,487)	(\$ 42,107)
Security	(\$ 100)	(\$ 100)	(\$ 104)	(\$ 109)	(\$ 113)	(\$ 117)	(\$ 122)	(\$ 127)
Turnover / Make-Ready	(\$ 5,272)	(\$ 5,272)	(\$ 5,483)	(\$ 5,702)	(\$ 5,931)	(\$ 6,168)	(\$ 6,415)	(\$ 6,671)
Landscaping / Grounds	(\$ 13,489)	(\$ 13,489)	(\$ 14,029)	(\$ 14,590)	(\$ 15,174)	(\$ 15,781)	(\$ 16,412)	(\$ 17,068)
Personnel	(\$ 66,933)	(\$ 66,933)	(\$ 69,611)	(\$ 72,395)	(\$ 75,291)	(\$ 78,302)	(\$ 81,434)	(\$ 84,692)
Marketing / Advertising	(\$ 7,617)	(\$ 7,617)	(\$ 7,921)	(\$ 8,238)	(\$ 8,568)	(\$ 8,911)	(\$ 9,267)	(\$ 9,638)
Administrative	(\$ 10,787)	(\$ 10,787)	(\$ 11,218)	(\$ 11,667)	(\$ 12,134)	(\$ 12,619)	(\$ 13,124)	(\$ 13,649)
Utilities	(\$ 60,781)	(\$ 60,781)	(\$ 63,213)	(\$ 65,741)	(\$ 68,371)	(\$ 71,106)	(\$ 73,950)	(\$ 76,908)
Insurance	(\$ 35,408)	(\$ 35,408)	(\$ 36,824)	(\$ 38,297)	(\$ 39,829)	(\$ 41,422)	(\$ 43,079)	(\$ 44,802)
Real Estate Taxes	(\$ 55,904)	(\$ 75,500)	(\$ 77,012)	(\$ 78,555)	(\$ 80,128)	(\$ 81,733)	(\$ 83,370)	(\$ 85,040)
Property Management Fee	(\$ 19,927)	(\$ 29,773)	(\$ 30,595)	(\$ 32,097)	(\$ 33,381)	(\$ 34,717)	(\$ 36,105)	(\$ 37,549)
Other Operating Expenses	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	(\$ 317,875)	(\$ 347,318)	(\$ 359,334)	(\$ 372,448)	(\$ 385,777)	(\$ 399,607)	(\$ 413,959)	(\$ 428,853)
NET OPERATING INCOME								
Net Operating Income (bef. Reserves)	\$ 333,931	\$ 397,011	\$ 405,537	\$ 429,988	\$ 448,757	\$ 468,307	\$ 488,672	\$ 509,884
Replacement Reserves	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	(\$ 23,500)
NET OPERATING INCOME (AFT. RESERVES)	\$ 310,431	\$ 373,511	\$ 382,037	\$ 406,488	\$ 425,257	\$ 444,807	\$ 465,172	\$ 486,384
CAPITAL EXPENDITURES								
Unit Renovations		(\$ 60,000)	(\$ 40,560)	-	-	-	-	-
Property-Wide Capital Exp.		(\$ 115,000)	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES		(\$ 175,000)	(\$ 40,560)	-	-	-	-	-
Paid from Amount Funded Upfront		\$ 175,000	\$ 40,560	-	-	-	-	-
OPERATING CASH FLOW		\$ 373,511	\$ 382,037	\$ 406,488	\$ 425,257	\$ 444,807	\$ 465,172	\$ 486,384



Hillsdale Apartments (Lennox)		Property Cash Flow Projections							Topeka, KS
	Dec-18 T1 Ann'd	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	Dec-24 Year 6	Dec-25 Year 7	
OPERATING PERFORMANCE METRICS									
MONTHLY RENT									
Market Rent (average)	\$ 658	\$ 649	\$ 667	\$ 700	\$ 728	\$ 757	\$ 787	\$ 819	
Effective Rent (average)	\$ 614	\$ 651	\$ 668	\$ 702	\$ 730	\$ 759	\$ 789	\$ 821	
YEAR-ON-YEAR GROWTH RATES									
Market Rent		n/a	-	4.00%	4.00%	4.00%	4.00%	4.00%	
Market Rent (incl. Renovation Premium)		n/a	2.66%	4.99%	4.00%	4.00%	4.00%	4.00%	
Effective Gross Revenue		n/a	2.76%	4.91%	4.00%	4.00%	4.00%	4.00%	
Operating Expense		n/a	3.46%	3.65%	3.58%	3.59%	3.59%	3.60%	
Net Operating Income		n/a	2.28%	6.40%	4.62%	4.60%	4.58%	4.56%	
OPERATING METRICS									
Physical Occupancy (excl. Non-Rev. units)	89%	94%	94%	94%	94%	94%	94%	94%	
Economic Occupancy	88%	93%	93%	93%	93%	93%	93%	93%	
Operating Expense Margin	49%	47%	47%	46%	46%	46%	46%	46%	
NOI Yield	7.55%	8.46%	8.61%	9.11%	9.48%	9.87%	10.27%	10.68%	
Unleveraged Cash Flow Yield	-	8.46%	8.61%	9.11%	9.48%	9.87%	10.27%	10.68%	



Hillsdale Apartments (Lennox)			Investment Cash Flow					Topeka, KS
	IRR	At Close	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	TOTAL
ANNUAL CASH FLOW DURING HOLD PERIOD								
ACQUISITION COST								
Purchase Price		(\$ 4,112,500)						(\$ 4,112,500)
Closing Costs (excl. Financing)		(\$ 62,073)						(\$ 62,073)
Upfront Funding of Capital Exp.		(\$ 215,560)						(\$ 215,560)
ACQUISITION COST		(\$ 4,390,133)	-	-	-	-	-	(\$ 4,390,133)
OPERATING CASH FLOW								
Effective Gross Revenue			\$ 744,329	\$ 764,871	\$ 802,436	-	-	\$ 2,311,635
Operating Expenses			(\$ 347,318)	(\$ 359,334)	(\$ 372,448)	-	-	(\$ 1,079,099)
Capital Reserves			(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	-	-	(\$ 70,500)
NET OPERATING INCOME			\$ 373,511	\$ 382,037	\$ 406,488	-	-	\$ 1,162,036
Capital Expenditures			(\$ 175,000)	(\$ 40,560)	-	-	-	(\$ 215,560)
Paid from Amount Funded Upfront			\$ 175,000	\$ 40,560	-	-	-	\$ 215,560
OPERATING CASH FLOW			\$ 373,511	\$ 382,037	\$ 406,488	-	-	\$ 1,162,036
DISPOSITION PROCEEDS								
Gross Sales Proceeds			-	-	\$ 6,075,094	-	-	\$ 6,075,094
Selling Costs			-	-	(\$ 243,004)	-	-	(\$ 243,004)
NET SALES PROCEEDS			-	-	\$ 5,832,090	-	-	\$ 5,832,090
UNLEVERAGED CASH FLOW	18.64%	(\$ 4,390,133)	\$ 373,511	\$ 382,037	\$ 6,238,578	-	-	\$ 2,603,993
FINANCING CASH FLOW								
Loan Drawdowns		\$ 3,163,000	-	-	-	-	-	\$ 3,163,000
Loan Closing Costs and Fees		(\$ 41,630)	-	-	-	-	-	(\$ 41,630)
Debt Service		-	(\$ 157,517)	(\$ 165,425)	(\$ 214,288)	-	-	(\$ 537,231)
Prepayment Costs		-	-	-	-	-	-	-
Loan Repayments		-	-	-	(\$ 3,116,166)	-	-	(\$ 3,116,166)
CASH FLOW FROM LOAN PROCEEDS		\$ 3,121,370	(\$ 157,517)	(\$ 165,425)	(\$ 3,330,454)	-	-	(\$ 532,026)
RESERVES								
Reserves Funded And Replenished		(\$ 75,400)	-	-	-	-	-	(\$ 75,400)
Reserves Used		-	\$ 37,750	-	-	-	-	\$ 37,750
Release of Unused Reserves		-	-	-	\$ 37,650	-	-	\$ 37,650
CASH FLOW FROM RESERVES		(\$ 75,400)	\$ 37,750	-	\$ 37,650	-	-	\$ 0
LEVERAGED CASH FLOW	43.56%	(\$ 1,344,164)	\$ 253,744	\$ 216,612	\$ 2,945,774	-	-	\$ 2,071,966
PARTNERSHIP CASH FLOW								
Partnership Costs and Fees		(\$ 76,688)	(\$ 24,162)	(\$ 24,162)	(\$ 82,483)	-	-	(\$ 207,496)
Promote Payment to Sponsor		-	-	-	(\$ 739,512)	-	-	(\$ 739,512)
Cash Flow to Partnership	25.64%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,123,778	-	-	\$ 1,124,958
Cash Flow to Sponsor	42.60%	(\$ 1,359,164)	\$ 249,744	\$ 212,612	\$ 2,941,774	-	-	\$ 2,044,966
Cash Flow to Equity Partner	n/a	-	-	-	-	-	-	-
LEVERAGED METRICS								
Cumulative Equity Requirement		\$ 1,344,164	\$ 1,344,164	\$ 1,344,164	\$ 1,344,164	-	-	\$ 1,344,164
Cash on Cash Yield			18.88%	16.12%	14.30%	-	-	16.43%
Blended DSCR			2.37x	2.31x	1.90x	-	-	2.19x



Hillsdale Apartments (Lennox)

Sensitivity Analysis

Topeka, KS

PURCHASE PRICE SENSITIVITY

		Purchase Price				
		\$ 4,100,000	\$ 4,100,000	\$ 4,112,500	\$ 4,200,000	\$ 4,200,000
Returns	Per Unit	\$ 43,617	\$ 43,617	\$ 43,750	\$ 44,681	\$ 44,681
	Per sf	\$ 47	\$ 47	\$ 47	\$ 48	\$ 48
	Going-In Cap Rate ¹	9.12%	9.12%	9.08%	8.85%	8.85%
	Year 1 Cash on Cash	19.07%	19.07%	18.88%	17.64%	17.64%
	Post-Renov. C-o-C ²	14.45%	14.45%	14.30%	13.29%	13.29%
	Unleveraged IRR	18.80%	18.80%	18.64%	17.59%	17.59%
	Partnership IRR	25.99%	25.99%	25.64%	23.29%	23.29%
	Part'ship Eq. Mult.	1.80x	1.80x	1.79x	1.71x	1.71x
	¹ Based on Pro Forma NOI ² In Year 3 (the first full year following completion of all renovations)					

CAP RATE SENSITIVITY

		Going-In Cap Rate ¹				
		8.58%	8.83%	9.08%	9.33%	9.58%
Returns / Price	Per Unit	\$ 45,850	\$ 44,775	\$ 43,750	\$ 42,770	\$ 41,834
	Per sf	\$ 50	\$ 48	\$ 47	\$ 46	\$ 45
	Purchase Price	\$ 4,309,917	\$ 4,208,895	\$ 4,112,500	\$ 4,020,422	\$ 3,932,376
	Year 1 Cash on Cash	16.29%	17.52%	18.88%	20.37%	22.03%
	Post-Renov. C-o-C ²	12.18%	13.19%	14.30%	15.52%	16.88%
	Unleveraged IRR	16.30%	17.48%	18.64%	19.78%	20.91%
	Partnership IRR	20.69%	23.07%	25.64%	28.42%	31.46%
	Part'ship Eq. Mult.	1.63x	1.71x	1.79x	1.88x	1.99x
	¹ Based on Pro Forma NOI ² In Year 3 (the first full year following completion of all renovations)					

STARTING MARKET RENT (PER UNIT)

		Starting Market Rent (\$/SF)				
		\$ 0.62	\$ 0.65	\$ 0.69	\$ 0.72	\$ 0.76
Floor Plans	% Incr./Decr.	(10.00%)	(5.00%)	-	5.00%	10.00%
	Studio	\$ 450	\$ 475	\$ 500	\$ 525	\$ 550
	1 Bedroom	\$ 507	\$ 535	\$ 563	\$ 591	\$ 620
	2 Bedroom	\$ 581	\$ 613	\$ 646	\$ 678	\$ 710
	3 Bedroom	\$ 714	\$ 753	\$ 793	\$ 833	\$ 872
	4+ Bedroom	-	-	-	-	-

UNLEVERAGED INTERNAL RATE OF RETURN AND EQUITY MULTIPLE

		Exit Cap Rate				
		6.50%	6.75%	7.00%	7.25%	7.50%
Hold Period	3 years			18.64%		
				1.59x		
	3 years	21.29%	19.93%	18.64%	17.42%	16.25%
		1.70x	1.64x	1.59x	1.55x	1.50x
	5 years	17.77%	17.04%	16.34%	15.67%	15.03%
		2.03x	1.97x	1.92x	1.87x	1.82x
	7 years	16.30%	15.82%	15.37%	14.93%	14.51%
		2.39x	2.33x	2.27x	2.21x	2.16x
	10 years	15.22%	14.92%	14.65%	14.38%	14.12%
		3.00x	2.92x	2.86x	2.79x	2.74x

RETURN SUMMARY

		Starting Market Rent (\$/SF)				
		\$ 0.62	\$ 0.65	\$ 0.69	\$ 0.72	\$ 0.76
Returns	Unleveraged IRR	10.95%	14.89%	18.64%	22.23%	25.67%
	Partnership IRR	13.57%	19.73%	25.64%	31.33%	36.86%
	Part'ship Eq. Mult.	1.40x	1.60x	1.79x	1.99x	2.18x
	Unleveraged Yield ¹	7.62%	8.38%	9.13%	9.89%	10.65%
	Cash on Cash Yield ¹	9.29%	11.79%	14.30%	16.80%	19.31%
	Exit Price	\$ 5,074,730	\$ 5,574,912	\$ 6,075,094	\$ 6,575,275	\$ 7,075,457
	per unit	\$ 53,986	\$ 59,308	\$ 64,629	\$ 69,950	\$ 75,271
	per sf	\$ 58	\$ 64	\$ 70	\$ 76	\$ 81
	¹ Post renovation (Year 3)					

PARTNERSHIP INTERNAL RATE OF RETURN AND EQUITY MULTIPLE

		Exit Cap Rate				
		6.50%	6.75%	7.00%	7.25%	7.50%
Hold Period	3 years			25.64%		
				1.79x		
	3 years	29.52%	27.54%	25.64%	23.81%	22.04%
		1.95x	1.87x	1.79x	1.72x	1.66x
	5 years ¹	-	-	-	-	-
		-	-	-	-	-
	7 years ¹	-	-	-	-	-
		-	-	-	-	-
	10 years ¹	-	-	-	-	-
		-	-	-	-	-
	¹ Since all loans are assumed to have matured by this point, leveraged returns are not shown					



Hillsdale Apartments (Lennox)

Sources & Uses

Topeka, KS

SOURCES & USES AT CLOSING

SOURCES	\$ Amount	% Equity	% Total
Equity Capital¹			
Equity Partner	-	-	-
Sponsor	\$ 1,420,851	100.00%	31.00%
Total Equity	\$ 1,420,851	100.00%	31.00%
Debt Financing			
Assumable Loan	-	-	-
Loan 1	\$ 3,163,000		69.00%
Loan 2	-	-	-
Loan 3	-	-	-
Less: Proceeds Used for Refinancing	-		
Less: Loan Proceeds Distributed	-		
Net Debt Financing	\$ 3,163,000		69.00%
TOTAL SOURCES AT CLOSING	\$ 4,583,851		100.00%

USES	\$ Amount	\$ / Unit	% Total
Acquisition Costs			
Purchase Price	\$ 4,112,500	\$ 43,750	89.72%
Closing Costs (excl. Financing)	\$ 62,073	\$ 660	1.35%
Reserves for Projected Capital Exp.	\$ 215,560	\$ 2,293	4.70%
Total Acquisition Costs	\$ 4,390,133	\$ 46,704	95.77%
Financing Costs			
Loan Closing Costs	\$ 41,630	\$ 443	0.91%
Funding of Reserves	\$ 75,400	\$ 802	1.64%
Total Financing Costs	\$ 117,030	\$ 1,245	2.55%
USES BEFORE PARTNERSHIP COSTS	\$ 4,507,164	\$ 47,949	94.43%
Partnership Closing Fees & Expenses			
Partnership Closing Costs	\$ 15,000	\$ 160	0.33%
Acquisition Fee	\$ 61,688	\$ 656	1.35%
Other Fees to Sponsor at Close	-	-	-
Total Partnership Fees	\$ 76,688	\$ 816	1.67%
TOTAL USES AT CLOSING	\$ 4,583,851	\$ 48,764	100.00%

SOURCES & USES OVER HOLD PERIOD

SOURCES	\$ Amount	% Equity	% Total
Equity Capital¹			
Equity Partner	-	-	-
Sponsor	\$ 1,420,851	100.00%	29.77%
Total Equity	\$ 1,420,851	100.00%	29.77%
Debt Financing			
Assumable Loan	-	-	-
Loan 1	\$ 3,163,000		66.27%
Loan 2	-	-	-
Loan 3	-	-	-
Less: Loan Proceeds Used for Refinancing	-		
Less: Loan Proceeds Distributed	-		
Net Debt Financing	\$ 3,163,000		66.27%
Cash Flow			
Funded Through Cash Flow	\$ 189,327		3.97%
TOTAL SOURCES	\$ 4,773,178		100.00%

USES	\$ Amount	\$ / Unit	% Total
Acquisition Costs			
Purchase Price	\$ 4,112,500	\$ 43,750	86.16%
Closing Costs (excl. Financing)	\$ 62,073	\$ 660	1.30%
Total Acquisition Costs	\$ 4,174,573	\$ 44,410	87.46%
Financing Costs			
Loan Closing Costs	\$ 41,630	\$ 443	0.87%
Debt Service Shortfall	-	-	-
Total Financing Costs	\$ 41,630	\$ 443	0.87%
Capital Expenditures			
Property-Wide Improvements	\$ 115,000	\$ 1,223	2.41%
Unit Renovation Costs	\$ 100,560	\$ 1,070	2.11%
Replacement Reserves (\$250 per Unit)	\$ 70,500	\$ 750	1.48%
Commercial TIs/LCs	-	-	-
Total Capital Expenditures	\$ 286,060	\$ 3,043	5.99%
Other Uses			
Operating Deficit	\$ 37,750	\$ 402	0.79%
Loan Paydown with Equity	-	-	-
Distributions to Investors	\$ 25,669	\$ 273	0.54%
Total Other Uses	\$ 63,419	\$ 675	1.33%
USES BEFORE PARTNERSHIP COSTS	\$ 4,565,682	\$ 48,571	95.65%
Partnership Closing Fees & Expenses			
Partnership Closing Costs	\$ 15,000	\$ 160	0.31%
Acquisition Fee	\$ 61,688	\$ 656	1.29%
Other Fees & Expenses	\$ 130,808	\$ 1,392	2.74%
Total Partnership Fees	\$ 207,496	\$ 2,207	4.35%
TOTAL USES	\$ 4,773,178	\$ 50,778	100.00%

¹ Total Equity is based on capital requirement after taking into account prior distributions.



FINANCIAL UNDERWRITING MODEL

Hillsdale Apartments (Lennox) Topeka, KS

Summary of Input Tabs

1. Inputs
2. Selected Historical Columns
3. Historical Adjustments / Pro Forma Notes



Hillsdale Apartments (Lennox)

Inputs

Topeka, KS

GENERAL ASSUMPTIONS

DEAL IDENTIFIER

Deal Name	Hillsdale Apartments (Lennox)
Deal Number	0009
Deal # of Units	94 units

OCCUPANCY STATUS

Occupied Units	88 units
Vacant Units	6 units
Non-Revenue Units	-

DEAL TIMING

Closing Date	Jan-19
Hold Period (yrs)	3 years
Date of Exit	Dec-21

PROPERTY OVERVIEW

ACQUISITION AND DISPOSITION ASSUMPTIONS

ACQUISITION ASSUMPTIONS

Property Pricing

Valuation Method	Total Price
Purchase Price	\$ 4,112,500
Cap Rate (Proforma) ¹	9.08%

Property Closing Costs

	%	\$ Amount
Transfer Tax	-	-
Broker Commission	-	-
Other Closing Costs	1.51%	\$ 62,073
Total Closing Costs	1.51%	\$ 62,073

Upfront Funding of Capital Expenditures?

Projected Capital Expenditures	Yes
	\$ 215,560

¹ NOI after Replacement Reserves

DISPOSITION ASSUMPTIONS

Property Pricing

Valuation Basis	Forward 12 mo. NOI ¹
Sales Price	\$ 6,075,094
Exit Cap Rate	7.00%

Selling Costs

	%	\$ Amount
Transfer Tax	-	-
Broker Commission	2.00%	\$ 121,502
Other Closing Costs	2.00%	\$ 121,502
Total Selling Costs	4.00%	\$ 243,004

¹ NOI after Replacement Reserves

REVENUE ASSUMPTIONS

RENT ASSUMPTIONS

Jun 30, 2018 Rent Roll - manually adjusted

Floor Plans	Unit Size	Beds	# Units	Occupancy Status			Current Monthly Rent	
				Occupied	Vacant	Non-Rev	Market	In-Place
Studio	500 sf	Studio	1 units	1 units	-	-	\$ 500	\$ 543
1x1 No W/D Connections	672 sf	1 BR	10 units	10 units	-	-	\$ 540	\$ 524
1x1 w/ W/D Connections	792 sf	1 BR	6 units	6 units	-	-	\$ 602	\$ 586
2x1 No W/D Connections	874 sf	2 BR	13 units	12 units	1 units	-	\$ 617	\$ 620
2x1 W/D Conn, FP	968 sf	2 BR	23 units	21 units	2 units	-	\$ 637	\$ 653
2x1	970 sf	2 BR	4 units	3 units	1 units	-	\$ 699	\$ 693
2x1 W/D Conn, FP, Storage	970 sf	2 BR	16 units	15 units	1 units	-	\$ 658	\$ 656
2x1 W/D Conn, Fireplace	992 sf	2 BR	10 units	9 units	1 units	-	\$ 642	\$ 640
2x2 W/D Conn	1,010 sf	2 BR	6 units	6 units	-	-	\$ 677	\$ 683
3x2 W/D Conn, Fireplace	1,200 sf	3 BR	5 units	5 units	-	-	\$ 793	\$ 838
Total/Average	925 sf	✓	94 units	88 units	6 units	-	\$ 638	\$ 641

LEASE EXPIRATION SCHEDULE¹

Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
2.67%	8.00%	8.00%	6.67%	2.67%	6.67%	8.00%	6.67%	8.00%	8.00%	4.00%	30.67%

¹ Populated from Jun 30, 2018 Rent Roll (for information only)

MARKET RENT GROWTH ASSUMPTIONS

Lease Type	Timing of Rent Increases	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Market-rate Units (%)	Annually at the end of each year	-	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%



Hillsdale Apartments (Lennox)

Inputs

Topeka, KS



Hillsdale Apartments (Lennox)

Inputs

Topeka, KS

UNIT RENOVATION ASSUMPTIONS

Detail level for Yrs. 1-3		Annually		Units To Be Renovated						
Floor Plans	Average Renov. Cost	Rent Bump aft. Renov.	Post-Renov. Mkt Rent ¹	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Studio	\$ 1,500	\$ 50	\$ 550	1 units	-	-	-	-	-	-
1x1 No W/D Connections	\$ 1,500	\$ 50	\$ 590	5 units	-	-	-	-	-	-
1x1 w/ W/D Connections	\$ 1,500	\$ 50	\$ 652	3 units	-	-	-	-	-	-
2x1 No W/D Connections	\$ 1,500	\$ 50	\$ 667	13 units	-	-	-	-	-	-
2x1 W/D Conn, FP	\$ 1,500	\$ 50	\$ 687	18 units	-	-	-	-	-	-
2x1	\$ 1,500	\$ 50	\$ 749	-	-	-	-	-	-	-
2x1 W/D Conn, FP, Storage	\$ 1,500	\$ 50	\$ 708	-	16 units	-	-	-	-	-
2x1 W/D Conn, Fireplace	\$ 1,500	\$ 50	\$ 692	-	10 units	-	-	-	-	-
2x2 W/D Conn	\$ 1,500	\$ 50	\$ 727	-	-	-	-	-	-	-
3x2 W/D Conn, Fireplace	\$ 1,500	\$ 50	\$ 843	-	-	-	-	-	-	-
Total/Average	\$ 1,500	\$ 50	\$ 678	40 units	26 units	-	-	-	-	-
Renovation Costs are		Grown at Inflation	Renovation Downtime (days)		14 days					

¹ Reflects market rent if renovated at closing; weighted by number of units to be renovated; grown by Market Rent Growth rate

RENTAL LOSS FACTORS

Loss Assumptions	At Close	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Minimum Vacancy (% of Market) <i>from Floor Plans</i>	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%
Non-Revenue Units (% of Market) <i>from Floor Plans</i>	-	-	-	-	-	-	-	-
Loss to Lease (% of Market) <i>from Floor Plans</i>	(0.59%)	(0.59%)	(0.59%)	(0.59%)	(0.59%)	(0.59%)	(0.59%)	(0.59%)
Concessions (% of In-Place) <i>from Historicals</i>	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%	0.39%
Collection Loss (% of Base Rental Rev.) <i>from Historicals</i>	-	-	-	-	-	-	-	-
Vacancy (% of Market)								
Renovation Downtime		1.65%	1.08%	-	-	-	-	-
Additional Structural Vacancy		4.83%	5.41%	6.49%	6.49%	6.49%	6.49%	6.49%
Vacancy (incl. Renovation Downtime)		6.49%	6.49%	6.49%	6.49%	6.49%	6.49%	6.49%

OTHER INCOME

Line Items	Unit Type	Frequency	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Garage / Parking				-	-	-	-	-	-
Storage				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
				-	-	-	-	-	-
Other Income Inflation	applied at the end of each year (%)		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expense Reimbursements	ⓘ \$ total	per year	\$ 57,742	\$ 60,052	\$ 62,454	\$ 64,952	\$ 67,550	\$ 70,252	\$ 73,063



Hillsdale Apartments (Lennox)

Inputs

Topeka, KS

EXPENSE ASSUMPTIONS

ANNUAL OPERATING EXPENSES

Expense Category	Trailing 12	Pro Forma Assumption	Unit Type (% over Hist.)	Total Annual Amount (\$ total / year)						
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Repair & Maintenance	\$ 8,379		% over Hist.	\$ 8,379	\$ 8,714	\$ 9,063	\$ 9,425	\$ 9,802	\$ 10,194	\$ 10,602
Contract Services	\$ 33,277		% over Hist.	\$ 33,277	\$ 34,609	\$ 35,993	\$ 37,433	\$ 38,930	\$ 40,487	\$ 42,107
Security	\$ 100		% over Hist.	\$ 100	\$ 104	\$ 109	\$ 113	\$ 117	\$ 122	\$ 127
Landscaping / Grounds	\$ 13,489		% over Hist.	\$ 13,489	\$ 14,029	\$ 14,590	\$ 15,174	\$ 15,781	\$ 16,412	\$ 17,068
Personnel	\$ 66,933		% over Hist.	\$ 66,933	\$ 69,611	\$ 72,395	\$ 75,291	\$ 78,302	\$ 81,434	\$ 84,692
Marketing / Advertising	\$ 7,617		% over Hist.	\$ 7,617	\$ 7,921	\$ 8,238	\$ 8,568	\$ 8,911	\$ 9,267	\$ 9,638
Leasing Commissions	-		% over Hist.	-	-	-	-	-	-	-
Administrative Expenses	\$ 10,787		% over Hist.	\$ 10,787	\$ 11,218	\$ 11,667	\$ 12,134	\$ 12,619	\$ 13,124	\$ 13,649
Turnover / Make-Ready	\$ 5,272		% over Hist.	\$ 5,272	\$ 5,483	\$ 5,702	\$ 5,931	\$ 6,168	\$ 6,415	\$ 6,671
Electricity	\$ 10,996		% over Hist.	\$ 10,996	\$ 11,436	\$ 11,893	\$ 12,369	\$ 12,864	\$ 13,378	\$ 13,913
Fuel (Gas & Oil)	\$ 3,036		% over Hist.	\$ 3,036	\$ 3,157	\$ 3,284	\$ 3,415	\$ 3,552	\$ 3,694	\$ 3,841
Water & Sewer	\$ 37,085		% over Hist.	\$ 37,085	\$ 38,568	\$ 40,111	\$ 41,716	\$ 43,384	\$ 45,120	\$ 46,924
Other Utilities	\$ 9,664		% over Hist.	\$ 9,664	\$ 10,051	\$ 10,453	\$ 10,871	\$ 11,306	\$ 11,758	\$ 12,229
Insurance	\$ 35,408		% over Hist.	\$ 35,408	\$ 36,824	\$ 38,297	\$ 39,829	\$ 41,422	\$ 43,079	\$ 44,802
Real Estate Taxes	\$ 55,804		Reassessed	\$ 75,400	\$ 76,908	\$ 78,447	\$ 80,016	\$ 81,616	\$ 83,248	\$ 84,913
Other Property Taxes	\$ 100		% over Hist.	\$ 100	\$ 104	\$ 108	\$ 112	\$ 117	\$ 122	\$ 127
Property Management Fee	3.06% EGR	4.00%	of EGR	\$ 29,773	\$ 30,595	\$ 32,097	\$ 33,381	\$ 34,717	\$ 36,105	\$ 37,549
Other Operating Expenses	-		% over Hist.	-	-	-	-	-	-	-
Customizable 1	!		% over Hist.	-	-	-	-	-	-	-
Customizable 2	!		% over Hist.	-	-	-	-	-	-	-

General Inflation	applied at the end of each year (%)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Real Estate Tax Inflation	applied at the end of each year (%)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Tenant Reimbursement Method:

As Revenue

DETAILED REAL ESTATE TAX CALCULATIONS

	Closing	Exit	
Are Property Taxes Reassessed?	Yes	No	Early Tax Payment Discount
Market Value (\$)	\$ 4,112,500		
Assessment Ratio (%)	11.50%		
Assessed Value (\$)	\$ 472,938		
Millage Rate (per \$1,000)	159.4300		
Reassmnt. Takes Effect Beginning in	Year 1		

REPLACEMENT RESERVES

Reserve Type		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Projected Reserves (\$/unit)	Not Grown at Inflation	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250
Reversion Yr. 4 (\$/unit)	\$ 250 Not Grown at Inflation	-	-	-	\$ 250	-	-	-

PROPERTY-WIDE CAPITAL EXPENSES

CapEx for Yrs. 1-3 entered	Annually							
Description	% Incr. in Mkt. Rents	Total Annual Amount (\$ total / year)						
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Exterior LED Conversion		\$ 20,000	-	-	-	-	-	-
Pet area and Playground		\$ 20,000	-	-	-	-	-	-
Siding Repair		\$ 75,000	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-



Hillsdale Apartments (Lennox)

Inputs

Topeka, KS

DEBT ASSUMPTIONS

ASSUMABLE LOAN

Loan Timing

Original Loan Term (months)

Remaining Term (months)

Paydown Month

Loan Amount

Original Balance

Cur. Balance (0.00% LTV)

Paydown (incl. fees)

Loan Structure (at origination)

Amortization Period (yrs)

Int. Only Period (months)

Interest Rate Type

Monthly Payment Type

Interest Rate (at origination)

Base Index

Interest Rate

Loan Fees

Assumption Fee (%)

Prepayment Penalty (\$)

ORIGINATED LOANS

Loan 1

Loan 2

Loan 3

Loan Timing

Origination Month

Pay off or Refi after (mos):

Loan Amount

Loan to Value (%)

DSCR Limit

Amount (\$)

Paydown

Loan Structure

Amortization Period (yrs)

Int. Only Period (months)

Interest Rate Type

Monthly Payment Type

Interest Rate

Base Index

Base Rate

Spread (bps)

Interest Rate

Loan Fees

Loan Points (%)

Other Closing Costs (%)

PARTNERSHIP ASSUMPTIONS

PARTNERSHIP STRUCTURE

Investment Vehicle Type

Equity Commitments

Equity Partner

Sponsor

LLC

%

-

100%

PROMOTE

Return Hurdle

From IRR

To IRR

Distributions

All Partners

Promote

Tier I

Tier II

Tier III

Tier IV

-

8.00%

10.00%

12.00%

8.00%

10.00%

12.00%

Thereafter

100.00%

70.00%

60.00%

50.00%

-

30.00%

40.00%

50.00%

PARTNERSHIP CLOSING COSTS

Legal Costs - Equity Partner (\$)

Legal Costs - Sponsor (\$)

Placement Agent Fee (bps)

Travel / Due Diligence Expenses (\$)

Total Partnership Closing Costs

%

\$ Amount

-

0.37%

-

0.37%

1.12%

\$ 5,000

\$ 5,000

-

\$ 5,000

\$ 15,000

PARTNERSHIP-LEVEL FEES & EXPENSES

Acq. Fee to Sponsor (% of P. Price)

Other Fees to Sponsor at Close

Annual Asset Mgt Fee (% of Equity)

Disposition Fee (% of Net Sales Price)

Annual Partnership Expenses (\$)

%

\$ Amount

1.50%

n/a

1.50%

1.00%

n/a

\$ 61,688

-

n/a

\$ 58,321

\$ 4,000



Hillsdale Apartments (Lennox)

Selected Historical Columns

Topeka, KS

ANNUAL TREND REPORT OF HISTORICAL CASH FLOW

	T12 Annualized		T9 Annualized		T6 Annualized		T3 Annualized		T1 Annualized	
	Dec-18	per Unit	Dec-18	per Unit	Dec-18	per Unit	Dec-18	per Unit	Dec-18	per Unit
OPERATING REVENUE										
Potential Market Rent	\$ 726,850	\$ 7,732	\$ 726,250	\$ 7,726	\$ 743,310	\$ 7,908	\$ 743,870	\$ 7,914	\$ 741,793	\$ 7,891
(Loss to Lease) / Gain to Lease	(\$ 43,313)	(\$ 461)	(\$ 47,833)	(\$ 509)	(\$ 57,838)	(\$ 615)	(\$ 52,725)	(\$ 561)	(\$ 41,155)	(\$ 438)
Gross Potential Revenue	\$ 683,537	\$ 7,272	\$ 678,418	\$ 7,217	\$ 685,473	\$ 7,292	\$ 691,145	\$ 7,353	\$ 700,638	\$ 7,454
Vacancy (incl. Renovation Downtime)	(\$ 70,712)	(\$ 752)	(\$ 83,196)	(\$ 885)	(\$ 97,630)	(\$ 1,039)	(\$ 106,216)	(\$ 1,130)	(\$ 74,380)	(\$ 791)
Concessions	(\$ 3,836)	(\$ 41)	(\$ 4,865)	(\$ 52)	(\$ 7,237)	(\$ 77)	(\$ 8,194)	(\$ 87)	(\$ 2,400)	(\$ 26)
Non-Revenue Units	(\$ 7,776)	(\$ 83)	(\$ 7,776)	(\$ 83)	(\$ 7,776)	(\$ 83)	(\$ 7,776)	(\$ 83)	(\$ 7,776)	(\$ 83)
Collection Loss / Bad Debt	-	-	-	-	-	-	-	-	-	-
Base Rental Revenue	\$ 601,213	\$ 6,396	\$ 582,581	\$ 6,198	\$ 572,830	\$ 6,094	\$ 568,959	\$ 6,053	\$ 616,082	\$ 6,554
Garage / Parking	-	-	-	-	-	-	-	-	-	-
Storage	-	-	-	-	-	-	-	-	-	-
Expense Reimbursements	\$ 26,378	\$ 281	\$ 27,916	\$ 297	\$ 17,384	\$ 185	\$ 16,889	\$ 180	\$ 17,996	\$ 191
Other Residential Income	\$ 30,258	\$ 322	\$ 28,628	\$ 305	\$ 27,265	\$ 290	\$ 25,048	\$ 266	\$ 17,728	\$ 189
Other Income	\$ 56,636	\$ 603	\$ 56,544	\$ 602	\$ 44,649	\$ 475	\$ 41,937	\$ 446	\$ 35,724	\$ 380
EFFECTIVE GROSS REVENUE	\$ 657,848	\$ 6,998	\$ 639,125	\$ 6,799	\$ 617,479	\$ 6,569	\$ 610,896	\$ 6,499	\$ 651,806	\$ 6,934
	Trailing 12		Trailing 12		Trailing 12		Trailing 12		Trailing 12	
OPERATING EXPENSES										
Repair & Maintenance	\$ 8,379	\$ 89	\$ 8,379	\$ 89	\$ 8,379	\$ 89	\$ 8,379	\$ 89	\$ 8,379	\$ 89
Contract Services	\$ 33,277	\$ 354	\$ 33,277	\$ 354	\$ 33,277	\$ 354	\$ 33,277	\$ 354	\$ 33,277	\$ 354
Security	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1
Landscaping / Grounds	\$ 13,489	\$ 144	\$ 13,489	\$ 144	\$ 13,489	\$ 144	\$ 13,489	\$ 144	\$ 13,489	\$ 144
Personnel	\$ 66,933	\$ 712	\$ 66,933	\$ 712	\$ 66,933	\$ 712	\$ 66,933	\$ 712	\$ 66,933	\$ 712
Marketing / Advertising	\$ 7,617	\$ 81	\$ 7,617	\$ 81	\$ 7,617	\$ 81	\$ 7,617	\$ 81	\$ 7,617	\$ 81
Leasing Commissions	-	-	-	-	-	-	-	-	-	-
Administrative Expenses	\$ 10,787	\$ 115	\$ 10,787	\$ 115	\$ 10,787	\$ 115	\$ 10,787	\$ 115	\$ 10,787	\$ 115
Turnover / Make-Ready	\$ 5,272	\$ 56	\$ 5,272	\$ 56	\$ 5,272	\$ 56	\$ 5,272	\$ 56	\$ 5,272	\$ 56
Electricity	\$ 10,996	\$ 117	\$ 10,996	\$ 117	\$ 10,996	\$ 117	\$ 10,996	\$ 117	\$ 10,996	\$ 117
Fuel (Gas & Oil)	\$ 3,036	\$ 32	\$ 3,036	\$ 32	\$ 3,036	\$ 32	\$ 3,036	\$ 32	\$ 3,036	\$ 32
Water & Sewer	\$ 37,085	\$ 395	\$ 37,085	\$ 395	\$ 37,085	\$ 395	\$ 37,085	\$ 395	\$ 37,085	\$ 395
Other Utilities	\$ 9,664	\$ 103	\$ 9,664	\$ 103	\$ 9,664	\$ 103	\$ 9,664	\$ 103	\$ 9,664	\$ 103
Insurance	\$ 35,408	\$ 377	\$ 35,408	\$ 377	\$ 35,408	\$ 377	\$ 35,408	\$ 377	\$ 35,408	\$ 377
Real Estate Taxes	\$ 55,804	\$ 594	\$ 55,804	\$ 594	\$ 55,804	\$ 594	\$ 55,804	\$ 594	\$ 55,804	\$ 594
Other Property Taxes	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1	\$ 100	\$ 1
Property Management Fee	\$ 19,927	\$ 212	\$ 19,927	\$ 212	\$ 19,927	\$ 212	\$ 19,927	\$ 212	\$ 19,927	\$ 212
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$ 317,875	\$ 3,382	\$ 317,875	\$ 3,382	\$ 317,875	\$ 3,382	\$ 317,875	\$ 3,382	\$ 317,875	\$ 3,382
NET OPERATING INCOME										
Net Operating Income (bef. Reserves)	\$ 339,973	\$ 3,617	\$ 321,250	\$ 3,418	\$ 299,604	\$ 3,187	\$ 293,021	\$ 3,117	\$ 333,931	\$ 3,552
Replacement Reserves	\$ 23,500	\$ 250	\$ 23,500	\$ 250	\$ 23,500	\$ 250	\$ 23,500	\$ 250	\$ 23,500	\$ 250
NET OPERATING INCOME (AFT. RESERVES)	\$ 316,473	\$ 3,367	\$ 297,750	\$ 3,168	\$ 276,104	\$ 2,937	\$ 269,521	\$ 2,867	\$ 310,431	\$ 3,302



Hillsdale Apartments (Lennox)		Historical Adjustments / Pro Forma Notes				Topeka, KS		Topeka, KS	
ADJUSTMENTS TO HISTORICALS AND YEAR 1 PRO FORMA									NOTES / COMMENTS
	T1 Annualized		Adjustments \$ total	Adjusted Historicals		Variance/ Inflation	Year 1 Pro Forma		
	Dec-18	per Unit		\$ total	per Unit		\$ total	per Unit	per SF
OPERATING REVENUE									
Potential Market Rent	\$ 741,793	\$ 7,891		\$ 741,793	\$ 7,891	(1.26%)	\$ 732,460	\$ 7,792	\$ 8.42 100.00%
(Loss to Lease) / Gain to Lease	(\$ 41,155)	(\$ 438)		(\$ 41,155)	(\$ 438)	(110.51%)	\$ 4,325	\$ 46	\$ 0.05 0.59%
Gross Potential Revenue	\$ 700,638	\$ 7,454	-	\$ 700,638	\$ 7,454	5.16%	\$ 736,785	\$ 7,838	\$ 8.47 100.59%
Vacancy (incl. Renovation Downtime)	(\$ 74,380)	(\$ 791)		(\$ 74,380)	(\$ 791)	(36.11%)	(\$ 47,523)	(\$ 506)	(\$ 0.55) (6.49%)
Concessions	(\$ 2,400)	(\$ 26)		(\$ 2,400)	(\$ 26)	11.44%	(\$ 2,675)	(\$ 28)	(\$ 0.03) (0.37%)
Non-Revenue Units	(\$ 7,776)	(\$ 83)		(\$ 7,776)	(\$ 83)	(100.00%)	-	-	-
Collection Loss / Bad Debt	-	-		-	-	-	-	-	-
Base Rental Revenue	\$ 616,082	\$ 6,554	-	\$ 616,082	\$ 6,554	11.44%	\$ 686,587	\$ 7,304	\$ 7.89 93.74%
Garage / Parking	-	-		-	-	-	-	-	-
Storage	-	-		-	-	-	-	-	-
Expense Reimbursements	\$ 17,996	\$ 191		\$ 17,996	\$ 191	220.86%	\$ 57,742	\$ 614	\$ 0.66 7.88%
Other Residential Income	\$ 17,728	\$ 189		\$ 17,728	\$ 189	(100.00%)	-	-	-
Other Income	\$ 35,724	\$ 380	-	\$ 35,724	\$ 380	61.63%	\$ 57,742	\$ 614	\$ 0.66 7.88%
EFFECTIVE GROSS REVENUE	\$ 651,806	\$ 6,934	-	\$ 651,806	\$ 6,934	14.19%	\$ 744,329	\$ 7,918	\$ 8.56 101.62%



FINANCIAL UNDERWRITING MODEL

Hillsdale Apartments (Lennox) Topeka, KS

Detailed Calculation Tabs

1. Operating Cash Flow
2. Leveraged Cash Flow
3. Partnership Waterfall Calculation



Hillsdale Apartments (Lennox)			Operating Cash Flow								Topeka, KS
	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	Dec-24 Year 6	Dec-25 Year 7	Dec-26 Year 8	Dec-27 Year 9	Dec-28 Year 10	
ANNUAL UNIT COUNT											
UNITS UNDER MANAGEMENT											
Studio	1	1	1	1	1	1	1	1	1	1	
1x1 No W/D Connections	10	10	10	10	10	10	10	10	10	10	
1x1 w/ W/D Connections	6	6	6	6	6	6	6	6	6	6	
2x1 No W/D Connections	13	13	13	13	13	13	13	13	13	13	
2x1 W/D Conn, FP	23	23	23	23	23	23	23	23	23	23	
2x1	4	4	4	4	4	4	4	4	4	4	
2x1 W/D Conn, FP, Storage	16	16	16	16	16	16	16	16	16	16	
2x1 W/D Conn, Fireplace	10	10	10	10	10	10	10	10	10	10	
2x2 W/D Conn	6	6	6	6	6	6	6	6	6	6	
3x2 W/D Conn, Fireplace	5	5	5	5	5	5	5	5	5	5	
Total Units Under Management	94	94	94	94	94	94	94	94	94	94	
UNIT RENOVATIONS											
Unrenovated Units (beginning)											
Studio	1	-	-	-	-	-	-	-	-	-	
1x1 No W/D Connections	10	5	5	5	5	5	5	5	5	5	
1x1 w/ W/D Connections	6	3	3	3	3	3	3	3	3	3	
2x1 No W/D Connections	13	-	-	-	-	-	-	-	-	-	
2x1 W/D Conn, FP	23	5	5	5	5	5	5	5	5	5	
2x1	4	4	4	4	4	4	4	4	4	4	
2x1 W/D Conn, FP, Storage	16	16	-	-	-	-	-	-	-	-	
2x1 W/D Conn, Fireplace	10	10	-	-	-	-	-	-	-	-	
2x2 W/D Conn	6	6	6	6	6	6	6	6	6	6	
3x2 W/D Conn, Fireplace	5	5	5	5	5	5	5	5	5	5	
Total Unrenovated Units	94	54	28	28	28	28	28	28	28	28	
Units Being Renovated (during period)											
Studio	1	-	-	-	-	-	-	-	-	-	
1x1 No W/D Connections	5	-	-	-	-	-	-	-	-	-	
1x1 w/ W/D Connections	3	-	-	-	-	-	-	-	-	-	
2x1 No W/D Connections	13	-	-	-	-	-	-	-	-	-	
2x1 W/D Conn, FP	18	-	-	-	-	-	-	-	-	-	
2x1	-	-	-	-	-	-	-	-	-	-	
2x1 W/D Conn, FP, Storage	-	16	-	-	-	-	-	-	-	-	
2x1 W/D Conn, Fireplace	-	10	-	-	-	-	-	-	-	-	
2x2 W/D Conn	-	-	-	-	-	-	-	-	-	-	
3x2 W/D Conn, Fireplace	-	-	-	-	-	-	-	-	-	-	
Total Units Being Renovation	40	26	-	-	-	-	-	-	-	-	
Renovation Downtime											
Downtime (% of Market)	1.65%	1.08%	-	-	-	-	-	-	-	-	
Renovated Units (beginning)											
Studio	-	1	1	1	1	1	1	1	1	1	
1x1 No W/D Connections	-	5	5	5	5	5	5	5	5	5	
1x1 w/ W/D Connections	-	3	3	3	3	3	3	3	3	3	
2x1 No W/D Connections	-	13	13	13	13	13	13	13	13	13	
2x1 W/D Conn, FP	-	18	18	18	18	18	18	18	18	18	
2x1	-	-	-	-	-	-	-	-	-	-	
2x1 W/D Conn, FP, Storage	-	-	16	16	16	16	16	16	16	16	
2x1 W/D Conn, Fireplace	-	-	10	10	10	10	10	10	10	10	
2x2 W/D Conn	-	-	-	-	-	-	-	-	-	-	
3x2 W/D Conn, Fireplace	-	-	-	-	-	-	-	-	-	-	
Total Renovated Units	-	40	66	66	66	66	66	66	66	66	
ANNUAL RENT CALCULATIONS											



Hillsdale Apartments (Lennox)			Operating Cash Flow								Topeka, KS
	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	Dec-24 Year 6	Dec-25 Year 7	Dec-26 Year 8	Dec-27 Year 9	Dec-28 Year 10	
UNRENOVATED UNITS											
Market Rent - Unrenovated											
Studio	\$ 500	\$ 500	\$ 520	\$ 541	\$ 562	\$ 585	\$ 608	\$ 633	\$ 658	\$ 684	
1x1 No W/D Connections	\$ 540	\$ 540	\$ 562	\$ 584	\$ 607	\$ 632	\$ 657	\$ 683	\$ 711	\$ 739	
1x1 w/ W/D Connections	\$ 602	\$ 602	\$ 626	\$ 651	\$ 677	\$ 704	\$ 732	\$ 762	\$ 792	\$ 824	
2x1 No W/D Connections	\$ 617	\$ 617	\$ 642	\$ 667	\$ 694	\$ 722	\$ 751	\$ 781	\$ 812	\$ 844	
2x1 W/D Conn, FP	\$ 637	\$ 637	\$ 662	\$ 689	\$ 717	\$ 745	\$ 775	\$ 806	\$ 838	\$ 872	
2x1	\$ 699	\$ 699	\$ 727	\$ 756	\$ 786	\$ 818	\$ 850	\$ 884	\$ 920	\$ 957	
2x1 W/D Conn, FP, Storage	\$ 658	\$ 658	\$ 684	\$ 712	\$ 740	\$ 770	\$ 801	\$ 833	\$ 866	\$ 901	
2x1 W/D Conn, Fireplace	\$ 642	\$ 642	\$ 668	\$ 694	\$ 722	\$ 751	\$ 781	\$ 812	\$ 845	\$ 879	
2x2 W/D Conn	\$ 677	\$ 677	\$ 704	\$ 732	\$ 762	\$ 792	\$ 824	\$ 857	\$ 891	\$ 927	
3x2 W/D Conn, Fireplace	\$ 793	\$ 793	\$ 825	\$ 858	\$ 892	\$ 928	\$ 965	\$ 1,003	\$ 1,044	\$ 1,085	
<i>Average Market Rent - Unrenovated</i>	\$ 646	\$ 659	\$ 688	\$ 715	\$ 744	\$ 774	\$ 804	\$ 837	\$ 870	\$ 905	
RENOVATED UNITS											
Market Rent - Renovated											
Studio	\$ 550	\$ 550	\$ 572	\$ 595	\$ 619	\$ 643	\$ 669	\$ 696	\$ 724	\$ 753	
1x1 No W/D Connections	\$ 590	\$ 590	\$ 614	\$ 638	\$ 664	\$ 690	\$ 718	\$ 747	\$ 776	\$ 807	
1x1 w/ W/D Connections	\$ 652	\$ 652	\$ 678	\$ 705	\$ 733	\$ 763	\$ 793	\$ 825	\$ 858	\$ 892	
2x1 No W/D Connections	\$ 667	\$ 667	\$ 694	\$ 721	\$ 750	\$ 780	\$ 812	\$ 844	\$ 878	\$ 913	
2x1 W/D Conn, FP	\$ 687	\$ 687	\$ 714	\$ 743	\$ 773	\$ 804	\$ 836	\$ 869	\$ 904	\$ 940	
2x1	\$ 749	\$ 749	\$ 779	\$ 810	\$ 843	\$ 876	\$ 911	\$ 948	\$ 986	\$ 1,025	
2x1 W/D Conn, FP, Storage	\$ 708	\$ 708	\$ 736	\$ 766	\$ 796	\$ 828	\$ 861	\$ 896	\$ 932	\$ 969	
2x1 W/D Conn, Fireplace	\$ 692	\$ 692	\$ 720	\$ 748	\$ 778	\$ 810	\$ 842	\$ 876	\$ 911	\$ 947	
2x2 W/D Conn	\$ 727	\$ 727	\$ 756	\$ 786	\$ 818	\$ 850	\$ 885	\$ 920	\$ 957	\$ 995	
3x2 W/D Conn, Fireplace	\$ 843	\$ 843	\$ 877	\$ 912	\$ 948	\$ 986	\$ 1,026	\$ 1,067	\$ 1,109	\$ 1,154	
<i>Average Market Rent - Renovated</i>	\$ 662	\$ 672	\$ 705	\$ 733	\$ 763	\$ 793	\$ 825	\$ 858	\$ 892	\$ 928	
WEIGHTED AVERAGE RENTS											
Weighted Avg. Market Rent	\$ 649	\$ 667	\$ 700	\$ 728	\$ 757	\$ 787	\$ 819	\$ 851	\$ 886	\$ 921	



Hillsdale Apartments (Lennox)	Operating Cash Flow										Topeka, KS
	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	Dec-24 Year 6	Dec-25 Year 7	Dec-26 Year 8	Dec-27 Year 9	Dec-28 Year 10	
OPERATING CASH FLOW PROJECTIONS											
OPERATING REVENUE											
Potential Market Rent before Renovation	\$ 719,460	\$ 719,460	\$ 748,238	\$ 778,168	\$ 809,295	\$ 841,666	\$ 875,333	\$ 910,346	\$ 946,760	\$ 984,631	
Renovation Premium	\$ 13,000	\$ 32,450	\$ 41,184	\$ 42,831	\$ 44,545	\$ 46,326	\$ 48,179	\$ 50,107	\$ 52,111	\$ 54,195	
Potential Market Rent	\$ 732,460	\$ 751,910	\$ 789,422	\$ 820,999	\$ 853,839	\$ 887,993	\$ 923,513	\$ 960,453	\$ 998,871	\$ 1,038,826	
Renovation Downtime	(\$ 12,121)	(\$ 8,088)	-	-	-	-	-	-	-	-	
Vacancy	(\$ 35,402)	(\$ 40,697)	(\$ 51,219)	(\$ 53,268)	(\$ 55,399)	(\$ 57,615)	(\$ 59,919)	(\$ 62,316)	(\$ 64,809)	(\$ 67,401)	
Non-Revenue Units	-	-	-	-	-	-	-	-	-	-	
(Loss to Lease) / Gain to Lease	\$ 4,325	\$ 4,440	\$ 4,661	\$ 4,848	\$ 5,041	\$ 5,243	\$ 5,453	\$ 5,671	\$ 5,898	\$ 6,134	
Concessions	(\$ 2,675)	(\$ 2,746)	(\$ 2,883)	(\$ 2,998)	(\$ 3,118)	(\$ 3,243)	(\$ 3,372)	(\$ 3,507)	(\$ 3,647)	(\$ 3,793)	
Collection Loss / Bad Debt	-	-	-	-	-	-	-	-	-	-	
Garage / Parking	-	-	-	-	-	-	-	-	-	-	
Storage	-	-	-	-	-	-	-	-	-	-	
Expense Reimbursements	\$ 57,742	\$ 60,052	\$ 62,454	\$ 64,952	\$ 67,550	\$ 70,252	\$ 73,063	\$ 75,985	\$ 79,024	\$ 82,185	
Other Residential Income	-	-	-	-	-	-	-	-	-	-	
Effective Gross Revenue	\$ 744,329	\$ 764,871	\$ 802,436	\$ 834,533	\$ 867,914	\$ 902,631	\$ 938,736	\$ 976,286	\$ 1,015,337	\$ 1,055,951	
OPERATING EXPENSES											
Repair & Maintenance	(\$ 8,379)	(\$ 8,714)	(\$ 9,063)	(\$ 9,425)	(\$ 9,802)	(\$ 10,194)	(\$ 10,602)	(\$ 11,026)	(\$ 11,467)	(\$ 11,926)	
Contract Services	(\$ 33,277)	(\$ 34,609)	(\$ 35,993)	(\$ 37,433)	(\$ 38,930)	(\$ 40,487)	(\$ 42,107)	(\$ 43,791)	(\$ 45,543)	(\$ 47,364)	
Security	(\$ 100)	(\$ 104)	(\$ 109)	(\$ 113)	(\$ 117)	(\$ 122)	(\$ 127)	(\$ 132)	(\$ 137)	(\$ 143)	
Landscaping / Grounds	(\$ 13,489)	(\$ 14,029)	(\$ 14,590)	(\$ 15,174)	(\$ 15,781)	(\$ 16,412)	(\$ 17,068)	(\$ 17,751)	(\$ 18,461)	(\$ 19,200)	
Personnel	(\$ 66,933)	(\$ 69,611)	(\$ 72,395)	(\$ 75,291)	(\$ 78,302)	(\$ 81,434)	(\$ 84,692)	(\$ 88,080)	(\$ 91,603)	(\$ 95,267)	
Marketing / Advertising	(\$ 7,617)	(\$ 7,921)	(\$ 8,238)	(\$ 8,568)	(\$ 8,911)	(\$ 9,267)	(\$ 9,638)	(\$ 10,023)	(\$ 10,424)	(\$ 10,841)	
Leasing Commissions	-	-	-	-	-	-	-	-	-	-	
Administrative Expenses	(\$ 10,787)	(\$ 11,218)	(\$ 11,667)	(\$ 12,134)	(\$ 12,619)	(\$ 13,124)	(\$ 13,649)	(\$ 14,195)	(\$ 14,762)	(\$ 15,353)	
Turnover / Make-Ready	(\$ 5,272)	(\$ 5,483)	(\$ 5,702)	(\$ 5,931)	(\$ 6,168)	(\$ 6,415)	(\$ 6,671)	(\$ 6,938)	(\$ 7,215)	(\$ 7,504)	
Electricity	(\$ 10,996)	(\$ 11,436)	(\$ 11,893)	(\$ 12,369)	(\$ 12,864)	(\$ 13,378)	(\$ 13,913)	(\$ 14,470)	(\$ 15,049)	(\$ 15,651)	
Fuel (Gas & Oil)	(\$ 3,036)	(\$ 3,157)	(\$ 3,284)	(\$ 3,415)	(\$ 3,552)	(\$ 3,694)	(\$ 3,841)	(\$ 3,995)	(\$ 4,155)	(\$ 4,321)	
Water & Sewer	(\$ 37,085)	(\$ 38,568)	(\$ 40,111)	(\$ 41,716)	(\$ 43,384)	(\$ 45,120)	(\$ 46,924)	(\$ 48,801)	(\$ 50,753)	(\$ 52,784)	
Other Utilities	(\$ 9,664)	(\$ 10,051)	(\$ 10,453)	(\$ 10,871)	(\$ 11,306)	(\$ 11,758)	(\$ 12,229)	(\$ 12,718)	(\$ 13,227)	(\$ 13,756)	
Insurance	(\$ 35,408)	(\$ 36,824)	(\$ 38,297)	(\$ 39,829)	(\$ 41,422)	(\$ 43,079)	(\$ 44,802)	(\$ 46,594)	(\$ 48,458)	(\$ 50,396)	
Real Estate Taxes	(\$ 75,400)	(\$ 76,908)	(\$ 78,447)	(\$ 80,016)	(\$ 81,616)	(\$ 83,248)	(\$ 84,913)	(\$ 86,611)	(\$ 88,344)	(\$ 90,110)	
Other Property Taxes	(\$ 100)	(\$ 104)	(\$ 108)	(\$ 112)	(\$ 117)	(\$ 122)	(\$ 127)	(\$ 132)	(\$ 137)	(\$ 142)	
Property Management Fee	(\$ 29,773)	(\$ 30,595)	(\$ 32,097)	(\$ 33,381)	(\$ 34,717)	(\$ 36,105)	(\$ 37,549)	(\$ 39,051)	(\$ 40,613)	(\$ 42,238)	
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	
Customizable 1	-	-	-	-	-	-	-	-	-	-	
Customizable 2	-	-	-	-	-	-	-	-	-	-	
Operating Expenses (bef. Reimbursements)	(\$ 347,318)	(\$ 359,334)	(\$ 372,448)	(\$ 385,777)	(\$ 399,607)	(\$ 413,959)	(\$ 428,853)	(\$ 444,309)	(\$ 460,349)	(\$ 476,996)	



Hillsdale Apartments (Lennox)

Leveraged Cash Flow

Topeka, KS

	IRR	At Close	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	TOTAL
ANNUAL CASH FLOW DURING HOLD PERIOD								

ACQUISITION COST

Purchase Price		(\$ 4,112,500)						(\$ 4,112,500)
Closing Costs (excl. Financing)		(\$ 62,073)						(\$ 62,073)
Upfront Funding of Capital Exp.		(\$ 215,560)						(\$ 215,560)
ACQUISITION COST		(\$ 4,390,133)	-	-	-	-	-	(\$ 4,390,133)

OPERATING REVENUE

Potential Market Rent		\$ 732,460	\$ 751,910	\$ 789,422	-	-	\$ 2,273,792
(Loss to Lease) / Gain to Lease		\$ 4,325	\$ 4,440	\$ 4,661	-	-	\$ 13,425
Gross Potential Revenue		\$ 736,785	\$ 756,350	\$ 794,083	-	-	\$ 2,287,218
Vacancy		(\$ 35,402)	(\$ 40,697)	(\$ 51,219)	-	-	(\$ 127,319)
Renovation Downtime		(\$ 12,121)	(\$ 8,088)	-	-	-	(\$ 20,209)
Concessions		(\$ 2,675)	(\$ 2,746)	(\$ 2,883)	-	-	(\$ 8,303)
Non-Revenue Units		-	-	-	-	-	-
Collection Loss / Bad Debt		-	-	-	-	-	-
Base Rental Revenue		\$ 686,587	\$ 704,818	\$ 739,982	-	-	\$ 2,131,387
Expense Reimbursements		\$ 57,742	\$ 60,052	\$ 62,454	-	-	\$ 180,249
Other Residential Income		-	-	-	-	-	-
Other Income		\$ 57,742	\$ 60,052	\$ 62,454	-	-	\$ 180,249
EFFECTIVE GROSS REVENUE		\$ 744,329	\$ 764,871	\$ 802,436	-	-	\$ 2,311,635

OPERATING EXPENSES

Repair & Maintenance		(\$ 8,379)	(\$ 8,714)	(\$ 9,063)	-	-	(\$ 26,156)
Contract Services		(\$ 33,277)	(\$ 34,609)	(\$ 35,993)	-	-	(\$ 103,879)
Security		(\$ 100)	(\$ 104)	(\$ 109)	-	-	(\$ 313)
Turnover / Make-Ready		(\$ 5,272)	(\$ 5,483)	(\$ 5,702)	-	-	(\$ 16,458)
Landscaping / Grounds		(\$ 13,489)	(\$ 14,029)	(\$ 14,590)	-	-	(\$ 42,109)
Personnel		(\$ 66,933)	(\$ 69,611)	(\$ 72,395)	-	-	(\$ 208,939)
Marketing / Advertising		(\$ 7,617)	(\$ 7,921)	(\$ 8,238)	-	-	(\$ 23,777)
Administrative		(\$ 10,787)	(\$ 11,218)	(\$ 11,667)	-	-	(\$ 33,672)
Utilities		(\$ 60,781)	(\$ 63,213)	(\$ 65,741)	-	-	(\$ 189,735)
Insurance		(\$ 35,408)	(\$ 36,824)	(\$ 38,297)	-	-	(\$ 110,529)
Real Estate Taxes		(\$ 75,500)	(\$ 77,012)	(\$ 78,555)	-	-	(\$ 231,068)
Property Management Fee		(\$ 29,773)	(\$ 30,595)	(\$ 32,097)	-	-	(\$ 92,465)
Other Operating Expenses		-	-	-	-	-	-
Reimbursements		-	-	-	-	-	-
TOTAL OPERATING EXPENSES		(\$ 347,318)	(\$ 359,334)	(\$ 372,448)	-	-	(\$ 1,079,099)

NET OPERATING INCOME

Net Operating Income (bef. Reserves)		\$ 397,011	\$ 405,537	\$ 429,988	-	-	\$ 1,232,536
Replacement Reserves		(\$ 23,500)	(\$ 23,500)	(\$ 23,500)	-	-	(\$ 70,500)
NET OPERATING INCOME (AFT. RESERVES)		\$ 373,511	\$ 382,037	\$ 406,488	-	-	\$ 1,162,036



Hillsdale Apartments (Lennox)

Leveraged Cash Flow

Topeka, KS

	IRR	At Close	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	TOTAL
ANNUAL CASH FLOW DURING HOLD PERIOD								
CAPITAL EXPENDITURES								
Unit Renovations			(\$ 60,000)	(\$ 40,560)	-	-	-	(\$ 100,560)
Property-Wide Capital Exp.			(\$ 115,000)	-	-	-	-	(\$ 115,000)
Commercial TI/LC			-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES			(\$ 175,000)	(\$ 40,560)	-	-	-	(\$ 215,560)
Paid from Amount Funded Upfront			\$ 175,000	\$ 40,560	-	-	-	\$ 215,560
OPERATING CASH FLOW								
			\$ 373,511	\$ 382,037	\$ 406,488	-	-	\$ 1,162,036
DISPOSITION PROCEEDS								
Gross Sales Proceeds			-	-	\$ 6,075,094	-	-	\$ 6,075,094
Selling Costs			-	-	(\$ 243,004)	-	-	(\$ 243,004)
NET SALES PROCEEDS			-	-	\$ 5,832,090	-	-	\$ 5,832,090
UNLEVERAGED CASH FLOW								
	18.64%	(\$ 4,390,133)	\$ 373,511	\$ 382,037	\$ 6,238,578	-	-	\$ 2,603,993
FINANCING CASH FLOWS								
Loan Drawdowns		\$ 3,163,000	-	-	-	-	-	\$ 3,163,000
Loan Closing Costs and Fees		(\$ 41,630)	-	-	-	-	-	(\$ 41,630)
Debt Service			(\$ 157,517)	(\$ 165,425)	(\$ 214,288)	-	-	(\$ 537,231)
Prepayment Costs		-	-	-	-	-	-	-
Loan Repayments		-	-	-	(\$ 3,116,166)	-	-	(\$ 3,116,166)
CASH FLOW FROM LOAN PROCEEDS		\$ 3,121,370	(\$ 157,517)	(\$ 165,425)	(\$ 3,330,454)	-	-	(\$ 532,026)
RESERVES								
Reserves Funded		(\$ 75,400)	-	-	-	-	-	(\$ 75,400)
Reserves Replenished		-	-	-	-	-	-	-
Reserves Used			\$ 37,750	-	-	-	-	\$ 37,750
Release of Unused Reserves			-	-	\$ 37,650	-	-	\$ 37,650
CASH FLOW FROM RESERVES		(\$ 75,400)	\$ 37,750	-	\$ 37,650	-	-	-
LEVERAGED CASH FLOW								
	43.56%	(\$ 1,344,164)	\$ 253,744	\$ 216,612	\$ 2,945,774	-	-	\$ 2,071,966



Hillsdale Apartments (Lennox)

Leveraged Cash Flow

Topeka, KS

	IRR	At Close	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	TOTAL
ANNUAL CASH FLOW DURING HOLD PERIOD								

PARTNERSHIP-LEVEL CASH FLOWS

Partnership Expenses

Partnership Closing Costs		(\$ 15,000)						(\$ 15,000)
Annual Partnership Expenses		-	(\$ 4,000)	(\$ 4,000)	(\$ 4,000)	-	-	(\$ 12,000)
Total Expenses		(\$ 15,000)	(\$ 4,000)	(\$ 4,000)	(\$ 4,000)	-	-	(\$ 27,000)

Partnership Fees

Acquisition Fee		(\$ 61,688)						(\$ 61,688)
Other Fees to Sponsor at Close		-						-
Annual Asset Mgt Fee			(\$ 20,162)	(\$ 20,162)	(\$ 20,162)	-	-	(\$ 60,487)
Disposition Fee			-	-	(\$ 58,321)	-	-	(\$ 58,321)
Total Fees		(\$ 61,688)	(\$ 20,162)	(\$ 20,162)	(\$ 78,483)	-	-	(\$ 180,496)

CASH FLOW BEFORE PROMOTE

		(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,863,291	-	-	\$ 1,864,471
Promote Payment to Sponsor			-	-	(\$ 739,512)	-	-	(\$ 739,512)

CASH FLOW TO PARTNERSHIP

25.64%

	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,123,778	-	-	\$ 1,124,958
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CASH FLOW TO SPONSOR

Sponsor's Share of Partnership CFs		(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,123,778	-	-	\$ 1,124,958
Fees Paid to Sponsor		\$ 61,688	\$ 20,162	\$ 20,162	\$ 78,483	-	-	\$ 180,496
Promote Paid to Sponsor		-	-	-	\$ 739,512	-	-	\$ 739,512
TOTAL CASH FLOW TO SPONSOR	42.60%	(\$ 1,359,164)	\$ 249,744	\$ 212,612	\$ 2,941,774	-	-	\$ 2,044,966

CASH FLOW TO EQUITY PARTNER

n/a

	-	-	-	-	-	-	-
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UNLEVERAGED METRICS

Going-In Cap Rate		9.08%	9.29%	9.88%	-	-	9.42%
Cash on Cash Yield		9.08%	9.29%	9.88%	-	-	9.42%
Cumulative Funding Requirement	\$ 4,390,133	\$ 4,390,133	\$ 4,390,133	\$ 4,390,133	-	-	\$ 4,390,133
Cumulative Cost Basis	\$ 4,390,133	\$ 4,413,633	\$ 4,437,133	\$ 4,460,633	-	-	\$ 4,460,633
NOI Yield		8.48%	8.63%	9.13%	-	-	8.75%
Unleveraged Cash Flow Yield		8.48%	8.63%	9.13%	-	-	8.75%

LEVERAGED METRICS

Cumulative Equity Requirement	\$ 1,344,164	\$ 1,344,164	\$ 1,344,164	\$ 1,344,164	-	-	\$ 1,344,164
Cash on Cash Yield		18.88%	16.12%	14.30%	-	-	16.43%
Blended DSCR		2.37x	2.31x	1.90x	-	-	2.19x



Hillsdale Apartments (Lennox)			Partnership Waterfall Calculation					Topeka, KS	
	HURDLES & SPLITS	IRR	At Close	Dec-19 Year 1	Dec-20 Year 2	Dec-21 Year 3	Dec-22 Year 4	Dec-23 Year 5	TOTAL
ANNUAL WATERFALL CALCULATION									
CALCULATION OF TIER I DISTRIBUTION									
Beginning Balance				(\$ 1,420,851)	(\$ 1,299,959)	(\$ 1,208,286)	-	-	
Equity Funding			(\$ 1,420,851)	-	-	-	-	-	(\$ 1,420,851)
Required Preferred Return	8.00%			(\$ 108,689)	(\$ 100,776)	(\$ 93,988)	-	-	(\$ 303,454)
Tier I Distribution to Partnership				\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 1,724,305
Ending Compounded Equity Balance			(\$ 1,420,851)	(\$ 1,299,959)	(\$ 1,208,286)	\$ 0	-	-	
Tier I Distribution to Partnership	100.00%			\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 1,724,305
Tier I Distribution to Sponsor	-			-	-	-	-	-	-
Cash flow remaining for Tier II Distribution				-	-	\$ 1,561,017	-	-	\$ 1,724,305
Aggregate Cash Flow to Partnership (Tier I)		8.30%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 303,454
Aggregate Cash Flow to Sponsor (Tier I)			-	-	-	-	-	-	-
Total Aggregate Cash Flow (Tier I)		8.30%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 303,454
CALCULATION OF TIER II DISTRIBUTION									
Beginning Balance				(\$ 1,420,851)	(\$ 1,328,434)	(\$ 1,266,139)	-	-	
Equity Funding			(\$ 1,420,851)	-	-	-	-	-	(\$ 1,420,851)
Required Preferred Return	10.00%			(\$ 137,164)	(\$ 130,155)	(\$ 124,663)	-	-	(\$ 391,982)
Tier I Distribution to Partnership				\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 1,724,305
Tier II Distribution to Partnership				-	-	\$ 88,528	-	-	\$ 88,528
Ending Compounded Equity Balance			(\$ 1,420,851)	(\$ 1,328,434)	(\$ 1,266,139)	-	-	-	
Tier II Distribution to Partnership	70.00%			-	-	\$ 88,528	-	-	\$ 88,528
Tier II Distribution to Sponsor	30.00%			-	-	\$ 37,941	-	-	\$ 37,941
Cash flow remaining for Tier III Distribution				-	-	\$ 1,434,548	-	-	\$ 126,469
Aggregate Cash Flow to Partnership (Tier II)		10.47%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,390,802	-	-	\$ 391,982
Aggregate Cash Flow to Sponsor (Tier II)			-	-	-	\$ 37,941	-	-	\$ 37,941
Total Aggregate Cash Flow (Tier II)		11.37%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,428,743	-	-	\$ 429,923
CALCULATION OF TIER III DISTRIBUTION									
Beginning Balance				(\$ 1,420,851)	(\$ 1,357,447)	(\$ 1,326,356)	-	-	
Equity Funding			(\$ 1,420,851)	-	-	-	-	-	(\$ 1,420,851)
Required Preferred Return	12.00%			(\$ 166,177)	(\$ 161,359)	(\$ 158,660)	-	-	(\$ 486,196)
Tier I Distribution to Partnership				\$ 229,581	\$ 192,450	\$ 1,302,274	-	-	\$ 1,724,305
Tier II Distribution to Partnership				-	-	\$ 88,528	-	-	
Tier III Distribution to Partnership				-	-	\$ 94,214	-	-	\$ 94,214
Ending Compounded Equity Balance			(\$ 1,420,851)	(\$ 1,357,447)	(\$ 1,326,356)	-	-	-	
Tier III Distribution to Partnership	60.00%			-	-	\$ 94,214	-	-	\$ 94,214
Tier III Distribution to Sponsor	40.00%			-	-	\$ 62,809	-	-	\$ 62,809
Cash flow remaining for Tier IV Distribution				-	-	\$ 1,277,525	-	-	\$ 68,495
Aggregate Cash Flow to Partnership (Tier III)		12.68%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,485,016	-	-	\$ 486,196
Aggregate Cash Flow to Sponsor (Tier III)			-	-	-	\$ 100,750	-	-	\$ 100,750
Total Aggregate Cash Flow (Tier III)		14.95%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 1,585,766	-	-	\$ 586,946
CALCULATION OF TIER IV DISTRIBUTION									
Tier IV Distribution to Partnership	50.00%			-	-	\$ 638,762	-	-	\$ 638,762
Tier IV Distribution to Sponsor	50.00%			-	-	\$ 638,762	-	-	\$ 638,762
Aggregate Cash Flow to Partnership (Tier IV)		25.64%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,123,778	-	-	\$ 1,124,958
Aggregate Cash Flow to Sponsor (Tier IV)			-	-	-	\$ 739,512	-	-	\$ 739,512
Total Aggregate Cash Flow (Tier IV)		37.70%	(\$ 1,420,851)	\$ 229,581	\$ 192,450	\$ 2,863,291	-	-	\$ 1,864,471