

# NORTHBRIDGE

OUR SYSTEM IS THE DIFFERENCE

## CONTACT

1551 28th Ave S, Suite L  
Grand Forks, ND 58201

Phone

701-772-4422

Fax

701-772-4428

## EXECUTIVE MANAGEMENT DIRECTORY

Jon Miskavige  
President and CEO

Ryan Carlson  
Executive VP and COO

Brett Carlson  
Director of Development

Penny Zola  
Controller

Karen Ryba  
Director of Risk  
Management

## BUSINESS PROFILE

Northridge Construction, Inc is your full-service construction company, specializing in Multi-family, Hospitality, Student Housing, and Senior Living. Experience the difference with our accomplished team of professionals committed to delivering only the highest level of quality and service in everything we do.

Our nationwide network of subcontractors and suppliers allows us to buy direct from manufacturers. This enables us to provide you with the selection and installation of first-class products at below-market rates. Northridge Construction has the experience, knowledge, and talent you've been looking for. Together, we will make your vision a reality.

## SERVICES

**Development-** Our experienced development team will work to find the perfect location for every project, ensuring it's the best for our clients, the building, and the market.



**Pre-construction -** Execution without proper planning inevitably creates more challenges than it solves. Our proven methods organize the groundwork before any project begins. We ensure success during each step of the construction phase including estimating, building, planning concepts, and scheduling.



**Construction -** staying on schedule and on budget, it's what our team does best. We break down jobs into smaller tasks and use our nationwide network of subcontractors to operate with the highest level of efficiency and dependability.



**Safety -** Maintaining OSHA compliance and ensuring the safety of all trade personnel is our top priority. Weekly site inspections and safety meetings are conducted for every project.



Check out of projects online at:  
[www.northridgeconstruction.net](http://www.northridgeconstruction.net)

## KEY PRINCIPALS



**Jon Miskavige, Cofounder/President/CEO**  
Jon is a leading expert in project development and construction. His background includes hands-on field experience in every facet of the business, ranging from an Electrician, Project Manager, and Project Executive. Jon founded the residential home building business, JM Homes, Inc. in 2008 and has since built over 200 homes valued in excess of \$40 million. In 2011, he cofounded Northridge Construction and Northridge Hospitality Management. He now serves as the company's President/CEO.

Throughout his career, Jon has successfully managed the construction of all building types, including residential and commercial projects while working for a wide range of clients – from private developers to publically traded companies. Northridge Construction has built over \$590 million in multi-family, senior living, and hospitality projects. Jon also served on a Prototype Development Board for Extended Stay America and is currently serving on IHG's Candlewood Prototype Development Board. He is personally involved in providing executive support throughout each Northridge project.



**Ryan Carlson Cofounder/EVP/COO**  
Ryan was instrumental in the ground-up development of Northridge Hospitality Management and a vital component to the growth of Northridge Construction. He graduated from the University of North Dakota with a Bachelor's Degree in Aerospace Sciences, where he worked as an Course Manager/Assistant Chief Flight Instructor for 7 years. Ryan cofounded Northridge in 2011 and serves as the Executive Vice President to both Northridge Construction and Northridge Hospitality.

Ryan also developed, built, and managed over \$190 million in hotel projects. On behalf of Northridge, Ryan accepted the prestigious Developer of the Year and Hotelier of the Year awards from Choice Hotels International in 2012 and 2015. He is intensely involved in the construction side of the business where his leadership background and construction management expertise are critical to the daily operation. Ryan oversees all preconstruction and construction activities and ensures successful project outcomes from the executive level.

**PAST CONSTRUCTION PROJECTS**  
 Our persistent motivation to construct each project with the highest quality from start to finish can be exemplified by the list of projects below and on our website [www.northridgeconstruction.net](http://www.northridgeconstruction.net). Since 2010, Northridge Construction has built nearly 50 commercial projects totalling close to \$600 million.

| APARTMENTS/SENIOR LIVING/STUDENT HOUSING | VALUE (in millions) | LOCATION        |
|--|---------------------|-----------------|
| South Shore Landing Phase 2              | \$4                 | Moorhead, MN    |
| Edgewood Vista Phase 1                   | \$13                | Mandan, ND      |
| Soroc Apartments Phase 1                 | \$34                | Rochester, MN   |
| Preserve on Maine                        | \$25                | Rochester, MN   |
| Edgewood Vista Phase 2                   | \$7                 | Mandan, ND      |
| Monticello Crossings                     | \$25                | Monticello, MN  |
| 21st And London                          | \$33                | Duluth, MN      |
| The Meadows                              | \$4                 | Crookston, MN   |
| South Shore Landing                      | \$7.0               | Moorhead, MN    |
| Horizon Shores                           | \$8.1               | Moorhead, MN    |
| Thunder Creek                            | \$1                 | Fargo, ND       |
| Deer Ridge                               | \$22                | Jamesstown, ND  |
| Edgewood Independent Living              | \$16.0              | Bismarck, ND    |
| Coulee Ridge                             | \$29                | Bismarck, ND    |
| Oxford                                   | \$1.2               | Grand Forks, ND |
| Ashland 1                                | \$3.6               | Grand Forks, ND |
| Ashland 2                                | \$4.7               | Grand Forks, ND |
| Mall View                                | \$10.1              | Grand Forks, ND |
| South Point                              | \$9.8               | Grand Forks, ND |
| Agassiz                                  | \$2.6               | Grand Forks, ND |
| Boulder                                  | \$9                 | Grand Forks, ND |
| Stone Creek                              | \$8.7               | Grand Forks, ND |
| Sonoma                                   | \$15                | Grand Forks, ND |
| Boden                                    | \$15.5              | Grand Forks, ND |
| The Gardens/Cornerstone                  | \$7.4               | Grand Forks, ND |
| Cardinal Point                           | \$38                | Grand Forks, ND |
| Aspen Lofts                              | \$18                | Grand Forks, ND |
| Northridge Apartments                    | \$8.5               | Bismarck, ND    |
| Legacy                                   | \$15                | Bismarck, ND    |
| <b>TOTAL</b>                             | <b>\$395.2</b>      |                 |

| HOTELS                                   |         | VALUE (in millions) | LOCATION |
|--|---------|---------------------|----------|
| Sleep Inn & Suites                       | \$5.3   | Grand Forks, ND     |          |
| Sleep Inn & Suites                       | \$4.7   | Fargo, ND           |          |
| Sleep Inn & Suites                       | \$5.1   | Bismarck, ND        |          |
| Sleep Inn & Suites                       | \$4.8   | Devils Lake, ND     |          |
| Comfort Inn & Suites                     | \$7     | Sioux Falls, ND     |          |
| Comfort Inn & Suites                     | \$7.5   | Rochester, MN       |          |
| Sleep Inn & Suites/ Mainstay Suites      | \$7.8   | Lincoln, NE         |          |
| Comfort Suites                           | \$8     | Billings, MT        |          |
| Candlewood Suites                        | \$8.5   | Lenexa, KS          |          |
| Holiday Inn Express                      | \$11    | Lenexa, KS          |          |
| Holiday Inn Express                      | \$11.5  | West Des Moines, IA |          |
| Hampton Inn & Suites                     | \$11.5  | Overland Park, MO   |          |
| Home2 Suites                             | \$14    | Gilbert, AZ         |          |
| Staybridge Suites                        | \$16.0  | Littleton, CO       |          |
| Staybridge Suites                        | \$21.1  | Overland Park, KS   |          |
| Tru by Hilton                            | \$16.0  | Duluth, MN          |          |
| Tru by Hilton                            | \$10    | Lone Tree, CO       |          |
| Extended Stay America                    | \$10    | Chandler, AZ        |          |
| TOTAL                                    | \$179.8 |                     |          |
| 2020 PIPELINE                            |         | LOCATION            |          |
| Tru by Hilton                            | \$10.0  | Lincoln, NE         |          |
| The District                             | \$18.0  | Grand Forks, ND     |          |
| Lyons Mixed Use                          | \$20.0  | Grand Forks, ND     |          |
| SOROC Phase 2                            | \$30.0  | Rochester, MN       |          |
| Edgewood Village Senior Living           | \$22    | Grand Forks, ND     |          |
| Cheyenne Pass                            | \$26.3  | Box Elder, SD       |          |
| Coolidge Place Senior Living             | \$5     | Coolidge, AZ        |          |
| Edgewood Village Medical Office Building | \$4.5   | Grand Forks, ND     |          |
| Edgewood Patio Homes                     | \$3.0   | Grand Forks, ND     |          |

**NORTHBRIDGE**



*“Building for Change”  
New Construction Development in  
Tertiary/Rural Markets*

# Development Challenges

- Lack of potential buyers and exit strategies
- Rents not high enough to justify the total project costs
- Lack of demand or Lack of Proven Demand (Appraisal qualifiers)
- Lack of Subcontractors means it costs more to build
- Limited Lenders for rural projects
- Lenders may charge higher interest rates
- Developer capital is better served in larger markets
- Minnesota State Codes (more restrictive = more expensive)

# What Options Do We Have to Entice Developers?

- Discounted land
- Property tax exemption
- TIF District
- Waiving impact fees and special assessments
- Interest rate buydowns
- Secondary note at low interest rate to decrease their capital/equity requirements
- Housing Studies to assist in Appraisals

### Forecasting Property Value

Anticipated holding period:   
 Potential Gross Rent Increase:

Building Type 100  
 First Floor

Unit Type

| Unit Type                  | SQFT       | Units | Weighted Ave. Monthly Rent | Rent Totals |
|----------------------------|------------|-------|----------------------------|-------------|
| Line A, E2                 | 1,375      | 8     | \$1,275                    | \$11,800    |
| Line E, E2                 | 328        | 16    | \$860                      | \$13,760    |
| Line F, F2                 | 629,728    | 32    | \$225                      | \$26,400    |
| Line H, H1                 | 1013,1027  | 8     | \$2,000                    | \$7,200     |
| Line J, J1                 | 497,617    | 16    | \$1,000                    | \$8,000     |
| Line L, L1                 | 727        | 16    | \$375                      | \$12,160    |
| Line M, M1                 | 661,982    | 16    | \$1,100                    | \$11,800    |
| Line N, N1, N2, N3         | 815        | 8     | \$850                      | \$19,200    |
| Line P, P1, P2, P3, P4, P5 | 1,907,1610 | 8     | \$1,300                    | \$7,200     |
| Line R, R1, R2, R3         | 1,008,122  | 24    | \$1,140                    | \$27,200    |
| Line S, S1, S2, S3         | 1,920,1527 | 12    | \$1,200                    | \$19,200    |

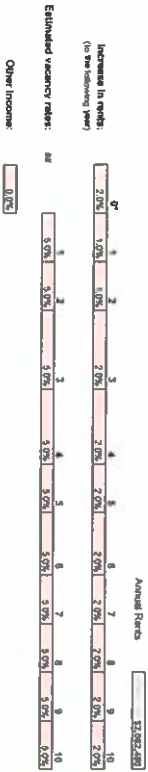
|                                  |            |    |         |          |
|----------------------------------|------------|----|---------|----------|
| Two Bad Camp Comp Unit           | 1,375      | 8  | \$1,275 | \$11,800 |
| Multiy Studio One Bath           | 328        | 16 | \$860   | \$13,760 |
| Studio Unit 1-bad                | 629,728    | 32 | \$225   | \$26,400 |
| One Bad One and a Half Bath      | 1013,1027  | 8  | \$2,000 | \$7,200  |
| AV/A - 1 Bad One Bath            | 497,617    | 16 | \$1,000 | \$8,000  |
| Two Bad One Bath Corner Studio   | 727        | 16 | \$375   | \$12,160 |
| Two Bad Two Bath                 | 661,982    | 16 | \$1,100 | \$11,800 |
| Two Bad Two Bath Match Change    | 815        | 8  | \$850   | \$19,200 |
| Two Bad Two Bath Corner          | 1,907,1610 | 8  | \$1,300 | \$7,200  |
| AV/A - Two Bad Two Bath          | 1,008,122  | 24 | \$1,140 | \$27,200 |
| Three Bad Three Bath Corner Unit | 1,920,1527 | 12 | \$1,200 | \$19,200 |

|              |           |           |
|--------------|-----------|-----------|
| Annual Total | \$172,460 | \$144,130 |
|--------------|-----------|-----------|

- Other Income
- 40050 Post Fee \$18,152
  - 40060 Land Fees \$1,728
  - 40061 Preferred Parking \$2,880
  - 40062 Storage \$376
  - 40063 Vending \$1,872
  - 40064 Cable Revenue Sharing \$4,752
  - 40065 Access Break Fees \$1,440
  - 40070 Renewal Fee \$7,776
  - 40072 Rental Insurance \$90,420
  - 40074 Insect Parking \$10,560
  - 40081 Detached Garages
  - 40081 Misc Fee

#### Total Revenue By Building Type

| Type       | Annual Revenue | # of Buildings |
|------------|----------------|----------------|
| Building 1 | \$2,082,480    | 1              |



- Potential Gross Rent Estimate for First Year:
- Market Cap Rate:
- 10 Year Cash Flow:
- 10 Year Principal Reduction:
- 10 Year Combined Return:



## Operating Expenses

|  |      |                            |       |
|--|------|----------------------------|-------|
| Annual Operating Expense Increase:                                     | 1.8% | Management Fee (% of EGI): | 6.00% |
| Increase in property taxes:<br>(to the following and continuing years) | 0*   |                            |       |
|  | 0.0% | 1                          | 1.0%  |
|  |      | 2                          | 1.0%  |
|  |      | 3                          | 1.0%  |
|  |      | 4                          | 1.0%  |
|  |      | 5                          | 1.0%  |
|  |      | 6                          | 1.0%  |
|  |      | 7                          | 1.0%  |
|  |      | 8                          | 1.0%  |
|  |      | 9                          | 1.0%  |

**Potential Gross Rent**  
Less : Allowance for Vacancies

Plus : Other Income  
**Effective Gross Income**

### Operating Expenses

- Management Fee (% of EGI)
- Community Manger
- Leasing Specialist
- Leasing Specialist
- Maintenance Supervisor
- Maintenance Tech
- GA
- Utilities and WM
- Insurance
- Make Ready
- Advertising
- Maintenance & Repairs
- Property Taxes
- Total Expenses**

Current Expense Estimates:  
(from Table 5.6)

|                           |                  |
|---------------------------|------------------|
| Management Fee (% of EGI) | 127,172.16       |
| Community Manger          |                  |
| Leasing Specialist        |                  |
| Leasing Specialist        |                  |
| Maintenance Supervisor    |                  |
| Maintenance Tech          |                  |
| GA                        |                  |
| Utilities and WM          | 14,400.00        |
| Insurance                 | 200,000.00       |
| Make Ready                | 50,000.00        |
| Advertising               | 15,000.00        |
| Maintenance & Repairs     | 100,000.00       |
| Property Taxes            | 233,550.00       |
| <b>Total Expenses</b>     | <b>\$740,122</b> |

### First-year Operating Forecast

|                                |                     |
|--------------------------------|---------------------|
| Potential Gross Rent           | \$ 2,082,480        |
| Less : Allowance for Vacancies | 104,100             |
| Plus : Other Income            | \$ 1,978,380        |
| Effective Gross Income         | 141,156             |
| <b>Total</b>                   | <b>\$ 2,119,536</b> |

### Net Operating Income (NOI)

**\$ 1,379,414**

Note: all numbers are annual and rounded to the nearest \$100

## Operating Statement

|                               | 1                | 2                | 3                | 4                | 5                | 6                | 7                | 8                | 9                | 10               |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Operating Forecast</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Potential Gross Rent          | 2,082,480        | 2,103,300        | 2,124,300        | 2,166,800        | 2,210,100        | 2,254,300        | 2,299,400        | 2,345,400        | 2,392,300        | 2,440,100        |
| Vacancy Allowance             | 164,100          | 105,200          | 106,300          | 108,300          | 110,500          | 112,700          | 115,000          | 117,300          | 119,600          | 122,000          |
| Other Income                  | 1,978,380        | 1,998,100        | 2,018,700        | 2,058,500        | 2,099,600        | 2,141,600        | 2,184,400        | 2,228,100        | 2,272,700        | 2,318,100        |
| Effective Gross Income        | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          | 141,156          |
|                               | 2,119,536        | 2,139,256        | 2,159,256        | 2,199,656        | 2,240,756        | 2,282,756        | 2,325,556        | 2,369,256        | 2,413,856        | 2,459,256        |
| <b>Operating Expenses</b>     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Management Fee (% of EGI)     | 127,172          | 129,500          | 131,800          | 134,200          | 136,600          | 139,100          | 141,600          | 144,100          | 146,700          | 149,300          |
| Community Manager             | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Leasing Specialist            | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Leasing Specialist            | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Maintenance Supervisor        | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Maintenance Tech              | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| GA                            | 14,400           | 14,700           | 15,000           | 15,300           | 15,600           | 15,900           | 16,200           | 16,500           | 16,800           | 17,100           |
| Utilities and WMI             | 200,000          | 203,600          | 207,300          | 211,000          | 214,800          | 218,700          | 222,600          | 226,600          | 230,700          | 234,900          |
| Insurance                     | 50,000           | 50,900           | 51,800           | 52,700           | 53,600           | 54,600           | 55,600           | 56,600           | 57,600           | 58,600           |
| Make Ready                    | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Advertising                   | 15,000           | 15,300           | 15,600           | 15,900           | 16,200           | 16,500           | 16,800           | 17,100           | 17,400           | 17,700           |
| Maintenance & repairs         | 100,000          | 101,800          | 103,600          | 105,500          | 107,400          | 109,300          | 111,300          | 113,300          | 115,300          | 117,400          |
| Property Taxes                | 233,550          | 235,900          | 238,300          | 240,700          | 243,100          | 245,500          | 248,000          | 250,500          | 253,000          | 255,500          |
| Total Expenses                | 740,122          | 751,700          | 763,400          | 775,300          | 787,300          | 799,600          | 812,100          | 824,700          | 837,500          | 850,500          |
| <b>Net Operating Income</b>   | <b>1,379,414</b> | <b>1,387,556</b> | <b>1,395,856</b> | <b>1,424,356</b> | <b>1,453,456</b> | <b>1,483,156</b> | <b>1,513,456</b> | <b>1,544,556</b> | <b>1,576,356</b> | <b>1,608,756</b> |
| <b>Operating Income Ratio</b> | <b>66.2%</b>     | <b>66.0%</b>     | <b>65.7%</b>     | <b>65.7%</b>     | <b>65.6%</b>     | <b>65.8%</b>     | <b>65.8%</b>     | <b>65.9%</b>     | <b>65.9%</b>     | <b>65.9%</b>     |
| Management Fee (% of EGI)     | 6.0%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             | 6.1%             |
| Community Manager             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Leasing Specialist            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Leasing Specialist            | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Maintenance Supervisor        | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Maintenance Tech              | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| GA                            | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             |
| Utilities and WMI             | 9.4%             | 9.5%             | 9.6%             | 9.6%             | 9.6%             | 9.6%             | 9.6%             | 9.6%             | 9.6%             | 9.6%             |
| Insurance                     | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             | 2.4%             |
| Make Ready                    | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             | 0.0%             |
| Advertising                   | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             | 0.7%             |
| Maintenance & repairs         | 4.7%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             | 4.8%             |
| Property Taxes                | 11.0%            | 11.0%            | 11.0%            | 10.9%            | 10.8%            | 10.8%            | 10.7%            | 10.6%            | 10.5%            | 10.4%            |
|                               | 34.9%            | 35.1%            | 35.4%            | 35.2%            | 35.1%            | 35.0%            | 34.9%            | 34.8%            | 34.7%            | 34.6%            |

## Mortgage Borrowing

Mortgage Amount: \$ 15,000,000  
 Mortgage Term: 20 (enter in years)  
 Interest Rate: 3.25% (enter annual %)  
 Amortization: 12 (annual = 1, monthly = 12)

Mortgage calculator:  
 Monthly Debt Service: \$85,078.36  
 Annual Debt Service: \$1,020,952

Annual Debt Service (ADS): \$1,021,000 (rounded)

### Amortization Schedule

|                    | 1            | 2            | 3            | 4            | 5            | 6            | 7            | 8            | 9           | 10          |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Interest paid      | \$479,482    | \$461,619    | \$443,188    | \$424,107    | \$404,418    | \$384,080    | \$363,070    | \$341,368    | \$318,949   | \$295,791   |
| Principal paid     | \$54,1471    | \$559,333    | \$577,785    | \$596,845    | \$618,534    | \$636,872    | \$657,882    | \$679,584    | \$702,003   | \$725,161   |
| Total Debt Service | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952  | \$1,020,952 | \$1,020,952 |
| Mortgage Balance   | \$14,458,529 | \$13,899,196 | \$13,321,412 | \$12,724,567 | \$12,108,033 | \$11,471,160 | \$10,813,278 | \$10,133,694 | \$9,431,691 | \$8,706,530 |

## Before-Tax Cash Flow (BTCF)

### Projected Before-Tax Cash Flows from Operations

|                             | 1                  | 2                  | 3                  | 4                  | 5                  | 6                  | 7                  | 8                  | 9                  | 10                 |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Potential Gross Rent        | \$2,082,480        | \$2,103,300        | \$2,124,300        | \$2,166,800        | \$2,210,100        | \$2,254,300        | \$2,299,400        | \$2,345,400        | \$2,392,300        | \$2,440,100        |
| Vacancy Allowance           | <b>\$104,100</b>   | <b>\$105,200</b>   | <b>\$106,200</b>   | <b>\$108,300</b>   | <b>\$110,500</b>   | <b>\$112,700</b>   | <b>\$115,000</b>   | <b>\$117,300</b>   | <b>\$119,600</b>   | <b>\$122,000</b>   |
| Other Income                | \$1,978,380        | \$1,998,100        | \$2,018,100        | \$2,058,500        | \$2,099,600        | \$2,141,600        | \$2,184,400        | \$2,228,100        | \$2,272,700        | \$2,318,100        |
| Effective Gross Income      | \$141,156          | \$141,156          | \$141,156          | \$141,156          | \$141,156          | \$0                | \$0                | \$0                | \$0                | \$0                |
|                             | \$2,119,536        | \$2,139,256        | \$2,159,256        | \$2,199,656        | \$2,240,756        | \$2,141,600        | \$2,184,400        | \$2,228,100        | \$2,272,700        | \$2,318,100        |
| <b>Operating Expenses</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Management Fee              | \$127,172          | \$129,500          | \$131,800          | \$134,200          | \$136,600          | \$139,100          | \$141,600          | \$144,100          | \$146,700          | \$149,300          |
| Community Manager           | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Leasing Specialist          | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Leasing Specialist          | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Maintenance Supervisor      | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Maintenance Tech            | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Grounds Keeper              | \$14,400           | \$14,700           | \$15,000           | \$15,300           | \$15,600           | \$15,900           | \$16,200           | \$16,500           | \$16,800           | \$17,100           |
| Utilities                   | \$200,000          | \$203,600          | \$207,300          | \$211,000          | \$214,800          | \$218,700          | \$222,600          | \$226,600          | \$230,700          | \$234,900          |
| Insurance                   | \$50,000           | \$50,900           | \$51,800           | \$52,700           | \$53,600           | \$54,600           | \$55,600           | \$56,600           | \$57,600           | \$58,600           |
| Make Ready                  | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Advertising                 | \$15,000           | \$15,300           | \$15,600           | \$15,900           | \$16,200           | \$16,500           | \$16,800           | \$17,100           | \$17,400           | \$17,700           |
| Maintenance & repairs       | \$100,000          | \$101,800          | \$103,600          | \$105,500          | \$107,400          | \$109,300          | \$111,300          | \$113,300          | \$115,300          | \$117,400          |
| Property Taxes              | \$233,550          | \$235,900          | \$238,300          | \$240,700          | \$243,100          | \$245,500          | \$248,000          | \$250,500          | \$253,000          | \$255,500          |
| <b>Total Expenses</b>       | <b>\$740,122</b>   | <b>\$751,700</b>   | <b>\$763,400</b>   | <b>\$775,300</b>   | <b>\$787,300</b>   | <b>\$799,600</b>   | <b>\$812,100</b>   | <b>\$824,700</b>   | <b>\$837,500</b>   | <b>\$850,500</b>   |
| Net Operating Income        | \$1,379,414        | \$1,387,556        | \$1,395,856        | \$1,424,356        | \$1,453,456        | \$1,342,000        | \$1,372,300        | \$1,403,400        | \$1,435,200        | \$1,467,600        |
| Debt Service                | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> | <b>\$1,021,000</b> |
| <b>Before-Tax Cash Flow</b> | <b>\$358,414</b>   | <b>\$366,556</b>   | <b>\$374,856</b>   | <b>\$403,356</b>   | <b>\$432,456</b>   | <b>\$321,000</b>   | <b>\$351,300</b>   | <b>\$382,400</b>   | <b>\$414,200</b>   | <b>\$446,600</b>   |

## Ratio Analysis - Financial & Profitability

### Financial Ratios

|                                   |   |                           |   |                              |   |      |
|-----------------------------------|---|---------------------------|---|------------------------------|---|------|
| <b>Operating Expense Ratio:</b>   | / | OE<br>\$751,700           | / | EGI<br>\$2,139,256           | = | 35%  |
| <b>Break-even Ratio:</b>          | / | (OE + ADS)<br>\$1,772,700 | / | EGI<br>\$2,139,256           | = | 83%  |
| <b>Debt Coverage Ratio:</b>       | / | NOI<br>\$1,387,556        | / | ADS<br>\$1,021,000           | = | 1.36 |
| <b>Loan-to-value (LTV) Ratio:</b> | / | Mortgage<br>\$15,000,000  | / | Market Price<br>\$23,000,000 | = | 65%  |

### Profitability Measures

|   |   |                    |   |                              |   |                      |
|---|---|--------------------|---|------------------------------|---|----------------------|
| <b>Capitalization Rate:</b>                     | / | NOI<br>\$1,387,556 | / | Market Price<br>\$23,000,000 | = | 6.03%                |
| <b>Using Cap Rate to Estimate Market Value:</b> | / | NOI<br>1,387,556   | / | Input cap rate<br>6.00%      | = | \$ 23,125,933        |
| <b>Sale Price on a Cost per unit:</b>           |   |                    |   |                              | = | <b>\$ 160,586,76</b> |