Four-Plex (with 2 future expansion units)

Assumptions:

- Developer defers 5% Development Fee on air equity + additional fees deferred from Arch or CM fees.
- Tier 1 Equity receives 6% IRR as a preferred return and a share of the cash flow after debt service.
- Assumes 7% CAP Rate on 75% LTV in Year 3.

Project Costs

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Cost</td>
<td>$80,000</td>
</tr>
<tr>
<td>Hard Construction Costs - Residential Cond. SF</td>
<td>$480,800</td>
</tr>
<tr>
<td>Soft Construction Costs</td>
<td>$161,280</td>
</tr>
<tr>
<td>Hard and Soft Costs Subtotal</td>
<td>$753,360</td>
</tr>
<tr>
<td>Total Project Costs (Land + Hard Costs + Soft Costs)</td>
<td>$730,880</td>
</tr>
</tbody>
</table>

Net Operating Income

<table>
<thead>
<tr>
<th>Rate (per BSF)</th>
<th>Cond. SF</th>
<th>Uncond. SF</th>
<th>Monthly Rent</th>
<th>Annual Rent</th>
<th>Blig. Count</th>
<th>Annual Rent</th>
<th>Cond. SF</th>
<th>Uncond. SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 story breezeway building 4 units + Flex Space</td>
<td>5.12%</td>
<td>640</td>
<td>$7,300</td>
<td>$87,600</td>
<td>1</td>
<td>$87,600</td>
<td>5.12%</td>
<td>640</td>
</tr>
</tbody>
</table>

Net Operating Income: $87,600

Cash Flow & Debt Service

- Annual Cash Flow above debt service and operating expenses: $16,830
- Annual Depreciation: $19,830

Multiyear Cash Flow

- Project Cost: 100%
- Down Payment: 25%
- Loan Term: 25 Years
- Monthly payment P&I: ($3,204)
- Annual NOI: $58,254
- Annual Debt Service: $19,830
- Pre-tax Return on Equity: 10.86%

Returns

- Tier 1 Equity: $21,922
- Tier 2 Equity: $19,800
- Annual Debt Service After Reference: $16,830
- Tier 1 Equity: 119%
- Tier 2 Equity: 6.0%

Annual Operating Cash Flow after Debt Service

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$16,830</td>
</tr>
<tr>
<td>1</td>
<td>$21,922</td>
</tr>
<tr>
<td>2</td>
<td>$18,236</td>
</tr>
<tr>
<td>3</td>
<td>$18,236</td>
</tr>
<tr>
<td>4</td>
<td>$18,236</td>
</tr>
<tr>
<td>5</td>
<td>$18,236</td>
</tr>
</tbody>
</table>

Total Equity: $168,165

Annual Net Operating Income (NOI)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$58,254</td>
</tr>
<tr>
<td>1</td>
<td>$62,266</td>
</tr>
<tr>
<td>2</td>
<td>$64,834</td>
</tr>
<tr>
<td>3</td>
<td>$67,167</td>
</tr>
<tr>
<td>4</td>
<td>$69,579</td>
</tr>
<tr>
<td>5</td>
<td>$72,078</td>
</tr>
</tbody>
</table>

Annual Debt Service

- Tier 1 Equity: $21,922
- Tier 2 Equity: $19,800
- Annual Debt Service After Reference: $16,830
- Tier 1 Equity: 119%
- Tier 2 Equity: 6.0%

Cash Flow: $16,830

Developer's Equity: $168,165

- New Development (75% LTV - assumes the value at a 7% CAP)
- Tier 1 Equity: $128,199
- Tier 2 Equity: $40,305

Formulas:

- NOI Escalation: Year 1: 1.25 min.
- Annual NOI = Previous Year's NOI x (1 + escalation rate)
- Annual Debt Service = Principal + Interest on Loan
- Pre-tax Return on Equity = (Operating Income - Interest Expense) / Capitalization Rate
- Net Operating Income (NOI) = Gross Operating Income (GRI) - Operating Expenses (30% of NOI)
- Gross Operating Income (GRI) = Annual Rent - Operating Expenses
- Annual Depreciation: @ 27.5 years
- Pre-tax Return on Equity = (Operating Income - Interest Expense) / Capitalization Rate
- NOI = Gross Operating Income (GRI) - Operating Expenses (30% of GRI)
- Cash Return on Project Costs (no leverage): (GRI - NOI) / Project Cost
- Loan Constant (annual debt service / total debt principal)
- Loan Term: 30 Years
- Interest Rate: 7.5%
- Monthly payment P&I: ($3,204)
- Annual NOI: $58,254
- Annual Debt Service: $19,830
- Pre-tax Return on Equity: 10.86%

Note: Adjust Depreciation Expense to reflect mixed use.

Formulas:

- NOI Escalation: Year 1: 1.25 min.
- Annual NOI = Previous Year's NOI x (1 + escalation rate)
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- Cash Return on Project Costs (no leverage): (GRI - NOI) / Project Cost
- Loan Constant (annual debt service / total debt principal)
- Loan Term: 30 Years
- Interest Rate: 7.5%
- Monthly payment P&I: ($3,204)
- Annual NOI: $58,254
- Annual Debt Service: $19,830
- Pre-tax Return on Equity: 10.86%

Note: Adjust Depreciation Expense to reflect mixed use.