

## Return on Equity Analysis (Exchange Options)

	(1) Subject Property	(1) Exchange Scenario 30% Down Payment	(2) Exchange Scenario 40% Down Payment	(3) Exchange Scenario 50% Down Payment
<b>Property Address</b>	3636 Ocean Breeze Ave.			
<b>Current Debt:</b>	\$10,000,000			
Estimated Value (Real Estate Asset)	\$20,000,000	\$33,333,333	\$25,000,000	\$20,000,000
Existing Financing / Loan Amount	\$10,000,000	\$23,333,333	\$15,000,000	\$10,000,000
Current Equity	\$10,000,000	<b>Cap Rate</b> 6.00%	6.00%	6.00%
Loan to Value %	50.00%	70.00%	60.00%	50.00%
<b>Equity / Cash Down payment</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>
Closing Costs / Rehab	N/A	\$350,000	\$225,000	\$150,000
Toal Equity / Capital Investment	\$10,000,000	\$10,350,000	\$10,225,000	\$10,150,000
% LTV Equity / % Total Capital	50.00%	30.00%	40.00%	50.00%
Interest Rate	5.650%	6.000%	6.000%	6.000%
Amortization	360	360	360	360
Net Operating Income	\$902,133	\$2,000,000	\$1,500,000	\$1,200,000
Debt Service	\$692,683	\$1,678,741	\$1,079,191	\$719,461
Pre-Tax Cash Flow	\$209,450	\$321,259	\$420,809	\$480,539
<b>(a) % ROE (cash on cash return)</b>	<b>2.09%</b>	<b>3.10%</b>	<b>4.12%</b>	<b>4.73%</b>
<i>Principal Reduction</i>	\$0	\$278,741	\$179,191	\$119,461
<i>(b) Total ROE (principal reduction)</i>	0.00%	2.79%	1.79%	1.19%
<b>Total % ROE (a + b)</b>	<b>2.09%</b>	<b>5.89%</b>	<b>5.91%</b>	<b>5.93%</b>
<i>% Appreciation</i>	5.00%	5.00%	5.00%	5.00%
<i>Annual Appreciation</i>	\$1,000,000	\$1,666,667	\$1,250,000	\$1,000,000
Subject Property:				
30% Down Payment				
40% Down Payment				
50% Down Payment				

All appreciation estimates are only estimates based on 5 to 10 year holding period averages, based on historical and traditional real estate economics.