

Investor Fund Flow Estimates for Elm Hills Improvements

Scenario 1: No decline in rates from declining rate base, 4.62% Amortizing Loan and Staff After-Tax ROR

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows for Improvements and Rate Increase							
Capex	\$ (380,000)	\$ (1,459,572)	\$ (74,302)				
ROR and Depreciation CFs				\$	279,628	\$ 279,628	\$ 279,628
Total Cash Flows	<u>\$ (380,000)</u>	<u>\$ (1,459,572)</u>	<u>\$ (74,302)</u>	<u>\$ -</u>	<u>\$ 279,628</u>	<u>\$ 279,628</u>	<u>\$ 279,628</u>

Unlevered (No Debt) Internal Rate of Return (IRR) 10.30%

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows of Equity Investor (80% Debt)							
Capex Funded by Debt	\$ 304,000	\$ 1,167,658	\$ 59,442				
Interest/Debt Service				\$ (124,030)	\$ (124,030)	\$	-
Final Cash Flow to Equity Investor	<u>\$ (76,000)</u>	<u>\$ (291,914)</u>	<u>\$ (14,860)</u>	<u>\$ (124,030)</u>	<u>\$ 155,598</u>	<u>\$ 279,628</u>	<u>\$ 279,628</u>

Levered IRR (80% Margin) 21.65%

Scenario 2: No decline in rates from declining rate base, 4.62% Amortizing Loan and Staff Pre-Tax ROR

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows for Improvements and Rate Increase							
Capex	\$ (380,000)	\$ (1,459,572)	\$ (74,302)				
ROR and Depreciation CFs				\$	314,776	\$ 314,776	\$ 314,776
Total Cash Flows	<u>\$ (380,000)</u>	<u>\$ (1,459,572)</u>	<u>\$ (74,302)</u>	<u>\$ -</u>	<u>\$ 314,776</u>	<u>\$ 314,776</u>	<u>\$ 314,776</u>

Unlevered IRR 11.66%

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows of Equity Investor (80% Debt)							
Capex Funded by Debt	\$ 304,000	\$ 1,167,658	\$ 59,442				
Interest/Debt Service			\$	(124,030)	\$ (124,030)	\$ -	\$ -
Final Cash Flow to Equity Investor	<u>\$ (76,000)</u>	<u>\$ (291,914)</u>	<u>\$ (14,860)</u>	<u>\$ (124,030)</u>	<u>\$ 190,746</u>	<u>\$ 314,776</u>	<u>\$ 314,776</u>

Levered IRR (80% Margin) 25.26%

Scenario 3: Decline in Rates from declining rate base, 4.62% Amortizing Loan and Staff After-Tax ROR

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows for Improvements and Rate Increase							
Capex	\$ (380,000)	\$ (1,459,572)	\$ (74,302)				
ROR and Depreciation CFs				\$	279,628	\$ 109,596	\$ 75,375
Total Cash Flows	\$ (380,000)	\$ (1,459,572)	\$ (74,302)	\$ -	\$ 279,628	\$ 109,596	\$ 75,375

Unlevered IRR 7.36%

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows of Equity Investor (80% Debt)							
Capex Funded by Debt	\$ 304,000	\$ 1,167,658	\$ 59,442				
Interest/Debt Service			\$	(124,030)	\$ (124,030)		
Final Cash Flow to Equity Investor	\$ (76,000)	\$ (291,914)	\$ (14,860)	\$ (124,030)	\$ 155,598	\$ 109,596	\$ 75,375

Levered IRR (80% Margin) 16.14%

Scenario 4: No decline in rates from declining rate base, 3.25% Non-amortizing Loan - 5-year rollovers, Staff After-Tax ROR

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows of Equity Investor (80% Debt)							
Capex	\$ 304,000	\$ 1,167,658	\$ 59,442				
Interest/Debt Service		\$ (9,880)	\$ (47,829)	\$ (49,760.72)	\$ (49,760.72)	\$ (16,469.37)	\$ (16,469.37)
Debt Redemption							\$ (506,749.99)
Final Cash Flow to Equity Investor	\$ (76,000.00)	\$ (301,794.40)	\$ (62,689.27)	\$ (49,760.72)	\$ 229,867.00	\$ 263,158.35	\$ (243,591.64)

Levered IRR (80% Margin)

25.65%

Scenario 5: No decline in rates from declining rate base, 3.25% Non-amortizing Loan - 5-year rollovers, Staff Pre-Tax ROR

	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2040	6/30/2041
Cash Flows of Equity Investor (80% Debt)							
EOY Capex/CWIP Funded by Debt	\$ 304,000	\$ 1,167,658	\$ 59,442				
Interest/Debt Service		\$ (9,880.000)	\$ (47,829)	\$ (49,761)	\$ (49,761)	\$ (16,469)	\$ (16,469)
Debt Redemption			\$ -	\$ -	\$ -	\$ -	\$ (506,750)
Final Cash Flow to Equity Investor	\$ (76,000)	\$ (301,794)	\$ (62,689)	\$ (49,761)	\$ 265,015	\$ 298,307	\$ (208,443)

Levered IRR (80% Margin)

29.04%