



## Table of Contents

1.0 Executive Summary .....	4
2.0 The Financing .....	8
2.1 Funds Required .....	8
2.2 Management and Investor Equity .....	8
2.3 Exit Strategies .....	8
3.0 Operations .....	9
4.0 Overview of the Organization .....	10
4.1 Registered Name .....	10
4.2 Commencement of Operations .....	10
4.3 Mission Statement .....	10
4.4 Vision Statement .....	10
4.5 Organizational Objectives .....	10
5.0 Market and Industry Analysis .....	11
5.1 External Environmental Analysis .....	11
5.2 Industry Analysis .....	11
5.3 Customer Profile .....	11
5.4 Competitive Analysis .....	12
6.0 Key Strategic Issues .....	12
6.1 Sustainable Operations .....	13
6.2 Basis of Growth .....	13
7.0 Marketing Plan .....	14
7.1 Marketing Objectives .....	14
7.2 Revenue Forecasts .....	14
7.3 Revenue Assumptions .....	14
7.4 Marketing Strategies .....	15
8.0 Organizational Plan .....	16
8.1 Organizational Hierarchy .....	16
8.2 Personnel Costs .....	17
9.0 Financial Plan .....	18

9.1 Underlying Assumptions .....	18
9.2 Financial Highlights.....	18
9.3 Sensitivity Analysis .....	18
9.4 Source of Funds .....	18
9.5 Financial Proformas .....	19
A) Profit and Loss Statement.....	19
B) Common Size Income Statement.....	20
C) Cash Flow Analysis .....	21
D) Balance Sheet.....	22
9.6 Breakeven Analysis .....	23
9.7 Business Ratios .....	23
Appendix A – SWOT Analysis.....	24
Appendix B – Critical Risks .....	25
Appendix C – Expanded Profit and Loss Statements .....	26
Appendix D – Expanded Cash Flow Analysis.....	32

## 1.0 Executive Summary

The purpose of this business plan is to secure \$1 million of equity capital and \$5 million of debt funding for the ongoing development of a real estate investment firm that will specialize in the acquisition and management of residential properties. Deutsch Real Estate Investment Group LLC (“the Company”) was founded by Matthew Deutsch. It is expected that full scale revenue generation will start six months from now once the capital has been secured. The Company will principally conduct its operations within King County, Washington. This market has been specifically chosen given the large number of major technology corporations that exist in this market and the exceptionally high median household income of the population.

### Operations

The principal revenue for the business will come from the ongoing rental of residential properties that will typically consist of multifamily properties with more than four units. As there are a number of individuals that work for technology companies that are seeking affordable housing solutions, the Company will be able to maintain near 100% occupancy for all units owned by the business. To a more modest extent, the Company will also acquire single-family homes that will carry a much higher monthly rental rate.

In addition to producing revenue from the ongoing rental of these units, the Company will also produce significant capital appreciation, during the time that the properties are held in the portfolio. From time to time, the Company will sell units that have achieved a significant amount of appreciation. These funds will be reinvested into the acquisition of new units.

The third section of this real estate business plan will further document the operations of the business.

### The Financing

As noted above, the company is currently seeking an aggregate of \$6 million of capital for the development of Deutsch Real Estate Investment Group. Approximately 95% of these funds will be specifically used for the acquisition of income producing assets.

The Company will continue to acquire additional rounds of both equity and debt capital in order to further expand the portfolio of residential real estate. Given that the Company will have a significant amount of tangible assets, the business may acquire a revolving credit facility secured by the substantial real estate held on the balance sheet.

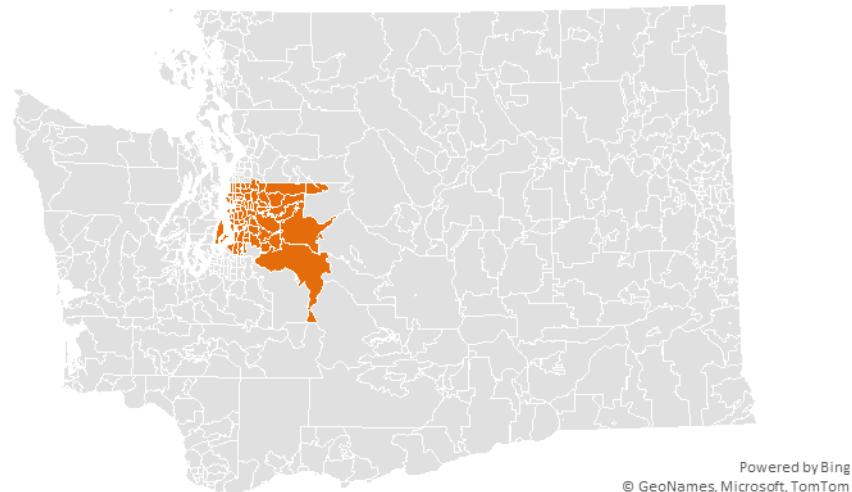
### The Future

Once the business establishes a strong foothold in the residential real estate market within King County, the Company may expand operations to include commercial real estate. Given the economic stability of this market, Management sees a significant opportunity to

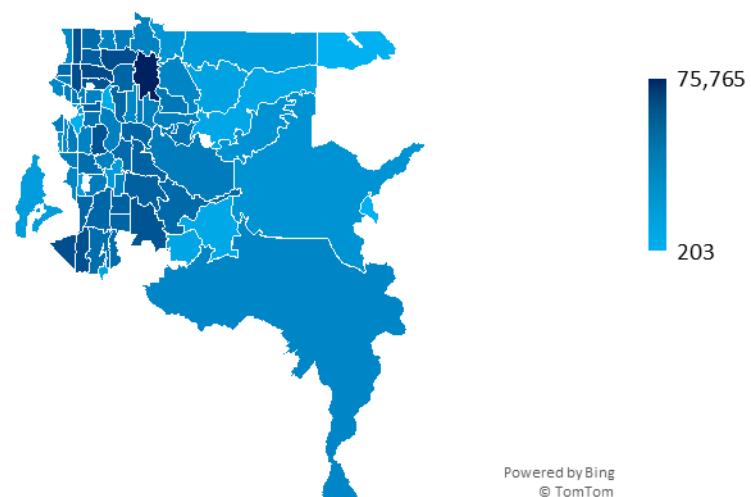
potentially expand into this segment of the market. The Company may also expand its operations to include the acquisition of existing properties that are in need of renovation with the intent to repair them and then either rent or sell the units.

## Market Overview

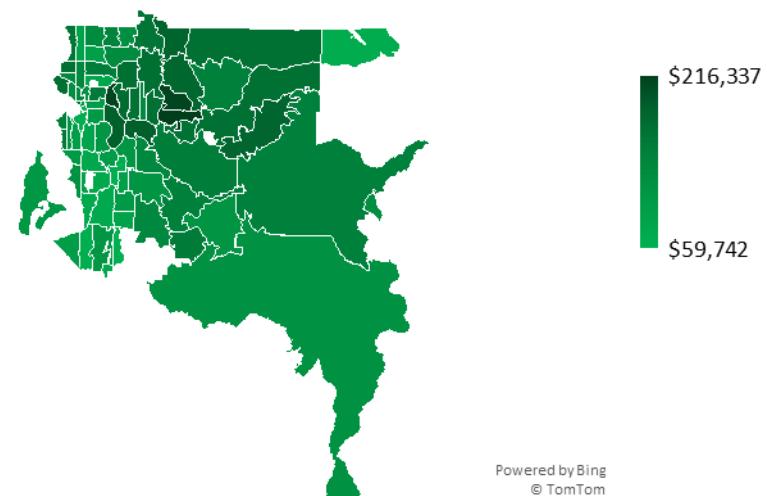
Target Market Area



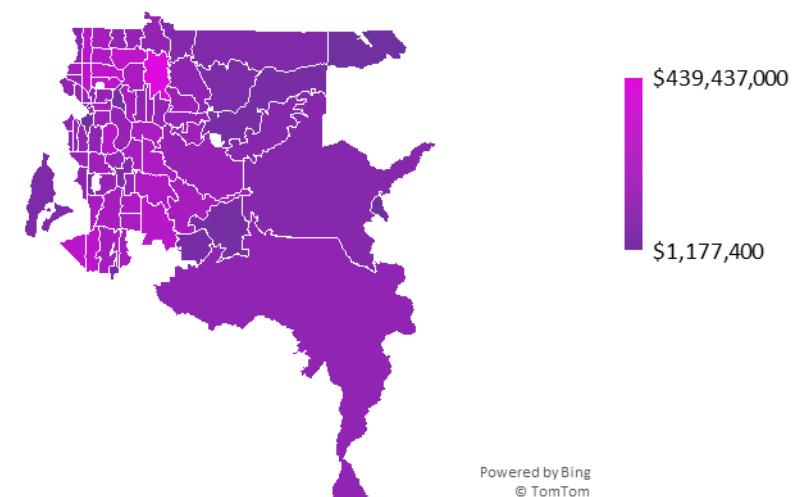
Target Market Area Population (by Zip Code)



## Target Market Area Household Income



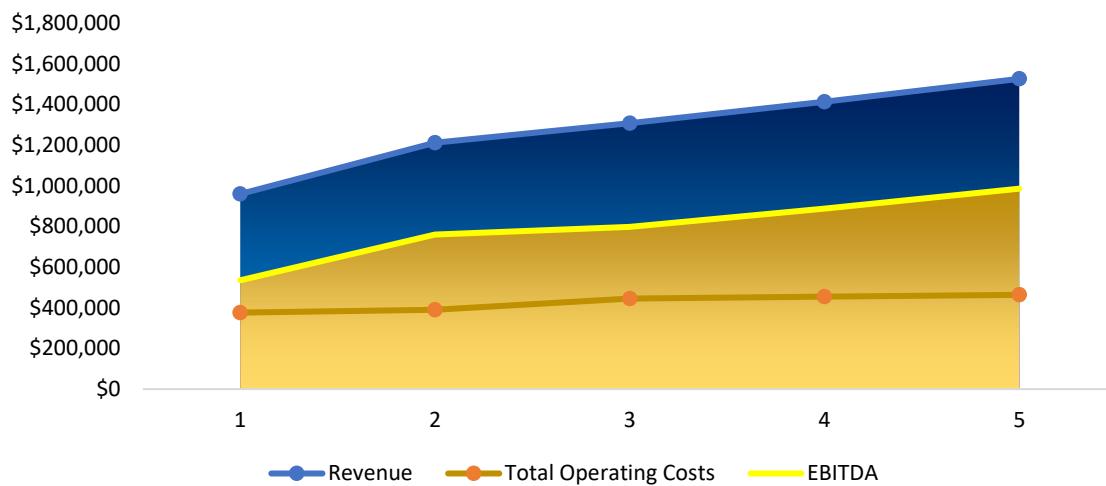
## Target Market Area Demand (by Zip Code)



## Revenue Forecasts

Proforma Profit and Loss		1	2	3	4	5
Year						
<b>Revenue</b>		\$960,000	\$1,211,814	\$1,308,759	\$1,413,460	\$1,526,537
Cost of Revenue		\$48,000	\$60,591	\$65,438	\$70,673	\$76,327
<b>Gross Profit</b>		\$912,000	\$1,151,223	\$1,243,321	\$1,342,787	\$1,450,210
Total Operating Costs		\$376,479	\$390,895	\$445,626	\$454,545	\$463,891
<b>EBITDA</b>		<b>\$535,521</b>	<b>\$760,328</b>	<b>\$797,696</b>	<b>\$888,242</b>	<b>\$986,318</b>

Revenue, Operating Costs, EBITDA



## 2.0 The Financing

### 2.1 Funds Required

The funds discussed in the executive summary will be allocated towards the following:

Use of Funds	
Residential Real Estate	\$5,725,000
General Working Capital	\$175,000
Furniture, Fixtures, and Equipment	\$50,000
Initial Marketing	\$10,000
Professional Fees and Licensure	\$25,000
Misc. Costs	\$15,000
<b>Total</b>	<b>\$6,000,000</b>

### 2.2 Management and Investor Equity

The terms of this investment are to be discussed during negotiation.

### 2.3 Exit Strategies

Given this substantial size of the portfolio that Deutsch Real Estate Investment Group intends to develop over the next five years, there are numerous ways in which the business can conduct an economically viable exit strategy.

Foremost, the Company does have the ability to sell each of its units individually given that they will have appreciated significantly during the time they are owned by Deutsch Real Estate Investment Group. In this event, the company will work with a qualified real estate brokerage to divest the units.

There is also the possibility that the portfolio could be sold as a whole to an existing real estate investment firm that is seeking to expand their operation significantly. This event is not expected to occur for a substantial period of time as Matthew Deutsch tends to develop a large-scale real estate investment firm.

Portfolio Value	1	2	3	4	5
Year					
Real Estate Assets	\$5,959,725	\$6,198,114	\$6,446,039	\$6,703,880	\$6,972,035

### 3.0 Operations

As noted in the executive summary, Deutsch Real Estate Investment Group will be actively involved with the acquisition and management of multifamily properties within the greater King County area. The vast majority of the Company's acquisitions will principle consist of multifamily properties that have four to ten units. This will allow for more seamless management of each property.

The Company will directly employ its management and maintenance staff in order to streamline operations. Although it is possible that certain properties that may be located outside of the target market may be managed by third-party property management firms, the vast majority of the Company's holdings will be directly maintained by Deutsch Real Estate Investment Group.

Prior to the acquisition of each residential property, the Company will work with numerous inspectors as well as contractors to determine whether or not the property is in good condition. This will substantially reduce their risk during the acquisition process.

As it relates to tenant matters, the Company will directly employ a tenant liaison in order to ensure that rents are paid on a monthly basis. The Company will retain a proper attorney that specializes in real estate to deal with matters when a renter has defaulted on their lease.

## 4.0 Overview of the Organization

### 4.1 Registered Name

Deutsch Real Estate Investment Group LLC. The business is registered as a limited liability company in the State of Washington. Limited partnerships will be used for each property owned by the Company.

### 4.2 Commencement of Operations

The Company expects that revenue generating operations will commence within the next six months.

### 4.3 Mission Statement

To provide exceptional residential units that are rented on a cost-effective basis to the King County market.

### 4.4 Vision Statement

To become recognized as a well-respected real estate investment firm that produces positive annual returns.

### 4.5 Organizational Objectives

- Properly acquire high-quality multifamily units that will produce stable rental income as well as capital appreciation.
- Continually work with real estate brokers and agents to source new property opportunities for Deutsch Real Estate Investment Group.
- Conduct direct outreach with corporate relocation specialists they will place their employees with the Company.
- Maintain fiscally sound protocols so the business can continue to expand its portfolio in a year-on-year basis.
- Engage in a proprietary marketing strategies that will run a concurrent to that of the Company's retain real estate brokerage.
- Full disclosure with all financial track transactions with the Company's capital partners.

## 5.0 Market and Industry Analysis

### 5.1 External Environmental Analysis

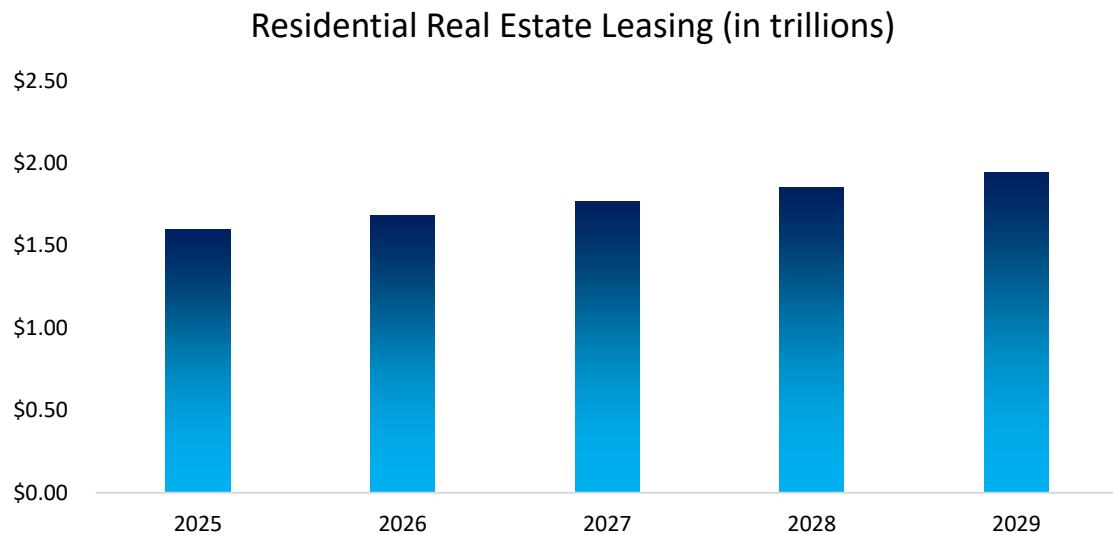
This section of the real estate business plan will document the industry, the current economic climate, the renter profile, and the ongoing competition that the business will phase.

At this time, the economic climate with the United States is moderate. This is principally due to the fact that there have been evolving policy policies regarding trade as well as the administration of government. This has led to higher-than-expected inflation. It should be noted at the federal government is taking appropriate measures to ensure that economic growth continues to occur while addressing issues related to unemployment.

However, the demand for affordable residential housing within the greater King County market is substantial. As has been one of the central themes of this document, there are a number of major corporations that employ tens of thousands of people in this area. As such, Deutsch Real Estate Investment Group will always be able to find in flux of renters for its residential properties.

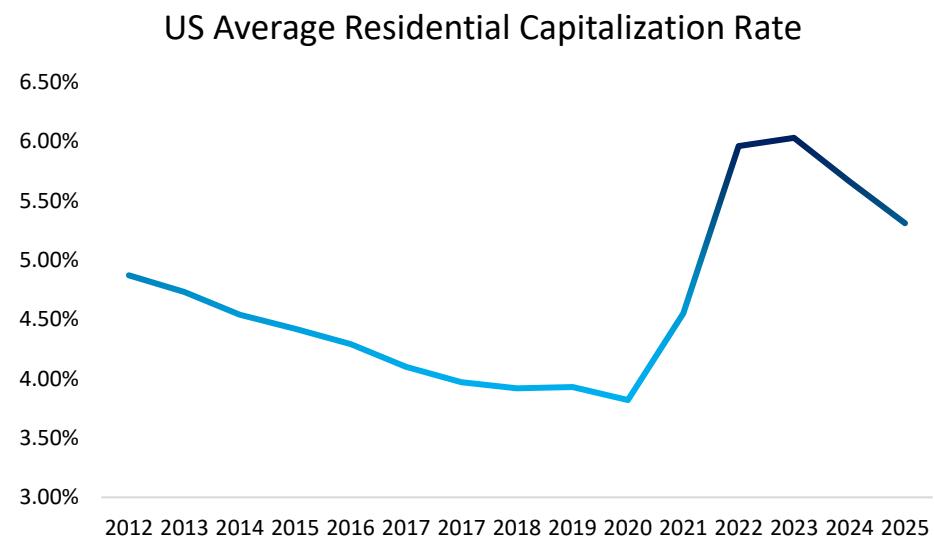
### 5.2 Industry Analysis

There are 600,000 companies that are actively involved with the rental of residential real estate within the United States. Each year, these businesses generate \$1.6 trillion of revenue while providing jobs for two million people.



This is a highly stable and extremely mature industry. The anticipated growth rate will be similar to that of the economy as a whole plus natural increases in population growth. One of the common trends within this industry is to use a number of technology suites in order to more effectively manage tenants and their ongoing payments. Deutsch Real Estate

Investment Group is committed to using the latest in real estate management technology in order to ensure that the business can remain pricing and competitive and economically viable at all times.



### 5.3 Customer Profile

Among renters, the following profile is noted:

- Annual income of \$75,000 to \$150,000+
- Has a monthly rent budget of \$2,500 to \$3,000
- Has a credit score of at least 650

### 5.4 Competitive Analysis

The Company will face moderate an ongoing competition from existing real estate investment firms that are seeking a capitalize on the demand within the King County market. One of the ways in which Deutsch Real Estate Investment Group will remain competitive in this area is by streamlining its operation so that the business can address natural fluctuations in rental pricing. This will allow the business to remain pricing competitive at all times.

## 6.0 Key Strategic Issues

### 6.1 Sustainable Operations

Deutsch Real Estate Investment Group will have sustainable operations as a result of the following:

- The Company will produce highly recurring revenue from its real estate management operations, which will allow the business to produce significant profits.
- Substantial capital appreciation will occur on all residential units as they are held in the Company's portfolio.
- A highly experienced Founder and CEO, Matthew Deutsch, that has extensive experience in the field of real estate investment.
- The Company can scale its operations into other economically viable markets within Washington State.

### 6.2 Basis of Growth

The Company will expand via the following methods:

- Continued reinvestment of the Company's passive income into new real estate opportunities.
- Expansion of operations to include investment and management of commercial properties.
- Engage in proprietary real estate developments, which can then be rented or sold.

## 7.0 Marketing Plan

### 7.1 Marketing Objectives

- Maintain strong relationships with real estate purposes throughout the King County market.
- Conduct direct outreach with corporate relocation specialists that will place their employees with the business.
- Maintain a moderate scale online presence to show available units.

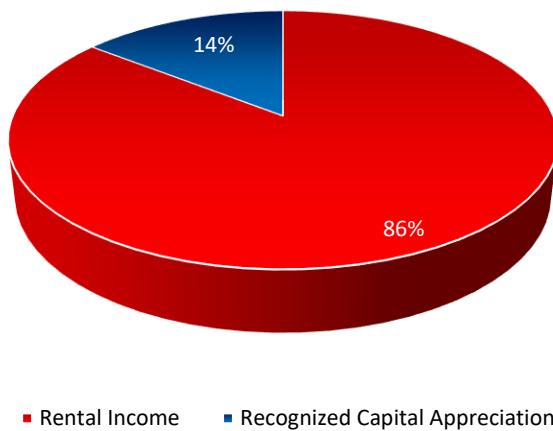
### 7.2 Revenue Forecasts

Yearly Sales Forecast					
Year	1	2	3	4	5
Rental Income	\$960,000	\$1,036,800	\$1,119,744	\$1,209,324	\$1,306,069
Recognized Capital Appreciation	\$0	\$175,014	\$189,015	\$204,136	\$220,467
<b>Totals</b>	<b>\$960,000</b>	<b>\$1,211,814</b>	<b>\$1,308,759</b>	<b>\$1,413,460</b>	<b>\$1,526,537</b>

Gross Profit					
Year	1	2	3	4	5
<b>Total</b>	<b>\$912,000</b>	<b>\$1,151,223</b>	<b>\$1,243,321</b>	<b>\$1,342,787</b>	<b>\$1,450,210</b>

### Revenue Generation



### 7.3 Revenue Assumptions

#### Year 1

- The Company will acquire initial units.
- Total revenue will reach \$960,000.

## Year 2

- The Company will increase its rents.
- A unit that has appreciated will be sold.
- Revenue will reach \$1.2 million.

## Years 3-5

- By year five, total rental income and recognized capital appreciation will reach \$1.5 million.
- The Company will continue to expand its portfolio.

### **7.4 Marketing Strategies**

Given the ongoing demand for affordable real estate housing, on a rented basis within King County, the ongoing marketing required by Deutsch Real Estate Investment Group will be relatively modest. Foremost, the Company intense to maintain ongoing relationships with highly established real estate brokers and agents in this market that will place tenants with Deutsch Real Estate Investment Group when a vacancy occurs.

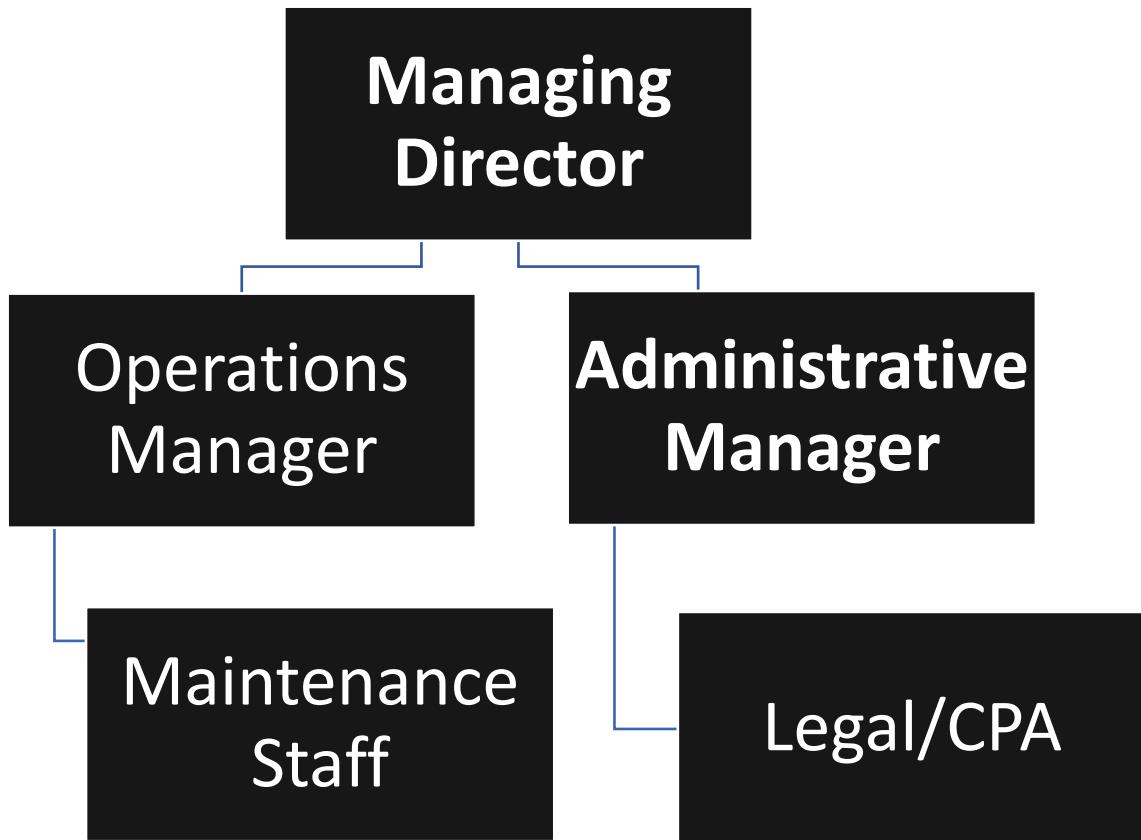
The company will also maintain a presence on the internet via a proprietary website. This platform will showcase all properties that are currently owned by Deutsch Real Estate Investment Group and how to become a renter. This website will help so have a specific portal available for corporate relocation specialists that are principally based in Seattle in the greater King County area who have ongoing needs for affordable housing for their employees.

The Company will maintain a very modern presence amongst social media pages. On Facebook and Instagram, the Company will showcase available units that are for rent. The company will use target advertisements only when vacancies occur.

The business will also list all available units for rent on major platforms. It is fully expected that the Company's retained real estate brokerage will use these platforms as well to rent units.

## 8.0 Organizational Plan

### 8.1 Organizational Hierarchy

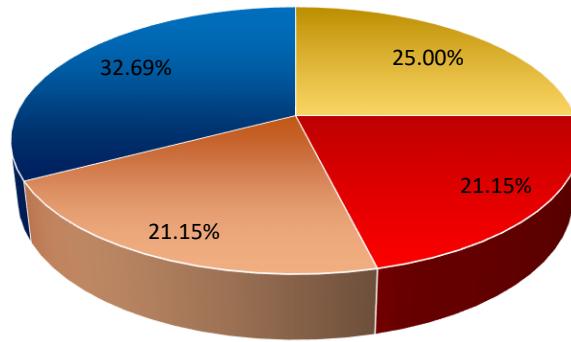


## 8.2 Personnel Costs

Personnel Plan - Yearly		1	2	3	4	5
Year						
Managing Director		\$65,000	\$65,650	\$66,307	\$66,970	\$67,639
Operations Manager		\$55,000	\$55,550	\$56,106	\$56,667	\$57,233
Administrative Manager		\$55,000	\$55,550	\$56,106	\$56,667	\$57,233
Maintenance Staff		\$42,500	\$42,925	\$86,709	\$87,576	\$88,451
<b>Total</b>		<b>\$217,500</b>	<b>\$219,675</b>	<b>\$265,226</b>	<b>\$267,878</b>	<b>\$270,557</b>

Numbers of Personnel (Year End Headcount)						
Year	1	2	3	4	5	
Managing Director	1	1	1	1	1	1
Operations Manager	1	1	1	1	1	1
Administrative Manager	1	1	1	1	1	1
Maintenance Staff	1	1	2	2	2	2
<b>Total</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

### Personnel Summary



- Managing Director ■ Operations Manager
- Administrative Manager ■ Maintenance Staff

## 9.0 Financial Plan

### 9.1 Underlying Assumptions

- The Company will acquire \$1 million of investment capital.
- This will be complemented by the acquisition of \$5 million of debt capital.
- The company will reinvest 90% of its profit since the acquisition of new residential units.

### 9.2 Financial Highlights

- Highly recommend recurring streams of revenue will ensure the Company's profitability.
- The Company's portfolio will appreciate at a rate of 4% per year.

### 9.3 Sensitivity Analysis

As has been noted throughout this document, King County is an incredibly wealthy market. This area is home to numerous technology corporations as well as major mainstay industry enterprises. As such, the demand for affordable housing among people that work at these businesses is substantial. Deutsch Real Estate Investment Group will be able to operate at near 100% capacity at all times. To further reduce risk, the company will only acquire properties that are currently 90% occupied.

### 9.4 Source of Funds

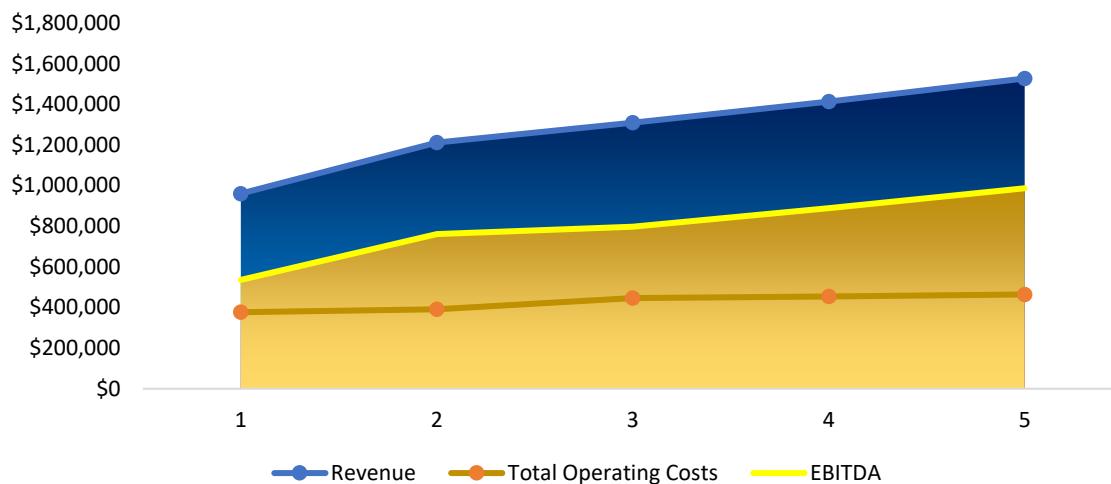
<b>Financing</b>	
<b>Equity</b>	
Equity Capitalization	\$1,000,000.00
<b>Total Equity Financing</b>	<b>\$1,000,000.00</b>
<b>Banks and Lenders</b>	
Real Estate Loan	\$5,000,000.00
<b>Total Debt Financing</b>	<b>\$5,000,000.00</b>
<b>Total Financing</b>	<b>\$6,000,000.00</b>

## 9.5 Financial Proformas

### A) Profit and Loss Statement

Proforma Profit and Loss					
Year	1	2	3	4	5
<b>Revenue</b>	\$960,000	\$1,211,814	\$1,308,759	\$1,413,460	\$1,526,537
Cost of Revenue	\$48,000	\$60,591	\$65,438	\$70,673	\$76,327
Gross Margin	95.00%	95.00%	95.00%	95.00%	95.00%
<b>Gross Profit</b>	\$912,000	\$1,151,223	\$1,243,321	\$1,342,787	\$1,450,210
<b>Expenses</b>					
Payroll	\$217,500	\$219,675	\$265,226	\$267,878	\$270,557
Facility Costs	\$17,500	\$17,675	\$17,852	\$18,030	\$18,211
General and Administrative	\$18,240	\$23,024	\$24,866	\$26,856	\$29,004
Professional Fees and Licensure	\$10,000	\$10,100	\$10,201	\$10,303	\$10,406
Insurance	\$60,000	\$60,600	\$61,206	\$61,818	\$62,436
Marketing	\$14,400	\$18,177	\$19,631	\$21,202	\$22,898
Business Development	\$15,000	\$15,750	\$16,538	\$17,364	\$18,233
Misc. Costs	\$7,200	\$9,089	\$9,816	\$10,601	\$11,449
Payroll Taxes	\$16,639	\$16,805	\$20,290	\$20,493	\$20,698
<b>Total Operating Costs</b>	<b>\$376,479</b>	<b>\$390,895</b>	<b>\$445,626</b>	<b>\$454,545</b>	<b>\$463,891</b>
<b>EBITDA</b>	<b>\$535,521</b>	<b>\$760,328</b>	<b>\$797,696</b>	<b>\$888,242</b>	<b>\$986,318</b>
Federal Income Tax	\$3,730	\$59,456	\$68,336	\$90,529	\$114,626
State Income Tax	\$746	\$11,891	\$13,667	\$18,106	\$22,925
Interest Expense	\$372,599	\$367,103	\$361,181	\$354,798	\$347,920
Depreciation Expenses	\$148,000	\$155,400	\$163,170	\$171,329	\$179,895
<b>Net Profit</b>	<b>\$10,445</b>	<b>\$166,477</b>	<b>\$191,342</b>	<b>\$253,481</b>	<b>\$320,952</b>
<b>Profit Margin</b>	<b>1.09%</b>	<b>13.74%</b>	<b>14.62%</b>	<b>17.93%</b>	<b>21.02%</b>

Revenue, Operating Costs, EBITDA



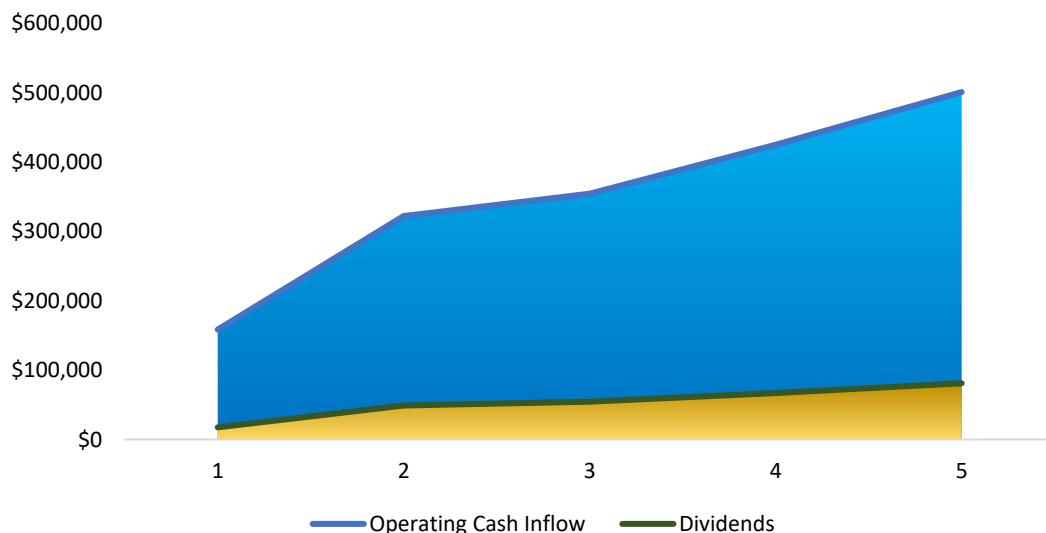
## B) Common Size Income Statement

<b>Proforma Profit and Loss (Common Size)</b>					
Year	1	2	3	4	5
<b>Revenue</b>	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Revenue	5.00%	5.00%	5.00%	5.00%	5.00%
 <b>Gross Profit</b>	 95.00%	 95.00%	 95.00%	 95.00%	 95.00%
 <b>Expenses</b>	 	 	 	 	 
Payroll	22.66%	18.13%	20.27%	18.95%	17.72%
Facility Costs	1.82%	1.46%	1.36%	1.28%	1.19%
General and Administrative	1.90%	1.90%	1.90%	1.90%	1.90%
Professional Fees and Licensure	1.04%	0.83%	0.78%	0.73%	0.68%
Insurance	6.25%	5.00%	4.68%	4.37%	4.09%
Marketing	1.50%	1.50%	1.50%	1.50%	1.50%
Business Development	1.56%	1.30%	1.26%	1.23%	1.19%
Misc. Costs	0.75%	0.75%	0.75%	0.75%	0.75%
Payroll Taxes	1.73%	1.39%	1.55%	1.45%	1.36%
<b>Total Operating Costs</b>	<b>39.22%</b>	<b>32.26%</b>	<b>34.05%</b>	<b>32.16%</b>	<b>30.39%</b>
 <b>EBITDA</b>	 55.78%	 62.74%	 60.95%	 62.84%	 64.61%
Federal Income Tax	0.39%	4.91%	5.22%	6.40%	7.51%
State Income Tax	0.08%	0.98%	1.04%	1.28%	1.50%
Interest Expense	38.81%	30.29%	27.60%	25.10%	22.79%
Depreciation Expenses	15.42%	12.82%	12.47%	12.12%	11.78%
 <b>Net Profit</b>	 1.09%	 13.74%	 14.62%	 17.93%	 21.02%

### C) Cash Flow Analysis

Proforma Cash Flow Analysis - Yearly					
Year	1	2	3	4	5
Cash From Operations	\$158,445	\$321,877	\$354,512	\$424,809	\$500,847
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$158,445</b>	<b>\$321,877</b>	<b>\$354,512</b>	<b>\$424,809</b>	<b>\$500,847</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$1,000,000	\$0	\$0	\$0	\$0
Increased Borrowings	\$5,000,000	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
<b>Total Other Cash Inflows</b>	<b>\$6,001,000</b>	<b>\$1,050</b>	<b>\$1,103</b>	<b>\$1,158</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$6,159,445</b>	<b>\$322,927</b>	<b>\$355,614</b>	<b>\$425,967</b>	<b>\$502,063</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$70,795	\$76,291	\$82,214	\$88,597	\$95,475
A/P Decreases	\$700	\$735	\$772	\$810	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$5,775,000	\$177,032	\$194,981	\$233,645	\$275,466
Dividends	\$17,530	\$49,117	\$54,459	\$67,242	\$81,075
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$5,864,025</b>	<b>\$303,176</b>	<b>\$332,427</b>	<b>\$390,294</b>	<b>\$452,866</b>
<b>Net Cash Flow</b>	<b>\$295,420</b>	<b>\$19,751</b>	<b>\$23,187</b>	<b>\$35,672</b>	<b>\$49,197</b>
<b>Cash Balance</b>	<b>\$295,420</b>	<b>\$315,171</b>	<b>\$338,358</b>	<b>\$374,031</b>	<b>\$423,227</b>

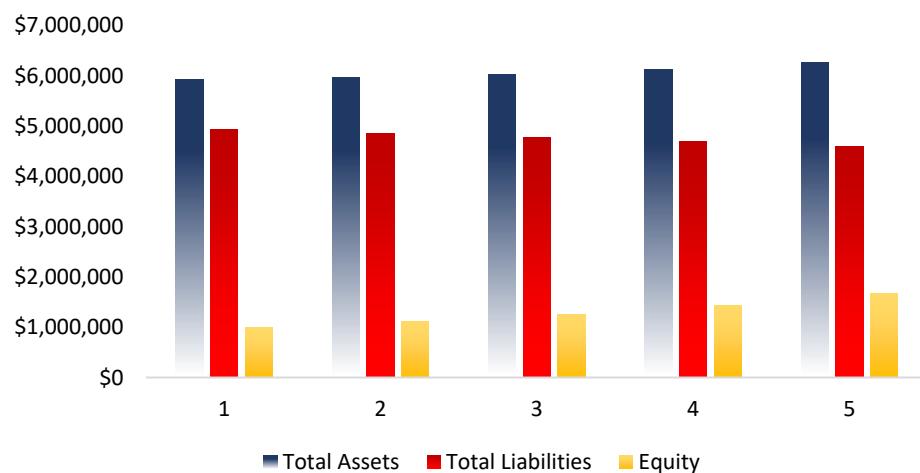
### Cash Flow Analysis



## D) Balance Sheet

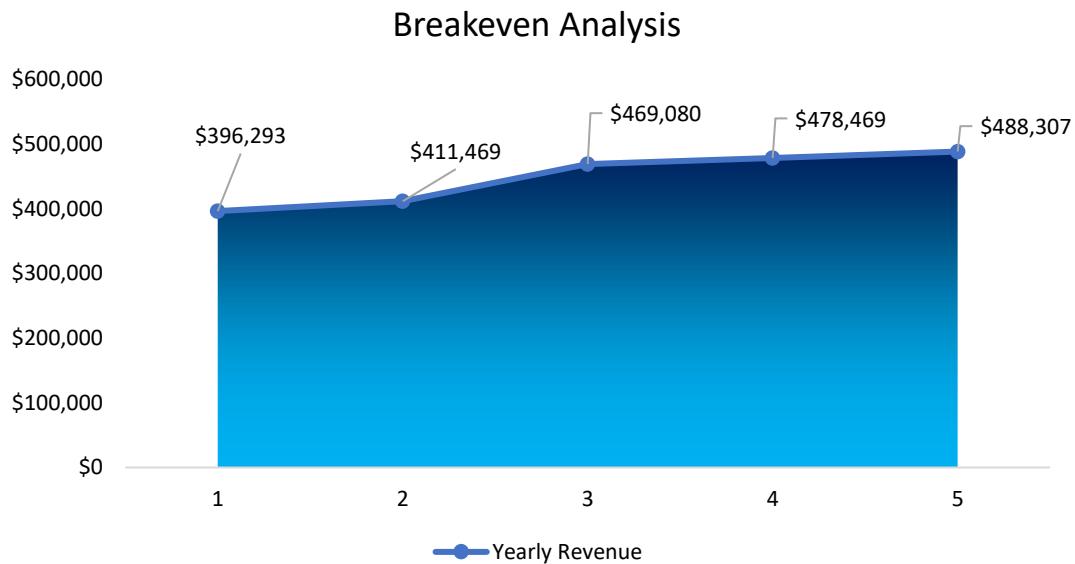
Proforma Balance Sheet - Yearly		1	2	3	4	5
Year						
<b>Assets</b>						
Cash		\$295,420	\$315,171	\$338,358	\$374,031	\$423,227
Fixed Assets		\$5,775,000	\$5,952,032	\$6,147,014	\$6,380,659	\$6,656,125
Accumulated Depreciation		(\$148,000)	(\$303,400)	(\$466,570)	(\$637,899)	(\$817,793)
<b>Total Assets</b>		<b>\$5,922,420</b>	<b>\$5,963,804</b>	<b>\$6,018,802</b>	<b>\$6,116,791</b>	<b>\$6,261,559</b>
<b>Liabilities and Equity</b>						
Accounts Payable		\$300	\$615	\$946	\$1,293	\$1,658
Long Term Liabilities		\$4,929,205	\$4,852,913	\$4,770,699	\$4,682,102	\$4,586,627
Other Liabilities		\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>		<b>\$4,929,505</b>	<b>\$4,853,528</b>	<b>\$4,771,645</b>	<b>\$4,683,395</b>	<b>\$4,588,285</b>
<b>Equity</b>		<b>\$992,915</b>	<b>\$1,110,276</b>	<b>\$1,247,158</b>	<b>\$1,433,396</b>	<b>\$1,673,274</b>
<b>Total Liabilities and Equity</b>		<b>\$5,922,420</b>	<b>\$5,963,804</b>	<b>\$6,018,802</b>	<b>\$6,116,791</b>	<b>\$6,261,559</b>

Balance Sheet



## 9.6 Breakeven Analysis

Break Even Analysis		1	2	3	4	5
Year	Monthly Revenue	\$33,024	\$34,289	\$39,090	\$39,872	\$40,692
	Yearly Revenue	\$396,293	\$411,469	\$469,080	\$478,469	\$488,307



## 9.7 Business Ratios

Business Ratios - Yearly		1	2	3	4	5
	Year	1	2	3	4	5
<b>Revenue</b>						
Sales Growth		0.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin		95.0%	95.0%	95.0%	95.0%	95.0%
<b>Financials</b>						
Profit Margin		1.09%	13.74%	14.62%	17.93%	21.02%
Assets to Liabilities		1.20	1.23	1.26	1.31	1.36
Equity to Liabilities		0.20	0.23	0.26	0.31	0.36
Assets to Equity		5.96	5.37	4.83	4.27	3.74
<b>Liquidity</b>						
Acid Test		0.06	0.06	0.07	0.08	0.09
Cash to Assets		0.05	0.05	0.06	0.06	0.07

## Appendix A – SWOT Analysis

### Strengths

- The portfolio will achieve significant capital appreciation as the business is acquiring properties within the King County market.
- An experienced CEO, Matthew Deutsch, who leverage his expertise and investment knowledge and expanding the portfolio.
- Significant demand for affordable housing within multifamily properties in King County.
- The Company will have streamlined operations that will allow for immense profitability to occur.

### Weaknesses

- Severely adverse economic climate could impact the demand within the market.
- Operational complexities given that the business will own and operate several residential properties in King County.

### Opportunities

- Continued expansion of the Company's portfolio via reinvestment of rental income.
- Expansion of operations to include commercial properties.

### Threats

- Ongoing interest rate increases, can impact the value of the Company's portfolio while making the capital cost of the business more expensive for new acquisitions.
- There are numerous other entities within the King County market that are seeking to profit from the strong capitalization rates in this area.

## Appendix B – Critical Risks

### Development Risk – Low

The operating models that Deutsch Real Estate Investment Group implement have already been developed by Matthew Deutsch. The principal matter needs to be addressed the securing the debt and equity capital discussed in this document.

### Financing Risk – Low/Moderate

Nearly 95% of the \$6 million of capital discussed in this document will be specifically used for the acquisition of income producing residential real estate. The highly recurring nature of the Company's revenue will ensure that the business is able to maintain profitability while sourcing new economically viable real estate opportunities.

### Marketing Risk – Low

The company will principally work with real estate brokerages while concurrently maintaining its own proprietary marketing campaign to drive an influx of renters. Given the demand in this market, the ongoing risks relating to the placement of tenants is relatively low.

### Management Risk – Low

Matthew Deutsch is a highly experienced incompetent real estate investment professional. He will be able to source highly lucrative real estate opportunities in this market.

### Valuation Risk – Low

The valuation risk is offset by:

- The business will produce highly recurring income from rental focused operations, which will support the acquisition of additional properties.
- Substantial demand in King County for affordable residential properties, especially among technology enterprise workers.
- As noted earlier, the Company will generate significant capital appreciation in the coming years through the ongoing holding and management of residential properties in the State of Washington.

### Exit Risk - Low

In the event that the businesses to be sold, the properties will be divested individually or the portfolio as a whole to a third-party. Given the significant amount of capital appreciation that is occurring within the King County market, the Company intends to hold its real estate investments for a minimum period of ten years (with occasional sales of properties that have increased in value significantly).

## Appendix C – Expanded Profit and Loss Statements

<b>Profit and Loss Statement (First Year)</b>							
Months	1	2	3	4	5	6	7
<b>Revenue</b>	<b>\$80,000</b>						
Cost of Revenue	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>Gross Profit</b>	<b>\$76,000</b>						
<b>Expenses</b>							
Payroll	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125
Facility Costs	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
General and Administrative	\$1,520	\$1,520	\$1,520	\$1,520	\$1,520	\$1,520	\$1,520
Professional Fees and Licensure	\$833	\$833	\$833	\$833	\$833	\$833	\$833
Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Marketing	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Business Development	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Misc. Costs	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Payroll Taxes	\$1,387	\$1,387	\$1,387	\$1,387	\$1,387	\$1,387	\$1,387
<b>Total Operating Costs</b>	<b>\$31,373</b>						
<b>EBITDA</b>	<b>\$44,627</b>						
Federal Income Tax	\$311	\$311	\$311	\$311	\$311	\$311	\$311
State Income Tax	\$62	\$62	\$62	\$62	\$62	\$62	\$62
Interest Expense	\$31,250	\$31,214	\$31,179	\$31,142	\$31,106	\$31,070	\$31,033
Depreciation Expenses	\$12,333	\$12,333	\$12,333	\$12,333	\$12,333	\$12,333	\$12,333
<b>Net Profit</b>	<b>\$670</b>	<b>\$706</b>	<b>\$742</b>	<b>\$778</b>	<b>\$814</b>	<b>\$851</b>	<b>\$887</b>

<b>Profit and Loss Statement (First Year Cont.)</b>						
Month	8	9	10	11	12	Year 1
<b>Revenue</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$80,000</b>	<b>\$960,000</b>
Cost of Revenue	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$48,000
<b>Gross Profit</b>	<b>\$76,000</b>	<b>\$76,000</b>	<b>\$76,000</b>	<b>\$76,000</b>	<b>\$76,000</b>	<b>\$912,000</b>
<b>Expenses</b>						
Payroll	\$18,125	\$18,125	\$18,125	\$18,125	\$18,125	\$217,500
Facility Costs	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$17,500
General and Administrative	\$1,520	\$1,520	\$1,520	\$1,520	\$1,520	\$18,240
Professional Fees and Licensure	\$833	\$833	\$833	\$833	\$833	\$10,000
Insurance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Marketing	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$14,400
Business Development	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Misc. Costs	\$600	\$600	\$600	\$600	\$600	\$7,200
Payroll Taxes	\$1,387	\$1,387	\$1,387	\$1,387	\$1,387	\$16,639
<b>Total Operating Costs</b>	<b>\$31,373</b>	<b>\$31,373</b>	<b>\$31,373</b>	<b>\$31,373</b>	<b>\$31,373</b>	<b>\$376,479</b>
<b>EBITDA</b>	<b>\$44,627</b>	<b>\$44,627</b>	<b>\$44,627</b>	<b>\$44,627</b>	<b>\$44,627</b>	<b>\$535,521</b>
Federal Income Tax	\$311	\$311	\$311	\$311	\$311	\$3,730
State Income Tax	\$62	\$62	\$62	\$62	\$62	\$746
Interest Expense	\$30,996	\$30,959	\$30,921	\$30,884	\$30,846	\$372,599
Depreciation Expenses	\$12,333	\$12,333	\$12,333	\$12,333	\$12,333	\$148,000
<b>Net Profit</b>	<b>\$924</b>	<b>\$962</b>	<b>\$999</b>	<b>\$1,037</b>	<b>\$1,075</b>	<b>\$10,445</b>

Profit and Loss Statement (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
<b>Revenue</b>	\$293,865	\$299,924	\$305,983	\$312,042	\$1,211,814
Cost of Revenue	\$14,693	\$14,996	\$15,299	\$15,602	\$60,591
<b>Gross Profit</b>	<b>\$279,172</b>	<b>\$284,928</b>	<b>\$290,684</b>	<b>\$296,440</b>	<b>\$1,151,223</b>
<b>Expenses</b>					
Payroll	\$54,919	\$54,919	\$54,919	\$54,919	\$219,675
Facility Costs	\$4,419	\$4,419	\$4,419	\$4,419	\$17,675
General and Administrative	\$5,583	\$5,699	\$5,814	\$5,929	\$23,024
Professional Fees and Licensure	\$2,449	\$2,500	\$2,550	\$2,601	\$10,100
Insurance	\$15,150	\$15,150	\$15,150	\$15,150	\$60,600
Marketing	\$4,408	\$4,499	\$4,590	\$4,681	\$18,177
Business Development	\$3,938	\$3,938	\$3,938	\$3,938	\$15,750
Misc. Costs	\$2,204	\$2,249	\$2,295	\$2,340	\$9,089
Payroll Taxes	\$4,075	\$4,159	\$4,243	\$4,327	\$16,805
<b>Total Operating Costs</b>	<b>\$97,145</b>	<b>\$97,531</b>	<b>\$97,917</b>	<b>\$98,303</b>	<b>\$390,895</b>
<b>EBITDA</b>	<b>\$182,027</b>	<b>\$187,397</b>	<b>\$192,767</b>	<b>\$198,137</b>	<b>\$760,328</b>
Federal Income Tax	\$14,418	\$14,715	\$15,013	\$15,310	\$59,456
State Income Tax	\$2,884	\$2,943	\$3,003	\$3,062	\$11,891
Interest Expense	\$92,307	\$91,957	\$91,601	\$91,238	\$367,103
Depreciation Expenses	\$38,850	\$38,850	\$38,850	\$38,850	\$155,400
<b>Net Profit</b>	<b>\$33,568</b>	<b>\$38,931</b>	<b>\$44,301</b>	<b>\$49,677</b>	<b>\$166,477</b>

Profit and Loss Statement (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
<b>Revenue</b>	\$317,374	\$323,918	\$330,462	\$337,005	\$1,308,759
Cost of Revenue	\$15,869	\$16,196	\$16,523	\$16,850	\$65,438
<b>Gross Profit</b>	<b>\$301,505</b>	<b>\$307,722</b>	<b>\$313,939</b>	<b>\$320,155</b>	<b>\$1,243,321</b>
<b>Expenses</b>					
Payroll	\$66,307	\$66,307	\$66,307	\$66,307	\$265,226
Facility Costs	\$4,463	\$4,463	\$4,463	\$4,463	\$17,852
General and Administrative	\$6,030	\$6,154	\$6,279	\$6,403	\$24,866
Professional Fees and Licensure	\$2,474	\$2,525	\$2,576	\$2,627	\$10,201
Insurance	\$15,302	\$15,302	\$15,302	\$15,302	\$61,206
Marketing	\$4,761	\$4,859	\$4,957	\$5,055	\$19,631
Business Development	\$4,134	\$4,134	\$4,134	\$4,134	\$16,538
Misc. Costs	\$2,380	\$2,429	\$2,478	\$2,528	\$9,816
Payroll Taxes	\$5,072	\$5,072	\$5,072	\$5,072	\$20,290
<b>Total Operating Costs</b>	<b>\$110,923</b>	<b>\$111,245</b>	<b>\$111,568</b>	<b>\$111,890</b>	<b>\$445,626</b>
<b>EBITDA</b>	<b>\$190,583</b>	<b>\$196,477</b>	<b>\$202,371</b>	<b>\$208,265</b>	<b>\$797,696</b>
Federal Income Tax	\$16,572	\$16,913	\$17,255	\$17,597	\$68,336
State Income Tax	\$3,314	\$3,383	\$3,451	\$3,519	\$13,667
Interest Expense	\$90,868	\$90,491	\$90,107	\$89,715	\$361,181
Depreciation Expenses	\$40,793	\$40,793	\$40,793	\$40,793	\$163,170
<b>Net Profit</b>	<b>\$39,037</b>	<b>\$44,898</b>	<b>\$50,766</b>	<b>\$56,641</b>	<b>\$191,342</b>

Profit and Loss Statement (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
<b>Revenue</b>	\$342,764	\$349,831	\$356,899	\$363,966	\$1,413,460
Cost of Revenue	\$17,138	\$17,492	\$17,845	\$18,198	\$70,673
<b>Gross Profit</b>	<b>\$325,626</b>	<b>\$332,340</b>	<b>\$339,054</b>	<b>\$345,768</b>	<b>\$1,342,787</b>
<b>Expenses</b>					
Payroll	\$66,970	\$66,970	\$66,970	\$66,970	\$267,878
Facility Costs	\$4,508	\$4,508	\$4,508	\$4,508	\$18,030
General and Administrative	\$6,513	\$6,647	\$6,781	\$6,915	\$26,856
Professional Fees and Licensure	\$2,498	\$2,550	\$2,602	\$2,653	\$10,303
Insurance	\$15,455	\$15,455	\$15,455	\$15,455	\$61,818
Marketing	\$5,141	\$5,247	\$5,353	\$5,459	\$21,202
Business Development	\$4,341	\$4,341	\$4,341	\$4,341	\$17,364
Misc. Costs	\$2,571	\$2,624	\$2,677	\$2,730	\$10,601
Payroll Taxes	\$5,123	\$5,123	\$5,123	\$5,123	\$20,493
<b>Total Operating Costs</b>	<b>\$113,119</b>	<b>\$113,464</b>	<b>\$113,809</b>	<b>\$114,154</b>	<b>\$454,545</b>
<b>EBITDA</b>	<b>\$212,507</b>	<b>\$218,876</b>	<b>\$225,245</b>	<b>\$231,614</b>	<b>\$888,242</b>
Federal Income Tax	\$21,953	\$22,406	\$22,859	\$23,311	\$90,529
State Income Tax	\$4,391	\$4,481	\$4,572	\$4,662	\$18,106
Interest Expense	\$89,317	\$88,910	\$88,496	\$88,075	\$354,798
Depreciation Expenses	\$42,832	\$42,832	\$42,832	\$42,832	\$171,329
<b>Net Profit</b>	<b>\$54,014</b>	<b>\$60,246</b>	<b>\$66,486</b>	<b>\$72,734</b>	<b>\$253,481</b>

**Profit and Loss Statement (Fifth Year)**

Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
<b>Revenue</b>	<b>\$370,185</b>	<b>\$377,818</b>	<b>\$385,451</b>	<b>\$393,083</b>	<b>\$1,526,537</b>
Cost of Revenue	\$18,509	\$18,891	\$19,273	\$19,654	\$76,327
<b>Gross Profit</b>	<b>\$351,676</b>	<b>\$358,927</b>	<b>\$366,178</b>	<b>\$373,429</b>	<b>\$1,450,210</b>
<b>Expenses</b>					
Payroll	\$67,639	\$67,639	\$67,639	\$67,639	\$270,557
Facility Costs	\$4,553	\$4,553	\$4,553	\$4,553	\$18,211
General and Administrative	\$7,034	\$7,179	\$7,324	\$7,469	\$29,004
Professional Fees and Licensure	\$2,523	\$2,575	\$2,628	\$2,680	\$10,406
Insurance	\$15,609	\$15,609	\$15,609	\$15,609	\$62,436
Marketing	\$5,553	\$5,667	\$5,782	\$5,896	\$22,898
Business Development	\$4,558	\$4,558	\$4,558	\$4,558	\$18,233
Misc. Costs	\$2,776	\$2,834	\$2,891	\$2,948	\$11,449
Payroll Taxes	\$5,174	\$5,174	\$5,174	\$5,174	\$20,698
<b>Total Operating Costs</b>	<b>\$115,420</b>	<b>\$115,788</b>	<b>\$116,157</b>	<b>\$116,526</b>	<b>\$463,891</b>
<b>EBITDA</b>	<b>\$236,256</b>	<b>\$243,138</b>	<b>\$250,021</b>	<b>\$256,903</b>	<b>\$986,318</b>
Federal Income Tax	\$27,797	\$28,370	\$28,943	\$29,516	\$114,626
State Income Tax	\$5,559	\$5,674	\$5,789	\$5,903	\$22,925
Interest Expense	\$87,645	\$87,207	\$86,761	\$86,307	\$347,920
Depreciation Expenses	\$44,974	\$44,974	\$44,974	\$44,974	\$179,895
<b>Net Profit</b>	<b>\$70,281</b>	<b>\$76,914</b>	<b>\$83,554</b>	<b>\$90,203</b>	<b>\$320,952</b>

## Appendix D – Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$13,004	\$13,039	\$13,075	\$13,111	\$13,148	\$13,184	\$13,221	\$13,258
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$13,004</b>	<b>\$13,039</b>	<b>\$13,075</b>	<b>\$13,111</b>	<b>\$13,148</b>	<b>\$13,184</b>	<b>\$13,221</b>	<b>\$13,258</b>
<b>Other Cash Inflows</b>								
Equity Investment	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
<b>Total Other Cash Inflows</b>	<b>\$6,000,083</b>	<b>\$83</b>						
<b>Total Cash Inflow</b>	<b>\$6,013,087</b>	<b>\$13,123</b>	<b>\$13,159</b>	<b>\$13,195</b>	<b>\$13,231</b>	<b>\$13,267</b>	<b>\$13,304</b>	<b>\$13,341</b>
<b>Cash Outflows</b>								
Repayment of Principal	\$5,700	\$5,735	\$5,771	\$5,807	\$5,843	\$5,880	\$5,917	\$5,954
A/P Decreases	\$58	\$58	\$58	\$58	\$58	\$58	\$58	\$58
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$5,775,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$5,780,758</b>	<b>\$5,794</b>	<b>\$5,829</b>	<b>\$5,865</b>	<b>\$5,902</b>	<b>\$5,938</b>	<b>\$5,975</b>	<b>\$6,012</b>
<b>Net Cash Flow</b>	<b>\$232,329</b>	<b>\$7,329</b>						
<b>Cash Balance</b>	<b>\$232,329</b>	<b>\$239,658</b>	<b>\$246,987</b>	<b>\$254,317</b>	<b>\$261,646</b>	<b>\$268,975</b>	<b>\$276,304</b>	<b>\$283,633</b>

<b>Cash Flow Analysis (First Year Cont.)</b>					
Month	9	10	11	12	Year 1
Cash From Operations	\$13,295	\$13,332	\$13,370	\$13,408	\$158,445
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$13,295</b>	<b>\$13,332</b>	<b>\$13,370</b>	<b>\$13,408</b>	<b>\$158,445</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$1,000,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$5,000,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$83	\$83	\$83	\$83	\$1,000
<b>Total Other Cash Inflows</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$6,001,000</b>
<b>Total Cash Inflow</b>	<b>\$13,378</b>	<b>\$13,416</b>	<b>\$13,453</b>	<b>\$13,491</b>	<b>\$6,159,445</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$5,991	\$6,028	\$6,066	\$6,104	\$70,795
A/P Decreases	\$58	\$58	\$58	\$58	\$700
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$5,775,000
Dividends	\$0	\$0	\$0	\$17,530	\$17,530
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$6,049</b>	<b>\$6,087</b>	<b>\$6,124</b>	<b>\$23,692</b>	<b>\$5,864,025</b>
<b>Net Cash Flow</b>	<b>\$7,329</b>	<b>\$7,329</b>	<b>\$7,329</b>	<b>-\$10,201</b>	<b>\$295,420</b>
<b>Cash Balance</b>	<b>\$290,962</b>	<b>\$298,292</b>	<b>\$305,621</b>	<b>\$295,420</b>	<b>\$295,420</b>

Cash Flow Analysis (Second Year)					
Quarter	Year 2				
	Q1	Q2	Q3	Q4	Year 2
Cash From Operations	\$72,418	\$77,781	\$83,151	\$88,527	\$321,877
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$72,418</b>	<b>\$77,781</b>	<b>\$83,151</b>	<b>\$88,527</b>	<b>\$321,877</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$255	\$260	\$265	\$270	\$1,050
<b>Total Other Cash Inflows</b>	<b>\$255</b>	<b>\$260</b>	<b>\$265</b>	<b>\$270</b>	<b>\$1,050</b>
<b>Total Cash Inflow</b>	<b>\$72,672</b>	<b>\$78,041</b>	<b>\$83,416</b>	<b>\$88,798</b>	<b>\$322,927</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$18,541	\$18,891	\$19,248	\$19,611	\$76,291
A/P Decreases	\$178	\$182	\$186	\$189	\$735
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$177,032	\$0	\$0	\$0	\$177,032
Dividends	\$0	\$0	\$0	\$49,117	\$49,117
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$195,752</b>	<b>\$19,073</b>	<b>\$19,433</b>	<b>\$68,917</b>	<b>\$303,176</b>
<b>Net Cash Flow</b>	<b>-\$123,080</b>	<b>\$58,968</b>	<b>\$63,983</b>	<b>\$19,881</b>	<b>\$19,751</b>
<b>Cash Balance</b>	<b>\$172,340</b>	<b>\$231,308</b>	<b>\$295,291</b>	<b>\$315,171</b>	<b>\$315,171</b>

Cash Flow Analysis (Third Year)					
Quarter	Year 3				
	Q1	Q2	Q3	Q4	Year 3
Cash From Operations	\$79,829	\$85,690	\$91,558	\$97,434	\$354,512
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$79,829</b>	<b>\$85,690</b>	<b>\$91,558</b>	<b>\$97,434</b>	<b>\$354,512</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$267	\$273	\$278	\$284	\$1,103
<b>Total Other Cash Inflows</b>	<b>\$267</b>	<b>\$273</b>	<b>\$278</b>	<b>\$284</b>	<b>\$1,103</b>
<b>Total Cash Inflow</b>	<b>\$80,097</b>	<b>\$85,963</b>	<b>\$91,837</b>	<b>\$97,718</b>	<b>\$355,614</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$19,981	\$20,358	\$20,742	\$21,133	\$82,214
A/P Decreases	\$187	\$191	\$195	\$199	\$772
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$194,981	\$0	\$0	\$0	\$194,981
Dividends	\$0	\$0	\$0	\$54,459	\$54,459
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$215,149</b>	<b>\$20,549</b>	<b>\$20,937</b>	<b>\$75,792</b>	<b>\$332,427</b>
<b>Net Cash Flow</b>	<b>-\$135,053</b>	<b>\$65,414</b>	<b>\$70,900</b>	<b>\$21,926</b>	<b>\$23,187</b>
<b>Cash Balance</b>	<b>\$180,118</b>	<b>\$245,532</b>	<b>\$316,432</b>	<b>\$338,358</b>	<b>\$338,358</b>

Cash Flow Analysis (Fourth Year)					
Quarter	Year 4				
	Q1	Q2	Q3	Q4	Year 4
Cash From Operations	\$96,846	\$103,078	\$109,318	\$115,566	\$424,809
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$96,846</b>	<b>\$103,078</b>	<b>\$109,318</b>	<b>\$115,566</b>	<b>\$424,809</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$281	\$287	\$292	\$298	\$1,158
<b>Total Other Cash Inflows</b>	<b>\$281</b>	<b>\$287</b>	<b>\$292</b>	<b>\$298</b>	<b>\$1,158</b>
<b>Total Cash Inflow</b>	<b>\$97,127</b>	<b>\$103,365</b>	<b>\$109,611</b>	<b>\$115,864</b>	<b>\$425,967</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$21,532	\$21,938	\$22,352	\$22,774	\$88,597
A/P Decreases	\$197	\$201	\$205	\$209	\$810
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$233,645	\$0	\$0	\$0	\$233,645
Dividends	\$0	\$0	\$0	\$67,242	\$67,242
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$255,374</b>	<b>\$22,139</b>	<b>\$22,557</b>	<b>\$90,225</b>	<b>\$390,294</b>
<b>Net Cash Flow</b>	<b>-\$158,247</b>	<b>\$81,226</b>	<b>\$87,054</b>	<b>\$25,639</b>	<b>\$35,672</b>
<b>Cash Balance</b>	<b>\$180,112</b>	<b>\$261,338</b>	<b>\$348,392</b>	<b>\$374,031</b>	<b>\$374,031</b>

Cash Flow Analysis (Fifth Year)					
Quarter	Year 5				
	Q1	Q2	Q3	Q4	Year 5
Cash From Operations	\$115,255	\$121,887	\$128,528	\$135,177	\$500,847
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
<b>Operating Cash Inflow</b>	<b>\$115,255</b>	<b>\$121,887</b>	<b>\$128,528</b>	<b>\$135,177</b>	<b>\$500,847</b>
<b>Other Cash Inflows</b>					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$295	\$301	\$307	\$313	\$1,216
<b>Total Other Cash Inflows</b>	<b>\$295</b>	<b>\$301</b>	<b>\$307</b>	<b>\$313</b>	<b>\$1,216</b>
<b>Total Cash Inflow</b>	<b>\$115,550</b>	<b>\$122,188</b>	<b>\$128,835</b>	<b>\$135,490</b>	<b>\$502,063</b>
<b>Cash Outflows</b>					
Repayment of Principal	\$23,204	\$23,641	\$24,088	\$24,542	\$95,475
A/P Decreases	\$206	\$211	\$215	\$219	\$851
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$275,466	\$0	\$0	\$0	\$275,466
Dividends	\$0	\$0	\$0	\$81,075	\$81,075
Preferred Equity Payment	\$0	\$0	\$0	\$0	\$0
<b>Total Cash Outflows</b>	<b>\$298,876</b>	<b>\$23,852</b>	<b>\$24,302</b>	<b>\$105,836</b>	<b>\$452,866</b>
<b>Net Cash Flow</b>	<b>-\$183,326</b>	<b>\$98,336</b>	<b>\$104,532</b>	<b>\$29,654</b>	<b>\$49,197</b>
<b>Cash Balance</b>	<b>\$190,704</b>	<b>\$289,041</b>	<b>\$393,573</b>	<b>\$423,227</b>	<b>\$423,227</b>