

planEASe® Apartment Devel. LLC

The analysis and all reports and graphs were prepared using a combination of four products, [planEASe](#), the [Reporting Extension](#), the [Graphics Extension](#), and the [Partnership Models](#).

- **Before Tax Cash Flow Projection**
 - details the results of the operation of the property (and the payment of LLC fees), resulting in the cash projected to be received by the LLC as a result of operations (the Cash Flow Before Tax).
- **Source and Use of Proceeds**
 - details the projected accounting of funds within the LLC, showing all funds received, and the projected disbursements to the Members and Group Sponsor.
- **LLC Taxable Income Projection**
 - projects the tax reporting position for the LLC, showing all tax liabilities and deductions other than the capital gain on sale and the Investment Tax Credits, if any.
- **Group Member Projection (per Unit)**
 - projects the results of an investment in one unit of the LLC by a Group Member, both before and after tax. Considering the speed with which an analysis may be re-run, you may want to change the number of units issued and re-run the analysis for Group Members contemplating an investment in partial or multiple units. Such a re-run is easily personalized by changing the number of units issued (which can be fractional if you want) and the Group Member tax rates.
- **Group Sponsor Cash Flow Projection**
 - contains all fees and cash distributions due the Group Sponsor from the LLC. Additionally, his tax liabilities are shown, together with the Net Present Value of the cash flows before and after tax.
- **Analysis Assumptions Report**
 - produces a report showing (in English) the assumptions used to generate the other reports. It was created with the idea of generating an assumptions report which can be presented to an investor or other concerned party to explain the assumptive basis of the other planEASe reports.
- **Sensitivity Analysis**
 - As you perform an analysis, planEASe measures the worth of the investment in terms of rates of return and net present values. Sensitivity Analysis allows you to investigate how these measures vary with a change in one of the assumptions. **Any** measure may be chosen for the Sensitivity Analysis, and **any** assumption may be chosen as well. Sensitivity Analysis provides a one page table and graph which describes the relationship between the assumption value and the resulting measure.
- **Risk Analysis**
 - As you perform an analysis, planEASe measures the worth of the investment in terms of rates of return and net present values. Risk Analysis allows you to investigate how these measures vary with a change in one or more of the assumptions. **Any** measure may be chosen for the Risk Analysis, and **any** group of assumptions may be chosen as well. Risk Analysis provides a one page table and graph which describes the relationship between the risky assumption values and the variability (or risk) of the resulting measure.

This sample takes the apartment development example and converts it to a LLC. The projection shows

planEASe® Apartment Devel. LLC

\$1,850,000 that needs to be raised from the Group Members. Here we created 185 "Units" that will cost the Group Members \$10,000 per unit. The units return 20.7% Before Tax (IRR), and 15.7% After Tax (IRR). The Group Sponsor will earn \$743,570 Before Tax (NPV), \$548,364 After Tax (NPV). The Group Sponsor does not contribute to the initial investment, so the Net Present Value is the best way to indicate the value to the Group Sponsor.

In planEASe, you can choose to do the partnership analysis either as a LLC (Limited Liability Corporation), or a Limited Partnership.

Before Tax Cash Flow Projection

Apartment Development

The results of the operation of the property (and the payment of group sponsor fees), resulting in the cash projected to be received by the group as a result of operations (the Cash Flow Before Tax).

Time	Investment and Sale	Effective Income	Operating Expense	Cash Flow Before Debt	Debt Service	Cash Flow Before Tax
Buy	0	0	0	0	0	0
2003	(5,688,200)	29,003	(42,894)	(5,702,091)	3,969,281	(1,732,810)
2004	0	656,962	(110,266)	546,695	(639,664)	(92,969)
2005	0	985,068	(130,670)	854,398	(426,504)	427,894
2006	0	1,011,866	(133,975)	877,891	(426,504)	451,387
2007	0	1,039,413	(137,367)	902,046	(426,504)	475,542
2008	0	1,067,730	(140,848)	926,882	(426,504)	500,378
2009	0	1,096,839	(144,421)	952,418	(426,504)	525,914
2010	0	1,126,764	(148,088)	978,675	(426,504)	552,171
2011	0	1,157,526	(151,852)	1,005,674	(426,504)	579,170
2012	0	1,189,150	(155,715)	1,033,435	(426,504)	606,931
Sell	8,831,173	0	0	8,831,173	(3,738,194)	5,092,979
Total	3,142,973	9,360,321	(1,296,098)	11,207,196	(3,820,609)	7,386,587

Rate of Return Before Debt (IRR)	17.3%
Rate of Return Before Tax (IRR)	26.1%

The data and calculations presented herein, while not guaranteed, have been obtained from sources we believe to be reliable.
Produced by planEASe from Analytic Associates (800) 959-3273

Source and Use of Proceeds

Apartment Development

Projected accounting of funds within the LLC, showing all funds received, and the projected disbursements to the Members and Group Sponsor.

Time	Working Capital	Interest Income	Members' Investment	Cash Flow Before Tax	Distributed To Members	Distributed To Sponsor
Buy	0	0	1,850,000	0	0	0
2003	1,850,000	92,500	0	(1,732,810)	0	0
2004	209,690	10,485	0	(92,969)	(73,765)	(18,441)
2005	35,000	1,750	0	427,894	(343,715)	(85,929)
2006	35,000	1,750	0	451,387	(362,509)	(90,627)
2007	35,000	1,750	0	475,542	(381,833)	(95,458)
2008	35,000	1,750	0	500,378	(401,702)	(100,426)
2009	35,000	1,750	0	525,914	(422,131)	(105,533)
2010	35,000	1,750	0	552,171	(443,137)	(110,784)
2011	35,000	1,750	0	579,170	(464,736)	(116,184)
2012	35,000	1,750	0	606,931	(486,945)	(121,736)
Sell	35,000	0	0	5,092,979	(4,472,383)	(655,596)
Total	0	116,985	1,850,000	7,386,587	(7,852,857)	(1,500,714)

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Group Taxable Income Projection

Apartment Development

The projected tax reporting position for the LLC, showing all tax liabilities and deductions other than the capital gain on sale and the Investment Tax Credits, if any.

Time	Taxable Revenue	Interest Income	Taxable Expense	Interest Expense	Depre- ciation	Ordinary Income
Buy	0	0	0	0	0	0
2003	29,003	92,500	(42,894)	0	(22,984)	55,625
2004	656,962	10,485	(110,266)	(403,991)	(110,323)	42,866
2005	985,068	1,750	(130,670)	(401,633)	(110,323)	344,192
2006	1,011,866	1,750	(133,975)	(399,029)	(110,323)	370,289
2007	1,039,413	1,750	(137,367)	(396,152)	(110,323)	397,321
2008	1,067,730	1,750	(140,848)	(392,974)	(110,323)	425,335
2009	1,096,839	1,750	(144,421)	(389,463)	(110,323)	454,383
2010	1,126,764	1,750	(148,088)	(385,584)	(110,323)	484,519
2011	1,157,526	1,750	(151,852)	(381,299)	(110,323)	515,802
2012	1,189,150	1,750	(155,715)	(376,566)	(105,726)	552,894
Sell	0	0	0	0	0	0
Total	9,360,321	116,985	(1,296,098)	(3,526,690)	(1,011,292)	3,643,226

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Group Member Projection (per Unit)

Apartment Development

Projected results of an investment in one unit of the LLC by a Group Member, both before and after tax. Considering the speed with which an analysis may be re-run, you may want to change the number of units issued and re-run the analysis for Group Members contemplating an investment in partial or multiple units. Such a re-run is easily personalized by changing the number of units issued (which can be fractional if you want) and the Group Member tax rates.

Time	Distributed Cash	Ordinary Income	Capital Gains	Taxable Income	Taxes	Cash Flow After Tax
Buy	(10,000)	0	0	0	0	(10,000)
2003	0	241	0	241	(95)	(95)
2004	399	185	0	185	(73)	325
2005	1,858	1,488	0	1,488	(589)	1,269
2006	1,960	1,601	0	1,601	(634)	1,325
2007	2,064	1,718	0	1,718	(680)	1,384
2008	2,171	1,839	0	1,839	(728)	1,443
2009	2,282	1,965	0	1,965	(778)	1,504
2010	2,395	2,095	0	2,095	(830)	1,566
2011	2,512	2,230	0	2,230	(883)	1,629
2012	2,632	2,391	0	2,391	(947)	1,685
Sell	24,175	0	17,964	17,964	(3,812)	20,364
Total	32,448	15,754	17,964	33,719	(10,050)	22,398

Member's Rate of Return Before Tax (IRR)	20.7%
Member's Rate of Return After Tax (IRR)	15.7%

Group Sponsor Cash Flow Projection

Apartment Development

Contains all fees and cash distributions due the Group Sponsor from the LLC. Additionally, his tax liabilities are shown, together with the Net Present Value of the cash flows before and after tax.

Time	Sponsor Fees	Distributed Cash	Total Cash Flow	Taxable Income	Taxes	Cash Flow After Tax
Buy	0	0	0	0	0	0
2003	0	0	0	11,125	(3,449)	(3,449)
2004	10,000	18,441	28,441	18,573	(5,758)	22,683
2005	0	85,929	85,929	68,838	(21,340)	64,589
2006	0	90,627	90,627	74,058	(22,958)	67,669
2007	0	95,458	95,458	79,464	(24,634)	70,824
2008	0	100,426	100,426	85,067	(26,371)	74,055
2009	0	105,533	105,533	90,877	(28,172)	77,361
2010	0	110,784	110,784	96,904	(30,040)	80,744
2011	0	116,184	116,184	103,160	(31,980)	84,204
2012	0	121,736	121,736	110,579	(34,279)	87,457
Sell	0	655,596	655,596	830,853	(166,171)	489,425
Total	10,000	1,500,714	1,510,714	1,569,498	(395,151)	1,115,564

Group Sponsor's Present Value Before Tax @10%	743,570
Group Sponsor's Present Value After Tax @10%	548,364

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Analysis Assumptions Report

Apartment Development

Shows (in English) the assumptions used to generate the other reports. It was created with the idea of generating an assumptions report which can be presented to an investor or other concerned party to explain the assumptive basis of the other planEASE reports. In this case, only the LLC assumptions are shown for brevity.

Investment Assumptions

Price of Property		None
Date of Acquisition		1 January 2003
Holding Period		10 Years
Inflation Rate		3% per Year
Sale Price Method	11% Capitalization of Last Year's NOI	
Selling Costs		6%

Group Member's Assumptions

Present Value Discount Rate		10% per Year
Tax Rate - First Year		39.6%
Tax Rate - Following Years		39.6%
Capital Gain Rate		20%
Cost Recovery Recapture Rate	25% - Losses Carried Forward	

Group Assumptions

Total Initial Investment		\$1,850,000.00
Working Capital Minimum		\$35,000.00
Working Capital Maximum		\$35,000.00
Working Capital Interest Rate		5% per Year
Group Sponsor Loan Interest Rate	Members are Assessed	
Group Sponsor Tax Rate		31% per Year
Number of Units Issued		185
Cash Distribution Pattern		Yearly in January

Distribution Assumptions

Cash Distribution Start Date		1 January 2004
Preferred Return to Members		None
Cash to Members		80%
Net Taxable Income to Members		80%
Investment Return to Members	100% of Investment	
Sale Proceeds to Members		80%
Capital Gain to Members		80%
Investment Tax Credit to Members		80%

Analysis Assumptions Report

Apartment Development

Fee Assumptions

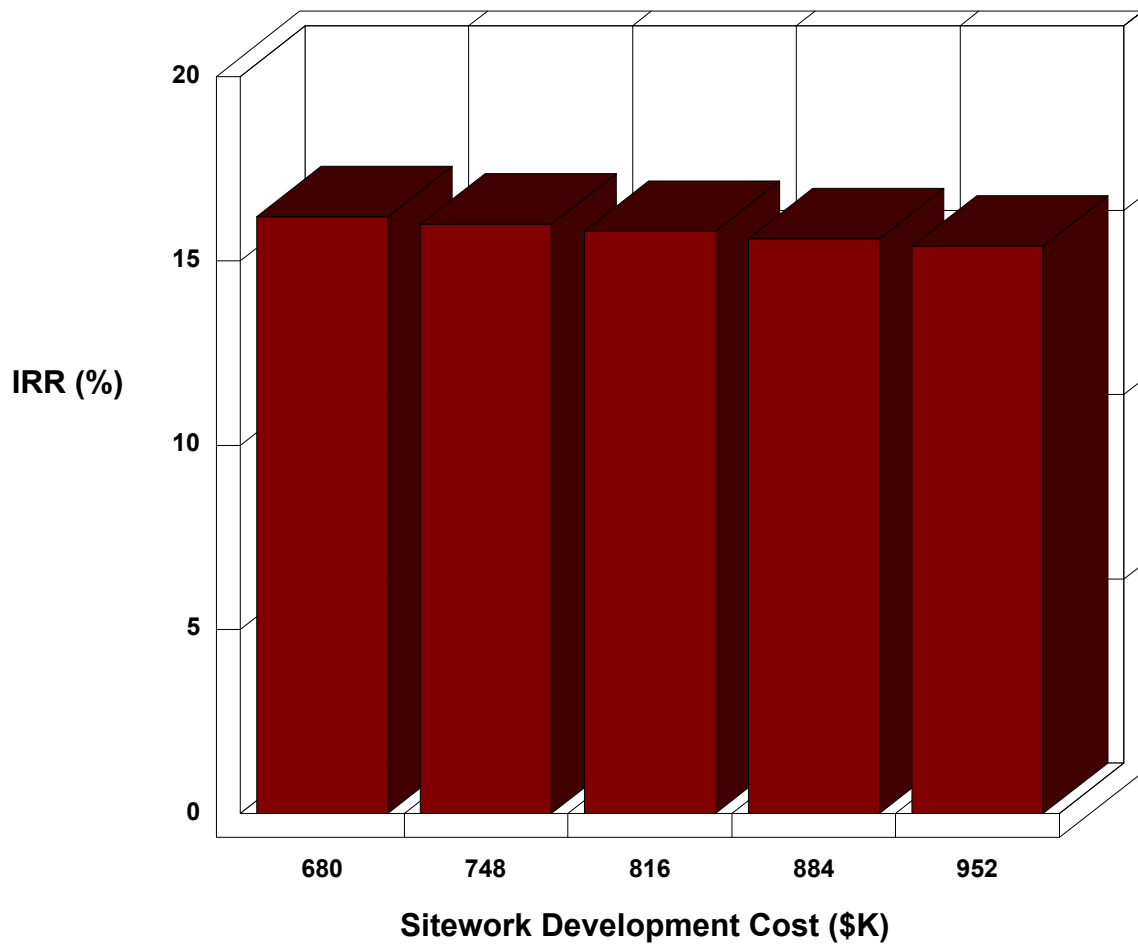
Fee Amount	\$10,000.00
Fee Type	Paid on 1 January 2004
Fee Tax Deductible	Deducted When Paid
Fee to General Partner	Yes
Fee Date	1 January 2004

Sensitivity Analysis

Apartment Development

Sitework Development Cost versus Member's Rate of Return After Tax

Assumption	IRR
\$680,000.00	16.2%
\$748,000.00	16.0%
\$816,000.00	15.8%
\$884,000.00	15.6%
\$952,000.00	15.4%



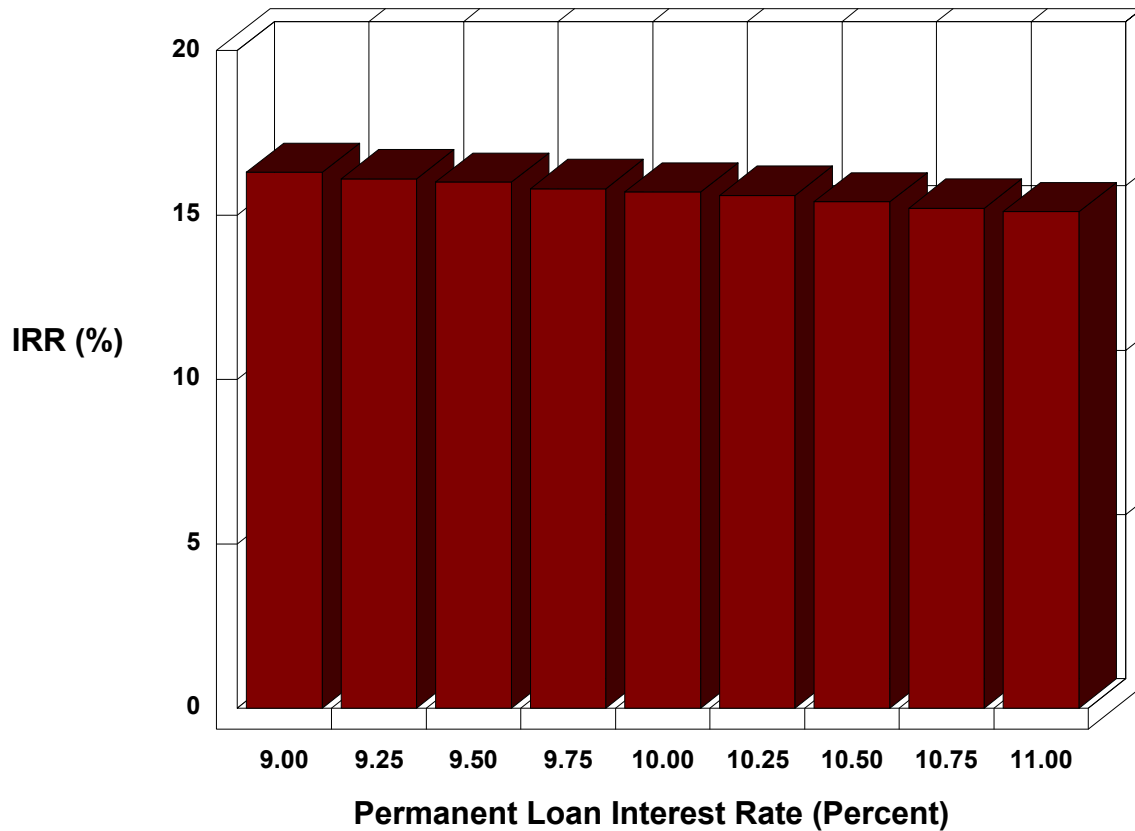
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Sensitivity Analysis

Apartment Development

Permanent Loan Interest Rate versus Member's Rate of Return After Tax

Assumption	IRR
9% Annually	16.3%
9.25% Annually	16.1%
9.5% Annually	16.0%
9.75% Annually	15.8%
10% Annually	15.7%
10.25% Annually	15.6%
10.5% Annually	15.4%
10.75% Annually	15.2%
11% Annually	15.1%



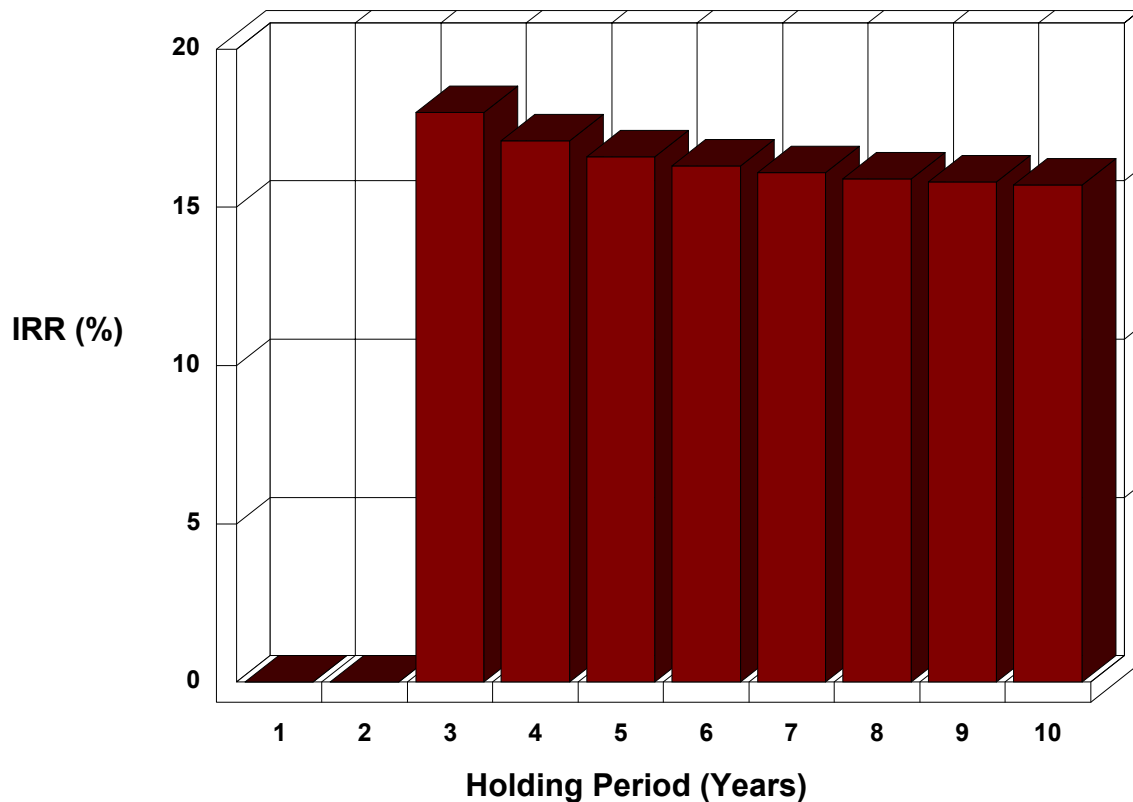
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Sensitivity Analysis

Apartment Development

Holding Period versus Member's Rate of Return After Tax

Assumption	IRR
1 Year	0.0%
2 Years	0.0%
3 Years	18.0%
4 Years	17.1%
5 Years	16.6%
6 Years	16.3%
7 Years	16.1%
8 Years	15.9%
9 Years	15.8%
10 Years	15.7%

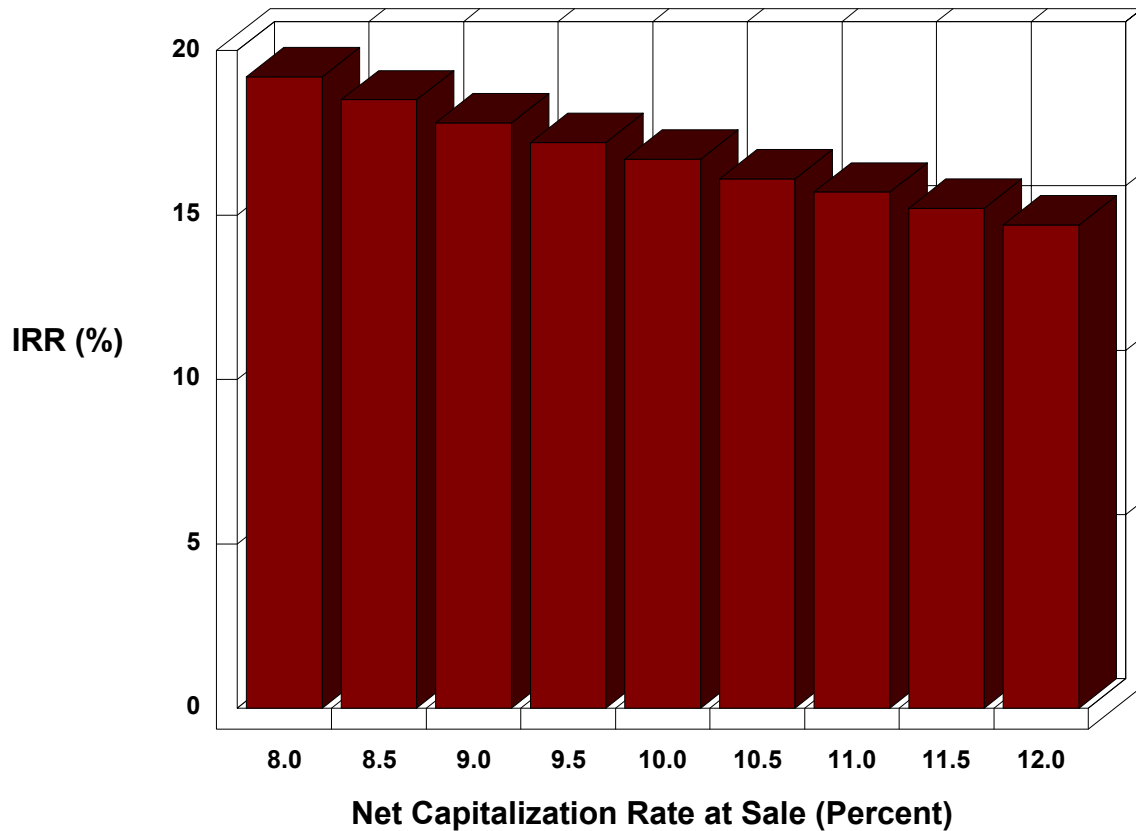


Sensitivity Analysis

Apartment Development

Net Capitalization Rate at Sale versus Member's Rate of Return After Tax

Assumption	IRR
8% Net Cap Rate	19.2%
8.5% Net Cap Rate	18.5%
9% Net Cap Rate	17.8%
9.5% Net Cap Rate	17.2%
10% Net Cap Rate	16.7%
10.5% Net Cap Rate	16.1%
11% Net Cap Rate	15.7%
11.5% Net Cap Rate	15.2%
12% Net Cap Rate	14.7%



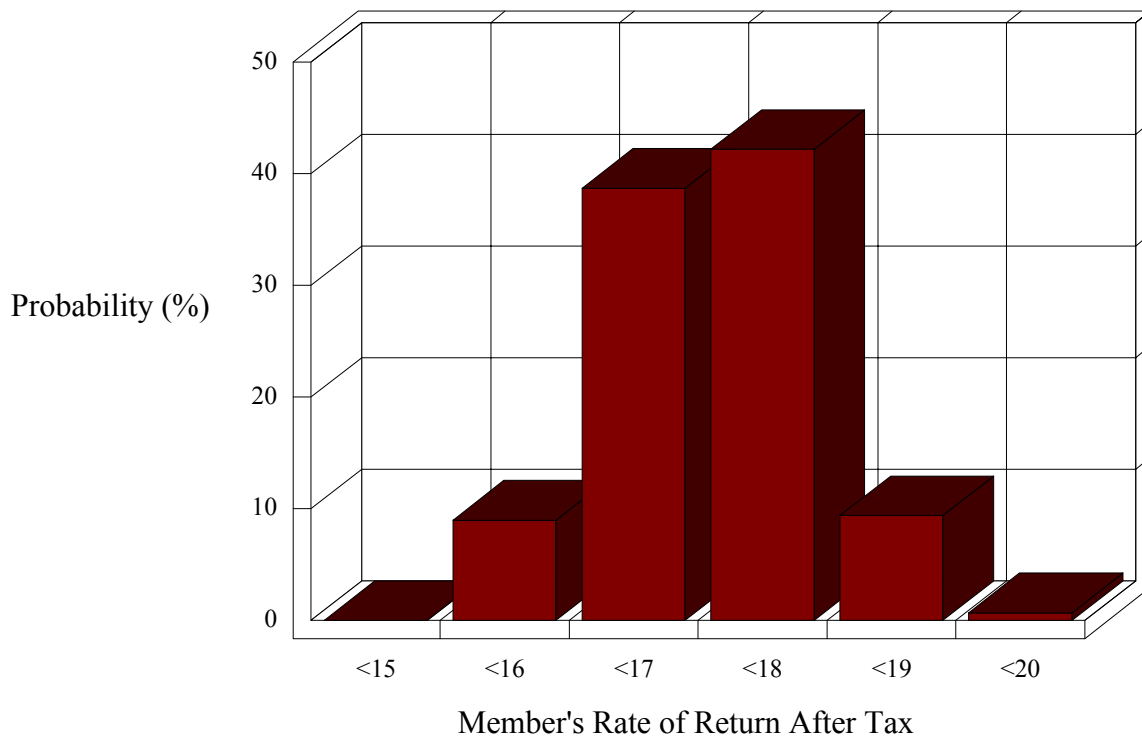
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Risk Analysis

Apartment Development

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Risk Analysis Assumption	Lowest	Likely	Highest
Holding Period	8 Years	10 Years	12 Years
Inflation Rate	2% per Year	3% per Year	4% per Year
Net Capitalization Rate at Sale	9% Net Cap Rate	10% Net Cap Rate	11% Net Cap Rate
Studio Continued Vacancy Factor	5%	10%	12%
One Bedroom Continued Vacancy Factor	5%	10%	12%
2 Bedroom 1 Bath Continued Vacancy Factor	5%	10%	12%
2 Bedroom 2 Bath Continued Vacancy Factor	5%	10%	12%
Laundry Continued Vacancy Factor	5%	10%	12%



Average IRR	17.1%	Lowest IRR	15.1%
Standard Deviation	0.8%	Highest IRR	19.3%

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