

EXCLUSIVELY OFFERS FOR SALE

**10 Unit Multi-Residential
Built in 1955
Palmdale, CA 93550**

The property is located approximately one mile west of the Antelope Valley (14) Freeway and a quarter mile south of Palmdale Blvd.

THOMAS GUIDE: 172 C9

Price: \$565,000

Down: \$141,000 25%

Assm First Loan @ 5.75% VIR 27 yr amort



PROPERTY FEATURES

- Lowest Price Per Unit in Palmdale
- High cash flow investment opportunity
- All one story, one bedroom apartments
- Pitched roof replaced in 2006
- \$15,000 in recent plumbing replacements
- New paint in 2007
- Individual water heaters
- Large, 16,435 sq. ft. lot zoned PDC3
- Individually metered gas and electric
- New carpet in nine of ten units
- 6.9% upside in rents - Current rents from \$595
- Assume existing loan with 29%, \$141K down at 5.75% VIR. Amortized over remaining 27 years.

FINANCIAL INDICATORS

	Current Rents	Market Rents
Gross Rent Multiplier	7.62	7.13
Capitalization Rate	7.95	8.33
<u>Cash On Cash</u>		
- Assm Financing	9.8%	11.4%
<u>Total Return</u>		
- Assm Financing	14.7%	16.2%
<u>IRR - Internal Rate of Return (5 yr Hold)</u>		
-Pre Tax	19.9%	--
-After Tax	14.3%	--
Cost Per Square Foot	\$106.60	--
Cost Per Unit	\$56,500	--

See the enclosed financial analysis based on new financing. Also enclosed is a rent schedule.

Please do not go on-site without an appointment. Drive by only. Do not disturb the residents.

A complete marketing package is available for those seriously considering the property.

For additional information contact:

**Mark S. Dobbs & Todd S. Schwartz
(818) 865-8305 or (805) 374-2350**

HANES INVESTMENT REALTY, INC.

INVESTMENT REAL ESTATE BROKERS AND ADVISORS

FIVE YEAR OPERATING ANALYSIS 565 E. Avenue Q12, Palmdale CA 93550

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Scheduled Gross Income:	74,100	76,323	78,613	80,971	83,400
Less Vacancy Reserve: 5.0%	3,705	3,816	3,931	4,049	4,170
Gross Operating Income:	70,395	72,507	74,682	76,923	79,230
Less Expenses: 34.4%	25,491	25,806	26,127	26,454	26,787
Net Operating Income:	44,904	46,701	48,556	50,469	52,443
Less Loan Payments:	31,041	31,041	31,041	31,041	31,041
Cash Flow:	13,863	15,660	17,515	19,428	21,402
Plus Equity Build-up:	6,840	7,244	7,672	8,125	8,605
Total Return:	20,703	22,904	25,187	27,553	30,007
	14.7%	16.2%	17.9%	19.5%	21.3%

Scheduled Gross Income Increase Per Year:

First Year Rent Increase =	3.0%
Years 2 - 5 Rent Increase =	3.0%
Laundry Income Increase =	3.0%
Other Income Increase =	3.0%

Expense Increase Per Year:

Property Tax Increase =	0.01%
Insurance Increase =	2.0%
All Other Expense Increase =	2.0%

Pre-Tax Internal Rate of Return (IRR)	19.9%
After Tax Internal Rate of Return (IRR)	14.3%

Cash Proceeds on Sale:

Sales Price*:	654,990
Less Loan Balance:	385,514
Less Expense of Sale (7%):	45,849
Net Cash Before Taxes:	223,627
Dep. Recapture (Estimated):	(19,261)
Capital Gains (Estimated):	(6,621)
CA Capital Gains (Estimated):	(11,270)
Down Payment:	(141,000)
Cumulative Cash Flows:	87,868
Total Cash Return	
Over Five Years:	133,342

*Sales price increase estimate per year: 3.0%

TAX COMPUTATION

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Net Operating Income:	44,904	46,701	48,556	50,469	52,443
Less Interest:	24,201	23,797	23,369	22,916	22,436
Less depreciation:	15,409	15,409	15,409	15,409	15,409
Taxable Income:	5,294	7,495	9,778	12,144	14,598
Taxes Saved:					
Or (Owed) At 37.4% Bracket:	(1,980)	(2,803)	(3,657)	(4,542)	(5,460)

The parameters of the above internal rate of return calculations are as follows; Pre-Tax, cumulative cash flows before tax + cash at sale (after expenses, before taxes). After tax, cumulative cash flows after tax + cash at sale (after sale expenses) less depreciation recapture and less state and Federal capital gains taxes. Hanes Investment Realty, Inc. offers real estate advice only. We make no representations as to the accuracy of the above information. For tax advice, consult your accountant.

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Comparable Sales

565 E. Avenue Q12, Palmdale CA 93550

	Property Description	GRM	CAP	\$/Unit	\$/Sq.Ft.	# Units	Price
							Down
							% Down
							COE Date
A.	 <p>44245 Kingtree Ave Lancaster, CA 93534 Year Built: 1971 Unit Mix: 29(2 + 2) 1(3 + 2)</p>	8.29	6.87	\$ 83,333	\$ 88.42	30	\$ 2,500,000 \$ 2,500,000 100% Dec-08
B.	 <p>933 E Avenue Q4 Palmdale, CA 93550 Year Built: 1981 Unit Mix: 17(1 + 1) 8(2 + 2)</p>	8.16	6.57	\$ 68,000	\$ 88.90	25	\$ 1,700,000 \$ 500,000 29% Sep-09
C.	 <p>44302 Beech Ave Lancaster, CA 93534 Year Built: 1980 Unit Mix: 8(1 + 1) 4(2 + 1)</p>	N/Av	N/Av	\$ 80,000	\$ 106.10	12	\$ 960,000 N/Av Dec-09
D.	 <p>38728 5th St E Palmdale, CA 93550 Year Built: 1983 Unit Mix: 1(1 + 1) 8(2 + 1)</p>	N/Av	N/Av	\$ 66,667	\$ 78.37	9	\$ 600,000 \$ 60,000 10% Mar-09
E.	 <p>44120 Beech Ave Lancaster, CA 93534 Year Built: 1957 Unit Mix: 5(1 + 1) 1(2 + 1)</p>	8.06	6.55	\$ 60,000	\$ 91.70	6	\$ 360,000 \$ 360,000 100% Jul-09
AVERAGES		8.17	6.66	\$ 71,600	\$ 90.70	16	\$ 1,224,000 \$ 855,000 70%
	 <p>SUBJECT PROPERTY 565 E. Avenue Q12 Palmdale, CA 93550 Year Built: 1955 Unit Mix: 10(1+1)</p>	7.62	7.95	\$ 56,500	\$ 106.60	10	\$ 565,000 \$ 141,000 25%

Hanes Investment Realty, Inc.

Investment and marketing solutions that are beyond excellence in value representation

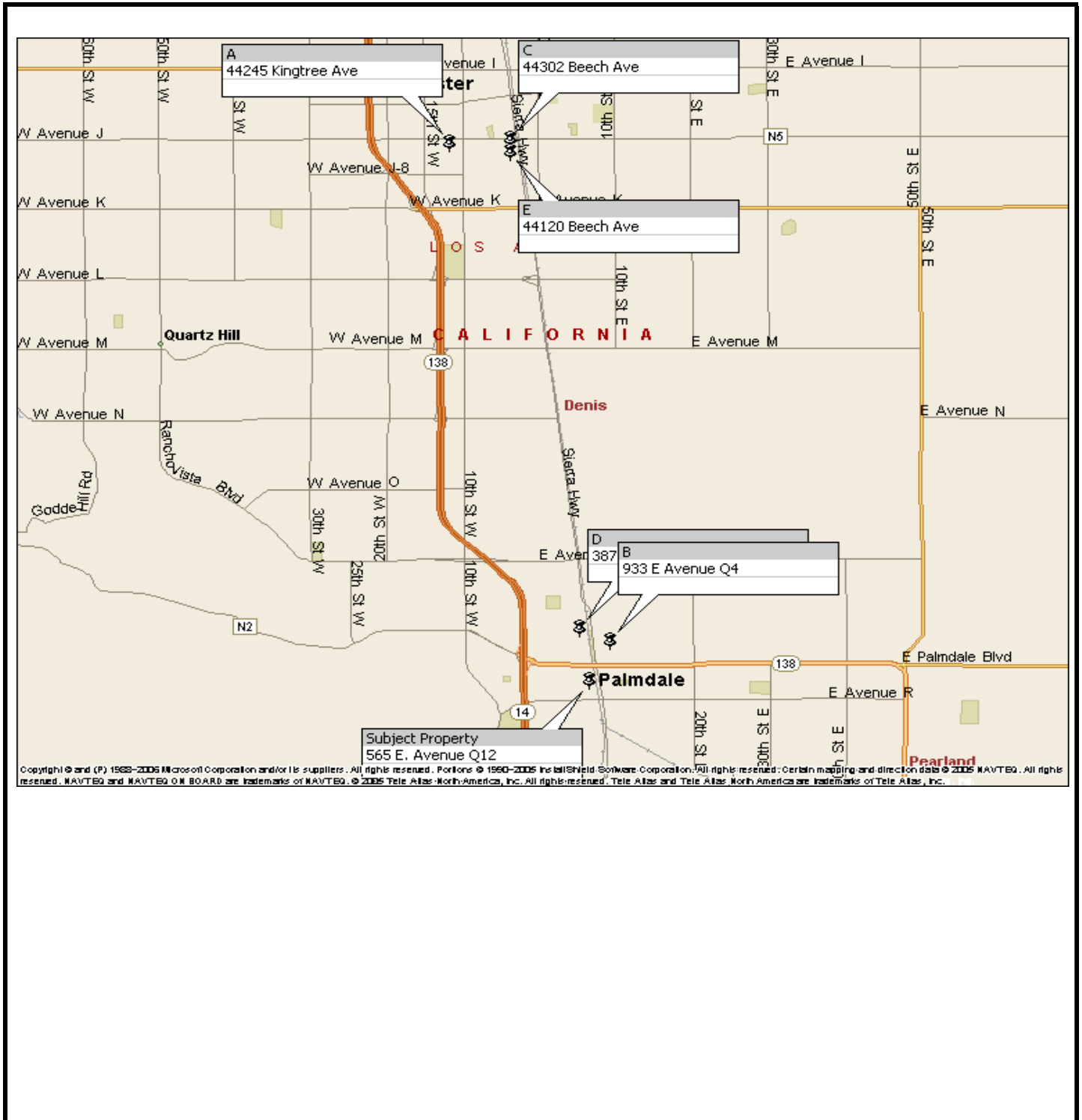
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Comparable Sales Map

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