APPENDIX I – FINANCIAL FORECAST

The following Financial Forecast is intended to supplement the disclosures contained in this Memorandum.

Financial Highlights

FREX DB Series I, DST

OFFERING SUMMARY

Offering Price		
Annualized First Year Proforma Net Operating Income		$4,438,106
Capitalization Rate		6.02%
Offering Price		**$75,983,939**
Offering Proceeds	52.88%	$40,178,939
Loan Proceeds	47.12%	$35,805,000

Financing Terms	
Mortgage Principal	$35,805,000
Interest Rate	6.10%
Annual Interest Only Payment	$2,213,714
Amortization	Full Term I/O
Maturity Date	2036

Forecasted Y1 Return	
Additional Rent	$2,175,853
Asset Management Fee*	($85,439)
Trustee Fees	($80,000)
Cash from Additional Rent	**$2,010,414**
Supplemental Rent	$0
Property Reserve Contribution	$0
Net Cash Flow	**$2,010,414**
Annualized Cash on Cash Return	**5.00%**

ESTIMATED USE OF PROCEEDS

Sources	
Offering Proceeds	$40,178,939
Loan Proceeds	$35,805,000
Total Sources	**$75,983,939**

Total Acquisition Cost	
Real Estate Acquisition Price	$65,100,000
Acquisition Closing Costs	
Total Closing Costs	$479,555
Carry Cost	$1,302,000
DST Working Capital	$832,800
Total Acquisition Closing Costs	$2,614,355
Lender Closing & Transfer Costs	$770,389
Total Lender Closing Costs	$770,389
Total Acquisition Cost	$68,484,744

Application		**% of Offering Proceeds**	**% of Total Proceeds**
Selling Commissions and Fees			
Selling Commission	$2,410,736	6.00%	3.17%
Dealer Manager Fee	$803,579	2.00%	1.06%
Wholesaling Fee	$401,789	1.00%	0.53%
Organization & Offering Expenses	$200,895	0.50%	0.26%
Marketing & Due Diligence Reallowance	$401,789	1.00%	0.53%
Total	$4,218,789	10.50%	5.55%
Costs of Acquisition			
Total Acquisition Cost	$68,484,744		90.13%
Acquisition Fee	$976,500		1.29%
Lender Reserve	$2,003,906		2.64%
Initial Trust Reserves	$300,000		0.39%
Total	$71,765,150		94.45%
Total Application	**$75,983,939**		100.0%

Forecasted Statement of Cash Flows
FREX DB Series I, DST

Forecasted Cash on Cash Return

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Effective Gross Income	*8,543,853*	*8,942,337*	*9,196,742*	*9,449,652*	*9,709,518*	*9,976,529*	*10,250,884*	*10,532,783*	*10,822,435*	*11,120,052*
Operating Expenses	*(4,105,747)*	*(4,214,547)*	*(4,317,464)*	*(4,422,951)*	*(4,531,341)*	*(4,642,712)*	*(4,757,148)*	*(4,874,732)*	*(4,995,551)*	*(5,119,693)*
Net Operating Income	4,438,106	4,727,790	4,879,278	5,026,701	5,178,177	5,333,817	5,493,736	5,658,051	5,826,884	6,000,358
Master Lease Rent										
Base Rent - Debt Service	*2,213,714*	*2,219,779*	*2,213,714*	*2,213,714*	*2,213,714*	*2,219,779*	*2,213,714*	*2,213,714*	*2,213,714*	*2,219,779*
Base Rent - Real Estate Taxes & Insurance	*715,760*	*726,530*	*733,588*	*740,842*	*748,297*	*755,958*	*763,830*	*771,921*	*780,235*	*788,780*
Total Base Rent	*2,929,474*	*2,946,309*	*2,947,302*	*2,954,556*	*2,962,010*	*2,975,736*	*2,977,544*	*2,985,635*	*2,993,949*	*3,008,558*
Master Tenant Base Income 1	48,540	112,674	137,822	140,335	139,946	136,509	137,138	139,554	138,736	141,528
Additional Rent										
Additional Rent Breakpoint	*6,368,000*	*6,547,000*	*6,669,000*	*6,777,000*	*6,885,000*	*6,999,000*	*7,108,000*	*7,228,000*	*7,348,000*	*7,481,000*
Additional Rent Max	*2,176,000*	*2,160,000*	*2,130,000*	*2,274,000*	*2,425,000*	*2,575,000*	*2,737,000*	*2,900,000*	*3,075,000*	*3,070,000*
Additional Rent	2,175,853	2,160,000	2,130,000	2,274,000	2,425,000	2,575,000	2,737,000	2,900,000	3,075,000	3,070,000
Asset Management Fee	(85,439)	(89,423)	(91,967)	(94,497)	(97,095)	(99,765)	(102,509)	(105,328)	(108,224)	(111,201)
Trustee Fee & DST Expenses	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)
Additional Rent Cash Flow	**2,010,414**	**1,990,577**	**1,958,033**	**2,099,503**	**2,247,905**	**2,395,235**	**2,554,491**	**2,714,672**	**2,886,776**	**2,878,799**
Supplemental Rent										
Supplemental Rent Breakpoint	*8,544,000*	*8,707,000*	*8,799,000*	*9,051,000*	*9,310,000*	*9,574,000*	*9,845,000*	*10,128,000*	*10,423,000*	*10,551,000*
Master Tenant Supplemental Rent Income	-	23,534	39,774	39,865	39,952	40,253	40,588	40,478	39,943	56,905
DST Supplemental Rent	-	211,804	357,968	358,787	359,566	362,276	365,295	364,305	359,491	512,146
Trust Reserve Account	-	-	-	(251,335)	(258,909)	(266,691)	(274,687)	(282,903)	(291,344)	(300,018)
Supplemental Rent Cash Flow	**-**	**211,804**	**357,968**	**107,452**	**100,657**	**95,585**	**90,609**	**81,402**	**68,147**	**212,129**
Total DST Income	**5,105,327**	**5,318,112**	**5,435,270**	**5,587,343**	**5,746,576**	**5,913,013**	**6,079,840**	**6,249,939**	**6,428,440**	**6,590,705**
Debt Service	(2,213,714)	(2,219,779)	(2,213,714)	(2,213,714)	(2,213,714)	(2,219,779)	(2,213,714)	(2,213,714)	(2,213,714)	(2,219,779)
Real Estate Taxes & Insurance 2	(715,760)	(726,530)	(733,588)	(740,842)	(748,297)	(755,958)	(763,830)	(771,921)	(780,235)	(788,780)
Asset Management Fee	(85,439)	(89,423)	(91,967)	(94,497)	(97,095)	(99,765)	(102,509)	(105,328)	(108,224)	(111,201)
Trustee Fee & DST Expenses	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)
Trust Reserve	-	-	-	(251,335)	(258,909)	(266,691)	(274,687)	(282,903)	(291,344)	(300,018)
Total DST Cash Flow	**2,010,414**	**2,202,380**	**2,316,000**	**2,206,955**	**2,348,562**	**2,490,820**	**2,645,100**	**2,796,074**	**2,954,923**	**3,090,928**

Total Master Tenant Rental Income	**8,543,853**	**8,942,337**	**9,196,742**	**9,449,652**	**9,709,518**	**9,976,529**	**10,250,884**	**10,532,783**	**10,822,435**	**11,120,052**
Total Master Tenant Property Expenses 2	(4,105,747)	(4,214,547)	(4,317,464)	(4,422,951)	(4,531,341)	(4,642,712)	(4,757,148)	(4,874,732)	(4,995,551)	(5,119,693)
Base Rent 2	(2,929,474)	(2,946,309)	(2,947,302)	(2,954,556)	(2,962,010)	(2,975,736)	(2,977,544)	(2,985,635)	(2,993,949)	(3,008,558)
Add Back Real Estate Taxes & Insurance 2	715,760	726,530	733,588	740,842	748,297	755,958	763,830	771,921	780,235	788,780
Additional Rent	(2,175,853)	(2,160,000)	(2,130,000)	(2,274,000)	(2,425,000)	(2,575,000)	(2,737,000)	(2,900,000)	(3,075,000)	(3,070,000)
Supplemental Rent	-	(211,804)	(357,968)	(358,787)	(359,566)	(362,276)	(365,295)	(364,305)	(359,491)	(512,146)
Total Master Tenant Income	**48,540**	**136,208**	**177,597**	**180,200**	**179,897**	**176,762**	**177,727**	**180,033**	**178,679**	**198,433**
Total DST Cash Flow	**2,010,414**	**2,202,380**	**2,316,000**	**2,206,955**	**2,348,562**	**2,490,820**	**2,645,100**	**2,796,074**	**2,954,923**	**3,090,928**
DST CoC	*5.00%*	*5.48%*	*5.76%*	*5.49%*	*5.85%*	*6.20%*	*6.58%*	*6.96%*	*7.35%*	*7.69%*
Total Master Tenant Income	48,540	136,208	177,597	180,200	179,897	176,762	177,727	180,033	178,679	198,433
Master Tenant VIG	*0.12%*	*0.34%*	*0.44%*	*0.45%*	*0.45%*	*0.44%*	*0.44%*	*0.45%*	*0.44%*	*0.49%*
Master Tenant Income % of EGI	*0.57%*	*1.52%*	*1.93%*	*1.91%*	*1.85%*	*1.77%*	*1.73%*	*1.71%*	*1.65%*	*1.78%*
Forecasted Lender Reserve Account										
Beginning Balance	2,003,906	1,808,231	1,685,206	1,514,439	1,391,414	1,149,389	1,009,364	762,239	474,122	226,997
Reserve Contribution	-	-	-	-	-	-	-	-	-	-
Reserve Use	(195,675)	(123,025)	(170,767)	(123,025)	(242,025)	(140,025)	(247,125)	(288,117)	(247,125)	(158,425)
Ending Balance	**1,808,231**	**1,685,206**	**1,514,439**	**1,391,414**	**1,149,389**	**1,009,364**	**762,239**	**474,122**	**226,997**	**68,572**
Forecasted Trust Reserve Account										
Beginning Balance	300,000	300,000	300,000	300,000	551,335	810,244	1,076,935	1,351,622	1,634,524	1,925,868
Reserve Contribution	-	-	-	251,335	258,909	266,691	274,687	282,903	291,344	300,018
Seller Credit	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-	-	-	-	-
Ending Balance	**300,000**	**300,000**	**300,000**	**551,335**	**810,244**	**1,076,935**	**1,351,622**	**1,634,524**	**1,925,868**	**2,225,886**

1 The difference between the Base Rent and the Additional Rent Breakpoint for the Property for a given month, if any, after taking into account any expenses of the Property, will inure to the benefit of the Master Tenant. Such amounts will not be available for distributions to the Trust or the Investors.

2 Pursuant to the Master Lease, real estate taxes and insurance (**T&I**) are the Master Tenant's economic responsibility, but the DST pays for administrative convenience. Master Tenant T&I reimbursements was part of Base Rent, thus removed to reconcile DST cash flow. Further, Master Tenant Property Expenses includes T&I (and part of Base Rent), thus added back to reconcile total Master Tenant income (i.e., otherwise it is counted twice in Base Rent and Master Tenant Property Expenses).

Net Operating Income

FREX DB Series I, DST

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Market Rental Income	**$8,542,992**	**$8,774,419**	**$9,015,716**	**$9,263,648**	**$9,518,398**	**$9,780,154**	**$10,049,108**	**$10,325,459**	**$10,609,409**	**$10,901,168**
Vacancy Loss	($541,064)	($508,916)	($522,912)	($537,292)	($552,067)	($567,249)	($582,848)	($598,877)	($615,346)	($632,268)
Concessions	($219,460)	($127,005)	($130,498)	($134,087)	($137,774)	($141,563)	($145,456)	($149,456)	($153,566)	($157,789)
Employee/Model Beds	($75,634)	($78,970)	($81,141)	($83,373)	($85,666)	($88,021)	($90,442)	($92,929)	($95,485)	($98,111)
Credit Loss	($69,425)	($48,560)	($41,406)	($42,544)	($43,714)	($44,917)	($46,152)	($47,421)	($48,725)	($50,065)
Total Rental Income	**$7,637,410**	**$8,010,968**	**$8,239,759**	**$8,466,353**	**$8,699,177**	**$8,938,405**	**$9,184,211**	**$9,436,777**	**$9,696,288**	**$9,962,936**
Utility Income	$612,908	$629,763	$647,081	$664,876	$683,160	$701,947	$721,251	$741,085	$761,465	$782,405
Parking Income	$47,307	$48,608	$49,945	$51,318	$52,729	$54,179	$55,669	$57,200	$58,773	$60,389
Miscellaneous Income	$246,228	$252,999	$259,957	$267,106	$274,451	$281,998	$289,753	$297,722	$305,909	$314,321
Total Other Income	**$906,443**	**$931,370**	**$956,983**	**$983,300**	**$1,010,340**	**$1,038,125**	**$1,066,673**	**$1,096,007**	**$1,126,147**	**$1,157,116**
Effective Gross Income	**$8,543,853**	**$8,942,337**	**$9,196,742**	**$9,449,652**	**$9,709,518**	**$9,976,529**	**$10,250,884**	**$10,532,783**	**$10,822,435**	**$11,120,052**
Salaries	$930,441	$955,999	$982,195	$1,009,109	$1,036,764	$1,065,179	$1,094,375	$1,124,375	$1,155,199	$1,186,871
Repairs and Maintenance	$111,254	$114,310	$117,442	$120,660	$123,967	$127,364	$130,855	$134,442	$138,128	$141,915
Turnover	$182,627	$187,644	$192,785	$198,068	$203,496	$209,074	$214,804	$220,693	$226,743	$232,960
Contract Services	$249,570	$256,425	$263,451	$270,671	$278,088	$285,710	$293,541	$301,588	$309,856	$318,351
Internet	$68,806	$70,696	$72,634	$74,624	$76,669	$78,770	$80,929	$83,148	$85,427	$87,770
Marketing and Leasing	$222,133	$228,234	$234,488	$240,914	$247,516	$254,300	$261,270	$268,432	$275,791	$283,352
General and Administrative	$353,913	$363,634	$373,598	$383,836	$394,355	$405,163	$416,269	$427,680	$439,404	$451,451
Real Estate Taxes	$464,305	$468,160	$468,113	$468,066	$468,020	$467,973	$467,926	$467,879	$467,832	$467,786
Insurance	$251,455	$258,370	$265,475	$272,776	$280,277	$287,985	$295,904	$304,042	$312,403	$320,994
Business Tax	$107,145	$110,088	$113,104	$116,203	$119,388	$122,660	$126,022	$129,477	$133,026	$136,674
Total Controllable Expenses	**$2,941,648**	**$3,013,559**	**$3,083,286**	**$3,154,927**	**$3,228,539**	**$3,304,177**	**$3,381,897**	**$3,461,755**	**$3,543,810**	**$3,628,124**
Management Fee	$256,316	$268,270	$275,902	$283,490	$291,286	$299,296	$307,527	$315,983	$324,673	$333,602
Utilities	$907,783	$932,718	$958,276	$984,535	$1,011,516	$1,039,239	$1,067,725	$1,096,993	$1,127,067	$1,157,968
Total Uncontrollable Expenses	**$1,164,098**	**$1,200,988**	**$1,234,178**	**$1,268,024**	**$1,302,801**	**$1,338,535**	**$1,375,251**	**$1,412,977**	**$1,451,740**	**$1,491,570**
Total Expenses	**$4,105,747**	**$4,214,547**	**$4,317,464**	**$4,422,951**	**$4,531,341**	**$4,642,712**	**$4,757,148**	**$4,874,732**	**$4,995,551**	**$5,119,693**
Net Operating Income	**$4,438,106**	**$4,727,790**	**$4,879,278**	**$5,026,701**	**$5,178,177**	**$5,333,817**	**$5,493,736**	**$5,658,051**	**$5,826,884**	**$6,000,358**