

PRELIMINARY AND TENTATIVE - FOR DISCUSSION PURPOSES ONLY - 9-13-13
COSTS AND MARKET RENT ESTIMATE DOES NOT INCLUDE STATE-FUNDED TENANT IMPROVEMENTS!!

Land Area	31129		
Building Size	64048		
Project Cost as of 8-28-13		%	Per GSF
Prop Acq	\$7,850,000	21.8%	\$122.56
Soft Costs	\$515,000	1.4%	\$8.04
NET Construction & A/E Services	\$22,065,348	61.2%	\$344.51
Interim Office Space	\$750,000	2.1%	\$11.71
Contingency	\$762,322	2.1%	\$11.90
Construction Loan Interest	\$1,110,007	3.1%	\$17.33
Loan Fee	\$611,077	1.7%	\$9.54
Construction Management	\$892,533	2.5%	\$13.94
Development Fee	\$1,487,555	4.1%	\$23.23
	<u>\$36,043,842</u>	<u>100.0%</u>	<u>\$562.76</u>
Loan Assumptions			
AIDA		% of Loan	% of Project
Max Loan	\$20,000,000	73.984%	55.488%
Loan Term - Mos	300		
Interest Rate	5.68%		
Mortgage Constant	0.074986		
Additional Financing - Bank			
Max Loan	none		
Likely Loan	\$7,032,881.50	26.016%	19.512%
Loan Term - Mos	240		
Interest Rate	6.50%		
Mortgage Constant	0.089469		
Total Loan	\$27,032,882	100.0%	75.000% Annual DS Mon DS
Combined Mortgage Constant	0.078754		\$2,128,943 \$177,412
Combined Interest Rate	5.893%		\$1,593,137 \$132,761
Imputed Payment to Principal	0.019821		\$535,806 \$44,650
Excel Test Amortization			\$2,093,307 \$172,415
Debt Service coverage Ratio	1.3		
Alternative DS coverage Ratio	1.2		
Imputed Equity Investment	\$9,010,961	25.000%	

Likely Market Rent Basis				
	Quantity	Cost/Value	Note	Extension
Land	31129	\$150.00	1	\$4,669,350
Parking Structure	100	\$59,276.00	2	\$5,927,600
Less Depreciation	18%		3	-\$1,066,968
Structural Frame	45623	\$67.86	4	\$3,095,977
Depreciation in Frame	40%		5	-\$1,238,391
Subtotal				\$11,387,568
New Building (C&S)	64048	\$350.00	6	\$22,416,800
New Building Tis	64048	\$0.00	7	\$0
Specialty Expenditures				
Demolition Costs			8	\$2,189,576
Temporary Relocation Costs			9	\$750,000
Hearing Room Improvements			10	\$264,655
Freight Elevator			11	\$166,520
Custom Casework			11a	\$166,947
Emergency Generator			11b	\$0
Subtotal Hard Costs				\$25,954,497
Subtotal Land & Hard				\$37,342,065
Soft Costs				
Financing	5%		12	\$1,867,103
G&A	5%		13	\$1,867,103
Project Management	4%		14	\$1,493,683
Subtotal Soft Costs				\$5,227,889
Hard & Soft Costs				\$42,569,955
Developer Profit	10%		15	\$4,256,995
Total Project Costs				\$46,826,950
Return on Debt	7.87538%		16	7.325%
% Debt	60%		17	
Return on Equity	6.50%		18	
% Equity	40%		19	
Indicated NNN Rent				\$3,430,182
Adjustment for Service Obligations			20	\$157,660
Indicated Modified NNN Rent				\$3,587,842

Reqd NOI	Reqd NOI/Mont	CTO-Annual	CTO - Monthly
\$2,721,299.61	\$224,139.29		
		\$627,992.22	\$51,724.45
		\$418,661.48	\$34,482.97

Rental Cost of the Garage			
Indicated Rent Factor			7.325%
Garage Depreciated Cost		\$4,860,632	
Indicated Garage Rent (Annual)		\$356,052.47	
Indicated Garage Rent (Monthly)		\$29,671.04	

Note	Item	Criteria	Cost
Note 8	Demo Cost	Criterion, inc Profit & Ohd	\$2,189,576.14
Note 9	Temp Relo Cost	PD	\$750,000.00
Note 10	Hear Room Improv	Criterion + WA	\$264,654.90
Note 11	Freight Elevator	Criterion	\$166,519.57
Note 11a	Custom Casework	Criterion, inc Profit & Ohd	\$166,946.74

Note 2 Garage Cost New Lenny Pacio

Note 20 - Adjustment for Service Obligations of Landlord				
Lease Section	Item	Cost	Frequency	Annual Cost
Sec 4.a.3	Parking Lot Striping	\$1,000	Annual	\$1,000
Sec 4.a.4	ADA Signage; Future Liability	FV=\$30000	Ann + One Time	\$2,740
Sec 4.a.5	Extraordinary Maintenance	FV=\$1096941	Reserve in 10 Yrs	\$100,180
4.a.6	Exterior Lights	\$1,000	Annual	\$1,000
4.a.7	Interior Lights	\$1,500	Annual	\$1,500
4.a.8	Plumbing fixtures	\$1,000	Annual	\$1,000
4.a.9	Elevator	\$20,740	Annual	\$20,740
4.a.10	HVAC	\$26,000	Annual	\$26,000
4.a.11	Fire Suppression	\$3,500	Annual	\$3,500
4.a.12	Assessments	???		\$157,660

Note 2a Original

\$296.38 /sf garage	\$57,549.51 cost new	48606.32 depreciated
\$177.80 /sf land		
\$3,537,697	\$55.24	
\$405.24 /sf gross building area		
\$664.66		
\$731.12		
\$285,848.48		

RENTS DO NOT INCLUDE TENANT IMPROVEMENTS!!	
\$298,986.82	Market Rent-Monthly (NNN Modified)
\$4.67	Market Rent/SF/Month (NNN)
\$269,088.13	90% of Market
\$29,671.04	Garage Rent Cost
\$269,315.78	Net Office Market Rent
\$4.20	Net Office Market RentPer SF/Month

Level Annual Equivalent Rent	
Based on Annual Escalations per Year:	2.00%
Annual LAE Market Rent	\$3,879,828
Per Month	\$323,319
90% of Market - LAE Rent	
Annual	\$3,491,845
Per Month	\$290,987

Level Annual Equivalent Modified NNN Market Rent			
Assumed Escalation Rate	2.00%		
Assumed Discount Rate	8%		
LAE NPV=>	\$26,033,961	\$26,033,961	
Yr	Initial Rent	LAE Rent	
1	\$3,587,842	\$3,879,828	
2	\$3,659,599	\$3,879,828	
3	\$3,732,791	\$3,879,828	
4	\$3,807,446	\$3,879,828	
5	\$3,883,595	\$3,879,828	
6	\$3,961,267	\$3,879,828	
7	\$4,040,493	\$3,879,828	
8	\$4,121,302	\$3,879,828	
9	\$4,203,728	\$3,879,828	
10	\$4,287,803	\$3,879,828	

Level Annual Equivalent Modified NNN Contract Rent			
Assumed Escalation Rate	2.00%		
Assumed Discount Rate	8%		
LAE NPV=>	\$22,009,246	\$25,478,590	
Yr	Initial Rent	LAE Rent	
1	\$3,033,180	\$3,280,027	
2	\$3,093,844	\$3,879,828	
3	\$3,155,720	\$3,879,828	
4	\$3,218,835	\$3,879,828	
5	\$3,283,212	\$3,879,828	
6	\$3,348,876	\$3,879,828	
7	\$3,415,853	\$3,879,828	
8	\$3,484,170	\$3,879,828	
9	\$3,553,854	\$3,879,828	
10	\$3,624,931	\$3,879,828	

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		\$9,010,961	25.00%
		\$36,043,842	
CPI	2.00%		

NOTE SMOOTHING OF CAP RATE OVER LIFE OF BUILDING; STOPS/SMOOTHS VALUE CHANGE OVER TIME.

	Equity Invest	NOI	Debt Service	CTO	Reversion	CTO+Rev	Equity IRR	ROE
0	\$9,010,961					-\$9,010,961	12.74%	
1	\$9,511,130.59	\$2,721,300	\$2,093,307	\$627,992	0	\$627,992		6.97%
2	\$10,040,777.37	\$2,775,726	\$2,093,307	\$682,418	0	\$682,418		7.17%
3	\$10,601,637.98	\$2,831,240	\$2,093,307	\$737,933	0	\$737,933		7.35%
4	\$11,195,551.97	\$2,887,865	\$2,093,307	\$794,558	0	\$794,558		7.49%
5	\$11,824,467.28	\$2,945,622	\$2,093,307	\$852,315	0	\$852,315		7.61%
6	\$12,490,446.65	\$3,004,535	\$2,093,307	\$911,227	0	\$911,227		7.71%
7	\$13,195,674.39	\$3,064,625	\$2,093,307	\$971,318	0	\$971,318		7.78%
8	\$13,942,463.55	\$3,125,918	\$2,093,307	\$1,032,610	0	\$1,032,610		7.83%
9	\$14,733,263.46	\$3,188,436	\$2,093,307	\$1,095,129	0	\$1,095,129		7.85%
10	\$15,570,667.83	\$3,252,205	\$2,093,307	\$1,158,898	0	\$1,158,898		7.87%
11	\$16,457,423.21	\$3,317,249	\$2,093,307	\$1,223,942	0	\$1,223,942		7.86%
12	\$17,396,438.03	\$3,383,594	\$2,093,307	\$1,290,287	0	\$1,290,287		7.84%
13	\$18,390,792.11	\$3,451,266	\$2,093,307	\$1,357,959	0	\$1,357,959		7.81%
14	\$19,443,746.76	\$3,520,291	\$2,093,307	\$1,426,984	0	\$1,426,984		7.76%
15	\$20,558,755.53	\$3,590,697	\$2,093,307	\$1,497,390	0	\$1,497,390		7.70%
16	\$21,739,475.45	\$3,662,511	\$2,093,307	\$1,569,204	0	\$1,569,204		7.63%
17	\$22,989,779.11	\$3,735,761	\$2,093,307	\$1,642,454	0	\$1,642,454		7.56%
18	\$24,313,767.32	\$3,810,476	\$2,093,307	\$1,717,169	0	\$1,717,169		7.47%
19	\$25,715,782.53	\$3,886,686	\$2,093,307	\$1,793,379	0	\$1,793,379		7.38%
20	\$27,200,423.15	\$3,964,420	\$2,093,307	\$1,871,112	0	\$1,871,112		7.28%
21	\$28,772,558.56	\$3,639,337	\$2,093,307	\$1,546,030	0	\$1,546,030		5.68%
22	\$30,437,345.12	\$3,712,124	\$2,093,307	\$1,618,817	0	\$1,618,817		5.63%
23	\$32,200,243.06	\$3,786,366	\$2,093,307	\$1,693,059	0	\$1,693,059		5.56%
24	\$34,067,034.43	\$3,862,094	\$2,093,307	\$1,768,786	0	\$1,768,786		5.49%
25	\$36,043,842.00	\$3,939,336	\$2,093,307	\$1,846,028	0	\$1,846,028		5.42%
26	\$37,889,870.30	\$4,018,122	0	\$4,018,122	0	\$4,018,122		11.15%
27	\$37,889,870.30	\$4,098,485	\$0	\$4,098,485	0	\$4,098,485		10.82%
28	\$37,889,870.30	\$4,180,455	\$0	\$4,180,455	0	\$4,180,455		11.03%
29	\$37,889,870.30	\$4,264,064	\$0	\$4,264,064	0	\$4,264,064		11.25%
30	\$37,889,870.30	\$4,349,345	\$0	\$4,349,345	0	\$4,349,345		11.48%
31	\$37,889,870.30	\$3,992,699	\$0	\$3,992,699	0	\$3,992,699		10.54%
32	\$37,889,870.30	\$4,072,553	\$0	\$4,072,553	0	\$4,072,553		10.75%
33	\$37,889,870.30	\$4,154,004	\$0	\$4,154,004	0	\$4,154,004		10.96%
34	\$37,889,870.30	\$4,237,084	\$0	\$4,237,084	0	\$4,237,084		11.18%
35	\$37,889,870.30	\$4,321,825	\$0	\$4,321,825	0	\$4,321,825		11.41%
36	\$37,889,870.30	\$4,408,262	\$0	\$4,408,262	0	\$4,408,262		11.63%
37	\$37,889,870.30	\$4,496,427	\$0	\$4,496,427	0	\$4,496,427		11.87%
38	\$37,889,870.30	\$4,586,356	\$0	\$4,586,356	0	\$4,586,356		12.10%
39	\$37,889,870.30	\$4,678,083	\$0	\$4,678,083	0	\$4,678,083		12.35%
40	\$37,889,870.30	\$4,771,644	\$0	\$4,771,644	\$14,142,052	\$18,913,697		12.59%

Guess Cap Rate	Guess Value	Guess Loan	Net Proceeds	Cash Flows	Reversion	CTO & Reversion
7.500%	\$36,283,995	\$26,532,711	\$9,751,283	\$2,721,300	\$2,721,300	\$2,721,300
7.600%	\$36,522,705	\$26,003,065	\$10,519,641	\$2,775,726	\$2,775,726	\$2,775,726
7.700%	\$36,769,352	\$25,442,204	\$11,327,148	\$2,831,240	\$2,831,240	\$2,831,240
7.800%	\$37,023,909	\$24,848,290	\$12,175,619	\$2,887,865	\$2,887,865	\$2,887,865
7.900%	\$37,286,357	\$24,219,375	\$13,066,982	\$2,945,622	\$2,945,622	\$2,945,622
8.000%	\$37,556,683	\$23,553,395	\$14,003,288	\$3,004,535	\$3,004,535	\$3,004,535
8.100%	\$37,834,881	\$22,848,168	\$14,986,713	\$3,064,625	\$3,064,625	\$3,064,625
8.200%	\$38,120,949	\$22,101,378	\$16,019,571	\$3,125,918	\$3,125,918	\$3,125,918
8.300%	\$38,414,894	\$21,310,579	\$17,104,316	\$3,188,436	\$3,188,436	\$3,188,436
8.400%	\$38,716,725	\$20,473,174	\$18,243,551	\$3,252,205	\$38,716,725	\$41,968,930
8.500%	\$39,026,459	\$19,586,419	\$19,440,040		IRR =	8.65%
8.600%	\$39,344,116	\$18,647,404	\$20,696,713			
8.700%	\$39,669,723	\$17,653,050	\$22,016,673			
8.800%	\$40,003,309	\$16,600,095	\$23,403,214			
8.900%	\$40,344,911	\$15,485,086	\$24,859,824			
9.000%	\$40,694,566	\$14,304,367	\$26,390,200			
9.100%	\$41,052,321	\$13,054,063	\$27,998,258			
9.200%	\$41,418,222	\$11,730,075	\$29,688,147			
9.300%	\$41,792,322	\$10,328,059	\$31,464,263			
9.400%	\$42,174,677	\$8,843,419	\$33,331,259			
9.500%	\$38,308,813	\$7,271,283	\$31,037,530			
9.600%	\$38,667,958	\$5,606,497	\$33,061,461			
9.700%	\$39,034,706	\$3,843,599	\$35,191,107			
9.800%	\$39,409,121	\$1,976,808	\$37,432,313			
9.900%	\$39,791,270	\$0	\$39,791,270			
10.000%	\$40,181,224		\$40,181,224			
10.100%	\$40,579,058		\$40,579,058			
10.200%	\$40,984,849		\$40,984,849			
10.300%	\$41,398,676		\$41,398,676			
10.400%	\$41,820,624		\$41,820,624			
10.500%	\$38,025,701		\$38,025,701			
10.75%	\$35,371,962		\$35,371,962			
10.96%	\$32,718,224		\$32,718,224			
11.18%	\$30,064,485		\$30,064,485			
11.41%	\$27,410,746		\$27,410,746			
11.63%	\$24,757,007		\$24,757,007			
11.87%	\$22,103,269		\$22,103,269			
12.10%	\$19,449,530		\$19,449,530			
12.35%	\$16,795,791		\$16,795,791			
12.59%	\$14,142,052		\$14,142,052			

Reversion Calc	
Land	31129
Value Base	175
Value	\$ 5,447,575
FV at 2%	\$ 12,028,462
Alt Calc	
Building	64048
Value Base	\$100
Value	\$ 6,404,800
FV at 2%	\$ 14,142,052

0.075 Start Rate
 0.105 end Rate
 0.030000 Change
 30 Years
 0.001 Per Year

Twenty Year Returns			Life of the Building		
Cash Flows	Reversion	CTO & Reversion	Cash Flows	Reversion	CTO & Reversion
-\$36,043,842		-\$36,043,842	-\$36,043,842		-\$36,043,842
\$2,721,300		\$2,721,300	\$2,721,300		\$2,721,300
\$2,775,726		\$2,775,726	\$2,775,726		\$2,775,726
\$2,831,240		\$2,831,240	\$2,831,240		\$2,831,240
\$2,887,865		\$2,887,865	\$2,887,865		\$2,887,865
\$2,945,622		\$2,945,622	\$2,945,622		\$2,945,622
\$3,004,535		\$3,004,535	\$3,004,535		\$3,004,535
\$3,064,625		\$3,064,625	\$3,064,625		\$3,064,625
\$3,125,918		\$3,125,918	\$3,125,918		\$3,125,918
\$3,188,436		\$3,188,436	\$3,188,436		\$3,188,436
\$3,252,205		\$3,252,205	\$3,252,205		\$3,252,205
\$3,317,249		\$3,317,249	\$3,317,249		\$3,317,249
\$3,383,594		\$3,383,594	\$3,383,594		\$3,383,594
\$3,451,266		\$3,451,266	\$3,451,266		\$3,451,266
\$3,520,291		\$3,520,291	\$3,520,291		\$3,520,291
\$3,590,697		\$3,590,697	\$3,590,697		\$3,590,697
\$3,662,511		\$3,662,511	\$3,662,511		\$3,662,511
\$3,735,761		\$3,735,761	\$3,735,761		\$3,735,761
\$3,810,476		\$3,810,476	\$3,810,476		\$3,810,476
\$3,886,686		\$3,886,686	\$3,886,686		\$3,886,686
\$3,964,420	\$42,174,677	\$46,139,097	\$3,964,420		\$3,964,420
	IRR =	9.01%	\$3,639,337		\$3,639,337
			\$3,712,124		\$3,712,124
			\$3,786,366		\$3,786,366
			\$3,862,094		\$3,862,094
			\$3,939,336		\$3,939,336
			\$4,018,122		\$4,018,122
			\$4,098,485		\$4,098,485
			\$4,180,455		\$4,180,455
			\$4,264,064		\$4,264,064
			\$4,349,345		\$4,349,345
			\$3,992,699		\$3,992,699
			\$4,072,553		\$4,072,553
			\$4,154,004		\$4,154,004
			\$4,237,084		\$4,237,084
			\$4,321,825		\$4,321,825
			\$4,408,262		\$4,408,262
			\$4,496,427		\$4,496,427
			\$4,586,356		\$4,586,356
			\$4,678,083		\$4,678,083
			\$4,771,644	\$14,142,052	\$18,913,697
			IRR =		8.89%

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ALTERNATIVE DEBT SERVICE COVERAGE RATIO	\$9,010,961	25.11%
	\$35,885,270	
CPI	2.00%	

	Equity Invest	NOI	Debt Service	CTO	Reversion	CTO+Rev	Equity IRR	ROE	Guess Cap Rate	Guess Value	Guess Loan	Net Proceeds	Ten Year Returns		
													Cash Flows	Reversion	CTO & Reversion
0	\$9,010,961					-\$9,010,961	11.01%						-\$35,885,270		-\$35,885,270
1	\$9,511,130.59	\$2,511,969	\$2,093,307	\$418,661	0	\$418,661		4.65%	7.000%	\$35,885,270	\$26,532,711	\$9,352,558	\$2,511,969		\$2,511,969
2	\$10,040,777.37	\$2,562,208	\$2,093,307	\$468,901	0	\$468,901		4.93%	7.000%	\$36,602,975	\$26,003,065	\$10,599,910	\$2,562,208		\$2,562,208
3	\$10,601,637.98	\$2,613,452	\$2,093,307	\$520,145	0	\$520,145		5.18%	7.000%	\$37,335,034	\$25,442,204	\$11,892,830	\$2,613,452		\$2,613,452
4	\$11,195,551.97	\$2,665,721	\$2,093,307	\$572,414	0	\$572,414		5.40%	7.000%	\$38,081,735	\$24,848,290	\$13,233,445	\$2,665,721		\$2,665,721
5	\$11,824,467.28	\$2,719,036	\$2,093,307	\$625,728	0	\$625,728		5.59%	7.000%	\$38,843,370	\$24,219,375	\$14,623,995	\$2,719,036		\$2,719,036
6	\$12,490,446.65	\$2,773,417	\$2,093,307	\$680,109	0	\$680,109		5.75%	7.000%	\$39,620,237	\$23,553,395	\$16,066,842	\$2,773,417		\$2,773,417
7	\$13,195,674.39	\$2,828,885	\$2,093,307	\$735,578	0	\$735,578		5.89%	7.000%	\$40,412,642	\$22,848,168	\$17,564,474	\$2,828,885		\$2,828,885
8	\$13,942,463.55	\$2,885,463	\$2,093,307	\$792,155	0	\$792,155		6.00%	7.000%	\$41,220,895	\$22,101,378	\$19,119,516	\$2,885,463		\$2,885,463
9	\$14,733,263.46	\$2,943,172	\$2,093,307	\$849,864	0	\$849,864		6.10%	7.000%	\$42,045,313	\$21,310,579	\$20,734,734	\$2,943,172		\$2,943,172
10	\$15,570,667.83	\$3,002,035	\$2,093,307	\$908,728	0	\$908,728		6.17%	7.000%	\$42,886,219	\$20,473,174	\$22,413,045	\$3,002,035	\$42,886,219	\$45,882,254
11	\$16,457,423.21	\$3,062,076	\$2,093,307	\$968,769	0	\$968,769		6.22%	8.000%	\$38,275,950	\$19,586,419	\$18,689,532		IRR =	8.85%
12	\$17,396,438.03	\$3,123,318	\$2,093,307	\$1,030,010	0	\$1,030,010		6.26%	8.000%	\$39,041,469	\$18,647,404	\$20,394,065			
13	\$18,390,792.11	\$3,185,784	\$2,093,307	\$1,092,477	0	\$1,092,477		6.28%	8.000%	\$39,822,299	\$17,653,050	\$22,169,249			
14	\$19,443,746.76	\$3,249,500	\$2,093,307	\$1,156,192	0	\$1,156,192		6.29%	8.000%	\$40,618,745	\$16,600,095	\$24,018,650			
15	\$20,558,755.53	\$3,314,490	\$2,093,307	\$1,221,182	0	\$1,221,182		6.28%	8.000%	\$41,431,120	\$15,485,086	\$25,946,033			
16	\$21,739,475.45	\$3,380,779	\$2,093,307	\$1,287,472	0	\$1,287,472		6.26%	8.000%	\$42,259,742	\$14,304,367	\$27,955,376			
17	\$22,989,779.11	\$3,448,395	\$2,093,307	\$1,355,088	0	\$1,355,088		6.23%	8.000%	\$43,104,937	\$13,054,063	\$30,050,874			
18	\$24,313,767.32	\$3,517,363	\$2,093,307	\$1,424,055	0	\$1,424,055		6.19%	8.000%	\$43,967,036	\$11,730,075	\$32,236,961			
19	\$25,715,782.53	\$3,587,710	\$2,093,307	\$1,494,403	0	\$1,494,403		6.15%	8.000%	\$44,846,376	\$10,328,059	\$34,518,317			
20	\$27,200,423.15	\$3,659,464	\$2,093,307	\$1,566,157	0	\$1,566,157		6.09%	8.000%	\$45,743,304	\$8,843,419	\$36,899,885			
21	\$28,772,558.56	\$3,739,888	\$2,093,307	\$1,640,081	0	\$1,640,081		6.05%	9.000%	\$37,326,536	\$7,271,283	\$30,055,253			
22	\$30,437,345.12	\$3,826,576	\$2,093,307	\$1,718,269	0	\$1,718,269		6.03%	9.000%	\$38,073,067	\$5,606,497	\$32,466,570			
23	\$32,200,243.06	\$3,915,108	\$2,093,307	\$1,801,800	0	\$1,801,800		6.01%	9.000%	\$38,834,528	\$3,843,599	\$34,990,929			
24	\$34,067,034.43	\$3,999,010	\$2,093,307	\$1,890,702	0	\$1,890,702		6.00%	9.000%	\$39,611,219	\$1,976,808	\$37,634,411			
25	\$36,043,842.00	\$4,082,310	\$2,093,307	\$1,984,002	0	\$1,984,002		6.00%	9.000%	\$40,403,443	\$0	\$40,403,443			
26	\$37,586,844.48	\$4,170,036	\$0	\$3,709,036	0	\$3,709,036		10.29%	9.000%	\$41,211,512		\$41,211,512			
27	\$37,586,844.48	\$3,783,217	\$0	\$3,783,217	0	\$3,783,217		10.07%	9.000%	\$42,035,742		\$42,035,742			
28	\$37,586,844.48	\$3,858,881	\$0	\$3,858,881	0	\$3,858,881		10.27%	9.000%	\$42,876,457		\$42,876,457			
29	\$37,586,844.48	\$3,936,059	\$0	\$3,936,059	0	\$3,936,059		10.47%	9.000%	\$43,733,986		\$43,733,986			
30	\$37,586,844.48	\$4,014,780	\$0	\$4,014,780	0	\$4,014,780		10.68%	9.000%	\$44,608,666		\$44,608,666			
31	\$37,586,844.48	\$3,685,568	\$0	\$3,685,568	0	\$3,685,568		9.81%	10.000%	\$36,855,680		\$36,855,680			
32	\$37,586,844.48	\$3,759,279	\$0	\$3,759,279	0	\$3,759,279		10.00%	10.950%	\$34,331,943		\$34,331,943			
33	\$37,586,844.48	\$3,834,465	\$0	\$3,834,465	0	\$3,834,465		10.20%	12.055%	\$31,808,207		\$31,808,207			
34	\$37,586,844.48	\$3,911,154	\$0	\$3,911,154	0	\$3,911,154		10.41%	13.356%	\$29,284,471		\$29,284,471			
35	\$37,586,844.48	\$3,989,377	\$0	\$3,989,377	0	\$3,989,377		10.61%	14.908%	\$26,760,734		\$26,760,734			
36	\$37,586,844.48	\$4,069,165	\$0	\$4,069,165	0	\$4,069,165		10.83%	16.789%	\$24,236,998		\$24,236,998			
37	\$37,586,844.48	\$4,150,548	\$0	\$4,150,548	0	\$4,150,548		11.04%	19.115%	\$21,713,262		\$21,713,262			
38	\$37,586,844.48	\$4,233,559	\$0	\$4,233,559	0	\$4,233,559		11.26%	22.062%	\$19,189,525		\$19,189,525			
39	\$37,586,844.48	\$4,318,230	\$0	\$4,318,230	0	\$4,318,230		11.49%	25.911%	\$16,665,789		\$16,665,789			
40	\$37,586,844.48	\$4,404,595	\$0	\$4,404,595	\$14,142,052	\$18,546,647		11.72%	31.145%	\$14,142,052		\$14,142,052			

Reversion Calc	
Land	31129
Value Base	175
Value	\$ 5,447,575
FV at 2%	\$ 12,028,462
Alt Calc	
Building	64048
Value Base	\$100
Value	\$ 6,404,800
FV at 2%	\$ 14,142,052

Twenty Year Returns			Life of the Building		
Cash Flows	Reversion	CTO & Reversion	Cash Flows	Reversion	CTO & Reversion
-\$35,885,270		-\$35,885,270	-\$35,885,270		-\$35,885,270
\$2,511,969		\$2,511,969	\$2,511,969		\$2,511,969
\$2,562,208		\$2,562,208	\$2,562,208		\$2,562,208
\$2,613,452		\$2,613,452	\$2,613,452		\$2,613,452
\$2,665,721		\$2,665,721	\$2,665,721		\$2,665,721
\$2,719,036		\$2,719,036	\$2,719,036		\$2,719,036
\$2,773,417		\$2,773,417	\$2,773,417		\$2,773,417
\$2,828,885		\$2,828,885	\$2,828,885		\$2,828,885
\$2,885,463		\$2,885,463	\$2,885,463		\$2,885,463
\$2,943,172		\$2,943,172	\$2,943,172		\$2,943,172
\$3,002,035		\$3,002,035	\$3,002,035		\$3,002,035
\$3,062,076		\$3,062,076	\$3,062,076		\$3,062,076
\$3,123,318		\$3,123,318	\$3,123,318		\$3,123,318
\$3,185,784		\$3,185,784	\$3,185,784		\$3,185,784
\$3,249,500		\$3,249,500	\$3,249,500		\$3,249,500
\$3,314,490		\$3,314,490	\$3,314,490		\$3,314,490
\$3,380,779		\$3,380,779	\$3,380,779		\$3,380,779
\$3,448,395		\$3,448,395	\$3,448,395		\$3,448,395
\$3,517,363		\$3,517,363	\$3,517,363		\$3,517,363
\$3,587,710		\$3,587,710	\$3,587,710		\$3,587,710
\$3,659,464	\$45,743,304	\$49,402,768	\$3,659,464		\$3,659,464
	IRR =	8.63%	\$3,359,388		\$3,359,388
			\$3,426,576		\$3,426,576
			\$3,495,108		\$3,495,108
			\$3,565,010		\$3,565,010
			\$3,636,310		\$3,636,310
			\$3,709,036		\$3,709,036
			\$3,783,217		\$3,783,217
			\$3,858,881		\$3,858,881
			\$3,936,059		\$3,936,059
			\$4,014,780		\$4,014,780
			\$3,685,568		\$3,685,568
			\$3,759,279		\$3,759,279
			\$3,834,465		\$3,834,465
			\$3,911,154		\$3,911,154
			\$3,989,377		\$3,989,377
			\$4,069,165		\$4,069,165
			\$4,150,548		\$4,150,548
			\$4,233,559		\$4,233,559
			\$4,318,230		\$4,318,230
			\$4,404,595	\$14,142,052	\$18,546,647
			IRR =		8.26%

PRELIMINARY AND TENTATIVE - FOR DISCL

1	\$	27,032,881.50
2	\$	26,532,711.41
3	\$	26,003,064.63
4	\$	25,442,204.02
5	\$	24,848,290.03
6	\$	24,219,374.72
7	\$	23,553,395.35
8	\$	22,848,167.61
9	\$	22,101,378.45
10	\$	21,310,578.54
11	\$	20,473,174.17
12	\$	19,586,418.79
13	\$	18,647,403.97
14	\$	17,653,049.89
15	\$	16,600,095.24
16	\$	15,485,086.47
17	\$	14,304,366.55
18	\$	13,054,062.89
19	\$	11,730,074.68
20	\$	10,328,059.47
21	\$	8,843,418.85
22	\$	7,271,283.44
23	\$	5,606,496.88
24	\$	3,843,598.94
25	\$	1,976,807.57

JSSION PURPOSES ONLY - 9-9-13

Interest	Int Exp	DS Constant	Ann D/S	Prin Red	End Balance
0.05893331	\$ 1,593,137.30	0.07875383	\$2,093,307.39	\$ 500,170.09	\$ 26,532,711.41
0.05893331	\$ 1,563,660.62		\$ 2,093,307.39	\$ 529,646.77	\$ 26,003,064.63
0.05893331	\$ 1,532,446.78		\$ 2,093,307.39	\$ 560,860.61	\$ 25,442,204.02
0.05893331	\$ 1,499,393.40		\$ 2,093,307.39	\$ 593,913.99	\$ 24,848,290.03
0.05893331	\$ 1,464,392.08		\$ 2,093,307.39	\$ 628,915.31	\$ 24,219,374.72
0.05893331	\$ 1,427,328.02		\$ 2,093,307.39	\$ 665,979.37	\$ 23,553,395.35
0.05893331	\$ 1,388,079.65		\$ 2,093,307.39	\$ 705,227.74	\$ 22,848,167.61
0.05893331	\$ 1,346,518.24		\$ 2,093,307.39	\$ 746,789.15	\$ 22,101,378.45
0.05893331	\$ 1,302,507.48		\$ 2,093,307.39	\$ 790,799.91	\$ 21,310,578.54
0.05893331	\$ 1,255,903.02		\$ 2,093,307.39	\$ 837,404.37	\$ 20,473,174.17
0.05893331	\$ 1,206,552.00		\$ 2,093,307.39	\$ 886,755.39	\$ 19,586,418.79
0.05893331	\$ 1,154,292.57		\$ 2,093,307.39	\$ 939,014.82	\$ 18,647,403.97
0.05893331	\$ 1,098,953.32		\$ 2,093,307.39	\$ 994,354.07	\$ 17,653,049.89
0.05893331	\$ 1,040,352.73		\$ 2,093,307.39	\$ 1,052,954.66	\$ 16,600,095.24
0.05893331	\$ 978,298.63		\$ 2,093,307.39	\$ 1,115,008.76	\$ 15,485,086.47
0.05893331	\$ 912,587.47		\$ 2,093,307.39	\$ 1,180,719.92	\$ 14,304,366.55
0.05893331	\$ 843,003.73		\$ 2,093,307.39	\$ 1,250,303.66	\$ 13,054,062.89
0.05893331	\$ 769,319.19		\$ 2,093,307.39	\$ 1,323,988.20	\$ 11,730,074.68
0.05893331	\$ 691,292.18		\$ 2,093,307.39	\$ 1,402,015.21	\$ 10,328,059.47
0.05893331	\$ 608,666.77		\$ 2,093,307.39	\$ 1,484,640.62	\$ 8,843,418.85
0.05893331	\$ 521,171.98		\$ 2,093,307.39	\$ 1,572,135.41	\$ 7,271,283.44
0.05893331	\$ 428,520.83		\$ 2,093,307.39	\$ 1,664,786.56	\$ 5,606,496.88
0.05893331	\$ 330,409.44		\$ 2,093,307.39	\$ 1,762,897.95	\$ 3,843,598.94
0.05893331	\$ 226,516.02		\$ 2,093,307.39	\$ 1,866,791.37	\$ 1,976,807.57
0.05893331	\$ 116,499.82		\$ 2,093,307.39	\$ 1,976,807.57	\$ (0.00)

PRELIMINARY AND TENTATIVE - FOR DISCUSSION PURPOSES ONLY - 9-9-13

	\$9,010,961	24.83%
	\$36,283,995	
CPI	2.00%	

PROPERTY LEVEL RETURN ANALYSIS - PURCHASE OPTION

Equity Invest	NOI	Debt Service	CTO	Reversion	CTO+Rev	Equity IRR	ROE	Guess Cap Rate	Guess Value	Guess Loan	Net Proceeds	IRR	OPTION EO YR										
													1	2	3	4	5	6	7	8	9		
													8.216%	8.905%	9.135%	9.250%	9.319%	9.365%	9.397%	9.421%	9.440%		
0	\$9,010,961				-\$9,010,961	12.74%							\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842	\$36,043,842
1	\$9,511,130.59	\$2,721,300	\$2,093,307	\$627,992	0	\$627,992	6.97%	7.500%	\$36,283,995	\$26,532,711	\$9,751,283		\$39,005,294	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300	\$2,721,300
2	\$10,400,777.37	\$2,775,726	\$2,093,307	\$682,418	0	\$682,418	7.17%	7.500%	\$37,009,675	\$26,003,065	\$11,006,610		\$39,785,400	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726	\$2,775,726
3	\$10,601,637.98	\$2,831,240	\$2,093,307	\$737,933	0	\$737,933	7.35%	7.500%	\$37,745,868	\$25,442,204	\$12,307,664		\$40,581,108	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240
4	\$11,195,551.97	\$2,887,865	\$2,093,307	\$794,558	0	\$794,558	7.49%	7.500%	\$38,504,866	\$24,846,290	\$13,656,575		\$41,392,730	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865
5	\$11,824,467.28	\$2,945,622	\$2,093,307	\$852,315	0	\$852,315	7.61%	7.500%	\$39,274,963	\$24,219,375	\$15,055,588		\$42,220,585	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622
6	\$12,490,446.65	\$3,004,535	\$2,093,307	\$911,227	0	\$911,227	7.71%	7.500%	\$40,060,462	\$23,553,395	\$16,507,067		\$43,064,997	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535
7	\$13,195,674.39	\$3,064,625	\$2,093,307	\$971,318	0	\$971,318	7.78%	7.500%	\$40,861,671	\$22,848,168	\$18,013,504		\$43,926,297	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625
8	\$13,942,463.55	\$3,125,918	\$2,093,307	\$1,032,610	0	\$1,032,610	7.83%	7.500%	\$41,678,905	\$22,101,378	\$19,577,526		\$44,804,823	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918
9	\$14,733,263.46	\$3,188,436	\$2,093,307	\$1,095,129	0	\$1,095,129	7.85%	7.500%	\$42,512,483	\$21,310,579	\$21,201,904		\$45,700,919	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436
10	\$15,570,667.88	\$3,252,205	\$2,093,307	\$1,158,898	0	\$1,158,898	7.87%	7.500%	\$43,362,733	\$20,473,174	\$22,889,558		\$48,625,000	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205	\$3,252,205
11	\$16,457,423.21	\$3,317,249	\$2,093,307	\$1,223,942	0	\$1,223,942	7.86%	8.500%	\$39,026,459	\$19,586,419	\$19,440,040												
12	\$17,396,438.03	\$3,383,594	\$2,093,307	\$1,290,287	0	\$1,290,287	7.84%	8.500%	\$39,806,988	\$18,647,404	\$21,159,584												
13	\$18,390,792.11	\$3,451,266	\$2,093,307	\$1,357,959	0	\$1,357,959	7.81%	8.500%	\$40,603,128	\$17,653,050	\$22,950,078												
14	\$19,443,746.76	\$3,520,291	\$2,093,307	\$1,426,984	0	\$1,426,984	7.76%	8.500%	\$41,415,191	\$16,600,095	\$24,815,096												
15	\$20,558,755.53	\$3,590,697	\$2,093,307	\$1,497,390	0	\$1,497,390	7.70%	8.500%	\$42,243,495	\$15,485,086	\$26,758,408												
16	\$21,739,475.45	\$3,662,511	\$2,093,307	\$1,569,204	0	\$1,569,204	7.63%	8.500%	\$43,088,364	\$14,304,367	\$28,783,998												
17	\$22,989,779.11	\$3,735,761	\$2,093,307	\$1,642,454	0	\$1,642,454	7.56%	8.500%	\$43,950,132	\$13,054,063	\$30,896,699												
18	\$24,313,767.32	\$3,810,476	\$2,093,307	\$1,717,169	0	\$1,717,169	7.47%	8.500%	\$44,825,134	\$11,730,075	\$33,099,060												
19	\$25,715,782.53	\$3,886,686	\$2,093,307	\$1,793,379	0	\$1,793,379	7.38%	8.500%	\$45,725,717	\$10,328,059	\$35,397,658												
20	\$27,200,423.15	\$3,964,420	\$2,093,307	\$1,871,112	0	\$1,871,112	7.28%	8.500%	\$46,640,231	\$8,843,419	\$37,796,813												
21	\$28,772,558.56	\$3,639,337	\$2,093,307	\$1,546,030	0	\$1,546,030	5.68%	9.500%	\$38,308,813	\$7,271,283	\$31,037,530												
22	\$30,437,345.12	\$3,712,124	\$2,093,307	\$1,618,817	0	\$1,618,817	5.63%	9.500%	\$39,074,990	\$5,606,497	\$33,468,493												
23	\$32,200,243.06	\$3,786,366	\$2,093,307	\$1,693,059	0	\$1,693,059	5.56%	9.500%	\$39,856,489	\$3,843,599	\$36,012,890												
24	\$34,067,034.43	\$3,862,094	\$2,093,307	\$1,768,786	0	\$1,768,786	5.49%	9.500%	\$40,653,619	\$1,976,808	\$38,676,812												
25	\$36,043,842.00	\$3,939,336	\$2,093,307	\$1,846,028	0	\$1,846,028	5.42%	9.500%	\$41,466,691	0	\$41,466,691												
26	\$37,889,870.30	\$4,018,122	0	\$4,018,122	0	\$4,018,122	11.15%	9.500%	\$42,296,025	\$42,296,025	\$42,296,025												
27	\$37,889,870.30	\$4,098,485	0	\$4,098,485	0	\$4,098,485	10.82%	9.500%	\$43,141,946	\$43,141,946	\$43,141,946												
28	\$37,889,870.30	\$4,180,455	0	\$4,180,455	0	\$4,180,455	11.03%	9.500%	\$44,004,785	\$44,004,785	\$44,004,785												
29	\$37,889,870.30	\$4,264,064	0	\$4,264,064	0	\$4,264,064	11.25%	9.500%	\$44,884,880	\$44,884,880	\$44,884,880												
30	\$37,889,870.30	\$4,349,345	0	\$4,349,345	0	\$4,349,345	11.48%	9.500%	\$45,782,578	\$45,782,578	\$45,782,578												
31	\$37,889,870.30	\$3,992,699	0	\$3,992,699	0	\$3,992,699	10.54%		10.500%	\$38,025,701	\$38,025,701												
32	\$37,889,870.30	\$4,072,553	0	\$4,072,553	0	\$4,072,553	10.75%		11.51%	\$35,371,962	\$35,371,962												
33	\$37,889,870.30	\$4,154,004	0	\$4,154,004	0	\$4,154,004	10.96%		12.69%	\$32,718,224	\$32,718,224												
34	\$37,889,870.30	\$4,237,084	0	\$4,237,084	0	\$4,237,084	11.18%		14.09%	\$30,064,485	\$30,064,485												
35	\$37,889,870.30	\$4,321,825	0	\$4,321,825	0	\$4,321,825	11.41%		15.76%	\$27,410,746	\$27,410,746												
36	\$37,889,870.30	\$4,408,262	0	\$4,408,262	0	\$4,408,262	11.63%		17.80%	\$24,757,007	\$24,757,007												
37	\$37,889,870.30	\$4,496,427	0	\$4,496,427	0	\$4,496,427	11.87%		20.34%	\$22,103,269	\$22,103,269												
38	\$37,889,870.30	\$4,586,356	0	\$4,586,356	0	\$4,586,356	12.10%		23.58%	\$19,449,530	\$19,449,530												
39	\$37,889,870.30	\$4,678,083	0	\$4,678,083	0	\$4,678,083	12.35%		27.85%	\$16,795,791	\$16,795,791												
40	\$37,889,870.30	\$4,771,644	0	\$4,771,644	\$14,142,052	\$18,913,697	12.59%		33.71%	\$14,142,052	\$14,142,052												

Reversion Calc:

Land	31129
Value Base	175
FV at 2%	\$ 5,447,575
FV at 2%	\$ 12,028,462

Alt Calc:

Building	64048
Value Base	\$100
FV at 2%	\$ 6,404,800
FV at 2%	\$ 14,142,052

Returns Yr 1 - 3 are not satisfactory - slightly low.

Return property Yr 4 to 10 are in and around 9% - generally satisfactory.

What about a straight line alternative? 40 year life to -0- on building??

EQUITY RETURN ANALYSIS - PURCHASE OPTION

OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	OPTION EO YR	YR
10	1	2	3	4	5	6	7	8	9	10		
9.455%	15.185%	17.433%	17.774%	17.692%	17.477%	17.219%	16.953%	16.692%	16.444%	16.209%		
-\$36,043,842	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961	-\$9,010,961		
\$2,721,300	\$10,379,276	\$627,992	\$627,992	\$627,992	\$627,992	\$627,992	\$627,992	\$627,992	\$627,992	\$627,992		1
\$2,775,726		\$11,689,028	\$682,418	\$682,418	\$682,418	\$682,418	\$682,418	\$682,418	\$682,418	\$682,418		2
\$2,831,240			\$737,933	\$737,933	\$737,933	\$737,933	\$737,933	\$737,933	\$737,933	\$737,933		3
\$2,887,865			\$13,045,597	\$794,558	\$794,558	\$794,558	\$794,558	\$794,558	\$794,558	\$794,558		4
\$2,945,622				\$15,907,903	\$852,315	\$852,315	\$852,315	\$852,315	\$852,315	\$852,315		5
\$3,004,535					\$911,227	\$911,227	\$911,227	\$911,227	\$911,227	\$911,227		6
\$3,064,625						\$17,418,294	\$971,318	\$971,318	\$971,318	\$971,318		7
\$3,125,918							\$18,984,822	\$971,318	\$971,318	\$971,318		8
\$3,188,436								\$20,610,137	\$1,032,610	\$1,032,610		9
\$46,614,937									\$22,297,033	\$1,095,129		10
										\$24,048,456		
\$43,362,733	\$36,283,995	\$37,009,675	\$37,749,868	\$38,504,866	\$39,274,963	\$40,060,462	\$40,861,671	\$41,678,905	\$42,512,483	\$43,362,733		
\$43,400,000	\$36,300,000	\$37,000,000	\$37,700,000	\$38,500,000	\$39,300,000	\$40,100,000	\$40,900,000	\$41,700,000	\$42,500,000	\$43,400,000		

Equity returns Yr 2 to 10 are too high - should be around 12%; by-product of assumed 75% LTVR.

tory.

Ten Year Returns			Twenty Year Returns			Life of the Building		
Cash Flows	Reversion	CTO & Reversion	Cash Flows	Reversion	CTO & Reversion	Cash Flows	Reversion	CTO & Reversion
-\$36,283,995		-\$36,283,995	-\$36,283,995		-\$36,283,995	-\$36,283,995		-\$36,283,995
\$2,721,300		\$2,721,300	\$2,721,300		\$2,721,300	\$2,721,300		\$2,721,300
\$2,775,726		\$2,775,726	\$2,775,726		\$2,775,726	\$2,775,726		\$2,775,726
\$2,831,240		\$2,831,240	\$2,831,240		\$2,831,240	\$2,831,240		\$2,831,240
\$2,887,865		\$2,887,865	\$2,887,865		\$2,887,865	\$2,887,865		\$2,887,865
\$2,945,622		\$2,945,622	\$2,945,622		\$2,945,622	\$2,945,622		\$2,945,622
\$3,004,535		\$3,004,535	\$3,004,535		\$3,004,535	\$3,004,535		\$3,004,535
\$3,064,625		\$3,064,625	\$3,064,625		\$3,064,625	\$3,064,625		\$3,064,625
\$3,125,918		\$3,125,918	\$3,125,918		\$3,125,918	\$3,125,918		\$3,125,918
\$3,188,436		\$3,188,436	\$3,188,436		\$3,188,436	\$3,188,436		\$3,188,436
\$3,252,205	\$43,362,733	\$46,614,937	\$3,252,205		\$3,252,205	\$3,252,205		\$3,252,205
	IRR =	9.36%						
			\$3,383,504		\$3,383,504	\$3,383,504		\$3,383,504
			\$3,451,266		\$3,451,266	\$3,451,266		\$3,451,266
			\$3,520,291		\$3,520,291	\$3,520,291		\$3,520,291
			\$3,590,697		\$3,590,697	\$3,590,697		\$3,590,697
			\$3,662,511		\$3,662,511	\$3,662,511		\$3,662,511
			\$3,735,761		\$3,735,761	\$3,735,761		\$3,735,761
			\$3,810,476		\$3,810,476	\$3,810,476		\$3,810,476
			\$3,886,686		\$3,886,686	\$3,886,686		\$3,886,686
			\$3,964,420	\$46,640,231	\$50,604,651	\$3,964,420		\$3,964,420
				IRR =	9.17%	\$3,639,337		\$3,639,337
						\$3,712,124		\$3,712,124
						\$3,786,366		\$3,786,366
						\$3,862,094		\$3,862,094
						\$3,939,336		\$3,939,336
						\$4,018,122		\$4,018,122
						\$4,098,485		\$4,098,485
						\$4,180,455		\$4,180,455
						\$4,264,064		\$4,264,064
						\$4,349,345		\$4,349,345
						\$3,992,699		\$3,992,699
						\$4,072,553		\$4,072,553
						\$4,154,004		\$4,154,004
						\$4,237,084		\$4,237,084
						\$4,321,825		\$4,321,825
						\$4,408,262		\$4,408,262
						\$4,496,427		\$4,496,427
						\$4,586,356		\$4,586,356
						\$4,678,083		\$4,678,083
						\$4,771,644	\$14,142,052	\$18,913,697
							IRR =	8.83%

Market Value at
Lease Rate

\$36,283,995
\$36,522,705
\$36,769,352
\$37,023,909
\$37,286,357
\$37,556,683
\$37,834,881
\$38,120,949
\$38,414,894
\$38,716,725
\$39,026,459
\$39,344,116
\$39,669,723
\$40,003,309
\$40,344,911
\$40,694,566
\$41,052,321
\$41,418,222
\$41,792,322
\$42,174,677
\$38,308,813
\$38,667,958
\$39,034,706
\$39,409,121
\$39,791,270
\$40,181,224
\$40,579,058

\$40,984,849
\$41,398,676
\$41,820,624
\$38,025,701
\$35,371,962
\$32,718,224
\$30,064,485
\$27,410,746
\$24,757,007
\$22,103,269
\$19,449,530
\$16,795,791
\$14,142,052

-\$784,362

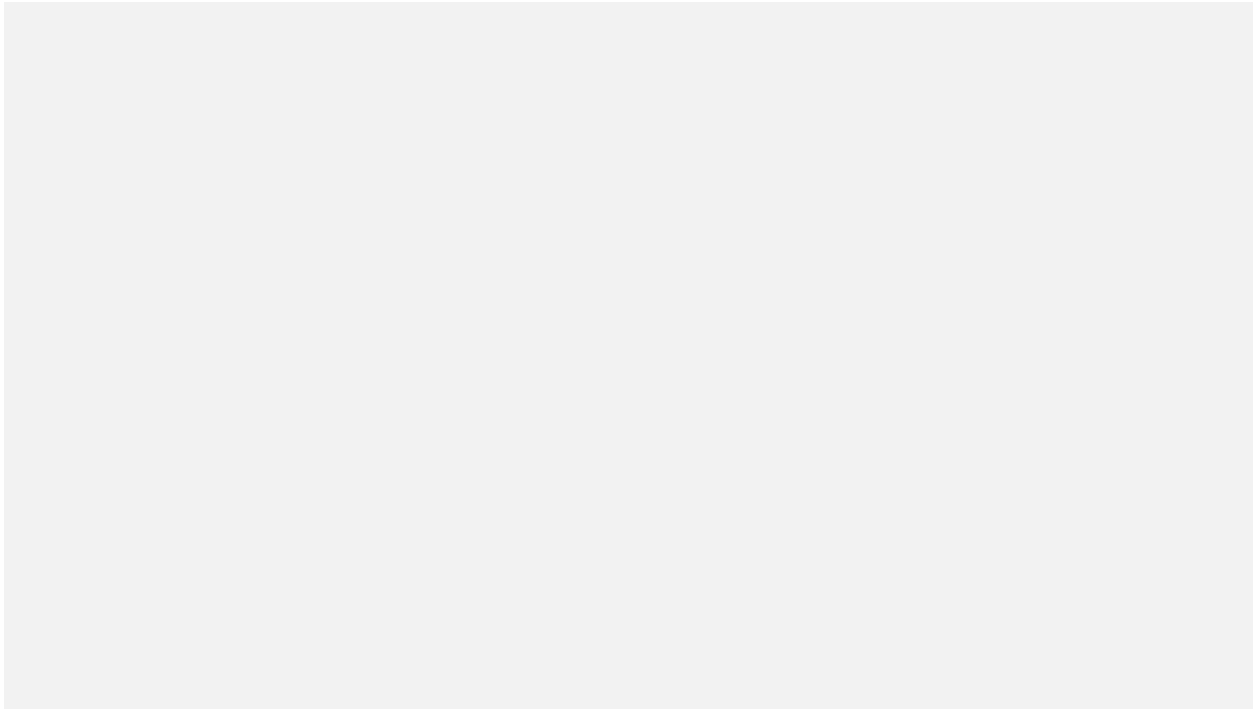
sum of rising
land and
building
declining at
2.5% increment

building
declines

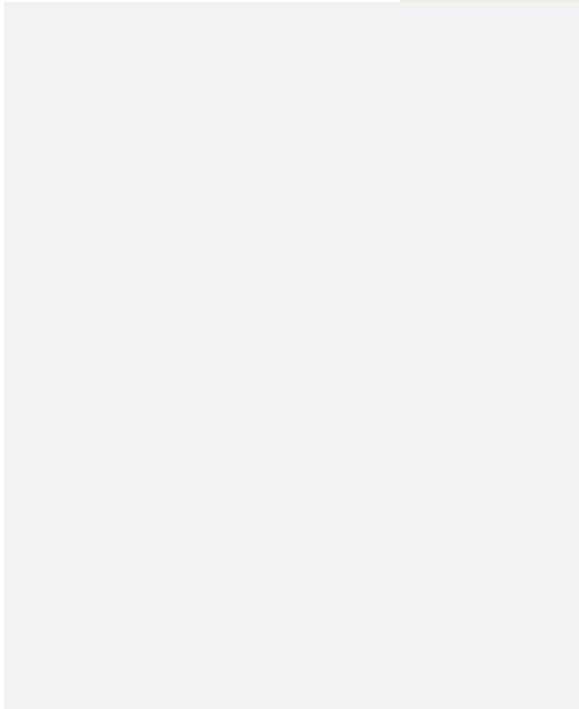
land rises at
2%/year

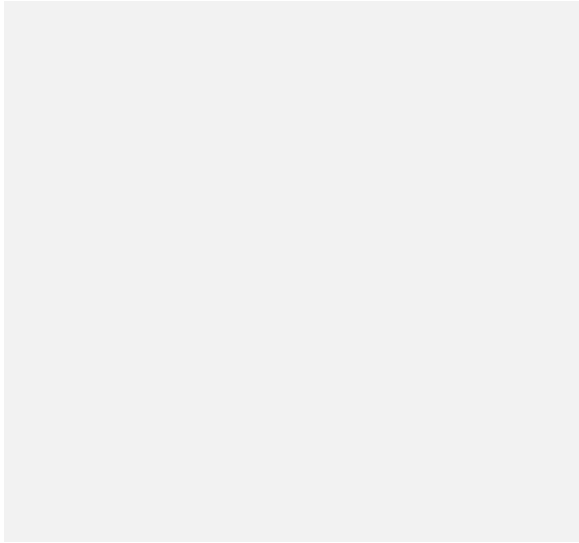
Total Building Land

Project Cost New	\$36,043,842	\$31,374,492	\$4,669,350
1	\$35,352,867	\$30,590,130	\$4,762,737
2	\$34,663,759	\$29,805,767	\$4,857,992
3	\$33,976,557	\$29,021,405	\$4,955,152
4	\$33,291,297	\$28,237,043	\$5,054,255
5	\$32,608,020	\$27,452,681	\$5,155,340
6	\$31,926,765	\$26,668,318	\$5,258,446
7	\$31,247,571	\$25,883,956	\$5,363,615
8	\$30,570,481	\$25,099,594	\$5,470,888
9	\$29,895,537	\$24,315,231	\$5,580,305
10	\$29,222,781	\$23,530,869	\$5,691,912



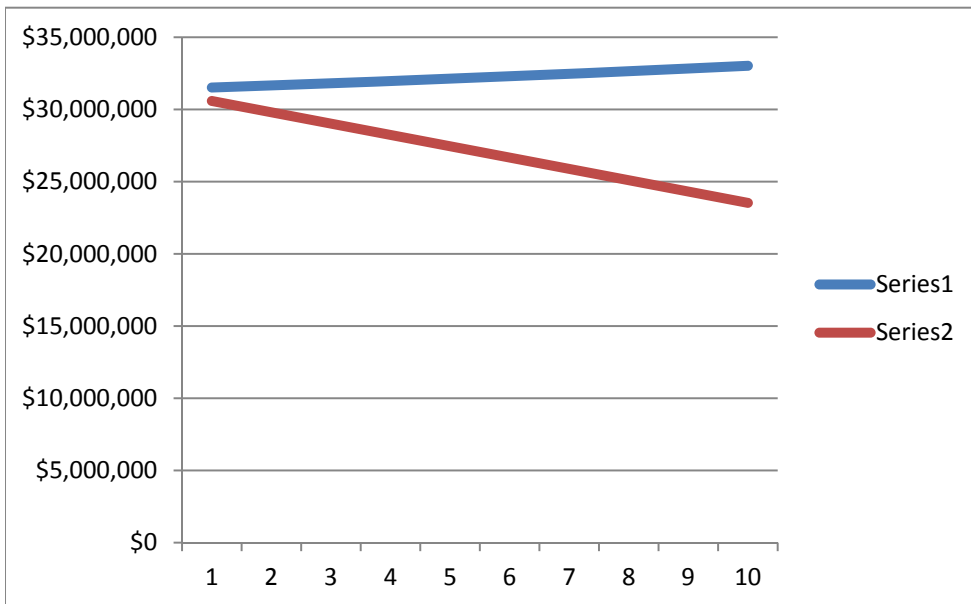
	A	B	C	
	Mkt Value at Lease Rate less Land Value		Declining Price of Building Variance	
	1	\$31,521,258	\$30,590,130	\$931,128
-\$30,590,130	2	\$31,664,714	\$29,805,767	\$1,858,946
\$784,362	3	\$31,814,201	\$29,021,405	\$2,792,795
\$784,362	4	\$31,969,655	\$28,237,043	\$3,732,612
\$784,362	5	\$32,131,017	\$27,452,681	\$4,678,337
\$784,362	6	\$32,298,237	\$26,668,318	\$5,629,919
\$784,362	7	\$32,471,265	\$25,883,956	\$6,587,310
\$784,362	8	\$32,650,062	\$25,099,594	\$7,550,468
\$784,362	9	\$32,834,589	\$24,315,231	\$8,519,357
\$784,362	10	\$33,024,814	\$23,530,869	\$9,493,945





14142052.44

D	E	D+E			
50/50 Split	Add Land - Rising	Option Price	Rounded	Rent in Yr	Imputed Cap Rate
\$31,055,694	\$4,762,737	\$35,818,431	\$35,800,000	\$2,721,300	7.60%
\$30,735,240	\$4,857,992	\$35,593,232	\$35,600,000	\$2,775,726	7.80%
\$30,417,803	\$4,955,152	\$35,372,954	\$35,400,000	\$2,831,240	8.00%
\$30,103,349	\$5,054,255	\$35,157,603	\$35,200,000	\$2,887,865	8.20%
\$29,791,849	\$5,155,340	\$34,947,189	\$34,900,000	\$2,945,622	8.44%
\$29,483,277	\$5,258,446	\$34,741,724	\$34,700,000	\$3,004,535	8.66%
\$29,177,611	\$5,363,615	\$34,541,226	\$34,500,000	\$3,064,625	8.88%
\$28,874,828	\$5,470,888	\$34,345,715	\$34,300,000	\$3,125,918	9.11%
\$28,574,910	\$5,580,305	\$34,155,215	\$34,200,000	\$3,188,436	9.32%
\$28,277,841	\$5,691,912	\$33,969,753	\$34,000,000	\$3,252,205	9.57%



Market

**MARKET RENTS PARADIGM -
NEW OFFICE BUILDING**

CPI

YR

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

2.50%

Monthly Rate	Annual	VCL	EGI	Optg Cost	NOI	Cap Rate
\$3.50	\$42.00	\$2.10	\$39.90	\$9.00	\$30.90	7.500%
\$3.59	\$43.05	\$2.15	\$40.90	\$9.23	\$31.67	7.500%
\$3.68	\$44.13	\$2.21	\$41.92	\$9.46	\$32.46	7.500%
\$3.77	\$45.23	\$2.26	\$42.97	\$9.69	\$33.28	7.500%
\$3.86	\$46.36	\$2.32	\$44.04	\$9.93	\$34.11	7.500%
\$3.96	\$47.52	\$2.38	\$45.14	\$10.18	\$34.96	7.500%
\$4.06	\$48.71	\$2.44	\$46.27	\$10.44	\$35.83	7.500%
\$4.16	\$49.92	\$2.50	\$47.43	\$10.70	\$36.73	7.500%
\$4.26	\$51.17	\$2.56	\$48.61	\$10.97	\$37.65	7.500%
\$4.37	\$52.45	\$2.62	\$49.83	\$11.24	\$38.59	7.500%

V/SF

\$412.00

\$422.30

\$432.86

\$443.68

\$454.77

\$466.14

\$477.79

\$489.74

\$501.98

\$514.53 say

\$510.00

64048

\$510.00

\$32,664,480

\$38,414,894 Property Value by Model; Year 10

-\$5,750,414 Variance

\$32,664,480

\$ 20,473,174 Loan Balance by Model; Year 10

\$12,191,306 Variance