

FINAL DRAFT AS OF SEPTEMBER 16, 2013

COSTS AND MARKET RENT ESTIMATE DOES NOT INCLUDE STATE-FUNDED TENANT IMPROVEMENTS!!

Project Cost as of 8-28-13	%	Per GSF	
Land Area	31129		
Building Size	64048		
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
	\$36,043,842	100.0%	\$562.76

Loan Assumptions	% of Loan	% of Project	
AIDA			
Max Loan	\$20,000,000	73.984%	55.488%
Loan Term - Mos	300		
Interest Rate	5.68%		
Mortgage Constant	0.07498599		
Additional Financing - Bank			
Max Loan	none		
Likely Loan	\$7,032,881.50	26.016%	19.512%
Loan Term - Mos	340		
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		

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			\$2,553,000
Temporary Relocation Costs	9			\$750,000
Hearing Room Improvements	10			\$281,613
Freight Elevator	11			\$85,133
Custom Casework	11a			\$172,956
Emergency Generator	11b			\$158,696
Subtotal Hard Costs				\$26,418,197
Subtotal Land & Hard				\$37,805,765
Soft Costs				
Financing	5%		12	\$1,890,288
GS&A	5%		13	\$1,890,288
Project Management	4%		14	\$1,512,231
Subtotal Soft Costs				\$5,292,807
Hard & Soft Costs				\$43,098,572
Developer Profit	10%		15	\$4,309,857
Total Project Costs				\$47,408,429
Return on Debt	7.87538%		16	7.325%
% Debt	60%		17	
Return on Equity	6.50%		18	
% Equity	40%		19	
Indicated NNN Rent				\$3,472,776
Adjustment for Service Obligations			20	\$143,613
Indicated Modified NNN Rent				\$3,616,389

Reqd NOI	Reqd NOI/Mont	CTO - Annual	CTO - Monthly
\$2,721,299.61	\$224,139.29		
		\$627,992.22	\$51,724.45
		\$2,511,968.87	\$206,897.81
		\$418,661.48	\$34,482.97

Level Annual Equivalent Rent	Based on Annual Escalations per Year:	Level Annual Equivalent Rent	Based on Annual Escalations per Year:	Level Annual Equivalent Rent	Based on Annual Escalations per Year:	Level Annual Equivalent Rent	Based on Annual Escalations per Year:
Annual LAE Market Rent	2.00%	Annual LAE Market Rent	1.50%	Annual LAE Market Rent	2.50%	Annual LAE Market Rent	3.00%
Per Month	\$3,910,699	Per Month	\$3,834,371	Per Month	\$3,988,937	Per Month	\$4,069,135
90% of Market - LAE Rent	\$325,892	90% of Market - LAE Rent	\$319,531	90% of Market - LAE Rent	\$332,411	90% of Market - LAE Rent	\$339,095
Annual	\$3,519,629	Annual	\$3,450,934	Annual	\$3,590,044	Annual	\$3,662,221
Per Month	\$293,302	Per Month	\$287,578	Per Month	\$299,170	Per Month	\$305,185

Level Annual Equivalent Modified NNN Market Rent	Level Annual Equivalent Modified NNN Rent	Level Annual Equivalent Modified NNN Rent	Level Annual Equivalent Modified NNN Rent
Assumed Escalation Rate	2.00%	Assumed Escalation Rate	1.50%
Assumed Discount Rate	8%	Assumed Discount Rate	8%
LAE NPV=>	\$26,241,108	LAE NPV=>	\$25,728,945
Yr	Initial Rent LAE Rent	Yr	Initial Rent LAE Rent
1	\$3,616,389 \$3,910,699	1	\$3,616,389 \$3,834,371
2	\$3,688,717 \$3,910,699	2	\$3,670,635 \$3,834,371
3	\$3,762,492 \$3,910,699	3	\$3,725,695 \$3,834,371
4	\$3,837,741 \$3,910,699	4	\$3,781,580 \$3,834,371
5	\$3,914,496 \$3,910,699	5	\$3,838,304 \$3,834,371
6	\$3,992,786 \$3,910,699	6	\$3,895,879 \$3,834,371
7	\$4,072,642 \$3,910,699	7	\$3,954,317 \$3,834,371
8	\$4,154,095 \$3,910,699	8	\$4,013,631 \$3,834,371
9	\$4,237,177 \$3,910,699	9	\$4,073,836 \$3,834,371
10	\$4,321,920 \$3,910,699	10	\$4,134,943 \$3,834,371

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	

DEMOLITION COST DETAIL - CRITERIUM EST	Cost
Asbestos	\$800,000.00
Demolition	\$2,017,727.07
Temp Shoring	\$53,221.66
Temp Shoring	\$61,527.07
Additional Demo	\$52,832.49
Debris	\$26,644.33
Floor adhesives	\$41,047.27
	\$2,552,999.89

Note 20 - Adjustment for Service Obligations of Landlord	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-\$943,135	Reserve in 10 Yrs	\$86,133
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	???	???	\$143,613

20a - Criterion Cost = \$11.11/sf; FV at 2%
 20b - PD estimate; WA concur
 20c - PD estimate; WA concur
 20d - PD estimate; WA concur
 20e - PD estimate; quote; average annual over 10 years
 20f - PD estimate; quote
 20g - PD estimate; quote
 20h - No assessments contemplated at valuation date
 20i - WA allowance for striping only.
 20j - WA estimate and allowance; annual \$500 + one time reg change

Note 2a Original

Note 4 Marshall Valuation is Source