

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

| | | | | |
|-------------------------------------|---------------------|---------------|--------------------------|--------------------|
| Land Area | 31129 | | | |
| Building Size | 64048 | | | |
| Project Cost as of 8-28-13 | | %% | Per GSF | |
| Prop Acq | \$7,850,000 | 18.0% | \$122.56 | |
| Soft Costs | \$515,000 | 1.2% | \$8.04 | |
| Construction & A/E Services | \$29,751,108 | 68.0% | \$464.51 | |
| Interim Office Space | \$750,000 | 1.7% | \$11.71 | |
| Contingency | \$762,322 | 1.7% | \$11.90 | |
| Construction Loan Interest | \$1,110,007 | 2.5% | \$17.33 | |
| Loan Fee | \$611,077 | 1.4% | \$9.54 | |
| Construction Management | \$892,533 | 2.0% | \$13.94 | |
| Development Fee | \$1,487,555 | 3.4% | \$23.23 | |
| | \$43,729,602 | 100.0% | \$682.76 | |
| Loan Assumptions | | | | |
| AIDA | | %% of Loan | %% of Project | |
| Max Loan | \$20,000,000 | 60.981% | 45.736% | |
| Loan Term - Mos | 300 | | | |
| Interest Rate | 5.68% | | | |
| Mortgage Constant | 0.074986 | | | |
| Additional Financing - Bank | | | | |
| Max Loan | none | | | |
| Likely Loan | \$12,797,201.50 | 39.019% | 29.264% | |
| Loan Term - Mos | 300 | | | |
| Interest Rate | 6.25% | | | |
| Mortgage Constant | 0.079160 | | | |
| Total Loan | \$32,797,202 | 100.0% | 75.000% Annual DS | Mon DS |
| Combined Mortgage Constant | 0.076615 | | | \$2,512,750 |
| Combined Interest Rate | 5.902% | | | \$1,935,825 |
| Imputed Payment to Principal | 0.017591 | | | \$576,925 |
| Excel Test Amortization | | | | \$2,541,875 |
| Debt Service coverage Ratio | 1.3 | | | \$209,361 |
| Alternative DS coverage Ratio | 1.2 | | | |

Imputed Equity Investment \$10,932,401 25.000%

| | | | | |
|------------------------------------|----------------|---------------|--------------|----------------------------------|
| Likely Market Rent Basis | | | | |
| | Quantity | Cost/Value | Extension | |
| Land | 31129 | \$150.00 | \$4,669,350 | |
| Parking Structure | 20000 | \$188.41 | \$3,768,153 | \$188.41 /sf garage |
| Less Depreciation | 18% | | -\$678,268 | |
| Structural Frame | 45623 | \$50.00 | \$2,281,150 | |
| Depreciation in Frame | 40% | | -\$912,460 | |
| Subtotal | | | \$9,127,925 | \$142.52 /sf land |
| New Building (C&S) | 64048 | \$314.38 | \$20,135,410 | |
| New Building Tis | 64048 | \$120.00 | \$7,685,760 | |
| Subtotal Hard Costs | | | \$27,821,170 | \$434.38 /sf gross building area |
| Subtotal Land & Hard | | | \$36,949,096 | |
| Soft Costs | | | | |
| Financing | 5% | | \$1,847,455 | |
| G&A | 5% | | \$1,847,455 | |
| Project Management | 4% | | \$1,477,964 | |
| Subtotal Soft Costs | | | \$5,172,873 | |
| Hard & Soft Costs | | | \$42,121,969 | |
| Developer Profit | 10% | | \$4,212,197 | |
| Total Project Costs | | | \$46,334,166 | |
| Return on Debt | 7.66148% | | 6.997% | |
| %% Debt | 60% | | | |
| Return on Equity | 6% | | | |
| %% Equity | 40% | | | |
| Indicated NNN Rent | | | \$3,241,949 | |
| Adjustment for Service Obligations | | | \$86,388 | |
| Indicated Modified NNN Rent | | | \$3,328,337 | |
| Reqd NOI | \$3,304,436.98 | Reqd NOI/Mont | \$272,168.83 | CTO-Annual |
| | | | | CTO - Monthly |
| | | | | \$762,562.38 |
| | | | | \$62,808.19 |
| | \$3,050,249.52 | \$251,232.76 | \$508,374.92 | \$41,872.13 |

NO ADJUSTMENT HERE (YET) FOR SERVICE OBLIGATIONS; LIKELY NOT NECESSARY - ASSUMING MONIES ARE SPENT.

| | |
|----------------------------------|--------------|
| Rental Cost of the Garage | |
| Indicated Rent Factor | 6.997% |
| Garage Depreciated Cost | \$3,089,885 |
| Indicated Garage Rent (Annual) | \$216,195.78 |
| Indicated Garage Rent (Monthly) | \$18,016.31 |

| | | | | |
|---|---------------------------|-------------|-------------------|-------------|
| Adjustment for Service Obligations of Landlord | | | | |
| Lease Section | Item | Cost | Frequency | Annual Cost |
| Sec 4.a.5 | Extraordinary Maintenance | FV=\$780741 | Reserve in 10 Yrs | \$51,388 |
| 4.a.6 | Exterior Lights | \$2,500 | Annual | \$2,500 |
| 4.a.7 | Interior Lights | \$1,000 | Annual | \$1,000 |
| 4.a.8 | Plumbing fixtures | \$5,000 | Annual | \$5,000 |
| 4.a.9 | Elevator | \$12,000 | Annual | \$12,000 |
| 4.a.10 | HVAC | \$12,000 | Annual | \$12,000 |
| 4.a.11 | Fire Suppression | \$2,500 | Annual | \$2,500 |
| 4.a.12 | Assessments | ??? | | \$86,388 |

| | |
|--------------|------------------------------------|
| \$277,361.43 | Market Rent-Monthly (NNN) |
| \$4.33 | Market Rent/SF/Month (NNN) |
| \$249,625.28 | 90% 90% of Market |
| \$18,016.31 | Garage Rent Cost |
| \$259,345.11 | Net Office Market Rent |
| \$4.05 | Net Office Market RentPer SF/Month |

| | | | |
|--|--------------|--------------|--|
| Level Annual Equivalent Modified NNN Rent | | | |
| Assumed Escalation Rate | 2.00% | | |
| Assumed Discount Rate | 8% | | |
| LAE NPV=> | \$24,150,954 | \$24,150,954 | |
| Yr | Initial Rent | LAE Rent | |
| 1 | \$3,328,337 | \$3,599,204 | |
| 2 | \$3,394,904 | \$3,599,204 | |
| 3 | \$3,462,802 | \$3,599,204 | |
| 4 | \$3,532,058 | \$3,599,204 | |
| 5 | \$3,602,699 | \$3,599,204 | |
| 6 | \$3,674,753 | \$3,599,204 | |
| 7 | \$3,748,248 | \$3,599,204 | |
| 8 | \$3,823,213 | \$3,599,204 | |
| 9 | \$3,899,677 | \$3,599,204 | |
| 10 | \$3,977,671 | \$3,599,204 | |

| | |
|---------------------------------------|-------------|
| Level Annual Equivalent Rent | |
| Based on Annual Escalations per Year: | 2.00% |
| Annual LAE Market Rent | \$3,599,204 |
| Per Month | \$299,934 |
| 90% of Market - LAE Rent | |
| Annual | \$3,239,284 |
| Per Month | \$269,940 |

| | | |
|--|--------------|-------------|
| Level Annual Equivalent Modified NNN Rent | | |
| Assumed Escalation Rate | 1.50% | |
| Assumed Discount Rate | 8% | |
| LAE NPV=> | \$23,679,585 | |
| Yr | Initial Rent | LAE Rent |
| 1 | \$3,328,337 | \$3,528,956 |
| 2 | \$3,378,262 | \$3,528,956 |
| 3 | \$3,428,936 | \$3,528,956 |
| 4 | \$3,480,370 | \$3,528,956 |
| 5 | \$3,532,576 | \$3,528,956 |
| 6 | \$3,585,564 | \$3,528,956 |
| 7 | \$3,639,348 | \$3,528,956 |
| 8 | \$3,693,938 | \$3,528,956 |
| 9 | \$3,749,347 | \$3,528,956 |
| 10 | \$3,805,587 | \$3,528,956 |

| | |
|---------------------------------------|-------------|
| Level Annual Equivalent Rent | |
| Based on Annual Escalations per Year: | 1.50% |
| Annual LAE Market Rent | \$3,528,956 |
| Per Month | \$294,080 |
| 90% of Market - LAE Rent | |
| Annual | \$3,176,061 |
| Per Month | \$264,672 |

tent

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

| | | | |
|------------|--------------|--------------|--------|
| | | \$10,932,401 | 25.00% |
| | | \$43,729,602 | |
| 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 | \$10,932,401 | | | | | -\$10,932,401 | 12.73% | |
| 1 | \$11,538,450.01 | \$3,304,437 | \$2,541,875 | \$762,562 | 0 | \$762,562 | | 6.98% |
| 2 | \$12,180,271.04 | \$3,370,526 | \$2,541,875 | \$828,651 | 0 | \$828,651 | | 7.18% |
| 3 | \$12,859,974.97 | \$3,437,936 | \$2,541,875 | \$896,062 | 0 | \$896,062 | | 7.36% |
| 4 | \$13,579,797.81 | \$3,506,695 | \$2,541,875 | \$964,820 | 0 | \$964,820 | | 7.50% |
| 5 | \$14,342,107.55 | \$3,576,829 | \$2,541,875 | \$1,034,954 | 0 | \$1,034,954 | | 7.62% |
| 6 | \$15,149,411.92 | \$3,648,365 | \$2,541,875 | \$1,106,491 | 0 | \$1,106,491 | | 7.71% |
| 7 | \$16,004,366.70 | \$3,721,333 | \$2,541,875 | \$1,179,458 | 0 | \$1,179,458 | | 7.79% |
| 8 | \$16,909,784.42 | \$3,795,759 | \$2,541,875 | \$1,253,885 | 0 | \$1,253,885 | | 7.83% |
| 9 | \$17,868,643.59 | \$3,871,675 | \$2,541,875 | \$1,329,800 | 0 | \$1,329,800 | | 7.86% |
| 10 | \$18,884,098.56 | \$3,949,108 | \$2,541,875 | \$1,407,233 | 0 | \$1,407,233 | | 7.88% |
| 11 | \$19,959,489.84 | \$4,028,090 | \$2,541,875 | \$1,486,216 | 0 | \$1,486,216 | | 7.87% |
| 12 | \$21,098,355.11 | \$4,108,652 | \$2,541,875 | \$1,566,777 | 0 | \$1,566,777 | | 7.85% |
| 13 | \$22,304,440.88 | \$4,190,825 | \$2,541,875 | \$1,648,950 | 0 | \$1,648,950 | | 7.82% |
| 14 | \$23,581,714.76 | \$4,274,642 | \$2,541,875 | \$1,732,767 | 0 | \$1,732,767 | | 7.77% |
| 15 | \$24,934,378.58 | \$4,360,134 | \$2,541,875 | \$1,818,260 | 0 | \$1,818,260 | | 7.71% |
| 16 | \$26,366,882.15 | \$4,447,337 | \$2,541,875 | \$1,905,463 | 0 | \$1,905,463 | | 7.64% |
| 17 | \$27,883,937.95 | \$4,536,284 | \$2,541,875 | \$1,994,409 | 0 | \$1,994,409 | | 7.56% |
| 18 | \$29,490,536.59 | \$4,627,010 | \$2,541,875 | \$2,085,135 | 0 | \$2,085,135 | | 7.48% |
| 19 | \$31,191,963.26 | \$4,719,550 | \$2,541,875 | \$2,177,675 | 0 | \$2,177,675 | | 7.38% |
| 20 | \$32,993,815.09 | \$4,813,941 | \$2,541,875 | \$2,272,066 | 0 | \$2,272,066 | | 7.28% |
| 21 | \$34,902,019.60 | \$4,919,198 | \$2,541,875 | \$1,877,323 | 0 | \$1,877,323 | | 5.69% |
| 22 | \$36,922,854.15 | \$4,507,582 | \$2,541,875 | \$1,965,707 | 0 | \$1,965,707 | | 5.63% |
| 23 | \$39,062,966.63 | \$4,597,733 | \$2,541,875 | \$2,055,859 | 0 | \$2,055,859 | | 5.57% |
| 24 | \$41,329,397.31 | \$4,689,688 | \$2,541,875 | \$2,147,813 | 0 | \$2,147,813 | | 5.50% |
| 25 | \$43,729,602.00 | \$4,783,482 | \$2,541,875 | \$2,241,607 | 0 | \$2,241,607 | | 5.42% |
| 26 | \$45,971,208.97 | \$4,879,151 | 0 | \$4,879,151 | 0 | \$4,879,151 | | 11.16% |
| 27 | \$45,971,208.97 | \$4,976,734 | \$0 | \$4,976,734 | 0 | \$4,976,734 | | 10.83% |
| 28 | \$45,971,208.97 | \$5,076,269 | \$0 | \$5,076,269 | 0 | \$5,076,269 | | 11.04% |
| 29 | \$45,971,208.97 | \$5,177,794 | \$0 | \$5,177,794 | 0 | \$5,177,794 | | 11.26% |
| 30 | \$45,971,208.97 | \$5,281,350 | \$0 | \$5,281,350 | 0 | \$5,281,350 | | 11.49% |
| 31 | \$45,971,208.97 | \$4,848,279 | \$0 | \$4,848,279 | 0 | \$4,848,279 | | 10.55% |
| 32 | \$45,971,208.97 | \$4,945,245 | \$0 | \$4,945,245 | 0 | \$4,945,245 | | 10.76% |
| 33 | \$45,971,208.97 | \$5,044,150 | \$0 | \$5,044,150 | 0 | \$5,044,150 | | 10.97% |
| 34 | \$45,971,208.97 | \$5,145,033 | \$0 | \$5,145,033 | 0 | \$5,145,033 | | 11.19% |
| 35 | \$45,971,208.97 | \$5,247,934 | \$0 | \$5,247,934 | 0 | \$5,247,934 | | 11.42% |
| 36 | \$45,971,208.97 | \$5,352,892 | \$0 | \$5,352,892 | 0 | \$5,352,892 | | 11.64% |
| 37 | \$45,971,208.97 | \$5,459,950 | \$0 | \$5,459,950 | 0 | \$5,459,950 | | 11.88% |
| 38 | \$45,971,208.97 | \$5,569,149 | \$0 | \$5,569,149 | 0 | \$5,569,149 | | 12.11% |
| 39 | \$45,971,208.97 | \$5,680,532 | \$0 | \$5,680,532 | 0 | \$5,680,532 | | 12.36% |
| 40 | \$45,971,208.97 | \$5,794,143 | \$0 | \$5,794,143 | \$14,142,052 | \$19,936,195 | | 12.60% |

| Guess Cap Rate | Guess Value | Guess Loan | Net Proceeds | Cash Flows | Reversion | CTO & Reversion |
|----------------|--------------|--------------|--------------|-------------|--------------|-----------------|
| 7.500% | \$44,059,160 | \$32,191,152 | \$11,868,008 | \$3,304,437 | \$3,304,437 | \$3,304,437 |
| 7.600% | \$44,349,023 | \$31,549,331 | \$12,799,692 | \$3,370,526 | \$3,370,526 | \$3,370,526 |
| 7.700% | \$44,648,523 | \$30,869,627 | \$13,778,895 | \$3,437,936 | \$3,437,936 | \$3,437,936 |
| 7.800% | \$44,957,628 | \$30,149,804 | \$14,807,823 | \$3,506,695 | \$3,506,695 | \$3,506,695 |
| 7.900% | \$45,276,315 | \$29,387,494 | \$15,888,820 | \$3,576,829 | \$3,576,829 | \$3,576,829 |
| 8.000% | \$45,604,568 | \$28,580,190 | \$17,024,378 | \$3,648,365 | \$3,648,365 | \$3,648,365 |
| 8.100% | \$45,942,380 | \$27,725,235 | \$18,217,144 | \$3,721,333 | \$3,721,333 | \$3,721,333 |
| 8.200% | \$46,289,749 | \$26,819,818 | \$19,469,931 | \$3,795,759 | \$3,795,759 | \$3,795,759 |
| 8.300% | \$46,646,682 | \$25,860,958 | \$20,785,723 | \$3,871,675 | \$3,871,675 | \$3,871,675 |
| 8.400% | \$47,013,191 | \$24,845,503 | \$22,167,688 | \$3,949,108 | \$47,013,191 | \$50,962,299 |
| 8.500% | \$47,389,297 | \$23,770,112 | \$23,619,185 | | IRR = | 8.67% |
| 8.600% | \$47,775,024 | \$22,631,247 | \$25,143,777 | | | |
| 8.700% | \$48,170,403 | \$21,425,161 | \$26,745,242 | | | |
| 8.800% | \$48,575,473 | \$20,147,887 | \$28,427,585 | | | |
| 8.900% | \$48,990,274 | \$18,795,223 | \$30,195,051 | | | |
| 9.000% | \$49,414,857 | \$17,362,720 | \$32,052,137 | | | |
| 9.100% | \$49,849,273 | \$15,845,664 | \$34,003,609 | | | |
| 9.200% | \$50,293,582 | \$14,239,065 | \$36,054,516 | | | |
| 9.300% | \$50,747,846 | \$12,537,639 | \$38,210,208 | | | |
| 9.400% | \$51,212,135 | \$10,735,787 | \$40,476,348 | | | |
| 9.500% | \$46,517,869 | \$8,827,582 | \$37,690,287 | | | |
| 9.600% | \$46,953,974 | \$6,806,748 | \$40,147,226 | | | |
| 9.700% | \$47,399,311 | \$4,666,635 | \$42,732,676 | | | |
| 9.800% | \$47,853,957 | \$2,400,205 | \$45,453,753 | | | |
| 9.900% | \$48,317,996 | \$0 | \$48,317,996 | | | |
| 10.000% | \$48,791,512 | | \$48,791,512 | | | |
| 10.100% | \$49,274,596 | | \$49,274,596 | | | |
| 10.200% | \$49,767,342 | | \$49,767,342 | | | |
| 10.300% | \$50,269,848 | | \$50,269,848 | | | |
| 10.400% | \$50,782,213 | | \$50,782,213 | | | |
| 10.500% | \$46,174,090 | | \$46,174,090 | | | |
| 11.604% | \$42,614,975 | | \$42,614,975 | | | |
| 12.915% | \$39,055,860 | | \$39,055,860 | | | |
| 14.494% | \$35,496,744 | | \$35,496,744 | | | |
| 16.432% | \$31,937,629 | | \$31,937,629 | | | |
| 18.862% | \$28,378,514 | | \$28,378,514 | | | |
| 21.999% | \$24,819,398 | | \$24,819,398 | | | |
| 26.195% | \$21,260,283 | | \$21,260,283 | | | |
| 32.091% | \$17,701,168 | | \$17,701,168 | | | |
| 40.971% | \$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 |
| -\$43,729,602 | | -\$43,729,602 | -\$43,729,602 | | -\$43,729,602 |
| \$3,304,437 | | \$3,304,437 | \$3,304,437 | | \$3,304,437 |
| \$3,370,526 | | \$3,370,526 | \$3,370,526 | | \$3,370,526 |
| \$3,437,936 | | \$3,437,936 | \$3,437,936 | | \$3,437,936 |
| \$3,506,695 | | \$3,506,695 | \$3,506,695 | | \$3,506,695 |
| \$3,576,829 | | \$3,576,829 | \$3,576,829 | | \$3,576,829 |
| \$3,648,365 | | \$3,648,365 | \$3,648,365 | | \$3,648,365 |
| \$3,721,333 | | \$3,721,333 | \$3,721,333 | | \$3,721,333 |
| \$3,795,759 | | \$3,795,759 | \$3,795,759 | | \$3,795,759 |
| \$3,871,675 | | \$3,871,675 | \$3,871,675 | | \$3,871,675 |
| \$3,949,108 | | \$3,949,108 | \$3,949,108 | | \$3,949,108 |
| \$4,028,090 | | \$4,028,090 | \$4,028,090 | | \$4,028,090 |
| \$4,108,652 | | \$4,108,652 | \$4,108,652 | | \$4,108,652 |
| \$4,190,825 | | \$4,190,825 | \$4,190,825 | | \$4,190,825 |
| \$4,274,642 | | \$4,274,642 | \$4,274,642 | | \$4,274,642 |
| \$4,360,134 | | \$4,360,134 | \$4,360,134 | | \$4,360,134 |
| \$4,447,337 | | \$4,447,337 | \$4,447,337 | | \$4,447,337 |
| \$4,536,284 | | \$4,536,284 | \$4,536,284 | | \$4,536,284 |
| \$4,627,010 | | \$4,627,010 | \$4,627,010 | | \$4,627,010 |
| \$4,719,550 | | \$4,719,550 | \$4,719,550 | | \$4,719,550 |
| \$4,813,941 | \$51,212,135 | \$56,026,076 | \$4,813,941 | | \$4,813,941 |
| | IRR = | 9.02% | \$4,419,198 | | \$4,419,198 |
| | | | \$4,507,582 | | \$4,507,582 |
| | | | \$4,597,733 | | \$4,597,733 |
| | | | \$4,689,688 | | \$4,689,688 |
| | | | \$4,783,482 | | \$4,783,482 |
| | | | \$4,879,151 | | \$4,879,151 |
| | | | \$4,976,734 | | \$4,976,734 |
| | | | \$5,076,269 | | \$5,076,269 |
| | | | \$5,177,794 | | \$5,177,794 |
| | | | \$5,281,350 | | \$5,281,350 |
| | | | \$4,848,279 | | \$4,848,279 |
| | | | \$4,945,245 | | \$4,945,245 |
| | | | \$5,044,150 | | \$5,044,150 |
| | | | \$5,145,033 | | \$5,145,033 |
| | | | \$5,247,934 | | \$5,247,934 |
| | | | \$5,352,892 | | \$5,352,892 |
| | | | \$5,459,950 | | \$5,459,950 |
| | | | \$5,569,149 | | \$5,569,149 |
| | | | \$5,680,532 | | \$5,680,532 |
| | | | \$5,794,143 | \$14,142,052 | \$19,936,195 |
| | | | IRR = | | 8.88% |

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| | | |
|--|--------------|--------|
| | \$10,932,401 | 25.09% |
| ALTERNATIVE DEBT SERVICE COVERAGE RATIO | \$43,574,993 | |
| 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 | \$10,932,401 | | | | | -\$10,932,401 | 10.98% | | | | | | -\$43,574,993 | | -\$43,574,993 |
| 1 | \$11,538,450.01 | \$3,050,250 | \$2,541,875 | \$508,375 | 0 | \$508,375 | | 4.65% | 7.000% | \$43,574,993 | \$32,191,152 | \$11,383,841 | \$3,050,250 | | \$3,050,250 |
| 2 | \$12,180,271.04 | \$3,111,255 | \$2,541,875 | \$569,380 | 0 | \$569,380 | | 4.93% | 7.000% | \$44,446,493 | \$31,549,331 | \$12,897,162 | \$3,111,255 | | \$3,111,255 |
| 3 | \$12,859,974.97 | \$3,173,480 | \$2,541,875 | \$631,605 | 0 | \$631,605 | | 5.19% | 7.000% | \$45,335,423 | \$30,869,627 | \$14,465,796 | \$3,173,480 | | \$3,173,480 |
| 4 | \$13,579,797.81 | \$3,236,949 | \$2,541,875 | \$695,075 | 0 | \$695,075 | | 5.40% | 7.000% | \$46,242,131 | \$30,149,804 | \$16,092,327 | \$3,236,949 | | \$3,236,949 |
| 5 | \$14,342,107.55 | \$3,301,688 | \$2,541,875 | \$759,814 | 0 | \$759,814 | | 5.60% | 7.000% | \$47,166,974 | \$29,387,494 | \$17,779,480 | \$3,301,688 | | \$3,301,688 |
| 6 | \$15,149,411.92 | \$3,367,722 | \$2,541,875 | \$825,847 | 0 | \$825,847 | | 5.76% | 7.000% | \$48,110,313 | \$28,580,190 | \$19,530,123 | \$3,367,722 | | \$3,367,722 |
| 7 | \$16,004,366.70 | \$3,435,076 | \$2,541,875 | \$893,202 | 0 | \$893,202 | | 5.90% | 7.000% | \$49,072,520 | \$27,725,235 | \$21,347,284 | \$3,435,076 | | \$3,435,076 |
| 8 | \$16,909,784.42 | \$3,503,778 | \$2,541,875 | \$961,903 | 0 | \$961,903 | | 6.01% | 7.000% | \$50,053,970 | \$26,819,818 | \$23,234,153 | \$3,503,778 | | \$3,503,778 |
| 9 | \$17,868,643.59 | \$3,573,853 | \$2,541,875 | \$1,031,979 | 0 | \$1,031,979 | | 6.10% | 7.000% | \$51,055,049 | \$25,860,958 | \$25,194,091 | \$3,573,853 | | \$3,573,853 |
| 10 | \$18,884,098.56 | \$3,645,331 | \$2,541,875 | \$1,103,456 | 0 | \$1,103,456 | | 6.18% | 7.000% | \$52,076,150 | \$24,845,503 | \$27,230,647 | \$3,645,331 | \$52,076,150 | \$55,721,481 |
| 11 | \$19,959,489.84 | \$3,718,237 | \$2,541,875 | \$1,176,363 | 0 | \$1,176,363 | | 6.23% | 8.000% | \$46,477,964 | \$23,770,112 | \$22,707,852 | | IRR = | 8.85% |
| 12 | \$21,098,355.11 | \$3,792,602 | \$2,541,875 | \$1,250,727 | 0 | \$1,250,727 | | 6.27% | 8.000% | \$47,407,524 | \$22,631,247 | \$24,776,277 | | | |
| 13 | \$22,304,440.88 | \$3,868,454 | \$2,541,875 | \$1,326,579 | 0 | \$1,326,579 | | 6.29% | 8.000% | \$48,355,674 | \$21,425,161 | \$26,930,513 | | | |
| 14 | \$23,581,714.76 | \$3,945,823 | \$2,541,875 | \$1,403,948 | 0 | \$1,403,948 | | 6.29% | 8.000% | \$49,322,788 | \$20,147,887 | \$29,174,900 | | | |
| 15 | \$24,934,378.58 | \$4,024,739 | \$2,541,875 | \$1,482,865 | 0 | \$1,482,865 | | 6.29% | 8.000% | \$50,309,243 | \$18,795,223 | \$31,514,020 | | | |
| 16 | \$26,366,882.15 | \$4,105,234 | \$2,541,875 | \$1,563,360 | 0 | \$1,563,360 | | 6.27% | 8.000% | \$51,315,428 | \$17,362,720 | \$33,952,708 | | | |
| 17 | \$27,883,937.95 | \$4,187,339 | \$2,541,875 | \$1,645,464 | 0 | \$1,645,464 | | 6.24% | 8.000% | \$52,341,737 | \$15,845,664 | \$36,496,073 | | | |
| 18 | \$29,490,536.59 | \$4,271,086 | \$2,541,875 | \$1,729,211 | 0 | \$1,729,211 | | 6.20% | 8.000% | \$53,388,571 | \$14,239,065 | \$39,149,506 | | | |
| 19 | \$31,191,963.26 | \$4,356,507 | \$2,541,875 | \$1,814,633 | 0 | \$1,814,633 | | 6.15% | 8.000% | \$54,456,343 | \$12,537,639 | \$41,918,704 | | | |
| 20 | \$32,993,815.09 | \$4,443,638 | \$2,541,875 | \$1,901,763 | 0 | \$1,901,763 | | 6.10% | 8.000% | \$55,545,470 | \$10,735,787 | \$44,809,683 | | | |
| 21 | \$34,902,019.60 | \$4,079,259 | \$2,541,875 | \$1,537,385 | 0 | \$1,537,385 | | 4.66% | 9.000% | \$45,325,103 | \$8,827,582 | \$36,497,521 | | | |
| 22 | \$36,922,854.15 | \$4,160,844 | \$2,541,875 | \$1,618,970 | 0 | \$1,618,970 | | 4.64% | 9.000% | \$46,231,605 | \$6,806,748 | \$39,424,858 | | | |
| 23 | \$39,062,966.63 | \$4,244,061 | \$2,541,875 | \$1,702,187 | 0 | \$1,702,187 | | 4.61% | 9.000% | \$47,156,237 | \$4,666,635 | \$42,489,602 | | | |
| 24 | \$41,329,397.31 | \$4,328,943 | \$2,541,875 | \$1,787,068 | 0 | \$1,787,068 | | 4.57% | 9.000% | \$48,099,362 | \$2,400,205 | \$45,699,158 | | | |
| 25 | \$43,729,602.00 | \$4,415,521 | \$2,541,875 | \$1,873,647 | 0 | \$1,873,647 | | 4.53% | 9.000% | \$49,061,349 | \$0 | \$49,061,349 | | | |
| 26 | \$45,603,248.85 | \$4,503,832 | 0 | \$4,503,832 | 0 | \$4,503,832 | | 10.30% | 9.000% | \$50,042,576 | | \$50,042,576 | | | |
| 27 | \$45,603,248.85 | \$4,593,909 | \$0 | \$4,593,909 | 0 | \$4,593,909 | | 10.07% | 9.000% | \$51,043,428 | | \$51,043,428 | | | |
| 28 | \$45,603,248.85 | \$4,685,787 | \$0 | \$4,685,787 | 0 | \$4,685,787 | | 10.28% | 9.000% | \$52,064,297 | | \$52,064,297 | | | |
| 29 | \$45,603,248.85 | \$4,779,502 | \$0 | \$4,779,502 | 0 | \$4,779,502 | | 10.48% | 9.000% | \$53,105,582 | | \$53,105,582 | | | |
| 30 | \$45,603,248.85 | \$4,875,092 | \$0 | \$4,875,092 | 0 | \$4,875,092 | | 10.69% | 9.000% | \$54,167,694 | | \$54,167,694 | | | |
| 31 | \$45,603,248.85 | \$4,475,335 | \$0 | \$4,475,335 | 0 | \$4,475,335 | | 9.81% | 10.000% | \$44,753,349 | | \$44,753,349 | | | |
| 32 | \$45,603,248.85 | \$4,564,842 | \$0 | \$4,564,842 | 0 | \$4,564,842 | | 10.01% | 11.039% | \$41,352,094 | | \$41,352,094 | | | |
| 33 | \$45,603,248.85 | \$4,656,138 | \$0 | \$4,656,138 | 0 | \$4,656,138 | | 10.21% | 12.269% | \$37,950,839 | | \$37,950,839 | | | |
| 34 | \$45,603,248.85 | \$4,749,261 | \$0 | \$4,749,261 | 0 | \$4,749,261 | | 10.41% | 13.746% | \$34,549,583 | | \$34,549,583 | | | |
| 35 | \$45,603,248.85 | \$4,844,246 | \$0 | \$4,844,246 | 0 | \$4,844,246 | | 10.62% | 15.552% | \$31,148,328 | | \$31,148,328 | | | |
| 36 | \$45,603,248.85 | \$4,941,131 | \$0 | \$4,941,131 | 0 | \$4,941,131 | | 10.84% | 17.808% | \$27,747,073 | | \$27,747,073 | | | |
| 37 | \$45,603,248.85 | \$5,039,954 | \$0 | \$5,039,954 | 0 | \$5,039,954 | | 11.05% | 20.702% | \$24,345,818 | | \$24,345,818 | | | |
| 38 | \$45,603,248.85 | \$5,140,753 | \$0 | \$5,140,753 | 0 | \$5,140,753 | | 11.27% | 24.545% | \$20,944,563 | | \$20,944,563 | | | |
| 39 | \$45,603,248.85 | \$5,243,568 | \$0 | \$5,243,568 | 0 | \$5,243,568 | | 11.50% | 29.889% | \$17,543,308 | | \$17,543,308 | | | |
| 40 | \$45,603,248.85 | \$5,348,439 | \$0 | \$5,348,439 | \$14,142,052 | \$19,490,492 | | 11.73% | 37.819% | \$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 |
| -\$43,574,993 | | -\$43,574,993 | -\$43,574,993 | | -\$43,574,993 |
| \$3,050,250 | | \$3,050,250 | \$3,050,250 | | \$3,050,250 |
| \$3,111,255 | | \$3,111,255 | \$3,111,255 | | \$3,111,255 |
| \$3,173,480 | | \$3,173,480 | \$3,173,480 | | \$3,173,480 |
| \$3,236,949 | | \$3,236,949 | \$3,236,949 | | \$3,236,949 |
| \$3,301,688 | | \$3,301,688 | \$3,301,688 | | \$3,301,688 |
| \$3,367,722 | | \$3,367,722 | \$3,367,722 | | \$3,367,722 |
| \$3,435,076 | | \$3,435,076 | \$3,435,076 | | \$3,435,076 |
| \$3,503,778 | | \$3,503,778 | \$3,503,778 | | \$3,503,778 |
| \$3,573,853 | | \$3,573,853 | \$3,573,853 | | \$3,573,853 |
| \$3,645,331 | | \$3,645,331 | \$3,645,331 | | \$3,645,331 |
| \$3,718,237 | | \$3,718,237 | \$3,718,237 | | \$3,718,237 |
| \$3,792,602 | | \$3,792,602 | \$3,792,602 | | \$3,792,602 |
| \$3,868,454 | | \$3,868,454 | \$3,868,454 | | \$3,868,454 |
| \$3,945,823 | | \$3,945,823 | \$3,945,823 | | \$3,945,823 |
| \$4,024,739 | | \$4,024,739 | \$4,024,739 | | \$4,024,739 |
| \$4,105,234 | | \$4,105,234 | \$4,105,234 | | \$4,105,234 |
| \$4,187,339 | | \$4,187,339 | \$4,187,339 | | \$4,187,339 |
| \$4,271,086 | | \$4,271,086 | \$4,271,086 | | \$4,271,086 |
| \$4,356,507 | | \$4,356,507 | \$4,356,507 | | \$4,356,507 |
| \$4,443,638 | \$55,545,470 | \$59,989,107 | \$4,443,638 | | \$4,443,638 |
| | IRR = | 8.63% | \$4,079,259 | | \$4,079,259 |
| | | | \$4,160,844 | | \$4,160,844 |
| | | | \$4,244,061 | | \$4,244,061 |
| | | | \$4,328,943 | | \$4,328,943 |
| | | | \$4,415,521 | | \$4,415,521 |
| | | | \$4,503,832 | | \$4,503,832 |
| | | | \$4,593,909 | | \$4,593,909 |
| | | | \$4,685,787 | | \$4,685,787 |
| | | | \$4,779,502 | | \$4,779,502 |
| | | | \$4,875,092 | | \$4,875,092 |
| | | | \$4,475,335 | | \$4,475,335 |
| | | | \$4,564,842 | | \$4,564,842 |
| | | | \$4,656,138 | | \$4,656,138 |
| | | | \$4,749,261 | | \$4,749,261 |
| | | | \$4,844,246 | | \$4,844,246 |
| | | | \$4,941,131 | | \$4,941,131 |
| | | | \$5,039,954 | | \$5,039,954 |
| | | | \$5,140,753 | | \$5,140,753 |
| | | | \$5,243,568 | | \$5,243,568 |
| | | | \$5,348,439 | \$14,142,052 | \$19,490,492 |
| | | | IRR = | | 8.24% |

PRELIMINARY AND TENTATIVE - FOR DISCU

| | | |
|----|----|---------------|
| 1 | \$ | 32,797,201.50 |
| 2 | \$ | 32,191,151.99 |
| 3 | \$ | 31,549,330.96 |
| 4 | \$ | 30,869,627.03 |
| 5 | \$ | 30,149,804.19 |
| 6 | \$ | 29,387,494.45 |
| 7 | \$ | 28,580,190.08 |
| 8 | \$ | 27,725,235.30 |
| 9 | \$ | 26,819,817.58 |
| 10 | \$ | 25,860,958.41 |
| 11 | \$ | 24,845,503.44 |
| 12 | \$ | 23,770,112.16 |
| 13 | \$ | 22,631,246.89 |
| 14 | \$ | 21,425,161.12 |
| 15 | \$ | 20,147,887.24 |
| 16 | \$ | 18,795,223.42 |
| 17 | \$ | 17,362,719.85 |
| 18 | \$ | 15,845,664.05 |
| 19 | \$ | 14,239,065.41 |
| 20 | \$ | 12,537,638.74 |
| 21 | \$ | 10,735,786.91 |
| 22 | \$ | 8,827,582.40 |
| 23 | \$ | 6,806,747.85 |
| 24 | \$ | 4,666,635.37 |
| 25 | \$ | 2,400,204.69 |

JSSION PURPOSES ONLY - 9-9-13

| Interest | Int Exp | DS Constant | Ann D/S | Prin Red | End Balance |
|------------|-----------------|-------------|-----------------|-----------------|------------------|
| 0.05902409 | \$ 1,935,825.09 | 0.07661478 | \$ 2,541,874.60 | \$ 606,049.51 | \$ 32,191,151.99 |
| 0.05902409 | \$ 1,900,053.57 | | \$ 2,541,874.60 | \$ 641,821.03 | \$ 31,549,330.96 |
| 0.05902409 | \$ 1,862,170.67 | | \$ 2,541,874.60 | \$ 679,703.93 | \$ 30,869,627.03 |
| 0.05902409 | \$ 1,822,051.76 | | \$ 2,541,874.60 | \$ 719,822.84 | \$ 30,149,804.19 |
| 0.05902409 | \$ 1,779,564.87 | | \$ 2,541,874.60 | \$ 762,309.73 | \$ 29,387,494.45 |
| 0.05902409 | \$ 1,734,570.23 | | \$ 2,541,874.60 | \$ 807,304.37 | \$ 28,580,190.08 |
| 0.05902409 | \$ 1,686,919.82 | | \$ 2,541,874.60 | \$ 854,954.78 | \$ 27,725,235.30 |
| 0.05902409 | \$ 1,636,456.89 | | \$ 2,541,874.60 | \$ 905,417.71 | \$ 26,819,817.58 |
| 0.05902409 | \$ 1,583,015.43 | | \$ 2,541,874.60 | \$ 958,859.17 | \$ 25,860,958.41 |
| 0.05902409 | \$ 1,526,419.63 | | \$ 2,541,874.60 | \$ 1,015,454.97 | \$ 24,845,503.44 |
| 0.05902409 | \$ 1,466,483.32 | | \$ 2,541,874.60 | \$ 1,075,391.28 | \$ 23,770,112.16 |
| 0.05902409 | \$ 1,403,009.33 | | \$ 2,541,874.60 | \$ 1,138,865.27 | \$ 22,631,246.89 |
| 0.05902409 | \$ 1,335,788.84 | | \$ 2,541,874.60 | \$ 1,206,085.76 | \$ 21,425,161.12 |
| 0.05902409 | \$ 1,264,600.72 | | \$ 2,541,874.60 | \$ 1,277,273.88 | \$ 20,147,887.24 |
| 0.05902409 | \$ 1,189,210.78 | | \$ 2,541,874.60 | \$ 1,352,663.82 | \$ 18,795,223.42 |
| 0.05902409 | \$ 1,109,371.03 | | \$ 2,541,874.60 | \$ 1,432,503.57 | \$ 17,362,719.85 |
| 0.05902409 | \$ 1,024,818.80 | | \$ 2,541,874.60 | \$ 1,517,055.80 | \$ 15,845,664.05 |
| 0.05902409 | \$ 935,275.96 | | \$ 2,541,874.60 | \$ 1,606,598.64 | \$ 14,239,065.41 |
| 0.05902409 | \$ 840,447.93 | | \$ 2,541,874.60 | \$ 1,701,426.67 | \$ 12,537,638.74 |
| 0.05902409 | \$ 740,022.76 | | \$ 2,541,874.60 | \$ 1,801,851.84 | \$ 10,735,786.91 |
| 0.05902409 | \$ 633,670.09 | | \$ 2,541,874.60 | \$ 1,908,204.51 | \$ 8,827,582.40 |
| 0.05902409 | \$ 521,040.05 | | \$ 2,541,874.60 | \$ 2,020,834.55 | \$ 6,806,747.85 |
| 0.05902409 | \$ 401,762.12 | | \$ 2,541,874.60 | \$ 2,140,112.48 | \$ 4,666,635.37 |
| 0.05902409 | \$ 275,443.92 | | \$ 2,541,874.60 | \$ 2,266,430.68 | \$ 2,400,204.69 |
| 0.05902409 | \$ 141,669.91 | | \$ 2,541,874.60 | \$ 2,400,204.69 | \$ (0.00) |

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

| | | |
|-----|--------------|--------|
| | \$10,932,401 | 24.81% |
| | \$44,059,160 | |
| CPI | 2.00% | |

| | Equity Invest | NOI | Debt Service | CTO | Reversion | CTO+Rev | Equity IRR | ROE |
|----|-----------------|-------------|--------------|-------------|--------------|---------------|------------|--------|
| 0 | \$10,932,401 | | | | | -\$10,932,401 | 12.73% | |
| 1 | \$11,538,450.01 | \$3,304,437 | \$2,541,875 | \$762,562 | 0 | \$762,562 | | 6.98% |
| 2 | \$12,180,271.04 | \$3,370,526 | \$2,541,875 | \$828,651 | 0 | \$828,651 | | 7.18% |
| 3 | \$12,859,974.97 | \$3,437,936 | \$2,541,875 | \$896,062 | 0 | \$896,062 | | 7.36% |
| 4 | \$13,579,797.81 | \$3,506,695 | \$2,541,875 | \$964,820 | 0 | \$964,820 | | 7.50% |
| 5 | \$14,342,107.55 | \$3,576,829 | \$2,541,875 | \$1,034,954 | 0 | \$1,034,954 | | 7.62% |
| 6 | \$15,149,411.92 | \$3,648,365 | \$2,541,875 | \$1,106,491 | 0 | \$1,106,491 | | 7.71% |
| 7 | \$16,004,366.70 | \$3,721,333 | \$2,541,875 | \$1,179,458 | 0 | \$1,179,458 | | 7.79% |
| 8 | \$16,909,784.42 | \$3,795,759 | \$2,541,875 | \$1,253,885 | 0 | \$1,253,885 | | 7.83% |
| 9 | \$17,868,643.59 | \$3,871,675 | \$2,541,875 | \$1,329,800 | 0 | \$1,329,800 | | 7.86% |
| 10 | \$18,884,098.56 | \$3,949,108 | \$2,541,875 | \$1,407,233 | 0 | \$1,407,233 | | 7.88% |
| 11 | \$19,959,489.84 | \$4,028,090 | \$2,541,875 | \$1,486,216 | 0 | \$1,486,216 | | 7.87% |
| 12 | \$21,098,355.11 | \$4,108,652 | \$2,541,875 | \$1,566,777 | 0 | \$1,566,777 | | 7.85% |
| 13 | \$22,304,440.88 | \$4,190,825 | \$2,541,875 | \$1,648,950 | 0 | \$1,648,950 | | 7.82% |
| 14 | \$23,581,714.76 | \$4,274,642 | \$2,541,875 | \$1,732,767 | 0 | \$1,732,767 | | 7.77% |
| 15 | \$24,934,378.58 | \$4,360,134 | \$2,541,875 | \$1,818,260 | 0 | \$1,818,260 | | 7.71% |
| 16 | \$26,366,882.15 | \$4,447,337 | \$2,541,875 | \$1,905,463 | 0 | \$1,905,463 | | 7.64% |
| 17 | \$27,883,937.95 | \$4,536,284 | \$2,541,875 | \$1,994,409 | 0 | \$1,994,409 | | 7.56% |
| 18 | \$29,490,536.59 | \$4,627,010 | \$2,541,875 | \$2,085,135 | 0 | \$2,085,135 | | 7.48% |
| 19 | \$31,191,963.26 | \$4,719,550 | \$2,541,875 | \$2,177,675 | 0 | \$2,177,675 | | 7.38% |
| 20 | \$32,993,815.09 | \$4,813,941 | \$2,541,875 | \$2,272,066 | 0 | \$2,272,066 | | 7.28% |
| 21 | \$34,902,019.60 | \$4,910,198 | \$2,541,875 | \$1,877,323 | 0 | \$1,877,323 | | 5.69% |
| 22 | \$36,922,854.15 | \$4,507,582 | \$2,541,875 | \$1,965,707 | 0 | \$1,965,707 | | 5.63% |
| 23 | \$39,062,966.63 | \$4,597,733 | \$2,541,875 | \$2,055,859 | 0 | \$2,055,859 | | 5.57% |
| 24 | \$41,329,397.31 | \$4,689,688 | \$2,541,875 | \$2,147,813 | 0 | \$2,147,813 | | 5.50% |
| 25 | \$43,729,602.00 | \$4,783,482 | \$2,541,875 | \$2,241,607 | 0 | \$2,241,607 | | 5.42% |
| 26 | \$45,971,208.97 | \$4,879,151 | 0 | \$4,879,151 | 0 | \$4,879,151 | | 11.16% |
| 27 | \$45,971,208.97 | \$4,976,734 | \$0 | \$4,976,734 | 0 | \$4,976,734 | | 10.83% |
| 28 | \$45,971,208.97 | \$5,076,269 | \$0 | \$5,076,269 | 0 | \$5,076,269 | | 11.04% |
| 29 | \$45,971,208.97 | \$5,177,794 | \$0 | \$5,177,794 | 0 | \$5,177,794 | | 11.26% |
| 30 | \$45,971,208.97 | \$5,281,350 | \$0 | \$5,281,350 | 0 | \$5,281,350 | | 11.49% |
| 31 | \$45,971,208.97 | \$4,848,279 | \$0 | \$4,848,279 | 0 | \$4,848,279 | | 10.55% |
| 32 | \$45,971,208.97 | \$4,945,245 | \$0 | \$4,945,245 | 0 | \$4,945,245 | | 10.76% |
| 33 | \$45,971,208.97 | \$5,044,150 | \$0 | \$5,044,150 | 0 | \$5,044,150 | | 10.97% |
| 34 | \$45,971,208.97 | \$5,145,033 | \$0 | \$5,145,033 | 0 | \$5,145,033 | | 11.19% |
| 35 | \$45,971,208.97 | \$5,247,934 | \$0 | \$5,247,934 | 0 | \$5,247,934 | | 11.42% |
| 36 | \$45,971,208.97 | \$5,352,892 | \$0 | \$5,352,892 | 0 | \$5,352,892 | | 11.64% |
| 37 | \$45,971,208.97 | \$5,459,950 | \$0 | \$5,459,950 | 0 | \$5,459,950 | | 11.88% |
| 38 | \$45,971,208.97 | \$5,569,149 | \$0 | \$5,569,149 | 0 | \$5,569,149 | | 12.11% |
| 39 | \$45,971,208.97 | \$5,680,532 | \$0 | \$5,680,532 | 0 | \$5,680,532 | | 12.36% |
| 40 | \$45,971,208.97 | \$5,794,143 | \$0 | \$5,794,143 | \$14,142,052 | \$19,936,195 | | 12.60% |

| | |
|----------------|---------------|
| 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 |

PROPERTY LEVEL 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 | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | |
| 8.310% | 8.954% | 9.169% | 9.276% | 9.341% | 9.383% | 9.414% | 9.436% | 9.454% | |
| -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | -\$43,729,602 | |
| \$47,363,597 | \$3,304,437 | \$3,304,437 | \$3,304,437 | \$3,304,437 | \$3,304,437 | \$3,304,437 | \$3,304,437 | \$3,304,437 | |
| | \$48,310,869 | \$3,370,526 | \$3,370,526 | \$3,370,526 | \$3,370,526 | \$3,370,526 | \$3,370,526 | \$3,370,526 | |
| | | \$49,277,086 | \$3,437,936 | \$3,437,936 | \$3,437,936 | \$3,437,936 | \$3,437,936 | \$3,437,936 | |
| | | | \$50,262,628 | \$3,506,695 | \$3,506,695 | \$3,506,695 | \$3,506,695 | \$3,506,695 | |
| | | | | \$51,267,880 | \$3,576,829 | \$3,576,829 | \$3,576,829 | \$3,576,829 | |
| | | | | | \$52,293,238 | \$3,648,365 | \$3,648,365 | \$3,648,365 | |
| | | | | | | \$53,339,103 | \$3,721,333 | \$3,721,333 | |
| | | | | | | | \$54,405,885 | \$3,795,759 | |
| | | | | | | | | \$55,494,002 | |
| Price | \$44,059,160 | \$44,940,343 | \$45,839,150 | \$46,740,011 | \$47,651,051 | \$48,564,872 | \$49,481,770 | \$50,401,125 | \$51,322,328 |
| Rnd Price | \$44,100,000 | \$44,900,000 | \$45,800,000 | \$46,700,000 | \$47,700,000 | \$48,600,000 | \$49,600,000 | \$50,600,000 | \$51,600,000 |

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

Returns for 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 | 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 | |
| 9.468% | | 15.533% | 17.589% | 17.867% | 17.755% | 17.524% | 17.255% | 16.982% | 16.716% | 16.464% | 16.227% | |
| -\$43,729,602 | | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | -\$10,932,401 | |
| \$3,304,437 | 1 | \$12,630,570 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | \$762,562 | 1 |
| \$3,370,526 | 2 | | \$14,219,663 | \$828,651 | \$828,651 | \$828,651 | \$828,651 | \$828,651 | \$828,651 | \$828,651 | \$828,651 | 2 |
| \$3,437,936 | 3 | | | \$15,865,584 | \$896,062 | \$896,062 | \$896,062 | \$896,062 | \$896,062 | \$896,062 | \$896,062 | 3 |
| \$3,506,695 | 4 | | | | \$17,570,949 | \$964,820 | \$964,820 | \$964,820 | \$964,820 | \$964,820 | \$964,820 | 4 |
| \$3,576,829 | 5 | | | | | \$19,338,511 | \$1,034,954 | \$1,034,954 | \$1,034,954 | \$1,034,954 | \$1,034,954 | 5 |
| \$3,648,365 | 6 | | | | | | \$21,171,173 | \$1,106,491 | \$1,106,491 | \$1,106,491 | \$1,106,491 | 6 |
| \$3,721,333 | 7 | | | | | | | \$23,071,993 | \$1,179,458 | \$1,179,458 | \$1,179,458 | 7 |
| \$3,795,759 | 8 | | | | | | | | \$25,044,193 | \$1,253,885 | \$1,253,885 | 8 |
| \$3,871,675 | 9 | | | | | | | | | \$27,091,169 | \$1,329,800 | 9 |
| \$56,603,882 | 10 | | | | | | | | | | \$29,216,504 | 10 |
| \$52,654,774 | | \$44,059,160 | \$44,940,343 | \$45,839,150 | \$46,755,933 | \$47,691,051 | \$48,644,872 | \$49,617,770 | \$50,610,125 | \$51,622,328 | \$52,654,774 | |
| \$52,700,000 | | \$44,100,000 | \$44,900,000 | \$45,800,000 | \$46,800,000 | \$47,700,000 | \$48,600,000 | \$49,600,000 | \$50,600,000 | \$51,600,000 | \$52,700,000 | |

| 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 |
| -\$44,059,160 | | -\$44,059,160 | -\$44,059,160 | | -\$44,059,160 | -\$44,059,160 | | -\$44,059,160 |
| \$3,304,437 | | \$3,304,437 | \$3,304,437 | | \$3,304,437 | \$3,304,437 | | \$3,304,437 |
| \$3,370,526 | | \$3,370,526 | \$3,370,526 | | \$3,370,526 | \$3,370,526 | | \$3,370,526 |
| \$3,437,936 | | \$3,437,936 | \$3,437,936 | | \$3,437,936 | \$3,437,936 | | \$3,437,936 |
| \$3,506,695 | | \$3,506,695 | \$3,506,695 | | \$3,506,695 | \$3,506,695 | | \$3,506,695 |
| \$3,576,829 | | \$3,576,829 | \$3,576,829 | | \$3,576,829 | \$3,576,829 | | \$3,576,829 |
| \$3,648,365 | | \$3,648,365 | \$3,648,365 | | \$3,648,365 | \$3,648,365 | | \$3,648,365 |
| \$3,721,333 | | \$3,721,333 | \$3,721,333 | | \$3,721,333 | \$3,721,333 | | \$3,721,333 |
| \$3,795,759 | | \$3,795,759 | \$3,795,759 | | \$3,795,759 | \$3,795,759 | | \$3,795,759 |
| \$3,871,675 | | \$3,871,675 | \$3,871,675 | | \$3,871,675 | \$3,871,675 | | \$3,871,675 |
| \$3,949,108 | \$52,654,774 | \$56,603,882 | \$3,949,108 | \$52,654,774 | \$56,603,882 | \$3,949,108 | \$52,654,774 | \$56,603,882 |
| | IRR = | 9.36% | \$4,028,090 | | \$4,028,090 | \$4,028,090 | | \$4,028,090 |
| | | | \$4,108,652 | | \$4,108,652 | \$4,108,652 | | \$4,108,652 |
| | | | \$4,190,825 | | \$4,190,825 | \$4,190,825 | | \$4,190,825 |
| | | | \$4,274,642 | | \$4,274,642 | \$4,274,642 | | \$4,274,642 |
| | | | \$4,360,134 | | \$4,360,134 | \$4,360,134 | | \$4,360,134 |
| | | | \$4,447,337 | | \$4,447,337 | \$4,447,337 | | \$4,447,337 |
| | | | \$4,536,284 | | \$4,536,284 | \$4,536,284 | | \$4,536,284 |
| | | | \$4,627,010 | | \$4,627,010 | \$4,627,010 | | \$4,627,010 |
| | | | \$4,719,550 | | \$4,719,550 | \$4,719,550 | | \$4,719,550 |
| | | | \$4,813,941 | \$56,634,597 | \$61,448,537 | \$4,813,941 | \$56,634,597 | \$61,448,537 |
| | | | \$4,419,198 | | \$4,419,198 | \$4,419,198 | | \$4,419,198 |
| | | | \$4,507,582 | | \$4,507,582 | \$4,507,582 | | \$4,507,582 |
| | | | \$4,597,733 | | \$4,597,733 | \$4,597,733 | | \$4,597,733 |
| | | | \$4,689,688 | | \$4,689,688 | \$4,689,688 | | \$4,689,688 |
| | | | \$4,783,482 | | \$4,783,482 | \$4,783,482 | | \$4,783,482 |
| | | | \$4,879,151 | | \$4,879,151 | \$4,879,151 | | \$4,879,151 |
| | | | \$4,976,734 | | \$4,976,734 | \$4,976,734 | | \$4,976,734 |
| | | | \$5,076,269 | | \$5,076,269 | \$5,076,269 | | \$5,076,269 |
| | | | \$5,177,794 | | \$5,177,794 | \$5,177,794 | | \$5,177,794 |
| | | | \$5,281,350 | | \$5,281,350 | \$5,281,350 | | \$5,281,350 |
| | | | \$4,848,279 | | \$4,848,279 | \$4,848,279 | | \$4,848,279 |
| | | | \$4,945,245 | | \$4,945,245 | \$4,945,245 | | \$4,945,245 |
| | | | \$5,044,150 | | \$5,044,150 | \$5,044,150 | | \$5,044,150 |
| | | | \$5,145,033 | | \$5,145,033 | \$5,145,033 | | \$5,145,033 |
| | | | \$5,247,934 | | \$5,247,934 | \$5,247,934 | | \$5,247,934 |
| | | | \$5,352,892 | | \$5,352,892 | \$5,352,892 | | \$5,352,892 |
| | | | \$5,459,950 | | \$5,459,950 | \$5,459,950 | | \$5,459,950 |
| | | | \$5,569,149 | | \$5,569,149 | \$5,569,149 | | \$5,569,149 |
| | | | \$5,680,532 | | \$5,680,532 | \$5,680,532 | | \$5,680,532 |
| | | | \$5,794,143 | | \$5,794,143 | \$5,794,143 | \$14,142,052 | \$19,936,195 |
| | | | | | | | IRR = | 8.81% |

ctory.

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

Market Value at
Lease Rate

\$44,059,160
\$44,349,023
\$44,648,523
\$44,957,628
\$45,276,315
\$45,604,568
\$45,942,380
\$46,289,749
\$46,646,682
\$47,013,191
\$47,389,297
\$47,775,024
\$48,170,403
\$48,575,473
\$48,990,274
\$49,414,857
\$49,849,273
\$50,293,582
\$50,747,846
\$51,212,135
\$46,517,869
\$46,953,974
\$47,399,311
\$47,853,957
\$48,317,996
\$48,791,512
\$49,274,596

\$49,767,342
\$50,269,848
\$50,782,213
\$46,174,090
\$42,614,975
\$39,055,860
\$35,496,744
\$31,937,629
\$28,378,514
\$24,819,398
\$21,260,283
\$17,701,168
\$14,142,052

-\$976,506

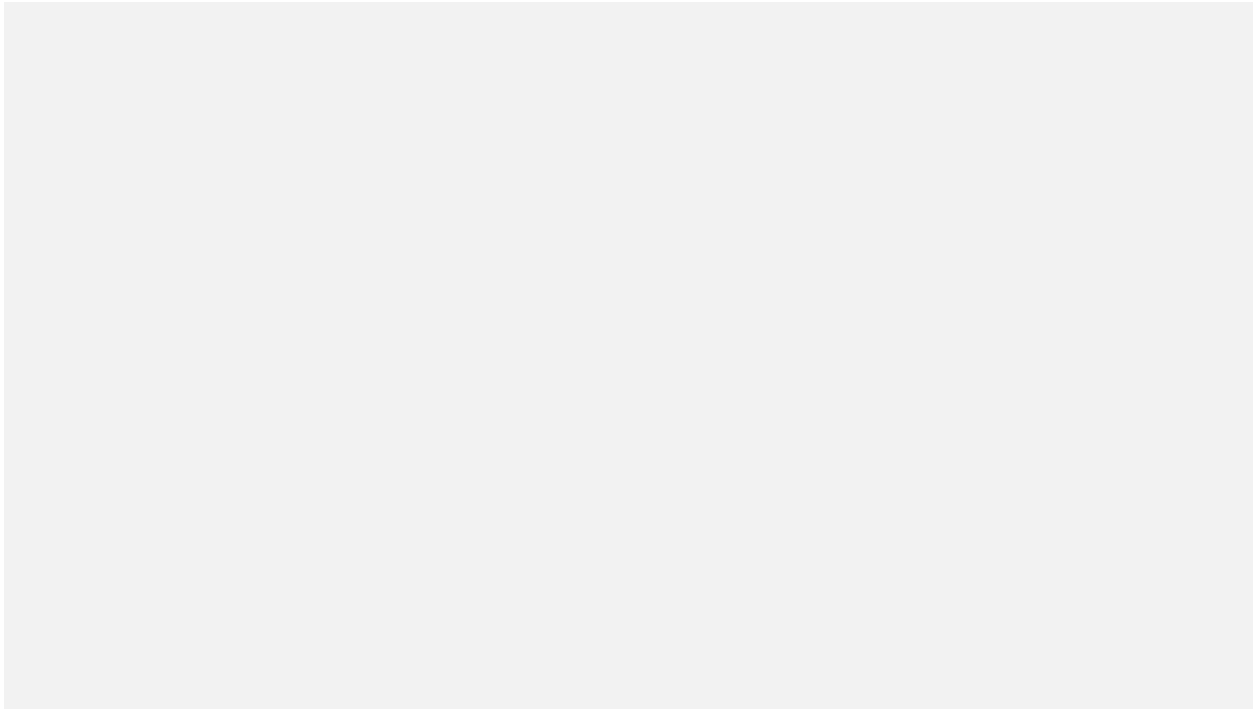
sum of rising
land and
building
declining at
2.5% increment

building
declines

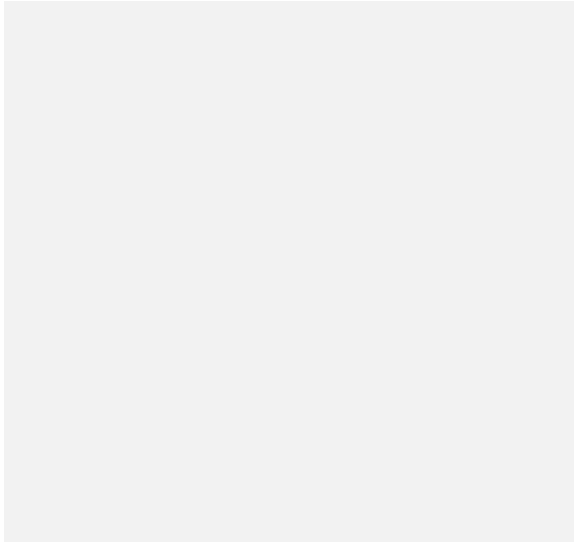
land rises at
2%/year

Total Building Land

| | | | |
|------------------|--------------|--------------|-------------|
| Project Cost New | \$43,729,602 | \$39,060,252 | \$4,669,350 |
| 1 | \$42,846,483 | \$38,083,746 | \$4,762,737 |
| 2 | \$41,965,231 | \$37,107,239 | \$4,857,992 |
| 3 | \$41,085,885 | \$36,130,733 | \$4,955,152 |
| 4 | \$40,208,481 | \$35,154,227 | \$5,054,255 |
| 5 | \$39,333,060 | \$34,177,721 | \$5,155,340 |
| 6 | \$38,459,661 | \$33,201,214 | \$5,258,446 |
| 7 | \$37,588,323 | \$32,224,708 | \$5,363,615 |
| 8 | \$36,719,089 | \$31,248,202 | \$5,470,888 |
| 9 | \$35,852,001 | \$30,271,695 | \$5,580,305 |
| 10 | \$34,987,101 | \$29,295,189 | \$5,691,912 |

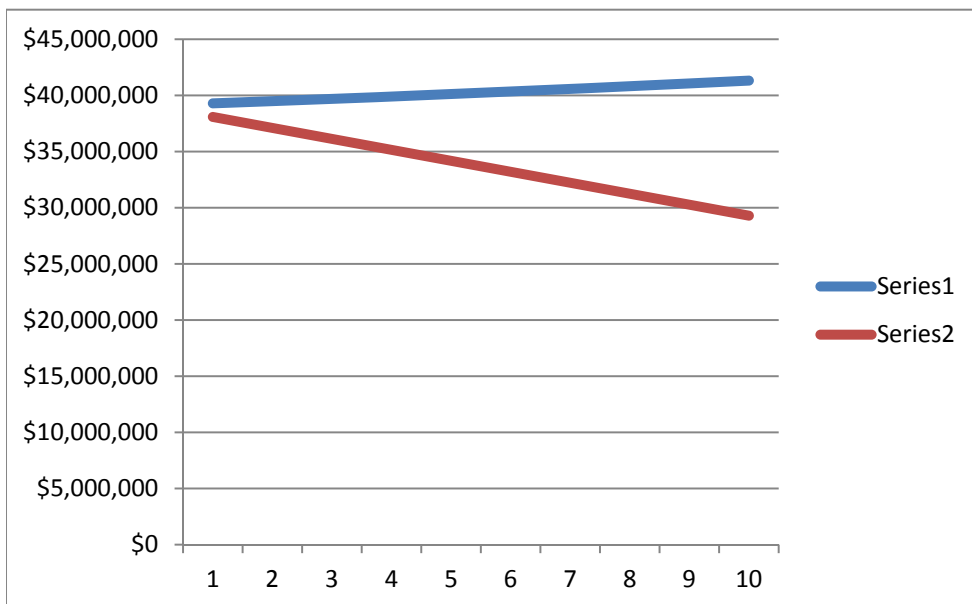


| | A | B | C | |
|---------------|--|--------------|--------------|--------------|
| | Mkt Value at Lease Rate less Land Declining Price Value of Building | | Variance | |
| | 1 | \$39,296,423 | \$38,083,746 | \$1,212,677 |
| -\$38,083,746 | 2 | \$39,491,031 | \$37,107,239 | \$2,383,791 |
| \$976,506 | 3 | \$39,693,371 | \$36,130,733 | \$3,562,638 |
| \$976,506 | 4 | \$39,903,373 | \$35,154,227 | \$4,749,146 |
| \$976,506 | 5 | \$40,120,975 | \$34,177,721 | \$5,943,254 |
| \$976,506 | 6 | \$40,346,121 | \$33,201,214 | \$7,144,907 |
| \$976,506 | 7 | \$40,578,764 | \$32,224,708 | \$8,354,056 |
| \$976,506 | 8 | \$40,818,861 | \$31,248,202 | \$9,570,659 |
| \$976,506 | 9 | \$41,066,376 | \$30,271,695 | \$10,794,681 |
| \$976,506 | 10 | \$41,321,280 | \$29,295,189 | \$12,026,091 |



14142052.44

| D | E | D+E | | | |
|--------------|-------------------|--------------|--------------|-------------|------------------|
| 50/50 Split | Add Land - Rising | Option Price | Rounded | Rent in Yr | Imputed Cap Rate |
| \$38,690,084 | \$4,762,737 | \$43,452,821 | \$43,500,000 | \$3,304,437 | 7.60% |
| \$38,299,135 | \$4,857,992 | \$43,157,127 | \$43,200,000 | \$3,370,526 | 7.80% |
| \$37,912,052 | \$4,955,152 | \$42,867,204 | \$42,900,000 | \$3,437,936 | 8.01% |
| \$37,528,800 | \$5,054,255 | \$42,583,055 | \$42,600,000 | \$3,506,695 | 8.23% |
| \$37,149,348 | \$5,155,340 | \$42,304,687 | \$42,300,000 | \$3,576,829 | 8.46% |
| \$36,773,668 | \$5,258,446 | \$42,032,114 | \$42,000,000 | \$3,648,365 | 8.69% |
| \$36,401,736 | \$5,363,615 | \$41,765,351 | \$41,800,000 | \$3,721,333 | 8.90% |
| \$36,033,531 | \$5,470,888 | \$41,504,419 | \$41,500,000 | \$3,795,759 | 9.15% |
| \$35,669,036 | \$5,580,305 | \$41,249,341 | \$41,200,000 | \$3,871,675 | 9.40% |
| \$35,308,234 | \$5,691,912 | \$41,000,146 | \$41,000,000 | \$3,949,108 | 9.63% |



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

\$46,646,682 Property Value by Model; Year 10

-\$13,982,202 Variance

\$32,664,480

\$ 24,845,503 Loan Balance by Model; Year 10

\$7,818,977 Variance