Rate of Return – Total Return

Before we regard our indication of rent as final, we apply a total return test to the rent based on the escalation of rent annually at the developer's proposed 2% increase.

We see in the evaluation of project level return, ten year project-level internal rate of return at 7.82%, 8.45% and life of building (40 years) at 8.38%. These returns, on an all equity basis, are at the low end of the

PROJECT LEVEL RETURNS

Ten Year Returns

Cash Flows	Reversion	Cash Flow & Reversion
-$48,515,685		-$48,515,685
$3,461,695		$3,461,695
$3,530,929		$3,530,929
$3,601,547		$3,601,547
$3,673,578		$3,673,578
$3,747,050		$3,747,050
$3,821,991		$3,821,991
$3,898,430		$3,898,430
$3,976,399		$3,976,399
$4,055,927		$4,055,927
$4,137,046	$49,250,543	$53,387,589
	IRR =	**7.82%**

Twenty Year Returns

Cash Flows	Reversion	Cash Flow & Reversion
-$48,515,685		-$48,515,685
$3,461,695		$3,461,695
$3,530,929		$3,530,929
$3,601,547		$3,601,547
$3,673,578		$3,673,578
$3,747,050		$3,747,050
$3,821,991		$3,821,991
$3,898,430		$3,898,430
$3,976,399		$3,976,399
$4,055,927		$4,055,927
$4,137,046		$4,137,046
$4,219,787		$4,219,787
$4,304,182		$4,304,182
$4,390,266		$4,390,266
$4,478,071		$4,478,071
$4,567,633		$4,567,633
$4,658,985		$4,658,985
$4,752,165		$4,752,165
$4,847,208		$4,847,208
$4,944,152		$4,944,152
$5,043,036	$53,649,314	$58,692,350
	IRR =	**8.45%**

Life of the Building

Cash Flows	Reversion	Cash Flow & Reversion
-$48,515,685		-$48,515,685
$3,461,695		$3,461,695
$3,530,929		$3,530,929
$3,601,547		$3,601,547
$3,673,578		$3,673,578
$3,747,050		$3,747,050
$3,821,991		$3,821,991
$3,898,430		$3,898,430
$3,976,399		$3,976,399
$4,055,927		$4,055,927
$4,137,046		$4,137,046
$4,219,787		$4,219,787
$4,304,182		$4,304,182
$4,390,266		$4,390,266
$4,478,071		$4,478,071
$4,567,633		$4,567,633
$4,658,985		$4,658,985
$4,752,165		$4,752,165
$4,847,208		$4,847,208
$4,944,152		$4,944,152
$5,043,036		$5,043,036
$4,629,507		$4,629,507
$4,722,097		$4,722,097
$4,816,539		$4,816,539
$4,912,869		$4,912,869
$5,011,127		$5,011,127
$5,111,349		$5,111,349
$5,213,576		$5,213,576
$5,317,848		$5,317,848
$5,424,205		$5,424,205
$5,532,689		$5,532,689
$5,079,008		$5,079,008
$5,180,589		$5,180,589
$5,284,200		$5,284,200
$5,389,884		$5,389,884
$5,497,682		$5,497,682
$5,607,636		$5,607,636
$5,719,788		$5,719,788
$5,834,184		$5,834,184
$5,950,868		$5,950,868
$6,069,885	$14,142,052	$20,211,938
	IRR =	**8.38%**

Source: Waronzof

sought by institutional investors today, but they are within the range. Given the inherent assumption here of continued occupancy by the LIO through lease extension and renewal, the rates of return are satisfactory.

In the analysis below, we focus upon the equity returns, assuming a combined debt and equity investment, as described earlier in this analysis, where we see an equity return over the life of the building at 10.35% - again, a bit on the low side, but within the range of equity returns for institutional investment.

Year	Equity Invest	NOI	Debt Service	Equity Dividend	Reversion	CTO+Rev	**Equity IRR**	ROE
0	$19,406,274					-$19,406,274	**10.35%**	
1	$19,954,908	$3,461,695	$2,225,772	$1,235,923	0	$1,235,923		6.37%
2	$20,535,151	$3,530,929	$2,225,772	$1,305,156	0	$1,305,156		6.54%
3	$21,148,826	$3,601,547	$2,225,772	$1,375,775	0	$1,375,775		6.70%
4	$21,797,858	$3,673,578	$2,225,772	$1,447,806	0	$1,447,806		6.85%
5	$22,484,284	$3,747,050	$2,225,772	$1,521,278	0	$1,521,278		6.98%
6	$23,210,260	$3,821,991	$2,225,772	$1,596,219	0	$1,596,219		7.10%
7	$23,978,063	$3,898,430	$2,225,772	$1,672,658	0	$1,672,658		7.21%
8	$24,790,104	$3,976,399	$2,225,772	$1,750,627	0	$1,750,627		7.30%
9	$25,648,931	$4,055,927	$2,225,772	$1,830,155	0	$1,830,155		7.38%
10	$26,557,241	$4,137,046	$2,225,772	$1,911,273	0	$1,911,273		7.45%
11	$27,517,883	$4,219,787	$2,225,772	$1,994,014	0	$1,994,014		7.51%
12	$28,533,873	$4,304,182	$2,225,772	$2,078,410	0	$2,078,410		7.55%
13	$29,608,401	$4,390,266	$2,225,772	$2,164,494	0	$2,164,494		7.59%
14	$30,744,838	$4,478,071	$2,225,772	$2,252,299	0	$2,252,299		7.61%
15	$31,946,752	$4,567,633	$2,225,772	$2,341,861	0	$2,341,861		7.62%
16	$33,217,916	$4,658,985	$2,225,772	$2,433,213	0	$2,433,213		7.62%
17	$34,562,318	$4,752,165	$2,225,772	$2,526,393	0	$2,526,393		7.61%
18	$35,984,179	$4,847,208	$2,225,772	$2,621,436	0	$2,621,436		7.58%
19	$37,487,962	$4,944,152	$2,225,772	$2,718,380	0	$2,718,380		7.55%
20	$39,078,387	$5,043,036	$2,225,772	$2,817,263	0	$2,817,263		7.52%
21	$40,760,445	$4,629,507	$2,225,772	$2,403,734	0	$2,403,734		6.15%
22	$42,539,417	$4,722,097	$2,225,772	$2,496,325	0	$2,496,325		6.12%
23	$44,420,885	$4,816,539	$2,225,772	$2,590,767	0	$2,590,767		6.09%
24	$46,410,755	$4,912,869	$2,225,772	$2,687,097	0	$2,687,097		6.05%
25	$48,515,274	$5,011,127	$2,225,772	$2,785,355	0	$2,785,355		6.00%
26	$51,300,629	$5,111,349	$0	$5,111,349	0	$5,111,349		10.54%
27	$51,300,629	$5,213,576	$0	$5,213,576	0	$5,213,576		10.16%
28	$51,300,629	$5,317,848	$0	$5,317,848	0	$5,317,848		10.37%
29	$51,300,629	$5,424,205	$0	$5,424,205	0	$5,424,205		10.57%
30	$51,300,629	$5,532,689	$0	$5,532,689	0	$5,532,689		10.78%
31	$51,300,629	$5,079,008	$0	$5,079,008	0	$5,079,008		9.90%
32	$51,300,629	$5,180,589	$0	$5,180,589	0	$5,180,589		10.10%
33	$51,300,629	$5,284,200	$0	$5,284,200	0	$5,284,200		10.30%
34	$51,300,629	$5,389,884	$0	$5,389,884	0	$5,389,884		10.51%
35	$51,300,629	$5,497,682	$0	$5,497,682	0	$5,497,682		10.72%
36	$51,300,629	$5,607,636	$0	$5,607,636	0	$5,607,636		10.93%
37	$51,300,629	$5,719,788	$0	$5,719,788	0	$5,719,788		11.15%
38	$51,300,629	$5,834,184	$0	$5,834,184	0	$5,834,184		11.37%
39	$51,300,629	$5,950,868	$0	$5,950,868	0	$5,950,868		11.60%
40	$51,300,629	$6,069,885	$0	$6,069,885	$14,142,052	$20,211,938		11.83%

Source: Waronzof

Equity returns at ten years and twenty years are slightly higher, but do not exceed 11%.

Our benchmark for the suitability of these property and equity returns is the NCREIF Index, a 30 + year index of the performance of institutional real estate investment. In their 1st Quarter 2013 Property Performance Monitor, RREEF provides the following summary of NCREIF performance:

Returns by Property Type and Region

	Annual Returns								Standard Deviation	
	1 Year			3 Years	5 years	10 Years	20 Years	Since Inception[2]	20 Years	Since Inception[2]
Property Type	**Total**	**Income**	**Appr.**							
Apartment	11.0%	5.4%	5.4%	15.7%	3.3%	8.3%	9.9%	10.6%	9.0%	8.1%
Industrial	10.5%	6.2%	4.1%	12.2%	1.7%	7.8%	9.2%	9.3%	8.6%	7.9%
Office	9.0%	5.6%	3.3%	12.0%	0.9%	7.9%	8.5%	8.3%	9.8%	10.2%
Retail	12.6%	6.1%	6.2%	13.6%	4.5%	10.6%	9.3%	9.6%	8.1%	6.9%
Total Index	**10.5%**	**5.8%**	**4.5%**	**13.3%**	**2.3%**	**8.5%**	**8.9%**	**9.1%**	**8.6%**	**8.1%**

	1 Year			3 Years	5 years	10 Years	20 Years	Since Inception[2]	20 Years	Since Inception[2]
Region	**Total**	**Income**	**Appr.**							
East	9.0%	5.5%	3.4%	13.3%	1.9%	8.8%	9.4%	10.3%	9.2%	9.9%
Midwest	9.7%	6.4%	3.1%	11.3%	2.5%	6.9%	7.5%	7.9%	6.8%	6.2%
South	11.4%	6.2%	5.0%	12.8%	3.2%	8.2%	8.5%	8.1%	7.6%	7.1%
West	11.7%	5.6%	5.8%	14.2%	2.3%	9.0%	9.6%	9.5%	9.5%	8.9%
Total Index	**10.5%**	**5.8%**	**4.5%**	**13.3%**	**2.3%**	**8.5%**	**8.9%**	**9.1%**	**8.6%**	**8.1%**

[2] Index returns start in 1978, equivalent to a 35 year calculation.
Source: NCREIF Property Index.
As of March 31, 2013.

Source: RREEF Property Performance Monitor, 1st Quarter 2013

We see in the above table the ten, twenty and "since inception" level returns in the 8.5% to 9.1% range. We note, as well, the one year income returns, with a national average of 5.8%. This compares favorably with our earlier identification of a market rate of return – based on cap rates – of from 7% to 7.5%. Our selection would impute an "Alaska investment" premium of 120 to 170 basis points (comfortably in that 100 to 200 basis point range we discussed).

From this review of total return, we see that our rent selection of 7.315%, based upon a band of investment method of estimating the market rate of return results in total property-level returns that in within a reasonable range – 7.3% to 8.4%, and that our examination of equity-level returns, in the range of 10% to 11% is also suitable and competitive, particularly for a long-term lease in a government agency occupied building.

We conclude to a market rate of return at 7.315% based on the foregoing. The resulting indication of market rent is then $3,461,695 per year, on an escalating rent basis, as shown below:

Indication of Market Rent (NNN Basis)

Project Cost, Market Based:	$48,515,685
Market Rate of Return:	7.315%
Indicated Market Rent	$3,461,695

Indication of Market Rent (Modified NNN Basis)

In the lease terms under negotiation, the landlord has specific obligations that are specified for certain service and maintenance obligations related to the building. In the dialogue between landlord and tenant, this structure of expense obligation was referred to as a "modified triple net lease".

The provisions from the lease are:

a. ***LESSOR'S RESPONSIBILITY AND COSTS**:*

1. *The installation and maintenance of all structural components, core components, roof membrane/surface, and building systems that are incorporated into the Premises, including but not limited to: HVAC, elevators, plumbing, electrical, and fire suppression systems.*

2. *Providing connections to city water and sewer, electric service, and other public utility service to the Premises.*

3. *Parking lot repair, striping, work required to maintain conformance with ADA or other accessibility issues.*

4. *Any/all work required to maintain conformance with ADA or other accessibility issues.*
5. *Extraordinary maintenance – replacing worn carpeting, painting interior walls, replacing damaged casework, every 10 years, or sooner if reasonably required.*

6. *Exterior light fixture repair/replacement.*

7. *Interior light fixture repair/replacement.*

8. *Plumbing fixture repair/replacement.*

9. *Elevator inspection/repair/replacement.*

10. *HVAC inspection/maintenance/repair/replacement.*

11. *Fire suppression system inspection/maintenance/replacement.*

12. *The payment of any/all pending or levied assessments.*

13. *Other services or maintenance as may be agreed by the parties.*

Waronzof has analyzed these costs, and has reviewed a budget prepared by Pfeffer Development for these costs, and has concluded that the annual costs associated with providing these services are an estimated $152,241 per year, as shown below:

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=$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
Sec 4.a.5	Outdoor Area Major Maintenance	$8,628	Annual	$8,628
				$152,241

Source: Waronzof; Pfeffer Development

Thus, our conclusion of modified triple net (escalating) rent is then:

Project Cost, Market Based:	$48,515,685
Market Rate of Return:	7.315%
Indicated Market Rent	$3,461,695
Add: Landlord Service Obligations:	$152,241
Modified Triple Net Rent:	$3,613,936

Indication of Market Rent – Level Rent Premise

Use present value analysis, we can convert the expected stream of escalating rent (rising at 2% per year) into a level stream of rent payments of equivalent financial value. This is a two step process: (1) first forecasting the escalating rent stream and determining the net present value of that stream of rent, and (2) determining the level annual amount necessary to create that same present value. In this form of analysis, the discount rate is the same for determining the net present value as well as the level annual installment.

The following is a schedule of escalating and level annual equivalent rent:

Level Annual Equivalent Modified NNN Market Rent		
Assumed Escalation Rate		**2.00%**
Assumed Discount Rate		8.00%
LAE NPV==>	$26,223,306	$26,223,306
Yr	**Initial Rent**	**LAE Rent**
1	$3,613,936	$3,908,046
2	$3,686,215	$3,908,046
3	$3,759,939	$3,908,046
4	$3,835,138	$3,908,046
5	$3,911,841	$3,908,046
6	$3,990,077	$3,908,046
7	$4,069,879	$3,908,046
8	$4,151,277	$3,908,046
9	$4,234,302	$3,908,046
10	$4,318,988	$3,908,046

Source: Waronzof

In the above table, we see the escalating market rent estimate, beginning at $3,613,936 per year, escalating for each of the ten years of the lease at 2% per year; the net present value of this rent stream is $26,223,306. The installment to amortize the net present value of $26,223,306 (also at an 8% rate) is $3,908,046 per year. These rent streams are a financial equivalent.

Thus, we conclude that the level market rent estimate for the ten year term of the lease is $3,908,046 per year for each of the ten years of the lease extension term.

Rent Based Upon Direct Comparison

We noted in our valuation methodology discussion that the direct comparison analysis, in which we compare the indications of rent for generic office buildings and apply adjustments intended to simulate the special features and requirements of the LIO occupancy, is believed to be the less reliable indication of market rent for the special purpose Subject property, and is included in order to provide some additional evidence of rental value. As important as the additional evidence and insight we can gain from this analysis is opportunity to relate the rent indications of the market rate of return analysis to other rents in the local marketplace. Because the Subject property should be valued as a special purpose property, there is an essential disconnect between the two analyses. As a special purpose property, the specialized user (LIO) needs features and performance capabilities in the property that a non-specialized user does not. Generic buildings do not contain those specialized features, and those specialized features only provide utility, worth and value to the specialized user. Consequently, this direct comparison analysis is really a hybrid analysis, because it begins with indications of rent from generic buildings, and then adjusts these indications to simulate the special features of the Subject property.

Our analysis includes six rental comparables, including four generic office buildings (including the aforementioned 909 9th Avenue building, and two government buildings, the Glen Olds Hall addition at Alaska Pacific University (leased to the USGS) and the aforementioned Camp Denali Readiness Center.

Application of Adjustments

The reader will note that our adjustments to the comparables are applied in three groups: (i) adjustments for differences in common real estate characteristics such as location, time elapsed since the transaction was completed, age and condition of the property, etc.; (ii) adjustments for the special features of the Subject property, specifically tenant improvements and additional specialty features; and (iii) adjustment for the external costs of the Subject property project, including demolition costs of the existing building(s) and temporary relocation costs. Separation of these groups of attributes allows us to better understand how and why the adjustments are applied and more clearly illustrates the rental value impact of the adjustment amounts.

Located on the following page is our rental comparables summary and adjustment grid.

Comparable	1	2	3	4	5	6
Building Name	Conoco Phillips	909 9th Ave	JL Tower	Doyon Ltd. Bldg	Glenn Olds Hall Addition	Camp Denali Readiness Center
Location	700 G Street	909 9th Ave	Midtown	South Anchorage	APU Campus	JBER
Lessor	Conoco Phillips	Pfeffer Dev.	JL Properties	CIRI	APU	AIDEA
Lessee	Asking	NANA Regional Corp.	Chugach Alaska Corp.	Doyon Corporation	GSA/USGS	Alaska National Guard
Leased Area	24,000 RA	52,589 GBA	82,719 RA	37,750 RA	19,650 RA	27,770 GBA
Lease Date	2011	2012	2012	2011	2012	2014
Lease Rate	$30.60		$36.24	$36.60	$39.96	$50.25
Lease Term	5 to 7 years	12 Years	5-7 years	8-10 years	11 Yrs +	20 Years
Lease Structure	FSG	NNN	FSG	FSG	FSG	NNN
Escalation	CPI	CPI ++	Fixed $.10/sf increases	CPI	1.5% per year	Level Rent
Age & Condition	31 yrs/V. Good	Fully renovated	New	New	New	New
Type of Parking	Surface	Surface	Surface	Surface	Surface	Surface
Tenant Improvement Allowance	$15/sf	$92/sf	$20/sf	$35/sf	None- fully finished.	None- fully finished.
Comments	22 Story Class A office building	Fully renovated six story office building; single tenant BTS. Contract rent is confidential.	Renewal of anchor tenant lease.	New suburban office building. Single tenant occupancy.	New suburban office building as addition to existing government office. Single tenant occupancy.	New suburban office building as addition to existing government facility. Two tenant occupancy for USCG & ANG.
Adjustments						
Location	0%	10%	20%	20%	20%	20%
Time	3%	0%	0%	3%	0%	0%
Age & Condition	20%	0%	5%	0%	0%	0%
Other	0%	10%	0%	0%	0%	-10%
Net to Gross Adjust	-10%	0%	-10%	-5%	-5%	0%
Operating Expense	($7.50)	$2.50	($7.50)	($6.50)	($6.50)	($4.50)
Subtotal Adjusted	$27.08		$34.18	$36.69	$39.45	$50.78
Rent Adjustment for Subject Specialties	$1.80	$1.80	$1.80	$1.80	$1.80	$0.00
Rent Adjustment for Subject TI Cost	$6.58	$2.05	$5.85	$6.22	$5.85	$0.00
Subtotal Adjusted	$35.46		$41.83	$44.71	$47.11	$50.78
Rent Adjustment for Other Provisions						
Structured Parking	$7.23	$7.23	$7.23	$7.23	$7.23	$7.23
Demolition & Temporary Relocation	$5.34	$5.34	$5.34	$5.34	$5.34	$5.34
Indicated Equivalent Rent	**$48.03**		**$54.40**	**$57.28**	**$59.68**	**$63.35**

Source: Waronzof, Reliant Advisors

Application of Adjustments

As evident above, we have adjusted the comparables for a variety of differences between themselves and the Subject property. The following is a brief discussion of the basis for our adjustments.

Location – We have made adjustments for location based solely on the difference in location as it relates to the costs of land at each of the comparables. Our Subject property, located in downtown Anchorage, has high land costs. We have made percentage adjustments to rent to simulate this difference. Comparable 1, located downtown near the Subject, receives no adjustment (because it's location is similar) while

Comparables 4-6 receive 20% upward adjustments because their suburban locations permit much lower overall land costs.

Time – We have made very modest adjustments for time, applying a 3% adjustment to those rent comparables reported in 2011, and applying no adjustment to 2012 or later transactions.

Age & Condition – Our Subject property will be effectively new upon completion, and we have applied modest adjustments, most notably a 20% age and condition adjustment to the Conoco Phillips building, now some 31 years old.

Other Adjustments & Gross to Net Adjustment – Our analysis takes into account, where necessary, other adjustments, such as for Comparable 2, where the very substantial renovation project did not result in brand new ground floor construction or a completely new curtainwall system, or for Comparable 6, which is a level lease over the twenty year term of the lease (with resulting reversion of the property to tenant at lease end). Our gross to net adjustment compensates for the differences among leases – whether the leased area is based on rentable area or gross building area. Our analysis assumes an average 10% gross to rentable difference.

Operating Expense – The adjustment is based on the premise that the average Class A office building in Anchorage has a $10/sf/year operating expense cost and that this cost is included in a full service gross lease. Our Subject property, with its modified triple net lease, will have estimated landlord costs of $2.37/sf/year, which we have rounded to $2.50/sf/year. Suburban buildings are assumed to have a lower operating cost, primarily because of the lower property tax expense associated with lower land and building costs (in suburban settings).

Adjustment for Specialties and Tenant Improvements – We adjust all of our comparables except #6 for the costs of special features of the Subject. This includes hearing room improvements, freight elevator, custom casework, emergency generator, the outdoor area and CATV wiring. These items have a scheduled cost of $1.194 million, which translates to a rent adjustment of $1.80/sf/year. Our tenant improvements adjustment is based on the premise that TI costs at the Subject property will be $120/sf, and that new, generic office building (first generation) TI costs are $60/sf. Our adjustment is based upon the difference between the imputed cost/worth of TI's at the comparable building versus the Subject property.[21]

Adjustment for Other Provisions; Structured Parking, Demolition and Temporary Relocation – Our adjustment is based on the cost of these attributes times the 7.315% rate of return. Parking structure adjustment is based upon the depreciated cost of the garage only, not including land cost. Demolition and temporary relocation costs are adjusted at cost,

[21] For example, Comparable #1 reports a $15/sf TI allowance. Our adjustment for this comparable assumes that, with a $15/sf allowance, in place TI's will have a $30/sf value upon completion. Subject cost is $120/sf. The difference is $90/sf. $90/sf X our market rate of return of 7.315% is $6.58/sf/year.

times the market rate of return. None of the comparables provide structured parking or include the demolition cost and temporary relocation costs of the Subject, so the adjustments are common across all comparables.

Impact of the Adjustments

- The average contract rent of our six comparables is $36.62/sf/year.

- The average adjusted rent for typical characteristics (location, time, age & conditions, etc.,) is $36.99, a net upwards adjustment of 1.02%. The dollar amount of the change is +$.37/sf/year.

- The average adjusted rent following adjustments for special features and tenant improvements is $42.92/sf/year, a net upwards adjustment of 16.02%. The dollar amount of the change is +$6.02/sf/year.

- The average adjusted rent following adjustments for structured parking, demolition and temporary relocation is $55.49/sf/year, a net upwards adjustment of 29%. The dollar amount of the adjustment is $12.57/sf/year.

Following these adjustments, the indications of rent for the Subject property range from a low of $48.02/sf/year to a high of $63.35/sf/year. The average of the six indications is $55.49/sf/year. Rent for the Subject property at $55.49/sf/year would be $3,554,024. This can be compared with our conclusion of rental value (escalating rent) via the market rate of return and project cost method of $3,613,936, a variance of 1.66%.

Conclusion of Rental Value via Direct Comparison

We've described this analysis as a "hybrid" as it attempts to estimate rent for a special purpose property by starting with rents from generic buildings and then making adjustments for the differences in property attributes between Subject and comparable. Key to this analysis is the idea that, because the LIO is a specialized user, and the Subject property has special features to meet these special needs, all of the characteristics of the Subject property have worth and value to the specialized user.

The benefit of this direct comparison analysis is that it builds a bridge of understanding between generic office rents observed in the marketplace and the rents that result from the need for these special features and attributes. This is the essence of a special purpose property appraisal and the resulting estimate a rental value – the generic buildings in the local marketplace cannot meet the needs of the user, and the user must then bear the cost of those special features and attributes – either in the form of the cost of construction or purchase, or in the form of rent.

We conclude to a rental value for the Subject property of $3,554,000 per year, assuming an escalating lease structure, based on this direct comparison analysis, as of June 1, 2014.