

**PRELIMINARY AND TENTATIVE - FOR DISCUSSION PURPOSES ONLY - 9-12-13**  
**COSTS AND MARKET RENT ESTIMATE DOES NOT INCLUDE STATE-FUNDED TENANT IMPROVEMENTS!!**

Land Area			
Land Area	31129		
Building Size			
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
<b>NET Construction &amp; A/E Services</b>	<b>\$22,065,348</b>	<b>61.2%</b>	<b>\$344.51</b>
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
	<b>\$36,043,842</b>	<b>100.0%</b>	<b>\$562.76</b>
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		
<b>Total Loan</b>	<b>\$27,032,882</b>	<b>100.0%</b>	<b>75.000% Annual DS Mon DS</b>
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			
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	\$264,654
Freight Elevator			11	\$166,520
Custom Casework			11a	\$166,947
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			20	\$3,430,182
Adjustment for Service Obligations				\$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
	\$2,511,968.87	\$206,897.81	\$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 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	Note	Cost	Frequency
Sec 4.a.3	Parking Lot Striping	20a	\$1,000	Annual
Sec 4.a.4	ADA Signage; Future Liability	20a	FV=\$30000	Ann + One Time
Sec 4.a.5	Extraordinary Maintenance	20a	FV=\$1096941	Reserve in 10 Yrs
4.a.6	Exterior Lights	20c	\$1,000	Annual
4.a.7	Interior Lights	20c	\$1,500	Annual
4.a.8	Plumbing fixtures	20d	\$1,000	Annual
4.a.9	Elevator	20e	\$20,740	Annual
4.a.10	HVAC	20f	\$26,000	Annual
4.a.11	Fire Suppression	20g	\$3,500	Annual
4.a.12	Assessments	20h	???	
20a	Criterion Cost = \$14.05/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

\$296.38 /sf garage	\$57,549.51
\$177.80 /sf land	
\$405.24 /sf gross building area	
\$664.66	
\$731.12	
\$285,848.48	
\$13,138.33	
<b>\$298,986.82</b>	<b>Market Rent-Monthly (NNN Modified)</b>
\$4.67	Market Rent/SF/Month (NNN)
<b>\$269,088.13</b>	<b>90% of Market</b>
\$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 Rent	
Based on Annual Escalations per Year:	1.50%
Annual LAE Market Rent	\$3,804,103
Per Month	\$317,009
90% of Market - LAE Rent	
Annual	\$3,423,693
Per Month	\$285,308

Level Annual Equivalent Modified NNN 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	

Alternative Analysis of Growth Rate			
Assumed Escalation Rate	1.50%		
Assumed Discount Rate	8%		
LAE NPV=>	\$25,525,841	\$25,525,841	
Yr	Initial Rent	LAE Rent	
1	\$3,587,842	\$3,804,103	
2	\$3,641,659	\$3,804,103	
3	\$3,696,284	\$3,804,103	
4	\$3,751,729	\$3,804,103	
5	\$3,808,005	\$3,804,103	
6	\$3,865,125	\$3,804,103	
7	\$3,923,101	\$3,804,103	
8	\$3,981,948	\$3,804,103	
9	\$4,041,677	\$3,804,103	
10	\$4,102,302	\$3,804,103	