



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

		\$9,010,961	25.00%
		\$36,043,842	
<b>CPI</b>	<b>2.00%</b>		

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	<b>12.74%</b>	
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	<b>\$3,639,337</b>	\$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	<b>\$37,889,870.30</b>	\$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	<b>\$3,992,699</b>	\$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%	<b>\$36,283,995</b>	\$26,532,711	\$9,751,283	\$2,721,300	\$2,721,300	\$2,721,300
7.600%	<b>\$36,522,705</b>	\$26,003,065	\$10,519,641	\$2,775,726	\$2,775,726	\$2,775,726
7.700%	<b>\$36,769,352</b>	\$25,442,204	\$11,327,148	\$2,831,240	\$2,831,240	\$2,831,240
7.800%	<b>\$37,023,909</b>	\$24,848,290	\$12,175,619	\$2,887,865	\$2,887,865	\$2,887,865
7.900%	<b>\$37,286,357</b>	\$24,219,375	\$13,066,982	\$2,945,622	\$2,945,622	\$2,945,622
8.000%	<b>\$37,556,683</b>	\$23,553,395	\$14,003,288	\$3,004,535	\$3,004,535	\$3,004,535
8.100%	<b>\$37,834,881</b>	\$22,848,168	\$14,986,713	\$3,064,625	\$3,064,625	\$3,064,625
8.200%	<b>\$38,120,949</b>	\$22,101,378	\$16,019,571	\$3,125,918	\$3,125,918	\$3,125,918
8.300%	<b>\$38,414,894</b>	\$21,310,579	\$17,104,316	\$3,188,436	\$3,188,436	\$3,188,436
8.400%	<b>\$38,716,725</b>	\$20,473,174	\$18,243,551	\$3,252,205	\$38,716,725	\$41,968,930
8.500%	<b>\$39,026,459</b>	\$19,586,419	\$19,440,040		<b>IRR =</b>	<b>8.65%</b>
8.600%	<b>\$39,344,116</b>	\$18,647,404	\$20,696,713			
8.700%	<b>\$39,669,723</b>	\$17,653,050	\$22,016,673			
8.800%	<b>\$40,003,309</b>	\$16,600,095	\$23,403,214			
8.900%	<b>\$40,344,911</b>	\$15,485,086	\$24,859,824			
9.000%	<b>\$40,694,566</b>	\$14,304,367	\$26,390,200			
9.100%	<b>\$41,052,321</b>	\$13,054,063	\$27,998,258			
9.200%	<b>\$41,418,222</b>	\$11,730,075	\$29,688,147			
9.300%	<b>\$41,792,322</b>	\$10,328,059	\$31,464,263			
9.400%	<b>\$42,174,677</b>	\$8,843,419	\$33,331,259			
9.500%	<b>\$38,308,813</b>	\$7,271,283	\$31,037,530			
9.600%	<b>\$38,667,958</b>	\$5,606,497	\$33,061,461			
9.700%	<b>\$39,034,706</b>	\$3,843,599	\$35,191,107			
9.800%	<b>\$39,409,121</b>	\$1,976,808	\$37,432,313			
9.900%	<b>\$39,791,270</b>	\$0	\$39,791,270			
10.000%	<b>\$40,181,224</b>		\$40,181,224			
10.100%	<b>\$40,579,058</b>		\$40,579,058			
10.200%	<b>\$40,984,849</b>		\$40,984,849			
10.300%	<b>\$41,398,676</b>		\$41,398,676			
10.400%	<b>\$41,820,624</b>		\$41,820,624			
10.500%	<b>\$38,025,701</b>		\$38,025,701			
10.75%	<b>\$35,371,962</b>		\$35,371,962			
10.96%	<b>\$32,718,224</b>		\$32,718,224			
11.18%	<b>\$30,064,485</b>		\$30,064,485			
11.41%	<b>\$27,410,746</b>		\$27,410,746			
11.63%	<b>\$24,757,007</b>		\$24,757,007			
11.87%	<b>\$22,103,269</b>		\$22,103,269			
12.10%	<b>\$19,449,530</b>		\$19,449,530			
12.35%	<b>\$16,795,791</b>		\$16,795,791			
12.59%	<b>\$14,142,052</b>		\$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
	<b>IRR =</b>	<b>9.01%</b>	\$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
			<b>IRR =</b>	<b>8.89%</b>	

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

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

	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		<b>IRR = 8.85%</b>	
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	\$1,800,800	0	\$1,800,800		6.01%	9.000%	\$38,834,528	\$3,843,599	\$34,990,929			
24	\$34,067,034.43	\$3,999,010	\$2,093,307	\$1,887,702	0	\$1,887,702		6.00%	9.000%	\$39,611,219	\$1,976,808	\$37,634,411			
25	\$36,043,842.00	\$4,081,310	\$2,093,307	\$1,979,002	0	\$1,979,002		6.00%	9.000%	\$40,403,443	\$0	\$40,403,443			
26	\$37,586,844.48	\$4,162,036	\$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
	<b>IRR =</b>	<b>8.63%</b>	\$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
			<b>IRR =</b>		<b>8.26%</b>

**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

Year	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		
0	\$9,010,961					-\$9,010,961	12.74%							8.216%	8.905%	9.135%	9.250%	9.319%	9.365%	9.397%	9.421%	9.440%		
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		\$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	
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		\$39,005,294	\$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	
3	\$10,501,637.98	\$2,831,240	\$2,093,307	\$737,933	0	\$737,933		7.35%	7.500%	\$37,749,868	\$25,442,204	\$12,307,664			\$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	
4	\$11,195,551.97	\$2,887,865	\$2,093,307	\$794,558	0	\$794,558		7.49%	7.500%	\$38,504,866	\$24,840,290	\$13,656,575				\$40,581,108	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	\$2,831,240	
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				\$41,392,730	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	\$2,887,865	
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				\$42,220,585	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	\$2,945,622	
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				\$43,064,997	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	\$3,004,535	
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				\$43,926,297	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	\$3,064,625	
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				\$44,804,823	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	\$3,125,918	
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				\$45,700,919	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	\$3,188,436	
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%	\$43,990,132	\$13,054,063	\$30,896,069												
18	\$24,313,767.32	\$3,810,476	\$2,093,307	\$1,717,169	0	\$1,717,169		7.47%	8.500%	\$44,925,134	\$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	\$0												
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	\$0												
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	\$0												
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	\$0												
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	\$0												
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	\$0												
32	\$37,889,870.30	\$4,072,553	\$0	\$4,072,553	0	\$4,072,553		10.75%	11.311%	\$35,371,962	\$35,371,962	\$0												
33	\$37,889,870.30	\$4,154,004	\$0	\$4,154,004	0	\$4,154,004		10.96%	12.696%	\$32,718,224	\$32,718,224	\$0												
34	\$37,889,870.30	\$4,237,084	\$0	\$4,237,084	0	\$4,237,084		11.18%	14.093%	\$30,064,485	\$30,064,485	\$0												
35	\$37,889,870.30	\$4,321,825	\$0	\$4,321,825	0	\$4,321,825		11.41%	15.767%	\$27,410,746	\$27,410,746	\$0												
36	\$37,889,870.30	\$4,408,262	\$0	\$4,408,262	0	\$4,408,262		11.63%	17.806%	\$24,757,007	\$24,757,007	\$0												
37	\$37,889,870.30	\$4,496,427	\$0	\$4,496,427	0	\$4,496,427		11.87%	20.343%	\$22,103,269	\$22,103,269	\$0												
38	\$37,889,870.30	\$4,586,356	\$0	\$4,586,356	0	\$4,586,356		12.10%	23.581%	\$19,449,530	\$19,449,530	\$0												
39	\$37,889,870.30	\$4,678,083	\$0	\$4,678,083	0	\$4,678,083		12.35%	27.853%	\$16,795,791	\$16,795,791	\$0												
40	\$37,889,870.30	\$4,771,644	\$0	\$4,771,644	\$14,142,052	\$18,913,697		12.59%	33.741%	\$14,142,052	\$14,142,052	\$14,142,052												

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

Returns 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??

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
Value	\$ 6,404,800
FV at 2%	\$ 14,142,052





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

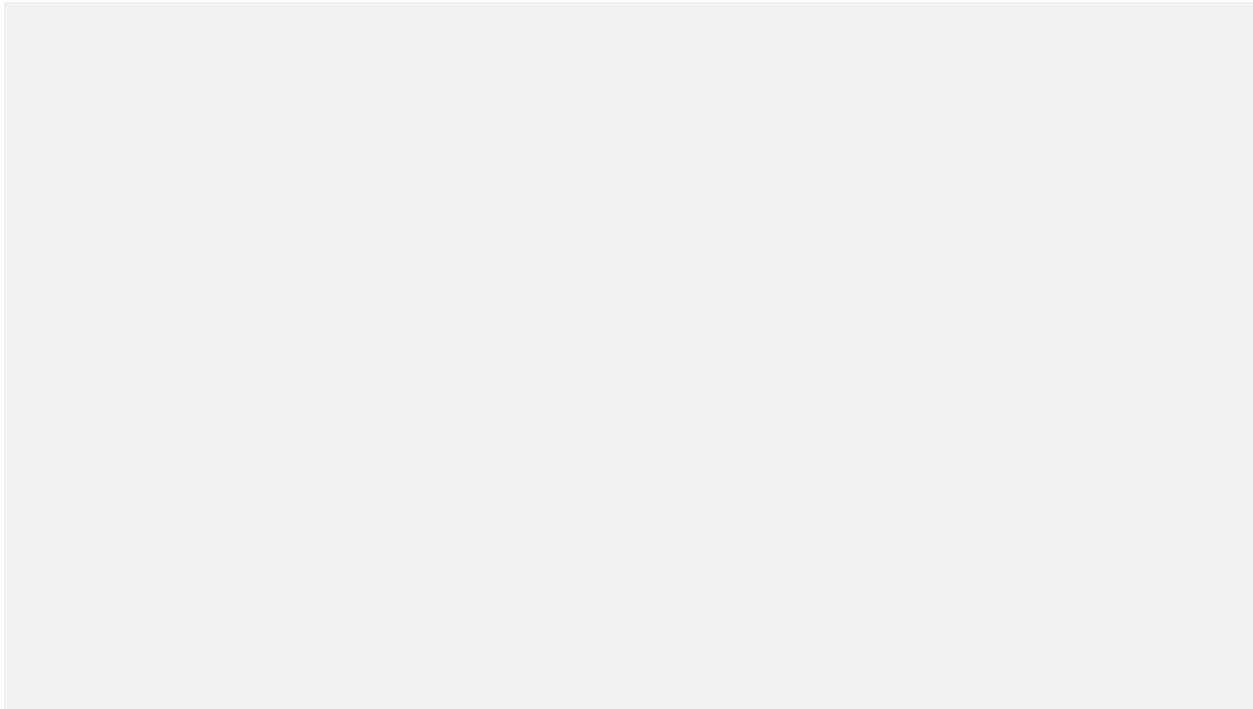
sum of rising  
land and  
building  
declining at  
2.5% increment

building  
declines

land rises at  
2%/year

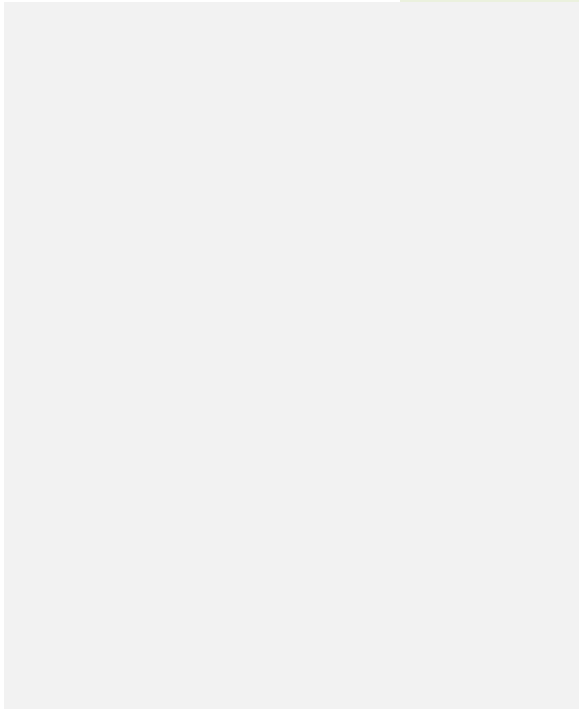
Total                      Building                      Land

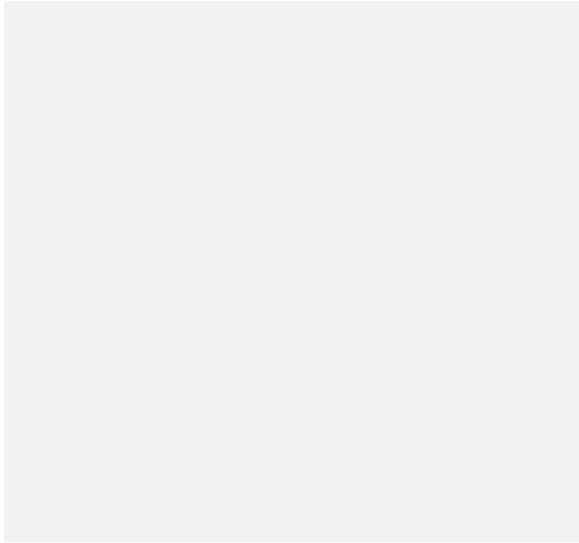
Project Cost New	\$36,043,842	\$31,374,492	\$4,669,350
1	\$35,352,867	\$30,590,130	\$4,762,737
2	\$34,663,759	\$29,805,767	\$4,857,992
3	\$33,976,557	\$29,021,405	\$4,955,152
4	\$33,291,297	\$28,237,043	\$5,054,255
5	\$32,608,020	\$27,452,681	\$5,155,340
6	\$31,926,765	\$26,668,318	\$5,258,446
7	\$31,247,571	\$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





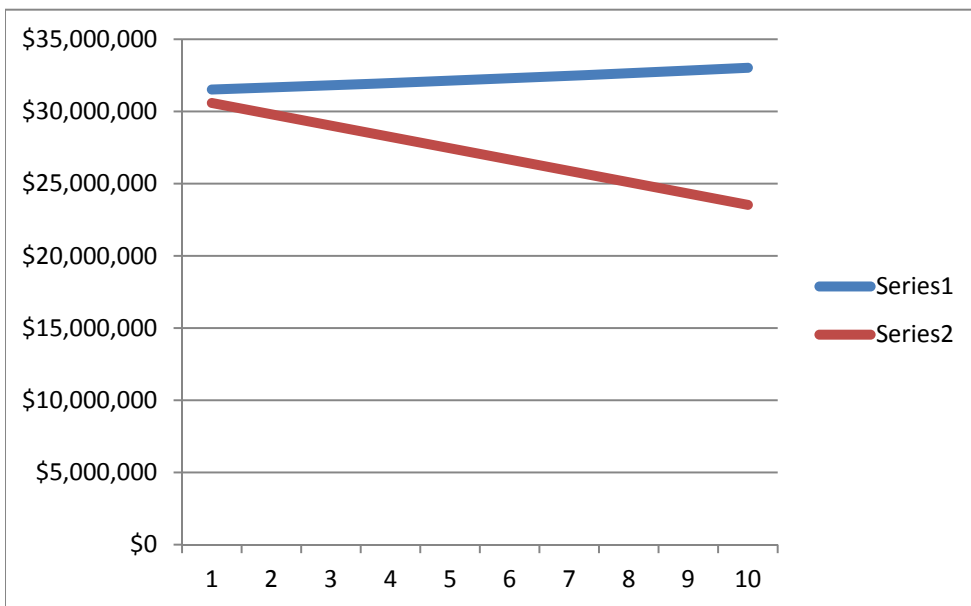
	A	B	C	
	Mkt Value at Lease Rate less Land Value	Declining Price of Building	Variance	
	1	\$31,521,258	\$30,590,130	\$931,128
-\$30,590,130	2	\$31,664,714	\$29,805,767	\$1,858,946
\$784,362	3	\$31,814,201	\$29,021,405	\$2,792,795
\$784,362	4	\$31,969,655	\$28,237,043	\$3,732,612
\$784,362	5	\$32,131,017	\$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