***FINAL DRAFT AS OF SEPTEMBER 16, 2013***

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

**Land Area** 31129

**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 |
| NET Construction & A/E Services | STATE CONT. | $22,065,348 | 61.2% | $344.51 |
| Interim Office Space | | $750,000 | 2.1% | $11.71 |
| Contingency | | $762,322 | 2.1% | $11.90 |
| Construction Loan Interest | | $1,110,007 | 3.1% | $17.33 |
| Loan Fee | | $611,077 | 1.7% | $9.54 |
| Construction Management | | $892,533 | 2.5% | $13.94 |
| Development Fee | | $1,487,555 | 4.1% | $23.23 |
| | | $36,043,842 | 100.0% | $562.76 |

**Loan Assumptions**

| | | %% of Loan | %% of Project |
|---|---|---|---|
| AIDA | | | |
| Max Loan | $20,000,000 | 73.984% | 55.488% |
| Loan Term - Mos | 300 | | |
| Interest Rate | 5.68% | | |
| Mortgage Constant | 0.07498599 | | |
| Additional Financing - Bank | | | |
| Max Loan | none | | |
| Likely Loan | $7,032,881.50 | 26.016% | 19.512% |
| Loan Term - Mos | 240 | | |
| Interest Rate | 6.50% | | |
| Mortgage Constant | 0.089469 | | |

| | | | | Annual DS | Mon DS |
|---|---|---|---|---|---|
| **Total Loan** | **$27,032,882** | **100.0%** | **75.000%** | | |
| ***Combined Mortgage Constant*** | ***0.07854*** | | | $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** **$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 | $296.38 /sf garage | $57,549.51 cost new |
| Less Depreciation | 18% | | 3 | -$1,066,968 | | 48606.32 depreciated |
| Structural Frame | 45623 | $67.86 | 4 | $3,095,977 | | |
| Depreciation in Frame | 40% | | 5 | -$1,238,391 | | |
| Subtotal | | | | $11,387,568 | $177.80 /sf land | |
| New Building (C&S) | 64048 | $350.00 | 6 | $22,416,800 | | |
| New Building Tis | 64048 | $0.00 | 7 | $0 | | |
| Specialty Expenditures | | | | | | |
| Demolition Costs | | | 8 | $2,553,000 | $3,842,701 | $60.00 |
| Temporary Relocation Costs | | | 9 | $750,000 | | |
| Hearing Room Improvements | | | 10 | $281,613 | | |
| Freight Elevator | | | 11 | $85,133 | | |
| Custom Casework | | | 11a | $172,956 | | |
| Emergency Generator | | | 11b | $158,696 | | |
| Subtotal Hard Costs | | | | $26,418,197 | $412.47 /sf gross building area | |
| Subtotal Land & Hard | | | | $37,805,765 | | |
| Soft Costs | | | | | | |
| Financing | 5% | | 12 | $1,890,288 | | |
| G&A | 5% | | 13 | $1,890,288 | | |
| Project Management | 4% | | 14 | $1,512,231 | | |
| Subtotal Soft Costs | | | | $5,292,807 | | |
| Hard & Soft Costs | | | | $43,098,572 | $672.91 | |
| Developer Profit | 10% | | 15 | $4,309,857 | | |
| Total Project Costs | | | | $47,408,429 | $740.20 | |
| Return on Debt | 7.87538% | | 16 | 7.325% | | |
| %% Debt | 60% | | 17 | | | |
| Return on Equity | 6.50% | | 18 | | | |
| %% Equity | 40% | | 19 | | | |
| Indicated NNN Rent | | | | $3,472,776 | $289,398.04 | |
| Adjustment for Service Obligations | | | 20 | $143,613 | $11,967.75 | ***RENTS DO NOT INCLUDE TENANT IMPROVEMENTS!!*** |
| Indicated Modified NNN Rent | | | | $3,616,389 | | |

| Reqd NOI | Reqd NOI/Mont | CTO-Annual | CTO - Monthly |
|---|---|---|---|
| $2,721,299.61 | $224,139.29 | | |
| ($4,997) | | $627,992.22 | $51,724.45 |
| *$2,511,968.87* | *$206,897.81* | *$418,661.48* | *$34,482.97* |

| | | |
|---|---|---|
| **$301,365.79** | | **Market Rent-Monthly (NNN Modified)** |
| **$4.71** | | **Market Rent/SF/Month (NNN)** |
| **$271,229.21** | **90%** | ***90% of Market*** |
| **$29,671.04** | | **Garage Rent Cost** |
| **$271,694.75** | | **Net Office Market Rent** |
| **$4.24** | | **Net Office Market RentPer SF/Month** |

**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 | Criterium, inc Profit & Ohd | $2,552,999.89 |
| Note 9 | Temp Relo Cost | PD | $750,000.00 |
| Note 10 | Hear Room Improv | Criterium + WA | $281,613.04 |
| Note 11 | Freight Elevator | Criterium | $85,132.79 |
| Note 11a | Custom Casework | Criterium, inc Profit & Ohd | $172,955.65 |
| Note 11b | Emergency Generator | | 158695.6522 |

Note 2 Garage Cost New Lenny Pacio

DEMOLITION COST DETAIL - CRITERIUM EST

| | |
|---|---|
| Asbestos | $300,000.00 |
| Demolition | $2,017,727.07 |
| Temp Shoring | $53,221.66 |
| Temp Shoring | $61,527.07 |
| Additional Demo | $52,832.49 |
| Debris | $26,644.33 |
| Floor adhesives | $41,047.27 |
| | $2,552,999.89 |

**Note 20 - Adjustment for Service Obligations of Landlord**

| Lease Section | Item | Note | Cost | Frequency | Annual Cost |
|---|---|---|---|---|---|
| Sec 4.a.3 | Parking Lot Striping | 20i | $1,000 | Annual | $1,000 |
| Sec 4.a.4 | ADA Signage; Future Liability | 20j | FV=$30000 | Ann + One Time | $2,740 |
| Sec 4.a.5 | Extraordinary Maintenance | 20a | FV=$943,135 | Reserve in 10 Yrs | $86,133 |
| 4.a.6 | Exterior Lights | 20b | $1,000 | Annual | $1,000 |
| 4.a.7 | Interior Lights | 20c | $1,500 | Annual | $1,500 |
| 4.a.8 | Plumbing fixtures | 20d | $1,000 | Annual | $1,000 |
| 4.a.9 | Elevator | 20e | $20,740 | Annual | $20,740 |
| 4.a.10 | HVAC | 20f | $26,000 | Annual | $26,000 |
| 4.a.11 | Fire Suppression | 20g | $3,500 | Annual | $3,500 |
| 4.a.12 | Assessments | 20h | ??? | | $143,613 |

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

Note 2a
Original

Note 4 Marshall Valuation is Source

252765 12

| Level Annual Equivalent Rent | |
|---|---|
| Based on Annuals Escalations per Year: | 2.00% |
| Annual LAE Market Rent | $3,910,699 |
| Per Month | $325,892 |
| *90% of Market - LAE Rent* | |
| Annual | $3,519,629 |
| Per Month | $293,302 |

| Level Annual Equivalent Rent | |
|---|---|
| Based on Annuals Escalations per Year: | 1.50% |
| Annual LAE Market Rent | $3,834,371 |
| Per Month | $319,531 |
| *90% of Market - LAE Rent* | |
| Annual | $3,450,934 |
| Per Month | $287,578 |

| Level Annual Equivalent Rent | |
|---|---|
| Based on Annuals Escalations per Year: | 2.50% |
| Annual LAE Market Rent | $3,988,937 |
| Per Month | $332,411 |
| *90% of Market - LAE Rent* | |
| Annual | $3,590,044 |
| Per Month | $299,170 |

| Level Annual Equivalent Rent | |
|---|---|
| Based on Annuals Escalations per Year: | 3.00% |
| Annual LAE Market Rent | $4,069,135 |
| Per Month | $339,095 |
| *90% of Market - LAE Rent* | |
| Annual | $3,662,221 |
| Per Month | $305,185 |

**Level Annual Equivalent Modified NNN Market Rent**

Assumed Escalation Rate 2.00%
Assumed Discount Rate 8%

| Yr | Initial Rent | LAE Rent |
|---|---|---|
| LAE NPV==> | $26,241,108 | $26,241,108 |
| 1 | $3,616,389 | $3,910,699 |
| 2 | $3,688,717 | $3,910,699 |
| 3 | $3,762,492 | $3,910,699 |
| 4 | $3,837,741 | $3,910,699 |
| 5 | $3,914,496 | $3,910,699 |
| 6 | $3,992,786 | $3,910,699 |
| 7 | $4,072,642 | $3,910,699 |
| 8 | $4,154,095 | $3,910,699 |
| 9 | $4,237,177 | $3,910,699 |
| 10 | $4,321,920 | $3,910,699 |

**Level Annual Equivalent Modified NNN Rent**

Assumed Escalation Rate 1.50%
Assumed Discount Rate 8%

| Yr | Initial Rent | LAE Rent |
|---|---|---|
| LAE NPV==> | $25,728,945 | $25,728,945 |
| 1 | $3,616,389 | $3,834,371 |
| 2 | $3,670,635 | $3,834,371 |
| 3 | $3,725,695 | $3,834,371 |
| 4 | $3,781,580 | $3,834,371 |
| 5 | $3,838,304 | $3,834,371 |
| 6 | $3,895,879 | $3,834,371 |
| 7 | $3,954,317 | $3,834,371 |
| 8 | $4,013,631 | $3,834,371 |
| 9 | $4,073,836 | $3,834,371 |
| 10 | $4,134,943 | $3,834,371 |

**Level Annual Equivalent Modified NNN Rent**

Assumed Escalation Rate 2.50%
Assumed Discount Rate 8%

| Yr | Initial Rent | LAE Rent |
|---|---|---|
| LAE NPV==> | $26,766,094 | $26,766,094 |
| 1 | $3,616,389 | $3,988,937 |
| 2 | $3,706,799 | $3,988,937 |
| 3 | $3,799,469 | $3,988,937 |
| 4 | $3,894,456 | $3,988,937 |
| 5 | $3,991,817 | $3,988,937 |
| 6 | $4,091,613 | $3,988,937 |
| 7 | $4,193,903 | $3,988,937 |
| 8 | $4,298,751 | $3,988,937 |
| 9 | $4,406,219 | $3,988,937 |
| 10 | $4,516,375 | $3,988,937 |

**Level Annual Equivalent Modified NNN Rent**

Assumed Escalation Rate 3.00%
Assumed Discount Rate 8%

| Yr | Initial Rent | LAE Rent |
|---|---|---|
| LAE NPV==> | $27,304,224 | $27,304,224 |
| 1 | $3,616,389 | $4,069,135 |
| 2 | $3,724,881 | $4,069,135 |
| 3 | $3,836,628 | $4,069,135 |
| 4 | $3,951,726 | $4,069,135 |
| 5 | $4,070,278 | $4,069,135 |
| 6 | $4,192,387 | $4,069,135 |
| 7 | $4,318,158 | $4,069,135 |
| 8 | $4,447,703 | $4,069,135 |
| 9 | $4,581,134 | $4,069,135 |
| 10 | $4,718,568 | $4,069,135 |