

Anchorage LIO Building

Development Budget
September 18, 2013

64,048

Gross SF

Development Budget

Existing Property & Property Acquisition	\$ 7,890,000	Note 1
Soft Costs	\$ 515,000	Note 2
Construction & A/E Services	\$ 30,169,055	Note 3
Interim Office Space	\$ 1,000,000	Note 4
Contingency	\$ 771,722	Note 5
Construction Loan Interest	\$ 1,133,388	Note 6
Loan Fee	\$ 622,368	Note 7
Construction Management	\$ 905,433	Note 8
Development Fee	\$ 1,509,055	Note 9
Total	\$ 44,516,021	Note 10

Note 1 Stipulated value for 716 W 4th + Acquisition cost of 712 W 4th

Note 2 Legal, Title, Appraisal, Geotech, Survey, Taxes, Insurance Environmental

Note 3 Stipulate Sum Proposal from Criterion Construction Date August 27th 2013 inclusive of A/E Fees with final design adjustments incorporated

Note 4 Loss of rent during construction + Cost to construct interim improvements,

Note 5 2.56% of Construction

Note 6 Subtotal project cost of \$39.628m (less existing building value) @ 5.0% for 1 year x 65% average draw down.

Note 7 1.5% of subtotal of cost

Note 8 3% of stipulated sum amount

Note 9 5% of stipulated sum amount

Note 10 Total Cost

Lease Rate Calculation

Total Cost	\$ 44,516,021
Tenant TI Contribution @ \$120/GSF	<u>\$ 7,500,000</u>
Net Lessor Cost	\$ 37,016,021
25% Owner Equity Contribution	<u>\$ 9,254,005</u>
Net Loan Amount	\$ 27,762,016
AIDEA Loan amount	\$ 20,000,000
\$20.0m at 5.68%,25 year amortization	\$ 124,976
\$7,762,016 at 6.375%, 15 year amortization	\$ 67,083
Total Debt Service	\$ 192,059
Debt Service Coverage	1.29
Lease Payment NNN	\$ 247,756
Return on Owners Equity	7.22%