

**123 Main Street
Summary of Office Building Development Assumptions**

Analysis shown: 2/17/2017

BUILDING PROFILE			
Project Name:	123 Main Street		
<u>Lot and Building Total SF</u>		<u>Office and Retail Total SF</u>	
Lot Square Footage	35,000 SF	Ground Floor Retail	5,000 SF
Total Gross Building Area Above Grade	100,000 SF	Residual Office GSF	95,000 SF
		Rentable Office SF	85,500 RSF
		Efficiency:	90.00%
<u>Zoning Regulations</u>		<u>Parking and Storage Total SF</u>	
Zoning	Enter Zoning	Total Storage Space	1,500 SF
Density	2.9 FAR	Programmed Gross Parking Area	20,000 GSF
Allowable Lot Coverage	80.00%	Parking Spots	50 Spots
Building Allowable Footprint	28,000 SF	Parking Spots/1,000 RSF of Office	0.58 Spots
		Useable SF Per Parking Spot	400 SF
<u>Height Regulations</u>		Garage Floorplate	20,000 SF
Height Limit (Stories)	5 Stories	Levels of Parking Required	1.00 Levels
Height Limit (Feet)	60 Feet		
Average Slab to Slab Height	11.00 Feet		
Number of Floors	4 Stories		
Building Height (Feet)	39.6 Feet		
		Above-Grade GSF excluding Parking	100,000 SF
		Total Building Gross SF incl. Parking	120,000 SF

DEVELOPMENT USES OF FUNDS				
		<i>Cost PSF</i>	<i>% of Total</i>	<i>Total</i>
Land & Acquisition Costs	10.00% Deposit	\$30.00	24.94%	\$3,000,000
Parking Space Acquisition Costs	\$4,500/Space			\$225,000
Total Hard Costs		\$57.53	47.82%	\$5,752,750
Office Building Hard Costs		\$41.75	34.70%	\$4,175,000
Retail Hard Costs		\$1.05	0.87%	\$105,000
Owner Directed Hard Costs		\$0.75	0.62%	\$75,000
FF&E	Final 1 Months of Conx.	\$0.50	0.42%	\$50,000
Contingency (Developer)	5.00% of Base Building Hard Costs	\$2.14	1.78%	\$214,000
Office Tenant Improvements		\$9.55	7.94%	\$955,000
Retail Tenant Improvements		\$0.50	0.42%	\$50,000
Moving Costs and Other Cap Ex (Retail and Office)		\$1.29	1.07%	\$128,750
Total Soft Costs and Fees	50.14% of Base Building Hard Costs	\$21.46	17.84%	\$2,145,949
Soft Costs	Soft Costs Input Curve	\$15.00		\$1,500,000
Office Leasing Costs		\$1.70	1.42%	\$170,493
Retail Leasing Costs		\$0.90	0.75%	\$90,255
Developer Fee	5.00% of Base Building Hard Costs	\$2.14	1.78%	\$214,000
	25.00% of Dev. Fee paid in pre-construction			
CM Fee (Developer)	4.00% of Base Building Hard Costs			\$171,200
Capitalized and Cash Financing Costs		\$7.02	5.83%	\$701,575
Total Development Cost (Uses of Funds)		\$118.25	98.30%	\$11,825,274
Operating Deficit (Funded by Equity)			1.70%	\$204,966
Total Development Cost Including Operating Deficit		\$120.30	100.00%	\$12,030,240

PROJECT TIMING			
Go to Gantt Chart	Month #	Duration	Date
Project/Analysis Start Date	1		6/1/2020
Land Contract Execution	1		6/1/2020
Land Deposit Date	1		6/1/2020
Land Closing Date	2		7/1/2020
Months of Pre-Construction *		3 Months	
Construction Start Date	4		9/1/2020
# of Months of Construction		15 Months	
Construction End/Final C of O Received	18		11/1/2021
Total Development Period		18 Months	
1st Office Tenant Rent Commencement	17		10/1/2021
Last Office Tenant Rent Commencement	23		4/1/2022
Post-Construction Leasing		5 Months	
1st Retail Tenant Rent Commencement	20		1/1/2022
Last Retail Tenant Rent Commencement	22		3/1/2022
Post-Construction Leasing		4 Months	

DEVELOPMENT SOURCES OF FUNDS						
	<i>% of Sponsor Equity</i>	<i>% of Total Equity</i>	<i>Initial Investment</i>	<i>Deficit Share</i>	<i>% of Cost</i>	<i>Total Equity w/Deficits</i>
Equity						
Sponsor Land Equity	50.00%	30.77%	\$1,000,000	\$152,282	9.58%	\$1,152,282
Sponsor Equity	12.50%	7.69%	\$250,000	\$38,071	2.39%	\$288,071
Partner Equity	37.50%	23.08%	\$750,000	\$114,212	7.18%	\$864,212
Third Party Investor Equity		38.46%	\$1,250,000	\$190,353	11.97%	\$1,440,353
Equity Total		100.00%	\$3,250,000	\$494,917	31.13%	\$3,744,917
Debt & Cash Reserves						
Cash Reserves used for Late Development		% of Cash Flow Reserved:	50.00%		0.51%	\$61,720
Reserve Available:	\$250,000	Total Reserve Cap	\$250,000			
	Date	Rate/Percentage				
Land Loan	7/1/2020	3.00% Interest	Current PMTs		4.16%	\$500,000
Mortgage Recording Tax		1.00%				17% Land Cost
Origination Cost - Paid in Cash		0.50%				
Mezzanine Loan	2/1/2021	8.00% Interest			4.16%	\$500,000
Loan Fees - Front End		1.00%				
Senior Loan *	9/1/2020	5.00% Interest			62.72%	\$7,545,089
Mortgage Recording Tax	9/1/2020	1.00%				
Loan Fees - Front End	9/1/2020	1.00%				
Loan Fees - At Draws		0.50%				
Cash Interest Switch Month:	Month 15					
Clawback due to Costs Capitalized for Late Dev.		\$0				
		Debt Total		66.87%		\$8,045,089
		Property Cash Flow		1.48%		\$178,515
		Total Sources of Funds		100.00%		\$12,030,240

* Starting at Project/Analysis Start Date

* Loan amount includes capitalized interest and capitalized points/fees

123 Main Street
Summary of Office Building Operating and Sale Assumptions - 2/17/2017

OFFICE AND RETAIL CASH FLOW

Office Use		Ground Floor Retail Use	
Rentable SF	85,500 RSF	Rentable SF	5,000 RSF
Vacancy	8.00%	Vacancy	5.00%
Credit Loss	1.00%	Credit Loss	2.00%
Daily Public Parking		Vacant Space Assumptions	
% of Monthly Contracts Sold	90.00%	Office O&M and RE Tax PSF/Year	\$5.00/SF/Year
% of Monthly Contract Spots not utilized per Day	10.00%	Storage O&M and RE Tax PSF/Year	\$3.00/SF/Year
Occupancy Rate on Daily Spaces	75.00%	Retail Space O&M and RE Tax PSF/Year	\$5.00/SF/Year
Daily Parking Rate	\$25.00	Parking O&M Spot/Year	\$100/Spot/Year
# of Work Days per Year	270	Annual Growth Rates and Reserves	
Profit Margin after Operator Costs	60.00%	OpEx, RE Taxes and CapEx Inflation Factor	3.00%
Parking Income Escalation	2.00%	CapEx Reserve PSF Office	\$0.50
		CapEx Reserve PSF Retail	\$0.15

OFFICE & RETAIL LEASE SUMMARIES

Tenant Lease & Space Summary							
	<i>Lease Type</i>	<i>Suite SF</i>	<i>Rent PSF</i>	<i>TI per SF</i>	<i>Total Storage SF</i>	<i>Total Parking Spaces</i>	
Office Tenant #1	Full Service	15,000	\$35.00	\$10.00	500	10 Spaces	
Office Tenant #2	Full Service	20,000	\$40.00	\$10.00	500	10 Spaces	
Office Tenant #3	Full Service	25,000	\$37.50	\$12.50	0	10 Spaces	
Office Tenant #4	Full Service	15,000	\$35.00	\$12.50	0	10 Spaces	
Office Tenant #5	Full Service	10,500	\$25.50	\$10.00	500	10 Spaces	
Total/Weighted Average		85,500 SF	\$35.73	\$11.17	1,500 SF	50 Spaces	
Retail Tenant #1	NNN	1,000	\$22.50	\$10.00	0	10 Spaces	
Retail Tenant #2	NNN	2,500	\$25.00	\$10.00	0	0 Spaces	
Retail Tenant #3	NNN	1,500	\$24.00	\$10.00	0	0 Spaces	
Total/Weighted Average		5,000 SF	\$24.20	\$10.00	0 SF	10 Spaces	
Lease Milestones							
	<i>Lease Signature</i>	<i>Rent</i>	<i>Lease</i>	<i>Tenant Broker</i>	<i>Tenant Broker</i>	<i>LL Broker</i>	<i>LL Broker Payment</i>
	<i>Date</i>	<i>Start Date</i>	<i>End Date</i>	<i>Payment #1</i>	<i>Payment #2</i>	<i>Payment #1</i>	<i>#2</i>
Office Tenant #1	9/1/2021	10/1/2021	9/30/2031	9/1/2021	10/1/2021	9/1/2021	10/1/2021
Office Tenant #2	11/1/2021	12/1/2021	11/30/2031	11/1/2021	12/1/2021	11/1/2021	12/1/2021
Office Tenant #3	1/1/2022	2/1/2022	1/31/2032	1/1/2022	2/1/2022	1/1/2022	2/1/2022
Office Tenant #4	3/1/2022	4/1/2022	3/31/2032	3/1/2022	4/1/2022	3/1/2022	4/1/2022
Office Tenant #5	9/1/2021	10/1/2021	9/30/2031	9/1/2021	10/1/2021	9/1/2021	10/1/2021
Retail Tenant #1	12/1/2021	1/1/2022	12/31/2031	12/1/2021	1/1/2022	12/1/2021	1/1/2022
Retail Tenant #2	2/1/2022	3/1/2022	2/29/2032	2/1/2022	3/1/2022	2/1/2022	3/1/2022
Retail Tenant #3	2/1/2022	3/1/2022	2/29/2032	2/1/2022	3/1/2022	2/1/2022	3/1/2022

PERMANENT LOAN REFINANCING OF DEVELOPMENT LOAN(S)

Last Office Tenant Rent Start	4/1/2022	Month 23	Forward NOI at Point of Refinancing	\$1,425,601
Month # of Refinancing (Enter 0 if None)		Month 26	Maximum Loan Amount *	\$9,266,406
Date of Refinancing		7/1/2022	Amount Borrowed	Maximum Loan Amount
			Principal Amount	\$9,266,406
Term		25 Years	Remaining Senior Loan Principal	\$7,545,089
Amortization Period		25 Years	Remaining Mezzanine Loan Principal	\$376,909
Interest Rate		5.00%	Excess Proceeds to Equity & Loan Fee	\$1,344,409
Monthly Payment		\$54,170	Loan/Broker Fees/Closing Costs % Loan size	2.00%
New Loan LTV		65.00%	Loan/Broker Fees/Closing Costs Amount	\$185,328
			Interest Only Period	0.00 year(s)

DISPOSITION

<i>Office Building/Parking Asset</i>	<i>(Year 5 of operation)</i>	<i>Retail Asset</i>	<i>(Year 4 of operation)</i>
Timing	5/1/2026	Timing	5/1/2025
Capitalization Rate	10.00%	Capitalization Rate	10.00%
Forward NOI in Month 72:	\$2,013,856	Forward NOI in Month 60:	\$133,257
Selling Costs	5.00%	Selling Costs	5.00%
Gross Valuation / Net Proceeds	\$20,138,562 / \$19,131,634	Gross Valuation / Net Proceeds	\$1,332,567 / \$1,265,939

JOINT VENTURE EQUITY PARTNERSHIP WATERFALL

<i>Waterfall #1</i>	IRR Hurdle Rates				
Partnership Structure	Prof: 8.00%	Tier 1: 12.00%	Tier 2: 15.00%	Tier 3: 18.00%	Tier 4: > 18.00%
Sponsor Equity	Profit >> 61.54%	61.54%	61.54%	61.54%	61.54%
Sponsor Promote	Sharing >> 0.00%	10.00%	15.00%	20.00%	25.00%
Investor Equity	Splits >> <u>38.46%</u>	<u>28.46%</u>	<u>23.46%</u>	<u>18.46%</u>	<u>13.46%</u>
	100.00%	100.00%	100.00%	100.00%	100.00%
<i>Waterfall #2</i>	IRR Hurdle Rates				
Intra-Sponsor Structure	Prof: 10.00%	Tier 1: 12.00%	Tier 2: 14.00%	Tier 3: 18.00%	Tier 4: > 18.00%
Sponsor Equity	Profit >> 62.50%	62.50%	62.50%	62.50%	62.50%
Sponsor Promote	Sharing >> 0.00%	8.00%	10.00%	15.00%	20.00%
Developer Partner Equity	Splits >> <u>37.50%</u>	<u>29.50%</u>	<u>27.50%</u>	<u>22.50%</u>	<u>17.50%</u>
	100.00%	100.00%	100.00%	100.00%	100.00%

Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.

EQUITY RETURNS ^

Note: 'Going-in' month is a period of office tenant free rent. Override date in AC61 to a post-free rent date if you want to show the NOI in full.

	Sponsor Land	Developer	Developer	Third Party	
	Equity	Sponsor	Partner	Investor	Project
Equity Investment	\$1,152,282	\$288,071	\$864,212	\$1,440,353	\$3,744,917
Net Return on Equity		\$9,140,381	\$2,305,205	\$2,488,471	\$13,934,057
Multiple on Equity		7.35x	3.67x	2.73x	4.72x
IRR		48.79%	33.07%	26.48%	38.72%
Net Present Value	at 10.00%				\$7,135,167
Going-In NOI	4/1/2022				\$1,407,299
Going-In Yield					11.70%

NOTES

** If Amount Borrowed is the Maximum Loan Amount, the lesser of the 3 Maximum Loan Proceeds amounts.*

^ Calculated off of monthly cash flows.

Capital Structure (bar heights are not to scale)

123 Main Street

	% Equity	% TDC	Equity % TDC	Debt % TDC	Amount **	Total Equity *	Total Debt *	Share of <u>Developer</u> Equity	Deficits Funded by Equity	Equity Investment including Deficit Liabilities		% TDC - Actual %s
Developer Sponsor Land Equity +	30.77%	10.03%			\$1,000,000			50.00%		\$1,152,282	Developer Sponsor Land Equity +	9.58%
Developer Sponsor Equity +	7.69%	2.51%			\$250,000			12.50%		\$288,071	Developer Sponsor Equity +	2.39%
Developer Partner Equity +	23.08%	7.53%	32.61%		\$750,000	\$3,250,000		37.50%	\$494,917	\$864,212	Developer Partner Equity +	7.18%
Third Party Investor Equity +	38.46%	12.54%			\$1,250,000					<u>\$1,440,353</u>	Third Party Investor Equity +	11.97%
Cash Reserves used for Late Development		0.51%			\$61,720					\$2,592,635	Cash Reserves used for Late Development	0.51%
Mezzanine Loan		4.16%			\$500,000						Mezzanine Loan	4.16%
Senior Loan **		62.72%		66.87%	\$7,545,089		\$8,045,089				Senior Loan **	62.72%
Total Sources of Funds (TDC)		100.00%			\$11,851,725						Property Cash Flow as Source of Funds	<u>1.48%</u>
Sources of Funds From Above					\$11,851,725							100.00%
Property Cash Flow As Source of Funds					\$178,515							
Total Sources of Funds					\$12,030,240							

+ While the equity slices are shown stacked vertically, note that this is simply the graphic representation and does not imply that there is any Preferred equity in the transaction.

* The Senior Loan Amount on a residual basis after designating the dollar amounts of the other sources of funds.

** Principal Amount includes Funded Interest Reserve and Funded Loan Fees.

^ Equity amounts in this column do not include the pro-rata portion of the Operating and Financing Deficits to be funded by the Equity investors. See Column T for adjusted totals.

Annual Summary - Sources and Uses of Funds

123 Main Street	Elapsed Year Year Starting	Year 1 6/1/2020	Year 2 6/1/2021	Year 3 6/1/2022	Year 4 6/1/2023	Year 5 6/1/2024
USES OF FUNDS	Total					
Land and Acquisition Costs	\$3,225,000	3,225,000	0	0	0	0
Hard Costs including Contingency, excluding TIs	\$4,405,000	2,874,300	1,530,700	0	0	0
Total Office TIs	\$955,000	0	955,000	0	0	0
Total Retail TIs	\$50,000	0	0	50,000	0	0
Total Hard Costs	\$5,410,000	2,874,300	2,485,700	50,000	0	0
Tenant Moving Allowance	\$35,000	0	30,000	5,000	0	0
Office Tenant Other CapEx	\$93,750	0	93,750	0	0	0
Retail Tenant Other CapEx	\$0	0	0	0	0	0
Office Tenant Leasing Commissions and Other Leasing Costs	\$170,493	0	170,493	0	0	0
Retail Tenant Leasing Commissions and Other Leasing Costs	\$90,255	0	90,255	0	0	0
Developer Fee	\$214,000	149,800	64,200	0	0	0
CM Fee	\$171,200	112,992	58,208	0	0	0
All Other Soft Costs	\$1,500,000	1,425,000	75,000	0	0	0
Total Soft Costs	\$2,274,699	1,687,792	581,907	5,000	0	0
Contingency	\$214,000	141,240	72,760	0	0	0
Subtotal Eligible Development Costs for Senior Loan Funding	\$11,123,699	7,928,332	3,140,367	55,000	0	0
<u>Total Capitalized Financing Costs</u>						
Senior Loan Capitalized Front End Loan Fee	\$75,451	75,451	0	0	0	0
Senior Loan Capitalized Loan Fees at Loan Draws	\$36,560	20,892	15,668	0	0	0
Senior Loan Capitalized Loan Interest Reserve	\$121,099	61,183	59,916	0	0	0
<u>Total Cash Financing Costs</u>						
Mezzanine Loan Fees - Front End	\$5,000	5,000	0	0	0	0
Mezzanine Loan Debt Service	\$69,827	24,639	39,781	5,407	0	0
Senior Loan Loan Interest	\$313,187	0	250,312	62,876	0	0
Senior Loan Mortgage Recording Tax	\$75,451	75,451	0	0	0	0
Total Financing Costs	\$701,575	267,616	365,677	68,283	0	0
Total Development Costs (TDC) before Operating Deficit	\$11,825,274	8,195,948	3,506,043	123,283	0	0
Operating Deficit	(\$204,966)	0	(204,966)	0	0	0
Total Development Costs (TDC)	\$12,030,240	8,195,948	3,711,009	123,283	0	0

Annual Summary - Sources and Uses of Funds

123 Main Street

	Elapsed Year Year Starting	Year 1 6/1/2020	Year 2 6/1/2021	Year 3 6/1/2022	Year 4 6/1/2023	Year 5 6/1/2024
SOURCES OF FUNDS						
Cash Flow Contribution	\$178,515	0	110,232	68,283	0	0
Equity Contribution						
Developer Land Equity Draw	\$1,000,000	1,000,000	0	0	0	0
Direct Project Costs Draw	\$250,000	250,000	0	0	0	0
Operating Deficit Draw	\$190,353	42,342	148,010	0	0	0
Developer Sponsor Total Funding	\$440,353	292,342	148,010	0	0	0
Developer Partner Equity						
Direct Project Costs Draw	\$750,000	750,000	0	0	0	0
Operating Deficit Draw	\$114,212	25,405	88,806	0	0	0
Developer Partner Total Funding	\$864,212	775,405	88,806	0	0	0
Third Party Investor Equity						
Direct Project Costs Draw	\$1,250,000	1,250,000	0	0	0	0
Operating Deficit Draw	\$190,353	42,342	148,010	0	0	0
Third Party Investor Total Funding	\$1,440,353	1,292,342	148,010	0	0	0
Total Equity Draws	\$3,744,917	3,360,090	384,826	0	0	0
Land Loan						
Direct Project Costs Draw	\$500,000	500,000	0	0	0	0
Loan Fees - Front End	\$2,500	2,500	0	0	0	0
Funded Interest Reserve	\$2,500	2,500	0	0	0	0
Cash Interest Payments, if any	\$0	0	0	0	0	0
Repayment from Dispositions and/or Re-Financing	(\$500,000)	(500,000)	0	0	0	0
Mezzanine Loan						
Direct Project Costs Draw	\$500,000	500,000	0	0	0	0
Loan Fees - Front End	\$5,000	5,000	0	0	0	0
Cash Interest Payments	\$69,827	24,639	39,781	5,407	0	0
Loan Repayment from Cash Flow	(\$500,000)	0	(65,880)	(434,120)	0	0
Senior Loan						
Direct Project Costs Draw	\$7,311,979	4,178,332	3,133,647	0	0	0
Loan Fees - Front End	\$75,451	75,451	0	0	0	0
Loan Fees - At Loan Draws	\$36,560	20,892	15,668	0	0	0
Funded Interest Reserve	\$121,099	61,183	59,916	0	0	0
Cash Interest Payments, if any	\$313,187	0	250,312	62,876	0	0
Repayment from Disposition and/or Refinancing	(\$7,545,089)	0	0	(7,545,089)	0	0
Cash Reserves for Late Development Costs						
Direct Project Costs Draw	\$61,720	0	6,720	55,000	0	0
Total Sources of Funds	\$12,030,240	8,195,948	3,711,009	123,283	0	0

Annual Summary - Cash Flow

123 Main Street

	Elapsed Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	Year Starting	6/1/2020	6/1/2021	6/1/2022	6/1/2023	6/1/2024	6/1/2025	6/1/2026
Cash Reserve	Total							
Contributions (made only after all loans are repaid, lagged by 1 month)	\$250,000	0	65,880	184,120	0	0	0	0
Need-based Withdrawals	\$61,720	0	6,720	55,000	0	0	0	0
Final residual amount withdrawal	\$188,280	0	0	0	0	0	188,280	0
Plus Capital Events								
Office Building and Parking Sale, Net	\$19,131,634	0	0	0	0	0	19,131,634	0
Retail Condominium Sale, Net	\$1,265,939	0	0	0	0	1,265,939	0	0
Total Capital Events Revenue, Net	\$20,397,573	0	0	0	0	1,265,939	19,131,634	0
Net Revenue After Debt Service	\$25,786,378	(110,090)	(318,946)	1,777,393	1,241,843	2,595,496	20,600,683	0
Financing Cash Flows								
Developer Sponsor Equity Draw	(\$1,440,353)	(1,292,342)	(148,010)	0	0	0	0	0
Developer Partner Equity Draw	(\$864,212)	(775,405)	(88,806)	0	0	0	0	0
Third Party Investor Equity Draw	(\$1,440,353)	(1,292,342)	(148,010)	0	0	0	0	0
Mezzanine Loan Draw	\$500,000	500,000	0	0	0	0	0	0
Senior Loan Draw	\$7,311,979	4,178,332	3,133,647	0	0	0	0	0
Senior Loan Repayment	(\$7,545,089)	0	0	(7,545,089)	0	0	0	0
Mezzanine Loan Repayment	(\$500,000)	0	(65,880)	(434,120)	0	0	0	0
Permanent Loan Proceeds	\$7,921,997	0	0	7,921,997	0	0	0	0
Permanent Loan Repayment *	(\$8,479,229)	0	0	0	0	(1,265,939)	(7,213,290)	0
Project Levered Cash Flow	\$13,934,057	(3,360,090)	(384,826)	1,720,181	1,241,843	1,329,557	13,387,392	0
Cash on Cash Return	Average: 27.83%							
Levered IRR	38.72%							
Net Cash Flow	\$13,934,057							
Multiple on Equity	4.72x							
NPV at 10%	\$7,135,167							

* Assumes that any repayment of the Permanent Loan from a Retail Condominium Sale will not affect the monthly Debt Service payment amounts.

Transaction Summary

123 Main Street

Project Timing

	Value	Month #	Month
Project Start Date		1	Jun-20
Pre-Construction (months)	3		
Construction Start		4	Sep-20
Construction Duration (months)	15		
Construction End & C of O Received		18	Nov-21
Post-Construction Office Leasing (months)	5		
Post-Construction Retail Leasing (months)	4		
First Office Tenant Rent Commencement		17	Oct-21
Disposition (Sale) of Office, Parking and Retail		72	May-26
Retail Tenant Rent Commencement		20	Jan-22
Transaction Duration	72 months		

Lot and Zoning

Lot Square Footage	35,000 SF
FAR	2.9 FAR
Total Allowable FAR	100,000 FAR
Allowable Lot Coverage	80.0%
Allowable Building Footprint	28,000 SF

Building Profile

Number of Floors	4 floors
Average Slab-to-Slab Height	11.0 feet
Building Height	39.6 feet
Retail Square Footage	5,000 SF
Residual Office GSF	95,000 GSF
Rentable-to-Gross SF Efficiency Factor	90.0%
Rentable Office SF	85,500 RSF
Average Required Parking Spots per 1,000 RSF	0.6 spots
Required Parking Spots	50 spots
Required Garage Square Footage	20,000 GSF
Garage Floorplate	20,000 GSF
Levels of Underground Parking	1.00 levels

Income and Expenses - Office and Parking Uses (Today's Values)

Average Initial Rent PSF	\$30.79
Vacancy	8.0%
Monthly Rent/Parking Spot	\$300
Capitalization Rate	10.0%
Selling Costs	5.0%

Income and Expenses - Retail Use (Today's Values)

Average Initial Rent PSF (NNN)	\$27.96
Vacancy	5.0%
Capitalization Rate	10.0%
Selling Costs	5.0%

Office and Retail Leasing

Post-Constr. Office Leasing Duration	5 months
Post-Constr. Retail Leasing Duration	4 months
Ave. Office TI Allowance PSF	\$11
Ave. Retail TI Allowance PSF	\$10

Project-Level Returns

Years of Inflation to Future Stabilization	
Point for Capitalization	
<u>Office and Parking</u>	
Average Rent (FS) at Capitalization	\$22.38 PSF
Capitalization Rate	10.00%
Gross Capitalized Value	\$19,131,634
<u>Retail</u>	
Rent (NNN) at Capitalization	\$25.32 PSF
Capitalization Rate	10.00%
Gross Capitalized Value	\$1,265,939
<u>Returns</u>	
Net Levered Cash Flow	\$13,934,057
Multiple on Equity	7.19x
Internal Rate of Return on Equity	38.7%
Profit Margin	115.8%

<u>Sources of Funds</u>	%	Amount	Rate	% Equity
Developer Sponsor Equity	2.1%	\$250,000		11.1%
Developer Partner Equity	6.2%	\$750,000		33.3%
Third Party Investor Equity	10.4%	\$1,250,000		55.6%
Mezzanine Loan	4.2%	\$500,000	8.0%	
Senior Loan	<u>60.8%</u>	<u>\$7,311,979</u>	5.0%	
Total Sources of Funds	100.0%	\$12,030,240		

<u>Uses of Funds</u>	%	Amount	Per GSF	Per RSF
Land and Acquisition Costs	26.8%	\$3,225,000	\$32	\$36
Hard Costs	45.0%	\$5,410,000	\$54	\$60
Soft Costs	18.9%	\$2,274,699	\$23	\$25
FF&E	0.4%	\$50,000	\$1	\$1
Financing Costs	<u>5.8%</u>	<u>\$701,575</u>	<u>\$7</u>	<u>\$8</u>
Total Uses of Funds	100.0%	\$12,030,240	\$120	\$133

Partnership Structure

123 Main Street

Total Required Equity (Purchase + Operation)		\$3,744,917	(Includes Operating Deficit Funding)
Sponsor Land Equity	30.77%	\$1,152,282	50.00%
Sponsor Equity	7.69%	\$288,071	12.50%
Developer Partner	23.08%	\$864,212	37.50%
Sponsor	61.54%	\$2,304,564	100.00%
Third Party Investor	38.46%	\$1,440,353	
	100.00%	\$3,744,917	

Profit Sharing

Waterfall #1

Partnership Structure		% Total Equity		IRR Hurdle Rates				
				Pref: 8%	Tier 1: 12%	Tier 2: 15%	Tier 3: 18%	Tier 4: > 18%
Sponsor Equity		61.54%	<i>Profit >></i>	Sponsor Equity	61.54%	61.54%	61.54%	61.54%
Investor		38.46%	<i>Sharing >></i>	Sponsor Promote	0.00%	10.00%	15.00%	20.00%
Total		100.00%	<i>Splits >></i>	Investor Equity	38.46%	28.46%	23.46%	18.46%
					100.00%	100.00%	100.00%	100.00%

Note: By its nature, the Preferred Return includes the Return of Capital.

Waterfall #2

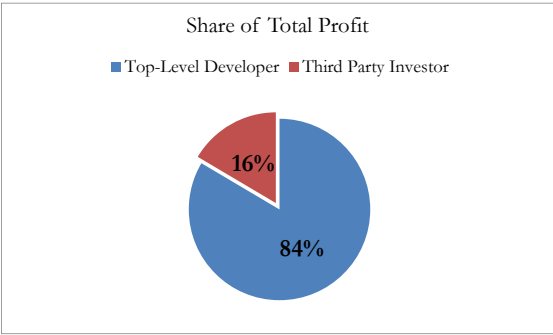
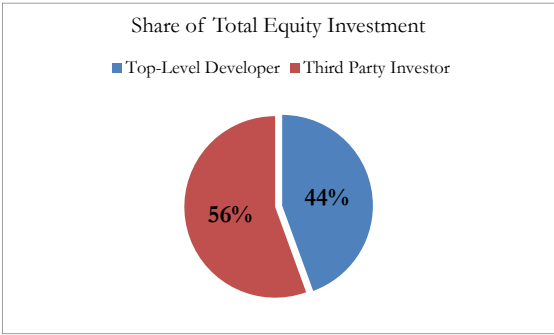
Sponsor Structure		% Sponsor Equity		IRR Hurdle Rates				
				Pref: 10%	Tier 1: 12%	Tier 2: 14%	Tier 3: 18%	Tier 4: > 18%
Sponsor Equity		62.50%	<i>Profit >></i>	Sponsor Equity	62.50%	62.50%	62.50%	62.50%
Developer Partner		37.50%	<i>Sharing >></i>	Sponsor Promote	0.00%	8.00%	10.00%	15.00%
Total		100.00%	<i>Splits >></i>	Developer Partner Equity	37.50%	29.50%	27.50%	22.50%
					100.00%	100.00%	100.00%	100.00%

Note: By its nature, the Preferred Return includes the Return of Capital.

Joint Venture Return Detail

123 Main Street

	Sponsor	Developer Partner	Third Party Investor	Total Project	Top-Level Developer (Sponsor and Partner)
Equity Investment	\$288,071	\$864,212	\$1,440,353	\$2,592,635	\$1,152,282
<i>Share of Equity Investment</i>	<i>11.11%</i>	<i>33.33%</i>	<i>55.56%</i>	<i>100.00%</i>	<i>44.44%</i>
Gross Return	\$9,428,451	\$3,169,416	\$3,928,824	\$16,526,692	\$12,597,868
Net Profit (Return on Equity)	\$9,140,381	\$2,305,205	\$2,488,471	\$13,934,057	\$11,445,586
Multiple on Equity	32.73x	3.67x	2.73x	6.37x	10.93x
Internal Rate of Return	48.79%	33.07%	26.48%	38.72%	44.01%
Time from Equity Investment to Final Return (months)	72	72	72	72	72

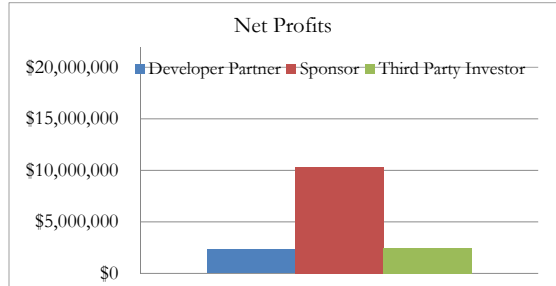


Waterfall #1 Summary - Top-Level Developer and Third Party Investor

Tier	Developer (Sponsor and Partner)	Developer Share	Third Party Investor Cashflow	Third Party Investor Share	Total Cashflow
Tier 1	\$2,944,329	62%	\$1,840,206	38%	\$4,784,535
Tier 2	\$723,565	72%	\$287,870	28%	\$1,011,435
Tier 3	\$879,426	77%	\$269,573	23%	\$1,148,999
Tier 4	\$1,405,935	82%	\$318,325	18%	\$1,724,259
Tier 5	\$7,796,895	87%	\$1,212,850	13%	\$9,009,745
Total	\$13,750,150	78%	\$3,928,824	22%	\$17,678,974
Less Equity Investment	(\$1,152,282)	44%	(\$1,440,353)	56%	(\$2,592,635)
Net Profit (Return on Equity)	\$12,597,868	84%	\$2,488,471	16%	\$15,086,339

Waterfall #1 Structure - Top-Level Developer and Third Party Investor

Preferred Return	From	IRR Hurdle Ranges		Developer Promote	Developer Equity Pro-Rata Share	Investor Profit Share	Total (must be 100%)	
		0%	through					
Tier 1	Above	8%	through	12%	10%	62%	28%	100%
Tier 2	Above	12%	through	15%	15%	62%	23%	100%
Tier 3	Above	15%	through	18%	20%	62%	18%	100%
Tier 4		Above		18%	25%	62%	13%	100%

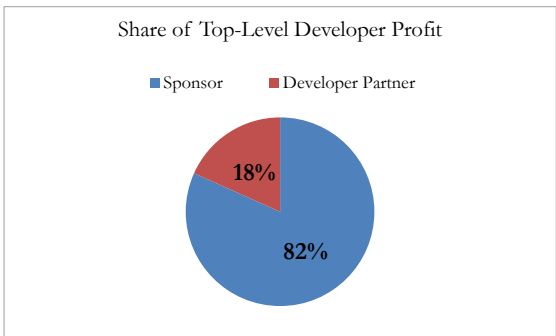
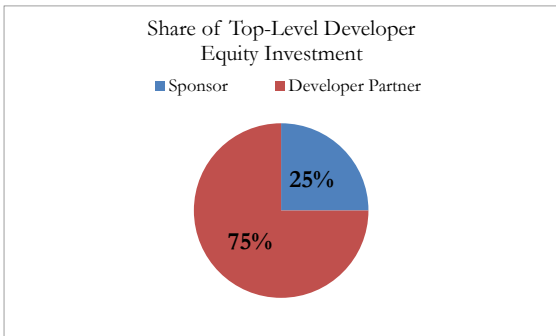


Waterfall #2 Summary - Sponsor and Developer Partner

Tier	Sponsor Cashflow	Sponsor Share	Partner Cashflow	Partner Share	Total Cashflow
Tier 1	\$1,975,586	63%	\$1,185,352	38%	\$3,160,938
Tier 2	\$219,740	71%	\$91,948	30%	\$311,688
Tier 3	\$277,044	73%	\$105,086	28%	\$382,130
Tier 4	\$857,723	78%	\$249,016	23%	\$1,106,739
Tier 5	\$7,250,640	83%	\$1,538,015	18%	\$8,788,655
Total	\$10,580,734	77%	\$3,169,416	23%	\$13,750,150
Less Equity Investment	(\$288,071)	25%	(\$864,212)	75%	(\$1,152,282)
Net Profit (Return on Equity)	\$10,292,663	82%	\$2,305,205	18%	\$12,597,868

Waterfall #2 Structure - Sponsor and Developer Partner

Preferred Return	From	IRR Hurdle Ranges		Sponsor Promote	Equity Pro-Rata Share	Partner Profit Share	Total (must be 100%)	
		0%	through					
Tier 1	Above	10%	through	12%	8%	63%	30%	100%
Tier 2	Above	12%	through	14%	10%	63%	28%	100%
Tier 3	Above	14%	through	18%	15%	63%	23%	100%
Tier 4		Above		18%	20%	63%	18%	100%



Waterfall #1 Check	\$0
Waterfall #2 Check	\$0