STRATTON OAKMONT PROPERTIES

UNIVERSITY VILLAGE
MIXED-USE DEVELOPMENT

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UNIVERSITY VILLAGE MIXED-USE DEVELOPMENT

UNIVERSITY TOWN, USA
2 ACRE SITE

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1.0 EXECUTIVE SUMMARY

Stratton Oakmont is proposing a 215,604 square foot multi-use development of retail, office and residential space in one of University Town's most up and coming neighbourhoods. Currently an underdeveloped prime piece of land, this property is located along the northern boundary of the University Lands in University Town. Surrounded by an economically robust, quickly developing neighbourhood with positive population growth, a hot real estate market and a number of viable and underserved markets, the 87,120 square foot development site has frontage on three streets, including the busy University Avenue, and is within eight miles of the central business district.

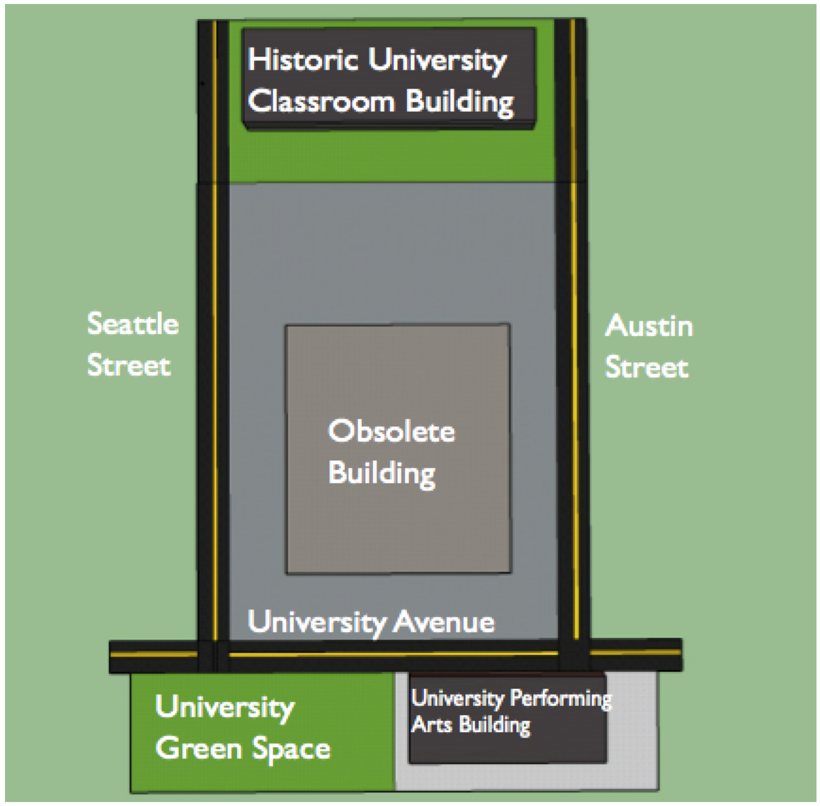
Stratton Oakmont brings to the table this high-potential development site and over two decades of real estate development experience. We are asking for an equity investment of $32 million from your company for a 80% share in the development. Our own equity will be $8 million for a 20% share. Debt financing will be composed of a $43.553 million construction loan, a $45.408 million bridge loan and a $47.664 million permanent loan. Overall project cost will be $176.625 million.

We have gone to great lengths to design a property that seamlessly integrates and adds value to the surrounding community. We believe that by providing the current and projected population with a development specifically catered to their needs we will ensure that our project is sustainably profitable. For this reason we have chosen not to pursue the community development bonus as we believe the added density will not serve this purpose.

The following proposal further details the project site, proposed development, market conditions in the surrounding neighbourhood and city, financial structure, and risk analysis.

2.0 SITE DESCRIPTION

The two-acre site is located in University Town along the northern boundary of the University lands. It is easily accessible through public transit and a bus stop has been proposed for one of the corners of the site that will contribute to making this location a popular hub for students, business commuters and the development residents.



This rectangular plot of land measures 250 lineal feet along University Avenue and 348.48 feet in depth along both Seattle Street and Austin Street.

Two busy intersections are located at the southern corners of the site along University Avenue. This major street accommodates a substantial amount of traffic at approximately 42,000 vehicles per day. On University Avenue opposite the site is a beautiful green space heavily utilized by the students, faculty and community. Beside this space is the architecturally unique University Performing Arts and Fine Art Gallery Building, which plays host to numerous high profile live performances and exhibitions. Along its northern edge, the site provides unobstructed access to the Historic University Classroom Building for students and faculty coming to and from classes.

Currently zoned at MU-1, a mixed-use medium density zoning classification, any potential development is limited to the following zoning regulations:

Maximum Site Coverage Ratio	70%
Maximum Building Height	8-storeys
Maximum Floor Space Ratio	2.5
Maximum Residential Use	70% of GBA
Maximum Retail Use	70% of GBA
Maximum Office Use	70% of GBB

There is a three-storey, 48,000 square foot building currently on the site that has been declared obsolete and must be demolished prior to new construction at a confirmed cost of $120,000.

This underdeveloped prime plot of land provides a lucrative opportunity to create a valuable addition to the local community.

3.0 MARKET ANALYSIS

University Town (UT) is home to one of North America’s most prestigious Universities, attracting the brightest students from the region and abroad in education, law, business, medicine, engineering, fine arts, and athletics. It is a world-class city built on community cohesion most commonly recognized for its youthful and diverse population base, innovative tech and biotech-driven start-ups, and wide-spread University connections. It offers community characteristics similar to that of other highly desirable metropolitan cities such as Vancouver (British Columbia), Seattle (Washington), Portland (Oregon), and Austin (Texas).

3.1 LOCAL NEIGHBOURHOOD

The immediate 20-block area that surrounds the proposed development site consists of one of the youngest and most urban driven neighborhoods in all of UT. It is populated with young professionals with a median age of 32 years-old, while 55% of the population is between the ages of 25 - 45 years-old. Approximately 60% of the households prefer to live in new metropolitan environments, offering accessible dining, shopping, and entertainment services.

Only 30% of the population living in the surrounding area rents, while the majority own their residences, with a median market value of $472 500.

The area has a high degree of walkability, with a large number of walk-up retail stores along University Avenue and its side streets, which have proven to be highly successful businesses. To further improve walkability in the area, the University has invested in and supported extensive pedestrian infrastructure, which has continually developed over recent years.

The University is within 3 miles from a trans regional highway and a multi lane highway arterial, allowing a high degree of accessibility from the surrounding suburbs in every direction. These suburban residents frequently walk or drive into the area to shop, dine, or watch performances at the University Performing Arts Centre - conveniently located at the SouthEast corner of the development site.

The neighborhoods to the north and east of the site offer beautiful vantage points of the most scenic views in the city - consisting of breath-taking lakes, a winding river, and a powerful mountain range.

3.2 INCOME

The median household income in the immediate surrounding area is CAD $72 400, while average household income is CAD $87 250. The median income in the surrounding neighbourhood is expected to grow at a rate greater than that of University Town as a whole. The neighborhood's median income growth rate is **4.2%**, while the city-wide median income growth rate is only 2.20% - implying a very positive economic outlook for household spending in the area in the future.

3.3 EMPLOYMENT

The state and provincial government sector is the largest employer in the area with a large number of its agencies located within University Town. The government sector alone employs 132 500 people in UT. The second largest source of employment is the healthcare industry with 106 450 employees, while the University itself is the third largest employer in the region with 54 700 employees. These figures are summarized below:

Employer	Government	Healthcare	University
# of Employees	132 500	106 450	54 700

Another large source of employment comes from the tech industry. Specifically from biotechnology, medical technology, information technology, and software firms all located in close proximity to the University. The majority of the tech companies have their offices located in the University's research Park 8 miles from the University Campus boundary. As a result, technological transfer and technological licensing between local companies and the university has grown immensely, increasing the attractiveness of the area and enticing more and more tech firms to set up or expand operations in the area.

In addition to a booming technology industry with a significant demand for office space, the law school at the University has continuously encouraged prominent regional and national law firms to open up offices in University Town.

3.4 COMPETITION

Considering the high level of attractiveness for high-density development in the sub-market surrounding the University, many other competing developers are becoming increasingly aware of the area's potential. However, from our research we have concluded that the proposed site is one of the only sites within the University submarket that is currently available for development, therefore limiting entry from competitors in the near future. That being said, as other buildings in the area become obsolete, more sites will likely become ripe for new development - eventually opening up the market to more and more competitors. Thankfully, we have a first-mover advantage, therefore capturing a large market share, building a strong presence, and securing customer loyalty.

3.4 TARGET CONSUMERS

OFFICE

The targeted users of office space for our development are:

- The local government and healthcare sector,
- The aforementioned tech firms in the area seeking to expand operations as they grow, as well as tech firms from elsewhere entering the area, and
- The abundance of Law firms wishing to open offices in University Town.

RESIDENTIAL

The targeted users of rental apartments for our development are:

- Young professionals working for the University, the government, within the healthcare or tech industry, or the law firms in the area. These young professionals wish to live near their place of work, value high-end apartment units with balconies, have disposable income to spend on quality living, and are not ready to own.

- Students attending the University pursuing a graduate or Master's degree - wishing to live within the University boundary, yet willing to pay for a step-up in accommodation quality from typical student housing in the area.

RETAIL

The targeted users of ground-floor retail space for our development include:

- Credit-rated tenants to provide predictable and consistent cash flows in the form of monthly rents, and
- Non credit-rate tenants to create a diverse, and community-enriching tenant mix that will benefit users of all three uses of this property.

3.5 SUMMARY

After conducting our market analyses we expect the development to achieve the following rents, pre-leasing rates, vacancy rates, absorption rates, and annual revenue growth rates given the current and forecasted sub-market conditions:

	Office	Retail	Residential
Rents	CAD $35.00 PSF per annum	CAD $45.00 PSF per annum	CAD $1.20 - $1.50 PSF per month
Pre-Leasing	20-30%	20-30%	50%
Vacancy Rate	5%	5%	5%
Annual Revenue Growth	6.50%	3.00%	5.00%

Time to Lease Stabilization	8 months	8 months	8 months
Stabilization Rate	95%	95%	95%

4.0 PROJECT DESCRIPTION

4.1 PROPOSED USES

Following an in depth evaluation of the market, the surrounding population, and trends in demand we have identified **office**, **retail**, and **residential** as the highest and best uses for the proposed site. These three uses will achieve the greatest productive potential, maximize investor profits, and maximize value to the community.

A summary of our assumptions for each use can be found in Appendix 1.

4.2 ANTICIPATED TENANTS

RESIDENTIAL

We have identified our target market for the residential rental apartments to be young professionals working in the area. But in reality, we expect to not only accommodate young professionals, but also a slightly younger student demographic interested in higher quality accommodation than the typical student housing in the area. It is challenging to target a specific subset of the students, however we expect student tenants to consist mostly of graduate student or wealthy international students, as these would be the few students capable of affording our units. Our target market is reflected in our varying unit types both within each residential building, and in general (Appendix 2)

OFFICE

Due to substantial growth in the local biotech industry, dominance of the healthcare industry in the local area, and a growing legal industry in the submarket of around University Village, we anticipate tenants from the aforementioned industries to occupy our buildings. Most significant of these industries is biotech, which we forecast demand to be significantly higher than supply. Therefore, we predict office space will be leased easily.

RETAIL

In order to contribute to the dynamic of the development—and thus meet the specific needs and demands of the local community and those in the development—we plan to lease up retail space with a mix of credit and non-credit rated tenants. Our anchor tenants include a Chili’s, and a relatively smaller retail grocery store: Walmart Marketside. Our decision to choose a smaller grocery store as an anchor tenant is based off of comparable-sized “city” grocery stores, as outlined in Appendix 3. Our credit and non-credit rated tenants are given below:

Credit Rated Tenants	**SF**	**S&P Credit Rating**
Walmart Marketside	16,337	AA
Starbucks	2,000	A-
Wells Fargo	4,000	5%
Chili’s	6,000	3.00%
Total Credit Rated Tenants:	28,337	-

Non-Credit Rated Tenants	**SF**	**S&P Credit Rating**
Pub	2,200	n/a
Non-Credit Rated Tenant	4,200	n/a
Non-Credit Rated Tenant	4,200	n/a
Non-Credit Rated Tenant	4,200	n/a
Total Non-Credit Rated Tenants:	14,800	-

4.3 THE DEVELOPMENT

The development will consist of four mid-rise buildings at each corner of the site. Two of the buildings will be primarily office use, while the other two residential. Retail use will be placed at grade throughout all four buildings of the project, with an emphasis on storefronts on the busy roads, and seating oriented retail such as restaurants facing the courtyard. The 4 buildings are located on the corners of the development, with the office buildings located diagonally from one another, and residential apartments diagonal from one another. This allows for the middle of the development to contain an open courtyard promoting pedestrian flow throughout, combined with an inviting urban space for the community to enjoy.

4.4 ANTICIPATED BENEFITS AND CHALLENGES

As with any development project there are significant uncertainties associated with the construction, occupancy, and overall timing of the project. These factors are important to understand and consider before starting the project and as the project progresses. For this reason, we will include a sensitivity analysis that will determine the financial outcomes under each scenario.

We believe this project will be a significant contribution to the university community that will be inviting to residents, students, business professionals, and other visitors. The center of the project will feature a spacious courtyard with a water feature that will aesthetic appeal to the community, and act as an amenity capable of helping support the retail businesses in and around the project.

Benefits	Challenges
• Offers an interactive urban space in the centre of the development for the surrounding neighborhoods, students, and professionals to enjoy • Addresses the high level of demand in the area for office, retail, and residential space • Adds life to the community - improving the reputation of the area, bringing more money into the local economy	• The development will likely increase the number of vehicles entering the area - with the potential to disrupt nearby students and pedestrians • Food Truck alley will likely attract a large influx of students during their breaks - causing overcrowding, possibly disrupting those working in the office space

5.0 PROPOSED BUDGET

Included in our budget is all hard and soft costs expected to be incurred during the development of University Village. A summary of our proposed budget is below, however a very detailed budget can be found in Appendix 4.

	Retail	Office	Apartment	**Total**
Hard Costs	$9.5M	$17.5	$26.3M	**$53.4M**
Soft Costs	$1.3M	$2.1M	$2.7M	**$6.1M**
Total	**$10.8**	**$19.6M**	**$29.1M**	**$59.5M**

Sources:		
	Equity Partner	$ 32,000,010.90
	Real Estate Partner	$ 8,000,000.00
	Construction Loan	$ 43,553,633.90
	Mezzanine Loan	$ 45,408,340.61
	Permanent Loan	$ 47,663,642.01
	Total	$ 176,625,627.42

Uses:		
	Land Acquisition	$ 24,054,144.94
	Demolition	$ 120,000.00
	Hard Construction Costs	$ 53,313,975.68
	Soft Construction Costs	$ 6,065,524.19
	Construction Loan Payout	$ 45,408,340.61
	Mezzanine Loan Payout	$ 47,663,642.01
	Total	$ 176,625,627.42

6.0 FINANCIAL ANALYSIS

In the baseline state we deliver healthy returns to all project stakeholders. The project IRR is 15.3%, the leveraged IRR is 20.7%, and the MIRR is 13.7%. The MIRR is calculated using a reinvestment rate that is a more realistic assumption regarding outgoing cash flows. In addition, it includes a financing rate that is used to 'borrow' money to avoid a negative occurrence, one of the 7 fatal flaws of IRR. Capital accumulation, also known as CAP 'A', is $197,653,719. This is the value of free cash flows discounted into the future. One of our ultimate financial goals is to maximize this value, as this is the value created as a result of this development. This reflects the reinvestment of cash flows as they are invested into the future. The key project metrics are summarized in the table below:

Equity Partner IRR	20.2%
Equity Investment	$32M
Project IRR	15.3%
Project MIRR	13.7%
Levered IRR	20.7%
Cap 'A'	$197,653,719

The first and second month of development will be reserved for demolition, with the cost spread equally across the two months. Construction occurs from month 3 to month 24 with construction hard costs and construction loan draws following an approximately 'normally' distributed construction schedule (see appendix 5). Month 25 (year 3) is the first operating month, with revenues flowing in from the initial occupancy (assumed to be equal to pre sales), and increasing gradually until **95% occupancy stabilization** in month 33 (appendix 6). Tenant improvements are incurred as new retail and office tenants occupy the development. As a result, improvement costs are higher during the first month and gradually decrease as occupancy step-ups gradually decrease over the months leading up to stabilized occupancy.

The financial timeline of the project is as follows: In year 0 we will incur all of the soft and land acquisition costs and the accompanying transaction fees (see appendix 7).

At 75% LTC, a construction loan of $43.5 million will accumulate over the first 24 months of the project. Once a certificate of occupancy has been established a mezzanine loan of $45.4 million will be used to pay out the construction loan as well as finance two months of negative cash flows. 85% occupancy is predicted to be achieved in month 29 however permanent financing will not be available until month 31 when a DCR of 1.2 and an LTV of roughly 40% is reached. This permanent loan will pay out the mezzanine loan completely and remain on the books until end of year 7 when we exit the project.

We ask that the equity partner contribute **$32 million** in **year 0**. These funds will be used to cover part of the land acquisition cost and construction costs. We expect to yield the equity partner an **IRR of 20.2%**. Key equity partner metrics are summarized in the table below:

Cash Investment	$32M
Equity Partner IRR	20.2%

As the real estate partner we will contribute $8 million in cash to cover a substantial portion of the land acquisition cost. We expect to receive an IRR of 25.9%, and an NPV of $15.68 million. Cash flows are distributed according to equity stake in the project but our return as real estate partner is slightly higher than the equity partner due to a 5% promote. This is a common term in projects that gives the real estate partner incentive if the project completes successfully as well as to reward the partner for the active participation in the project. Key real estate partner metrics are summarized in the table below:

Cash Investment	$8M
REP IRR	25.9%
NPV	$15.68M
Promote Included after land residual target return	5%

7.0 SENSITIVITY ANALYSIS

We chose to focus our sensitivity analysis on construction hard costs, and capitalization rates. As construction is a very vulnerable time for a developer due to no cash flows, we strongly believe the sensitivity of our IRRs to changes in construction hard costs is a necessary metric when assessing the risk of this project. We found the other significant metric to assess as capitalization rates, due to the significant impact changing cap rates have on IRRs at the time of disposition.

7.1 CONSTRUCTION HARD COSTS

We ran a sensitivity analysis on changes in construction hard costs for all three uses. For the apartment buildings we examined changes in these hard costs in 5% increments, up to 10% in either direction of the hard cost in the base case of $225 psf. For the retail and office construction we examined changes in hard costs in 10% increments up to 20% in either direction of the base case of $125 PSF and $134 PSF respectively. We decided to only examine changes in construction hard costs up to a maximum of 20% in either direction because the anticipated construction time of only 22-24 months makes it very unlikely for changes greater than 20% to occur within such a short time horizon. As you can see below, changes in construction hard costs has little to no impact on both the real estate partner, and the equity partner's IRR (for graphs, see appendix 8).

	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
Apartment					
(-10%)	$202.50	26.30%	20.90%	15.80%	21.30%
(-5%)	$213.75	26.10%	20.50%	15.60%	21%
Base Case	**$225**	**25.90%**	**20.20%**	**15.30%**	**20.70%**
5%	$236.25	25.70%	19.80%	15.10%	20.40%
10%	$247.50	25.50%	19.50%	14.90%	20.20%

	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
Retail					
(-20%)	$100.00	26.13%	20.50%	15.60%	21.01%
(-10%)	$112.50	26.03%	20.33%	15.50%	20.87%
Base Case	**$125**	**25.90%**	**20.20%**	**15.30%**	**20.70%**
10%	$137.50	25.84%	19.97%	15.22%	20.58%
20%	$150.00	25.74%	19.80%	15.10%	20.44%

	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
Office					
(-20%)	$107.20	26.30%	20.83%	15.80%	21.28%
(-10%)	$120.60	26.12%	20.49%	15.56%	21.00%
Base Case	**$134**	**25.90%**	**20.20%**	**15.30%**	**20.70%**
10%	$147.40	25.75%	19.82%	15.11%	20.45%
20%	$160.80	25.57%	19.48%	14.89%	20.18%

7.2 TERMINAL CAP RATE

The terminal cap rate is used to determine how much we can sell the property for at the end of the project. Therefore, it contributes significantly to both of our returns, and small changes in the terminal cap rate will lead to large changes the selling price upon exit. We ran a sensitivity analyses in 0.75% increments up to 1.5% in either direction of the base case of 6.0%. As expected, small changes in the assumed terminal cap rate leads to significant changes in the real estate partner, and equity partner's IRR's (Appendix 9).

	Terminal Cap Rate	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
(-.5%)	4.00%	28.78%	22.89%	17.24%	23.38%
(-0.25%)	4.25%	27.32	21.48%	16.25%	22.02%
Base Rate	**4.50%**	**25.90%**	**20.20%**	**15.30%**	**20.70%**
0.25%	4.75%	24.62%	18.89%	14.48%	19.50%
0.50%	5.00%	23.37%	17.68%	13.68%	18.34%

8.0 RISK ANALYSIS

8.1 CRITICAL PROJECT RISKS

CONSTRUCTION DELAYS

It is quite common for construction to take longer than initially anticipated. Currently we expect construction to take a total of 22 months, with the possibility of demolition and debris removal of the current building adding an additional 2 months to the total construction time. Therefore, we expect to receive our certificate of occupancy at the end of the 24th month from the time we break ground.

If delays occur, we would be forced to extend the repayment period on the construction loan, resulting in an option extension fee of .5% - 1% of the loan amount.

If delays occur this may also push back our ability to lease 75% of the space by the end of month 24 - directly violating the terms of the construction loan. If substantial delays occur during construction, it may significantly push back the end date of the entire project beyond the 36-month period we have to fund the mezzanine partner's returns. If this occurs we will be forced to take on a maximum of a 6 month extension to repay the mezzanine partner, resulting in a 0.5% - 1% extension fee of the Mezzanine loan amount outstanding at the end of month 36.

INCREASE IN CONSTRUCTION HARD COSTS

Construction inputs required to build the structures of the development are not set in stone. They are subject to changes in market conditions, which may translate to an increase in the cost of input materials.

DECREASE IN DEMAND

There is always the possibility for a change in market conditions, sentiment, tastes, preferences, and ultimately demand in a given area. A decrease in demand for one of our proposed uses may negatively affect another, as each use relies on users of another. For example, if there is a large negative shock to the tech industry, not only will demand for office space in the area decrease, but this could lead to a decrease in disposable income of residents in the community who were previously employed by the tech industry. These residences may no longer be able to afford to pay our apartment rates, leading to a decrease in demand for residential space. Lastly, a decrease in disposable income in the area might cause our retail tenants' margins to decrease as people living in the community can no longer afford to spend money eating out or shopping, ultimately decreasing demand for retail space. The issue here is that of interconnectivity.

NATURAL DISASTERS

There is the unlikely, but very real possibility of natural disaster(s) impacting the region. The probability of such a risk is extremely low, however, such an event would be devastating to all parties involved.

8.2 MITIGATION STRATEGIES

Risk	Probability	Severity	Mitigation Strategy
Construction Delays	High	Low	• **Work with a construction team we trust** • **Maintain a high level of communication**
Increase in Construction Hard Costs	Medium	Low	• **Take funds out of the contingency fund to cover any increase in costs**
Decrease in Demand	Medium	Medium	• **Flexible rents while maintaining profitability**
Natural Disaster	Extremely Low	Extremely High	• **N/A**

9.0 EXIT PLAN

Our exit strategy is to sell the asset at the end of year 7. Selling at this time will allow 5 years of operations, in order to ensure any potential risks—whether in unexpected changes in construction times or time to lease spaces and rent apartments—have been dealt with, and the development is operating at full capacity. At that time, we expect to receive the most optimal return from sale for both of our stakes in the development. Our target customer for this property is a pension plan, preferably the California Teachers' Pension Plan due to the size of the fund, and the pension plan's past purchasing behaviours.

10.0 CONTACT INFORMATION

For more information on this lucrative development opportunity please contact Logan Parker at LoganParker@sop.com or call (604) 555 – 5555. We look forward to hearing from you and potentially entering this exciting business venture together.

11.0 APPENDICES

APPENDIX 1 – SITE USES

	SF	% of site
Residential:	95,892	44.5%
Office:	76,575	35.5%
Retail:	43,137	20.0%
Total:	**215,604**	**100%**

APPENDIX 2 – RESIDENTIAL UNIT TYPES

	# Units	**Total SF**
Studio:	20	11,230
1 bedroom:	12	7,500
2 bedroom:	38	32,588
3 bedroom:	14	14,567
4 bedroom:	17	19,887
Common Area:		2,130
Total:	101	87,902

APPENDIX 3 – GROCERY STORE SIZE COMPARABLES

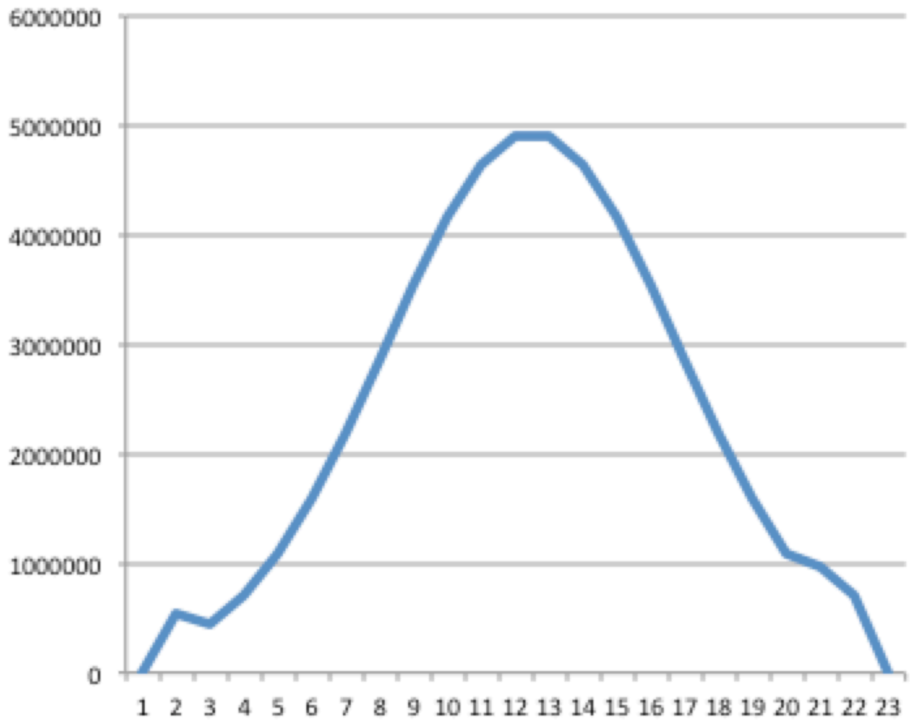
Grocery Store Comparables at Developments	**SF**
Vancouver House	17,900
111 Peter Street, Toronto	12,450
SE Phoenix (Walmart Marketside)	20,000
Average Size:	**16,783**

APPENDIX 4 - BUDGET

University Village Development Budget

	PSF	/unit	Retail	Office	Apartment	Total
Square Feet			43137.15	76575	95892.15	215604.3
Units			-	-	101	-
Hard Costs						
Demolition	$2.50					$120,000.00
Retail	$125.00		$5,392,143.75	-	-	$5,392,143.75
Office	$134.00		-	$10,261,050.00	-	$10,261,050.00
Apartment	$225.00		-	-	$21,575,733.75	$21,575,733.75
Parking		$31,500.00	$4,076,460.68	$7,236,337.50	$4,772,250.00	$16,085,048.18
Total Hard Costs			$9,468,604.43	$17,497,387.50	$26,347,983.75	$53,433,975.68
Soft Costs						
Construction Contingency	$2.50		$107,842.88	$191,437.50	$239,730.38	$539,010.75
Road Improvements & Off-Site Work	$1.33		$57,372.41	$101,844.75	$127,536.56	$286,753.72
On-Site Work	$2.40		$103,529.16	$183,780.00	$230,141.16	$517,450.32
Statutory & Municipal Impositions	-		-	-	-	-
Retail	$9.50		$409,802.93	-	-	$409,802.93
Office	$6.50		-	$497,737.50	-	$497,737.50
Apartment	-	$7,500.00	-	-	$757,500.00	$757,500.00
Developer Contingency Reserve	$2.50		$107,842.88	$191,437.50	$239,730.38	$539,010.75
Other Construction Dependencies	$1.50		$64,705.73	$114,862.50	$143,838.23	$323,406.45
Project Manager	$0.55		$23,725.43	$42,116.25	$52,740.68	$118,582.37
Construction Manager	$1.45		$62,548.87	$111,033.75	$139,043.62	$312,626.24
As-Built Surveys	$0.08		$3,450.97	$6,126.00	$7,671.37	$17,248.34
On-Site Water Retention	$0.08		$3,450.97	$6,126.00	$7,671.37	$17,248.34
Contractor Bonding	$1.20		$51,764.58	$91,890.00	$115,070.58	$258,725.16
Inspection Fees – Governmental	$0.40		$17,254.86	$30,630.00	$38,356.86	$86,241.72
Builder's Risk Insurance	$0.83		$35,803.83	$63,557.25	$79,590.48	$178,951.57
Condominium Surveys	$0.24		$10,352.92	$18,378.00	$23,014.12	$51,745.03
Reimbursable & Presentation Drawings	$0.15		$6,470.57	$11,486.25	$14,383.82	$32,340.65
Land Conveyance Costs	$0.05		$2,156.86	$3,828.75	$4,794.61	$10,780.22
Project Master Planning	$0.03		$1,294.11	$2,297.25	$2,876.76	$6,468.13
Surveys and Area Certifications	$0.04		$1,725.49	$3,063.00	$3,835.69	$8,624.17
Brokerage Fees (Site Acquisition)	$0.20		$8,627.43	$15,315.00	$19,178.43	$43,120.86
Legal Fees (Land Acquisition Closing Serv	$0.10		$4,313.72	$7,657.50	$9,589.22	$21,560.43
Title Insurance (Part of Closing Costs)	$0.08		$3,450.97	$6,126.00	$7,671.37	$17,248.34
Land Acquisition Closing Costs	$0.00		$0.00	$0.00	$0.00	$0.00
Inspections & Assessments	$0.10		$4,313.72	$7,657.50	$9,589.22	$21,560.43
Site Photographs & Aerial Photography	$0.01		$431.37	$765.75	$958.92	$2,156.04
Preliminary Market Research	$0.03		$1,294.11	$2,297.25	$2,876.76	$6,468.13
Architect - Design Fees	$1.75		$75,490.01	$134,006.25	$167,811.26	$377,307.53
Draw Certification Fees	$0.50		$21,568.58	$38,287.50	$47,946.08	$107,802.15
Quantity Surveyor	$0.08		$3,450.97	$6,126.00	$7,671.37	$17,248.34
Structural Engineering	$0.40		$17,254.86	$30,630.00	$38,356.86	$86,241.72
MEP Engineering	$0.55		$23,725.43	$42,116.25	$52,740.68	$118,582.37
Market Study	$0.10		$4,313.72	$7,657.50	$9,589.22	$21,560.43
Marketing - Strategic Plan	$0.06		$2,588.23	$4,594.50	$5,753.53	$12,936.26
Traffic Studies	$0.07		$3,019.60	$5,360.25	$6,712.45	$15,092.30
Zoning Consultant	$0.03		$1,294.11	$2,297.25	$2,876.76	$6,468.13
Communications Consultant	$0.07		$3,019.60	$5,360.25	$6,712.45	$15,092.30
Civil Engineering	$0.95		$40,980.29	$72,746.25	$91,097.54	$204,824.09
Total Soft Costs			$1,290,232.16	$2,060,633.25	$2,714,658.78	$6,065,524.19
Total			$10,758,836.58	$19,558,020.75	$29,062,642.53	$59,499,499.86

APPENDIX 5 – HARD COST SCHEDULE



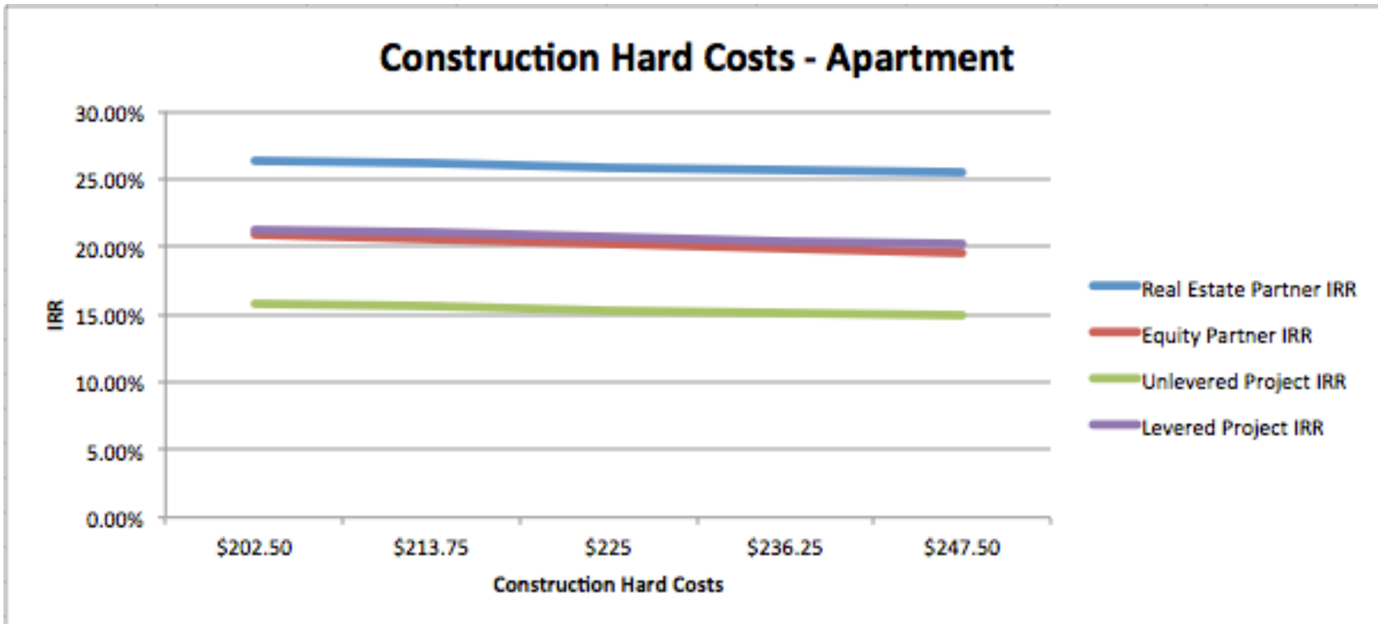
APPENDIX 6 –TENANT IMPROVEMENTS & NOI (UNSTABILIZED, MONTHS 25-33)

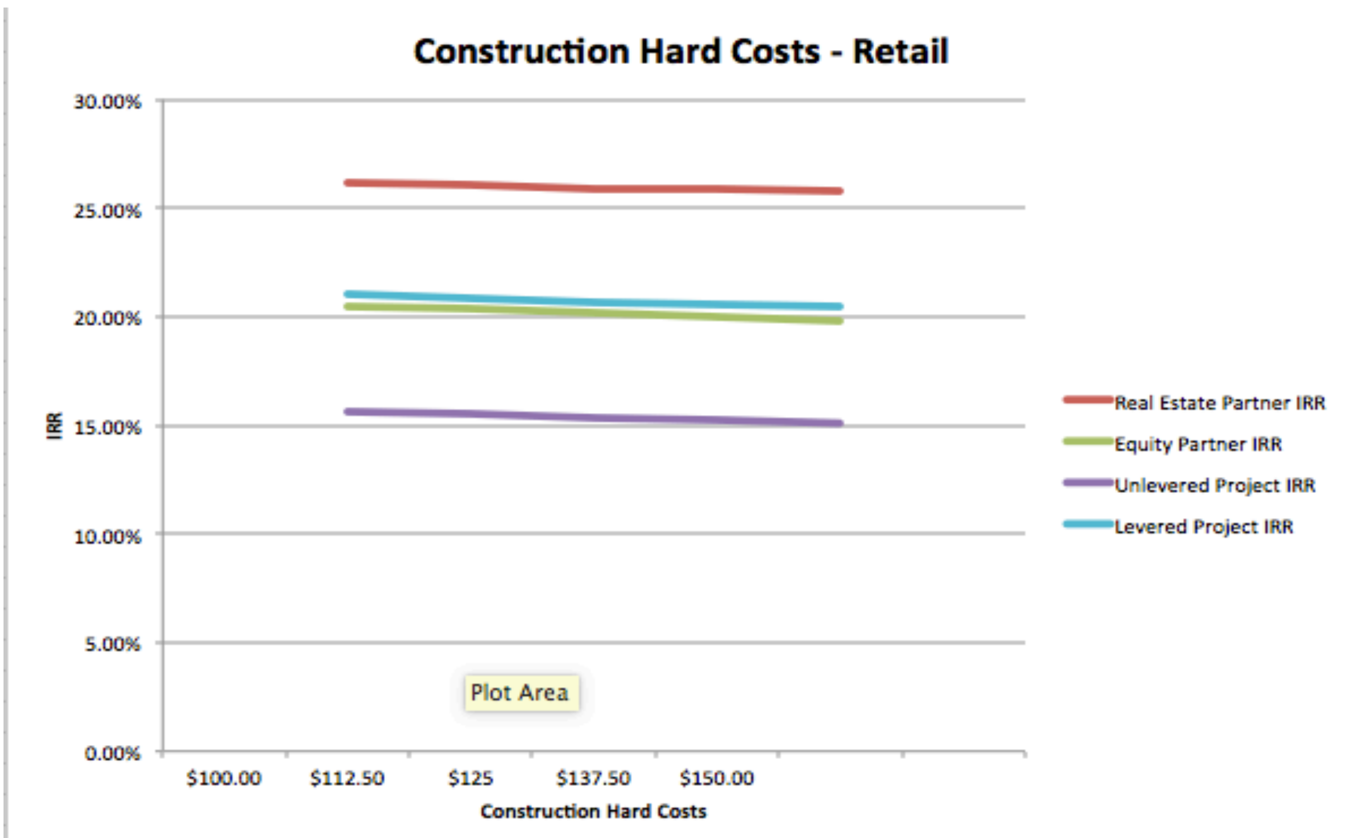
$90,668	**$249,027**	**$302,723**	**$343,745**	**$371,769**	**$416,827**	**$448,198**	**$466,094**	**$470,564**
Month 25	26	27	28	29	30	31	32	33
(672,328)	(336,164)	(224,109)	(224,109)	(224,109)	(224,109)	(112,055)	(89,644)	(22,411)
($581,660)	**($87,137)**	**$78,613**	**$119,636**	**$147,659**	**$192,718**	**$336,143**	**$376,450**	**$448,153**

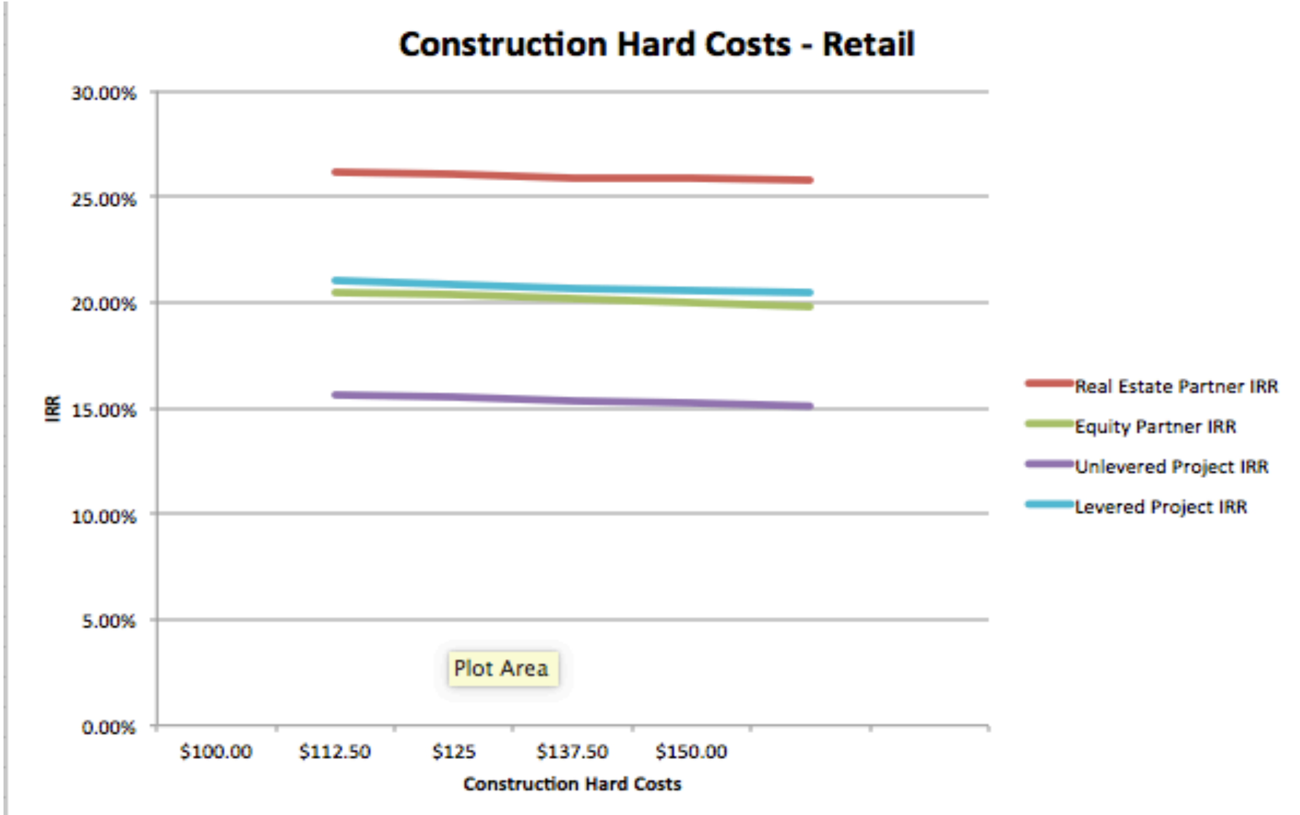
APPENDIX 7 –SOFT COST & DEMOLITION COSTS

Months	**Month 0**	**1**	**2**
STATUS:	PERMITTING	DEMOLITION	DEMOLITION
Upfront Costs	*LAND RESIDUAL		
Land Acquisition	$ (24,054,145)		
Soft Costs	$ (6,065,524)		
Hard Costs			
Demolition (@$2.5/SF) - 48,000 SF building		-60000	-60000
Total Land & Construction Costs	**($30,119,669)**	**($60,000)**	**($60,000)**

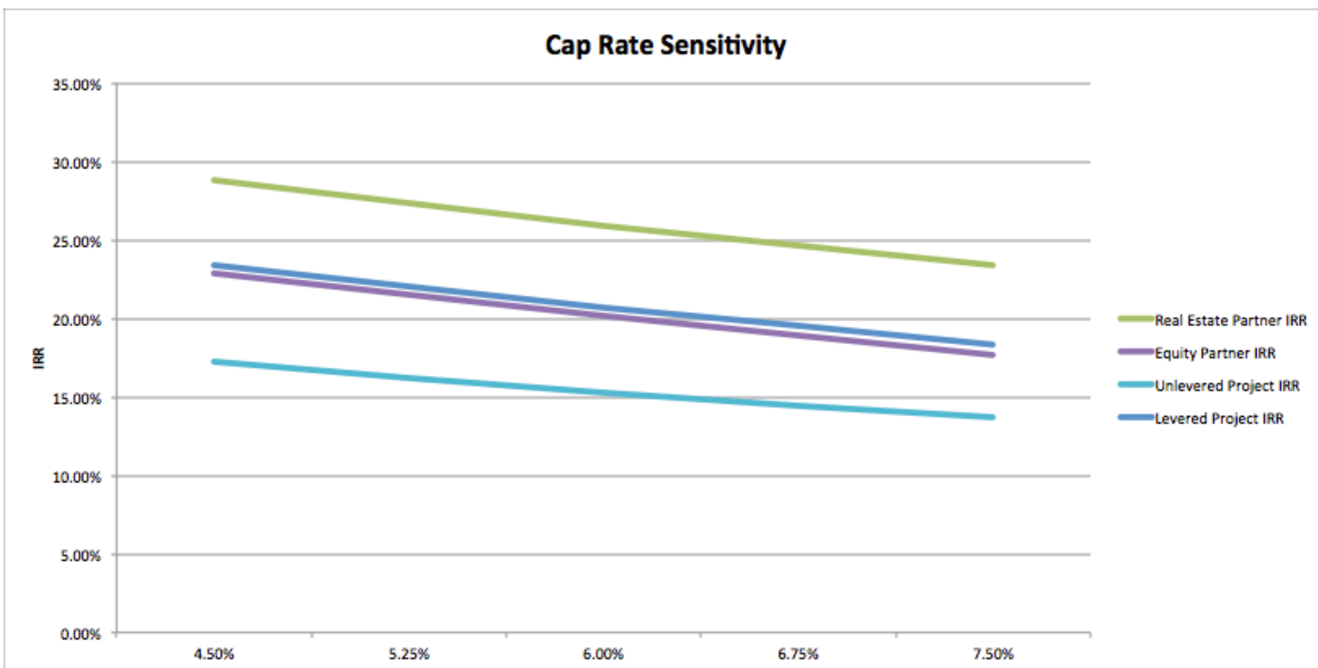
APPENDIX 8 – CONSTRUCTION HARD COSTS SENSITIVTY ANALYSES







APPENDIX 9 – CAP RATE SENSITIVTY ANALYSES



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