

90 / 10 Equity Investment Structure

Acreage / Density / Duration

Project Start:	Oct-14	Loss Acreage / Square Feet:	3.91 / 170,755
Project Sale:	Oct-20	Net Acreage / Square Feet:	3.91 / 170,755
Duration:	73 Months	Density:	39.85

Leasing Revenue

Product Information	No. Of Units	Net Rentable	Rate Psf	Monthly Rent	Total Net Rentable	Gross Monthly	Gross Annual
CAPITALIZED INCOME							
A1 1/1.....707 sf	40	707	2.80	\$1,980	28,280	\$79,184	\$950,208
A2 1/1.....802 sf	45	758	2.80	\$2,122	34,110	\$95,508	\$1,146,096
B2 2/2.....1053 sf	35	1,053	2.40	\$2,527	36,855	\$88,452	\$1,061,424
B3 2/2.....1060 sf	35	1,060	2.40	\$2,544	37,100	\$89,040	\$1,068,480
NOI for Existing Office Building	1	110,000	1.98	\$217,800	110,000	\$217,800	\$2,613,600
Apartment Total or Average	156	895	1.73		246,345	\$569,984	\$6,839,808
Apartment Average (weighted)		874			874		

ADDITIONAL REVENUE & OPERATING EXPENSES

Other Income		Operating Expenses		
		Total	Per Unit	% of GSI
Operations Revenue				
Allowance		\$ 2,052,113	13,155	28.50%
Parking	\$ 18,600	\$ -	-	-
Laundry		\$ -	-	-
Storage	\$ 18,600	\$ -	-	-
Retail Space / Other	\$ -	\$ -	-	-
Gross Scheduled Income	\$ 6,839,808	\$ -	-	-
Vacac	5.00% \$ 341,990	\$ -	-	-
	\$ 7,181,798	\$ -	-	-
Operations Revenue	\$ 18,600	\$ -	-	-
Retail	\$ -	\$ -	-	-
Effective Gross	\$ 7,200,398	\$ 2,052,113	\$ 13,155	28.50%
Less OP EX	\$ 2,052,113			
TI Expenses for Office Leasing Operations	-			
First Year NOI	\$ 5,148,285			

Investment & Financing Summary

Total Equity & Debt Contributions	Contribution	IRR	Total Project		Apartment Development	
			% Of Total Contributions	% of Total Equity	% Of Total Contributions	% of Total Equity
Total Equity Contributions	-26,284,581	19.20%	44.9%	100.0%	31.6%	100.0%
APT Primary Equity Partner	-13,424,231	17.31%	22.9%	51.1%	28.4%	90.0%
APT Co-Investment Capital	-1,491,581	22.63%	2.5%	5.7%	3.2%	10.0%
Developer	-	-	-	-	-	-
Office Equity I	11,368,768	18.63%	-	-	-	-
Office Equity II	1,263,196	19.12%	-	-	-	-
Total Debt Contributions	-32,294,813					
Apartment Construction Loan	-32,294,813		55.1%		68.4%	
Apartment Development Mortgage	38,380,000					
Office Building Mortgage	26,000,000					

Civic Center Drive -- BAY Area - Transit Oriented

SALES REVENUE & DEVELOPMENT AND DISPOSAL EXPENSES

REVENUE	Per Net SF	Per Unit	Per Gross SF
	246,345		154,937
Operating Income	26,818,187	108.86	171,911
Cap Sales Revenue	117,377,840	476.48	752,422
TI Expenses for Office Leasing Operations	-	-	-
Total Project Revenue	144,196,027	585.34	924,334
COSTS			
Land			
Land Price	39,000,000	158.31	250,000
Acquisition Closing and Other	1,271,300	5.16	8,149
Subtotal	40,271,300	163.48	258,149
Hard Cost			
Demolition	250,000	1.01	1,603
Site Improvements	1,950,000	7.92	12,500
Parking Structure (1.60 Apartment Parking Ratio)	14,175,000	57.54	90,865
Construction	18,170,910	73.76	116,480
Building & Developer's Contingency	1,318,057	5.35	8,449
Construction Indirects	1,535,386	6.23	9,842
Subtotal	37,399,353	151.82	239,739
Soft Cost			
Fees & Permits	6,093,804	24.74	39,063
Professional Fees	2,549,000	10.35	16,340
Marketing, Leasing & Disposal	3,368,764	13.67	21,595
Management, Insurance & Property Taxes	2,143,703	8.70	13,742
Subtotal	14,155,271	57.46	90,739
Subtotal Project Cost	91,825,924	372.75	588,628
Subtotal Project Cost - Exclusive of Disposal Fees	88,457,160	359.08	570.92
Pre Finance Profit	52,370,103	212.59	335,706
Finance Cost			
APT Primary Equ- (2 Fee	268,485	1.09	1,721
APT Co-Investm- (2 Fee	29,832	0.12	191
Const. Loan Fees	444,565	1.80	2,850
Const. Loan Interest	3,270,394	13.28	20,964
Mortgage Fees	640,000	2.60	4,103
Mortgage Interest	10,984,655	44.59	70,414
Subtotal	15,637,931	63.48	100,243
Total Project Cost	107,463,855	436.23	688,871
Pre Tax Profit	36,732,172	149.11	235,463



PERFORMANCE MEASURES

Apartment Exit CAP	5.00%
Office Exit CAP	6.75%
Sales Price	\$ 117,377,840
Disposal Fees	2,497,556
Net Sales	\$ 114,880,284
Returns	
Sale Profit	\$ 20,780,229
Build-To-CAP	ROC
Yield to CAP Spread	
Development Margin	
Profit on Cost%	34.18%
Profit on GDV%	31.29%
Profit on NDV%	31.29%
Development Yield% (on M	6.24%
Equivalent Yield% (Nomina	5.65%
Gross Initial Yield%	5.56%
Net Initial Yield%	5.40%
Project IRR% (with Interest	15.02%
Equity IRR% (with Interest)	19.20%
Return on Equity%	132.98%

Apartment Const. Loan & Mortgage

Contributions: Equity & Del	\$ 47,210,626
Debt / Equity Ratio	68.4% / 31.6%
Apartment Construction Loan	
Construction Loan	32,294,813
Construction Loan	7.00%
Loan Fees	444,565
Interest	3,270,394
Project Funded Loan Fees	
Project Funded Interest	
Interest and Fees	3,714,959
Equity Contributions	
APT Primary Equity Partner	14,915,813
APT Co-Investment Capital	13,424,231
	90.0%
APT Co-Investment Capital	1,491,581
	10.0%
Mortgage	
Mortgage	5.00%
Mortgage Funded Amount	38,380,000
Mortgage Fees & Interest	4,318,388
Mortgage Fees	380,000
Mortgage Interest	3,938,388
Mortgage as % of Value	80%

Office Mortgage

Contributions: Equity & Del	\$ 38,631,964
Debt / Equity Ratio	67.3% / 32.7%
Mortgage	4.75%
Total Fees	260,000
Funded Amount	26,000,000
Mortgage Interest	7,046,267
Monthly P&I Payments	135,628
Total Principal Repayment	26,000,000

REVENUE WITH Escalation

Rental Area Summary	Units	NET ft ²	Rate ft ²	Unit Amount Annual	Rent at Lease Start	Rent At Sale	
# A1 1/1.....707 sf	40	28,280	2.80	23,755	950,208	1,044,458	
# A2 1/1.....802 sf	45	34,110	2.80	25,469	1,146,096	1,253,585	
# B2 2/2.....1053 sf	35	36,855	2.40	30,326	1,061,424	1,169,583	
# B3 2/2.....1060 sf	35	37,100	2.40	30,528	1,068,480	1,177,358	
# NOI for Existing Office Building	1	110,000	1.98	2,610,000	2,610,000	3,286,719	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
Totals	156	246,345	2.58		6,836,208	7,931,703	
					2,257.59	2,481	Apartment Average (weighted)
					\$ 569,684	\$ 660,975	Project Monthly

Investment Valuation

CAP Valuation	Annual Leasing Income			CAP Value	
A1 1/1.....707 sf	997,197	Cap Rate	5.00%	20,193,234	- 5.000% vac. / non recov. cost
A2 1/1.....802 sf	1,190,906	Cap Rate	5.00%	24,115,851	- 5.000% vac. / non recov. cost
B2 2/2.....1053 sf	1,116,660	Cap Rate	5.00%	22,612,359	- 5.000% vac. / non recov. cost
B3 2/2.....1060 sf	1,124,083	Cap Rate	5.00%	22,762,678	- 5.000% vac. / non recov. cost
NOI for Existing Office Buildi	3,509,970	Cap Rate	6.75%	52,877,043	Existing Leases NOI
	-			-	
	-			-	
	-			-	
	7,938,816			142,561,165	142,561,165
	95.3%	Apartment Occupancy			

Operating Expenses

28.5% Operating Expense	(1,262,221)	Cap Rate	5.00%	(25,559,975)	
Special Property Tax	-			-	
	(1,262,221)			(25,559,975)	(25,559,975)
	28.5%	Apartment Expense / Actual Income ratio			
	28.5%	Apartment Expense / Est. Gross Income ratio			
	6,676,595			117,001,190	

Operation - Additional Revenue

Reserved Parking	18,600			376,650	
	18,600			376,650	376,650

CAPITALIZED VALUE

<u>117,377,840</u>	NET Capitalized Value
416,134.17	NET CAP Revenue per Apartment Unit

REVENUE WITH Escalation

Project Operating Expense and Revenue (Cumulative)

cumulative Leasing Income			
A1 1/1.....707 sf	2,974,713		
A2 1/1.....802 sf	3,379,972		
B2 2/2.....1053 sf	3,415,143		
B3 2/2.....1060 sf	3,437,846		
NOI for Existing Office Building	17,316,001		
	-		
	-		
	-		
		<u>30,523,675</u>	
cumulative Additional Revenue			
Reserved Parking - A1 1/1.....707 sf	15,200		
Reserved Parking - A2 1/1.....802 sf	16,200		
Reserved Parking - B2 2/2.....1053 sf	13,650		
Reserved Parking - B3 2/2.....1060 sf	13,650		
28.5% Operating Expense - A1 1/1.....707 sf			
28.5% Operating Expense - A2 1/1.....802 sf		<u>58,700</u>	cum. Gross Income
cumulative Operating Expenses			
28.5% Operating Expense - A1 1/1.....707 sf	(847,793)		
28.5% Operating Expense - A2 1/1.....802 sf	(963,292)		
28.5% Operating Expense - B2 2/2.....1053 sf	(973,316)		
28.5% Operating Expense - B3 2/2.....1060 sf	(979,786)		
		<u>(3,764,187)</u>	
		<u>26,818,188</u>	cum. Net Operating Income
TI Expenses for Office Leasing Operations			
	-		
	-		
	-		
	-	<u>-</u>	Net Income Fro Existing Operations
TOTAL PROJECT REVENUE		<u>144,196,028</u>	

OUTLAY

ACQUISITION COSTS			Per Unit
Office Acquisition (3.92 Acres 9,948,979.59 pAcre)		39,000,000	250,000
Supplemental Tax Bill	0.62%	241,800	
Acquisition Fee	2.00%	780,000	
Acquisition Legal		40,000	
Closing Costs		97,500	
Market Study		20,000	
Cost Study		10,000	
Entitlement Consultant		15,000	
Phase 1		<u>7,000</u>	
		<u>40,211,300</u>	257,764.74
Other Acquisition			
Partnership Legal		40,000	
Office Partnership Legal		20,000	
		<u>-</u>	
		<u>60,000</u>	
TOTAL ACQUISITION		<u>40,271,300</u>	258,149.36

Southern California - 90 / 10 Equity Structure
 BAY Area - Transit Oriented



REVENUE WITH Escalation

HARD COSTS

Parking	Stalls	\$ per Stall	
Office Parking	350	28,000	9,800,000
Apartment Parking	250	17,500	4,375,000

Subtotal Parking	600		14,175,000
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90,865.38	per Unit Construct
1.60	Apartment Parking
57.54	Parking - PNSF Co
91.49	Parking -PGSF Cor

Apartment Shell Construction	Gross ft ²	Rate ft ²	Cost
A1 1/1.....707 sf	32,136	120.00 pf ²	3,856,364
A2 1/1.....802 sf	38,761	120.00 pf ²	4,651,364
B2 2/2.....1053 sf	41,881	120.00 pf ²	5,025,682
B3 2/2.....1060 sf	42,159	110.00 pf ²	4,637,500

Subtotal Shell Const.	154,937		18,170,910
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116,480.19

Contingencies			
Building Contingency	5.00%	890,077	
Developers Contingency	10.00%	427,980	
			1,318,057

Subtotal Continegencies

Site Improvements

Demo Extisting Buildings	250,000
Grading	400,000
Water	100,000
Sewer	50,000
Storm Drain	50,000
Curb & Gutter	100,000
Paving	100,000
Dry Utilities	100,000
Retaining Walls	100,000
Walks	100,000
Common Area	250,000
Swimming Pools	200,000
Rec Center	200,000
Entry Monumentation	50,000
Dupster Location Pads	50,000
Screens & Security Fences	50,000
Rental/Sales Office	25,000
Model Units	25,000

Subtotal Site Improvements

2,200,000

Subtotal Improvements & Contingencies

3,518,057

Other Construction

Construction Indirects	1,000,000
General Conditions	535,386

1,535,386

TOTAL HARD COST	-	37,399,353	Per Net SF	274.30	Per Gross SF	241.38
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Per Unit
239,739.44

REVENUE WITH Escalation

SOFT COSTS

Fees & Permits

Site Improvement Permits	1,500.00 /un	232,500	
Impact Fees paid @ Building Permit	30,000.00 /un	4,650,000	
School Fees	136,345 ft² \$ 3.20	436,304	
Building Permits	5,000.00 /un	775,000	
		-	
		-	
			Per Unit
		6,093,804	39,063

PROFESSIONAL FEES

Civil Engineer	440,000	200,000
Soils		125,000
Dry Utility		15,000
Traffic		50,000
Air Quality Study		50,000
Cost Estimate		20,000
		-
Architect	1,235,000	950,000
Structural Engineer		200,000
Title 24 Consultant		35,000
HVAC		20,000
Plumbing		15,000
Electrical		15,000
		-
Landscape Architect		200,000
HOA, DRE & Legal		50,000
Project Manager		160,000
Indirects - Site Management		125,000
SWPPP's Consultant		50,000
Printing and Copy Services		100,000
Professionals Contingency		169,000
		-

2,549,000

MARKETING & LEASING

TI's & Commissions 2016	110,313
TI's & Commissions 2017	93,092
TI's & Commissions 2018	127,347
TI's & Commissions 2019	10
TI's & Commissions 2020	490,445
Leasing Legal Fee	50,000

871,207

DISPOSAL FEES

Selling Agent Fees	1.00%	1,173,778
Broker Co-Op	1.00%	1,173,778
Sales Legal Fee		150,000
		-

2,497,556

Management

Dev. Management Fee		2,000,000
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2,000,000

MISCELLANEOUS FEES

Insurance	1.00%	143,703
		-
		-

143,703

TOTAL SOFT COST - 14,155,270

REVENUE WITH Escalation

FINANCE COSTS

Interest and Fees

Interest paid to Debt Sources:	-	
Construction Loan (7.00%)	3,270,394	
Total Interest paid to Debt Sources:		3,270,394
Mortgage Interest (5.00%)	10,984,655	
		10,984,655
		<u>14,255,049</u>

Debt & Equity Financing Fees

APT Primary Equity Partner - (2.00%) (Single)	268,485	
APT Co-Investment Capital - (2.00%) (Single)	29,832	
Construction Loan - Construction Loan (1.25%) (Single)	444,565	
Mortgage - % Fee (1.00%) (Single)	380,000	
Mortgage - % Fee (1.00%) (Single)	260,000	
		<u>1,382,882</u>
		<u>15,637,931</u>

COSTS EXCLUSIVE OF FINANCE AND DISPOSAL FEES

		88,457,160	567,033
TOTAL COSTS		107,463,854	688,871

PROFIT

		Contribution	IRR	Multiple
APT Primary Equity Partner		13,424,231	17.31%	1.92
Preferred Return (Unknown)	4,865,222			
IRR Lookback (12.00%)	2,918,633			
IRR Lookback (15.00%)	2,510,518			
Residual Percentage (50.00%)	<u>2,111,734</u>			
	12,406,107			

APT Co-Investment Capital	-	1,491,581	22.63%	2.33
Preferred Return (Unknown)	540,580			
IRR Lookback (12.00%)	324,293			
IRR Lookback (15.00%)	278,947			
Residual Percentage (20.00%)	<u>844,694</u>			
	1,988,514			

Developer	-			
Promote	81,073			
Promote	209,210			
Residual Percentage (30.00%)	<u>1,267,040</u>			
	1,557,323			
		<u>15,951,944</u>		

Apartment Profit

		Contribution	IRR	Multiple
Office Equity I		11,368,768	18.63%	2.58
Preferred Return (Unknown)	5,814,162			
Residual Percentage (85.00%)	<u>12,172,042</u>			
	17,986,204			

Office Equity II		1,263,196	19.12%	2.65
Preferred Return (Unknown)	646,018			
Residual Percentage (10.00%)	<u>1,432,005</u>			
	2,078,023			

Developer Office Participation		716,002		
Residual Percentage (5.00%)	<u>-</u>			
	716,002			

Office Profit

Performance Measures

		<u>20,780,229</u>		
		<u>36,732,173</u>		
				Office Profit
				Total Profit
Profit on Cost%	34.18%			
Profit on GDV%	31.29%			
Profit on NDV%	31.29%			
Development Yield% (on MRV)	6.24%			
Equivalent Yield% (Nominal)	5.65%			
Gross Initial Yield%	5.56%			
Net Initial Yield%	5.40%			

Project IRR% (with Interest)	15.02%
Equity IRR% (with Interest)	19.20%
Return on Equity%	132.98%

Cost per Gross ft ²	384.00
Cost per Net ft ²	436.00
Floor Area Ratio	1.64

‡ Inflation/Escalation applied