

90 / 10 Equity Investment Structure

Acreege / Density / Duration

Project Start:	Oct-14	ross Acreege / Square Feet:	- /
Project Sale:	Oct-20	Net Acreege / Square Feet:	- /
Duration:	73 Months	Density:	#DIV/0!

Leasing Revenue

Product Information	No. Of Units	Net Rentable Area	Rate Psf	Monthly Rent	Total Net Rentable Area	NET Monthly	NET Annual
CAPITALIZED INCOME							
NOI for Existing Office Building	1	110,000	1.98	\$217,800	110,000	\$217,800	\$2,613,600
Total or Average	1	110,000	1.98		110,000	\$217,800	\$2,613,600
Average (weighted)		0			0		

ADDITIONAL REVENUE & OPERATING EXPENSES

Other Income	Operating Expenses	Total	Per Unit	% of GSI
Operations Revenue				
Allowance	Allowance	\$ -	-	0.00%
Parking	Salaries	\$ -	-	0.00%
Laundry	Management Fee	\$ -	-	0.00%
Storage	G&A	\$ -	-	0.00%
	Marketing	\$ -	-	0.00%
Retail Space / Other	Repairs & Maintenance	\$ -	-	0.00%
	Gas	\$ -	-	0.00%
	Water	\$ -	-	0.00%
	Electric	\$ -	-	0.00%
Gross Scheduled Income	Trash	\$ -	-	0.00%
Vacancy	Security	\$ -	-	0.00%
	Insurance	\$ -	-	0.00%
	Property Tax	\$ -	-	0.00%
Operations Revenue	CAP EX	\$ -	-	0.00%
Retail	Reserve	\$ -	-	0.00%
Effective Gross		\$ 2,613,600		0.00%
Less OP EX		\$ -		
Income from Exisint Operations				
First Year NOI		\$ 2,613,600		

Civic Center Drive -- BAY Area - Transit Oriented

SALES REVENUE & DEVELOPMENT AND DISPOSAL EXPENSES

REVENUE	Per Net SF	Per Unit	Per Gross SF
	110,000		125,000
Operating Income	17,316,001	157.42	17,316,001
Cap Sales Revenue @ 6.75%	52,877,043	480.70	52,877,043
Income from Exisint Operations	0	-	-
Total Project Revenue	70,193,044	638.12	70,193,044
COSTS			
Land			
Land Price	39,000,000	354.55	39,000,000
Acquition Closing and Other	1,177,800	10.71	1,177,800
Subtotal	40,177,800	365.25	40,177,800
Hard Cost			
Demolition	0	-	-
Site Improvements	0	-	-
Parking Structure (0.0 Parking Ratio)	0	-	-
Construction	0	-	-
Building & Developer's Contingency	0	-	-
Construction Indirects	0	-	-
Subtotal	0	-	-
Soft Cost			
Fees & Permits	0	-	-
Professional Fees	0	-	-
Marketing, Leasing & Disposal	1,928,748	17.53	1,928,748
TI at Lease Renewals	-	-	-
Subtotal	1,928,748	17.53	1,928,748
Subtotal Project Cost	42,106,548	382.79	42,106,548
Stotal Cost - Exclusive of Disposal Fees	40,177,800	365.25	321.42
Pre Finance Profit	28,086,496	255.33	28,086,496
Finance Cost			
Fee	0	-	-
Const. Loan Fees	0	-	-
Const. Loan Interest	0	-	-
Mortgage Fees	260,000	2.36	260,000
Mortgage Interest	7,046,267	64.06	7,046,267
Subtotal	7,306,267	66.42	7,306,267
Total Project Cost	49,412,815	449.21	49,412,815
Pre Tax Profit	20,780,228	188.91	20,780,228



PERFORMANCE MEASURES

Office Exit CAP	6.75%
Sales Price	\$ 52,877,043
Disposal Fees	1,107,540
Net Sales	\$ 51,769,503
Returns	
Sale Profit	\$ -
Build-To-CAP	6.51% ROC
Yield to CAP Spread	-0.24%
Development Margin	-3.63%
Profit on Cost%	42.05%
Profit on GDV%	39.30%
Profit on NDV%	39.30%
Development Yield% (on MI)	7.14%
Equivalent Yield% (Nominal)	6.75%
Gross Initial Yield%	6.22%
Net Initial Yield%	6.22%
Jan-00	0.00%
Project IRR% (with Interest)	18.66%
Equity IRR% (with Interest)	19.12%
Return on Equity%	164.51%

Construction Loan & Mortgage

Contributions: Equity & Det	\$ 38,631,964
Debt / Equity Ratio	67.3% / 32.7%
Construicon Loan	
-	0
Construction Loan	7.00% 1.25 pts
Loan Fees	0
Interest	0
Project Funded Loan Fees	0
Project Funded Interest	0
Interest and Fees	0
Equity Contributions	
Office Equity I	12,631,964 100.0%
Office Equity II	11,368,768 90.0%
Office Equity II	1,263,196 10.0%
Mortgage	
Mortgage	4.75% 1.00
Mortgage Fees & Interest	7,306,267
Mortgage Fees	260,000
Mortgage Interest	7,046,267

Investment & Financing Summary

Total Equity & Debt Contributions	Contribution Amount	IRR	% Of Total Contributions	% of Total Equity	Preferred Return	Profit	Total Preferred Return & Profit	Multiple
	\$ 38,631,964							
Total Equity Contributions	-12,631,964	19.12%	32.7%	100.0%			20,780,229	2.65
Office Equity I	-11,368,768	18.63%	29.4%	90.0%	5,814,162	12,172,042	17,986,204	2.58
Office Equity II	-1,263,196	19.12%	3.3%	10.0%	646,018	1,432,005	2,078,023	2.65
Developer	0	-	0.0%	0.0%	0	716,002	716,002	0.00
Total Debt Contributions	0							
Construction Loan	0		0.0%		0	0	0	0
Office Building Mortgage	26,000,000		67.3%					
- Mortgage	-							

Schedule

SCHEDULE	MONTHS
Closing	Oct-14
Design and Permit	Jan-16
Construction Start	Jan-16
Construction Complete	Sep-17
Move-in Prep	Feb-16
First Leases	Sep-17
Stablization Period End:	Sep-18
Hold Period Ends	Aug-20
Sale	Sep-20

Mortgage Information

Mortgage as % of Value	75%
Mortgage Cap. Rate	6.50%
Amortization (months)	360
Add Fees to Mortgage Amot	No
Total Fees	
Funded Amount	26,000,000
Mortgage Interest	7,046,267
Monthly P&I Payments	135,628
Total Principal Repayment	26,000,000
	0
Total Project Revenue	70,193,044
Total Cost	49,412,815
Pre Tax Profit	20,780,229

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



REVENUE WITH Escalation

OUTLAY

ACQUISITION COSTS			Per Unit
Office Acquisition (3.92 Acres 9,948,979.59 pAcre)		39,000,000	39,000,000
Supplemental Tax Bill	0.62%	241,800	
Acquisition Fee	2.00%	780,000	
Acquisition Legal		20,000	
Closing Costs		97,500	
Market Study		10,000	
Cost Study		5,000	
Phase 1		3,500	
		-	
		<u>40,157,800</u>	40,157,800.00
Other Acquisition			
Office Partnership Legal		20,000	
		-	
		-	
		<u>20,000</u>	
TOTAL ACQUISITION			<u>40,177,800</u>

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



REVENUE WITH Escalation

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	

821,207

DISPOSAL FEES

Selling Agent Fees	1.00%	528,770	
Broker Co-Op	1.00%	528,770	
Sales Legal Fee		50,000	

1,107,540

Management

-
-
-
-

MISCELLANEOUS FEES

-
-
-

TOTAL SOFT COST - 1,928,747

REVENUE WITH Escalation

FINANCE COSTS

Interest and Fees

Mortgage Interest (4.75%)	7,046,267	-
		<u>7,046,267</u>

7,046,267

Debt & Equity Financing Fees

Mortgage - % Fee (1.00%) (Single)	260,000	-
Total Debt Financing Fees	-	-
Total Interest and Fees	-	<u>260,000</u>

7,306,267

COSTS EXCLUSIVE OF FINANCE AND DISPOSAL FEES

	40,177,800	<u>Per Unit</u> 40,177,800
TOTAL COSTS	49,412,814	49,412,814

PROFIT

		Contribution	IRR	Multiple
Office Equity I		11,368,768	18.63%	2.58
Preferred Return (8.00%)	5,814,162			
Residual Percentage (85.00%)	12,172,042			
	-			
	<u>17,986,204</u>			
Office Equity II	-	1,263,196	19.12%	2.65
Preferred Return (8.00%)	646,018			
Residual Percentage (10.00%)	1,432,005			
	-			
	<u>2,078,023</u>			
Developer	-			
Residual Percentage (5.00%)	716,002			
	-			
	<u>716,002</u>			
	<u>20,780,229</u>	Apartment Profit		

Performance Measures

Profit on Cost%	42.05%
Profit on GDV%	39.30%
Profit on NDV%	39.30%
Development Yield% (on MRV)	7.14%
Equivalent Yield% (Nominal)	6.75%
Gross Initial Yield%	6.22%
Net Initial Yield%	6.22%
Project IRR% (with Interest)	18.66%
Equity IRR% (with Interest)	19.12%
Return on Equity%	164.51%
Cost per Gross ft ²	395.00
Cost per Net ft ²	449.00
Floor Area Ratio	0.73

‡ Inflation/Escalation applied