

Development of a condominium building is more valuable by \$3,501,163 (36.6%)

COMMON ASSUMPTIONS FOR APARTMENT AND CONDOMINIUM OPTIONS					
<u>Property and Timing</u>		Ratio	Value	<u>Uses of Funds - Today's Values</u>	
Approx. Above-Grade Building Size (FAR)			148,920 GSF	Base Building and Parking Hard Costs	\$201.45/GSF \$200,000/unit
Less: Retail Square Footage			12,000 SF	Condominium Level Finishes	\$16.12/GSF 8% premium
Residual Residential GSF			136,920 SF	Hard Cost Contingency	7.00%
Rentable/Salable Residential SF	88.0% Efficiency		120,490 SF	Total Base Building Hard Costs	\$32,100,000
				Retail Tenant Improvements	\$25.00 PSF \$300,000
Lot Size			130,680 SF 3.00 acres	Soft Cost % Hard Cost & Cont. & TIs	25.00% \$8,100,000
Maximum Allowable Units	50.0 units/acre		150 units	Loan Interest & Operating Deficit	6.00% per year \$3,839,063
Required Parking Spots	1.20/unit		180 spots	Land Cost	\$45.33/FAR \$45,000/unit
			<i>Average</i>	Total Project Cost (TPC)	\$51,089,063
Affordable Rate Residential Product	25.00% of units		760 SF 38 units	<i>Per Unit</i>	\$340,594
Market Rate Residential Product	75.00% of units		813 SF 112 units	<i>Per GSF</i>	\$343.06
Weighted Average All Product *			800 SF 150 units		
				<u>Sources of Funds</u>	
Pre-Construction			15 months	Senior Construction Loan	65.00% LTC \$33,207,891
Construction Schedule			20 months	Equity	35.00% \$17,881,172
Post-Construction Lease-Up / "Regular" Sales Period			15 months	Total Sources of Funds	\$51,089,063
Total Time to Stabilization / Final Unit Closing			50 months		\$54,559,875
				<u>Selling Costs</u>	
<u>Retail Component Details</u>				Apartment Building Sale	4.00%
Rentable SF			12,000 SF	Condominium Unit Sales	NA
Annual NNN Rent			\$35.00 PSF \$420,000	Retail Component Sale	3.00%
Sale Capitalization Rate			7.00%		3.00%
Net Proceeds from Sale			\$5,820,000		

APARTMENT OPTION			
Annual Gross Potential Revenue - Affordable Apartments	\$1.50 PSF/mo.		\$519,840
Annual Gross Potential Revenue - Market Rate Apartments	\$4.00 PSF/mo.		\$4,370,688
Annual Gross Potential Revenue - Parking	\$200/Spot		\$432,000
Less Annual Vacancy and Credit Losses	7.00%		(\$372,577)
Annual Potential Revenue, Net			\$4,949,951
Operating Expenses - today's value	\$4,200/unit/yr	\$350/unit/mo.	(\$630,000)
Real Estate Taxes - today's value	\$1,800/unit/yr	\$150/unit/mo.	(\$270,000)
Total Operating and Taxes	\$6,000/unit/yr	\$500/unit/mo.	(\$900,000)
Normal Reserves - today's value	\$4,200/unit/yr	\$350/unit/yr.	(\$52,500)
Stabilized Residential Annual Adjusted Net Operating Income (NOI)			\$3,997,451
Stabilized Residential Adjusted NOI Yield on Cost (Cap Rate)			7.82%
Residential Asset Sale Capitalization Rate		7.00%	
Gross Capitalized Value			\$57,106,443
Selling Costs	4.00%		(\$2,284,258)
Residential Net Proceeds			\$54,822,186
<i>Per Apartment Unit</i>			\$365,481
Retail Net Proceeds			\$5,820,000
Residential and Retail Sale Proceeds, Net			\$60,642,186
Pre-Tax Profit on Sale (excludes interim apt./retail cash flows)			\$9,553,123
Pre-Tax Profit Margin on Sale (excludes interim apt./retail cash flows)			15.14%
Multiple on Equity on Sale (excludes interim apt./retail cash flows)			1.53x

CONDOMINIUM OPTION					
			Duration	Rate	
Required Affordable Units			38 units		
Market Rate Product Pre-Sold	8.00%		9 units	3 months	3 units/mo.
Market Rate Product Sold in Regular Sales			103 units	15 months	7 units/mo.
Total Residential Units			150 units		
Storage Units			50 units		
	10% Discount				
<u>Residential Component Sales Prices</u>	Pre-Sold	Regular Market	Affordable		Gross Proceeds
Residential Units	\$405,000	\$450,000	\$175,000		\$56,645,000
	\$498 PSF	\$554 PSF	\$230 PSF		
Parking Spaces	\$36,000	\$40,000			\$7,142,400
Storage	\$4,500	\$5,000			\$248,000
Gross Sales Proceeds					\$64,035,400
Selling Costs		3.50%			(\$2,241,239)
Residential Net Proceeds					\$61,794,161
<i>Per Condominium Unit</i>					\$411,961
Retail Net Proceeds					\$5,820,000
Residential and Retail Sale Proceeds, Net					\$67,614,161
Pre-Tax Profit on Sale (excludes interim retail cash flows)					\$13,054,286
Profit Margin on Sale (excludes interim retail cash flows)					18.64%
Multiple on Equity (excludes interim retail cash flows)					1.68x

Development of a condominium building is more valuable by \$8,861,738 (92.8%)

COMMON ASSUMPTIONS FOR APARTMENT AND CONDOMINIUM OPTIONS

<u>Property and Timing</u>	Ratio	Value		<u>Uses of Funds - Today's Values</u>			<u>Apt.</u>	<u>Condo.</u>
Lot Size		18,615 SF	0.43 acres	Base Building and Parking Hard Costs	\$201.45/GSF	\$200,000/unit	\$30,000,000	\$30,000,000
Total Allowable FAR	8.0 FAR	148,920 FAR		Condominium Level Finishes	\$16.12/GSF	8% premium	NA	\$2,400,000
Less: Retail Square Footage		12,000 SF		Hard Cost Contingency		7.00%	<u>\$2,100,000</u>	<u>\$2,268,000</u>
Residual Residential GSF		136,920 SF		Total Base Building Hard Costs			\$32,100,000	\$34,668,000
Rentable/Salable Residential SF	88.0% Efficiency	120,490 SF		Retail Tenant Improvements		\$25.00 PSF	\$300,000	\$300,000
	<i>Average</i>			Soft Cost % Hard Cost & Cont. & TIs		25.00%	\$8,100,000	\$8,742,000
Residential Units	800 RSF/SSF	150 units		Loan Interest & Operating Deficit		6.00% per year	\$3,839,063	\$4,099,875
Required Parking Spots	1.20/unit	180 spots		Land Cost	\$45.33/FAR	\$45,000/unit	<u>\$6,750,000</u>	<u>\$6,750,000</u>
Affordable Rate Product	25.00% of units	760 SF	38 units	Total Project Cost (TPC)			\$51,089,063	\$54,559,875
Market Rate Product	75.00% of units	813 SF	<u>112 units</u>	<i>Per Unit</i>			\$340,594	\$363,733
Weighted Average All Product *		800 SF	150 units	<i>Per GSF</i>			\$343.06	\$366.37
			End Date	Sources of Funds				
Pre-Construction		15 months	7/25/2014	Senior Construction Loan		65.00% LTC	\$33,207,891	\$35,463,919
Construction Schedule		20 months	3/25/2016	Equity		35.00%	<u>\$17,881,172</u>	<u>\$19,095,956</u>
Post-Construction Lease-Up / "Regular" Sales Period		15 months	6/25/2017	Total Sources of Funds			\$51,089,063	\$54,559,875
Total Time to Stabilization / Final Unit Closing		50 months						
				Selling Costs				
Retail Component Details				Apartment Building Sale			4.00%	NA
Rentable SF		12,000 SF		Condominium Unit Sales			NA	3.50%
Annual NNN Rent		\$35.00 PSF	\$420,000	Retail Component Sale			3.00%	3.00%
Retail Cap Rate at Sale / Net Proceeds		7.00%	\$5,820,000					

APARTMENT OPTION

Annual Gross Potential Revenue - Affordable Apartments	\$1.50 PSF/mo.	\$519,840	
Annual Gross Potential Revenue - Market Rate Apartments	\$4.00 PSF/mo.	\$4,370,688	
Annual Gross Potential Revenue - Parking	\$200/Spot	\$432,000	
Less Annual Vacancy and Credit Losses	7.00%	<u>(\$372,577)</u>	
Annual Potential Revenue, Net		\$4,949,951	
Operating Expenses - today's value	<i>\$4,200/unit/yr</i>	\$350/unit/mo.	<u>(\$630,000)</u>
Real Estate Taxes - today's value	<i>\$1,800/unit/yr</i>	\$150/unit/mo.	<u>(\$270,000)</u>
Total Operating and Taxes	<i>\$6,000/unit/yr</i>	\$500/unit/mo.	<u>(\$900,000)</u>
Normal Reserves - today's value	<i>\$4,200/unit/yr</i>	\$350/unit/yr.	<u>(\$52,500)</u>
Stabilized Residential Annual Adjusted Net Operating Income (NOI)		\$3,997,451	
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Residential Asset Sale Capitalization Rate		7.00%	
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Pre-Tax Profit Margin on Sale (excludes interim apt./retail cash flows)		15.14%	
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CONDOMINIUM OPTION

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Market Rate Product Sold in Regular Sales		<u>103 units</u>	15 months	7 units/mo.
Total Residential Units		150 units		
Storage Units		50 units		
	10% Discount			Gross
Residential Component Sales Prices	Pre-Sold	Regular Market	Affordable	Proceeds
Residential Units	\$450,000	\$500,000	\$175,000	\$62,200,000
	<i>\$554 PSF</i>	<i>\$615 PSF</i>	<i>\$230 PSF</i>	
Parking Spaces	\$36,000	\$40,000		\$7,142,400
Storage	\$4,500	\$5,000		<u>\$248,000</u>
Gross Sales Proceeds				\$69,590,400
Selling Costs		3.50%		<u>(\$2,435,664)</u>
Residential Net Proceeds				\$67,154,736
<i>Per Condominium Unit</i>				\$447,698
Retail Net Proceeds				\$5,820,000
Residential and Retail Sale Proceeds, Net				\$72,974,736
Pre-Tax Profit on Sale (excludes interim retail cash flows)				\$18,414,861
Profit Margin on Sale (excludes interim retail cash flows)				24.36%
Multiple on Equity (excludes interim retail cash flows)				1.96x