One Infantry Drive

A Development by
LoneWolf Development, LLC

Presented by:
Tim Wolf
Johns Hopkins University
Practicum in Real Estate Development
Spring 2008

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EXECUTIVE SUMMARY

The results of the 2005 BRAC will have a lasting effect on the Washington, DC real estate market for the next 5-10 years. While some submarkets will suffer, others will experience a significant increase in demand for new office, industrial, retail space, as well as new housing units. One of the projected "winners" is the 1-95 corridor near Ft. Belvoir. In fact, Delta and Associates estimates a net absorption of office space of 1.1 million SF by 2011. Due to this lack of quality office space in that area, outstanding opportunities exist to build new office properties to serve the needs of at least 7,500 private sector contractors that will follow the various federal agencies to Fort Belvoir.

One such opportunity is located at the intersection of Fullerton Rd and Boudinot Rd in Springfield, VA. The site is adjacent to Proving Ground were the majority of the new jobs are scheduled to be located. **One Infantry Drive** will consist of a 6-story Class A office building that will contain a total of 190,002 SF-GBA.

Project and Investment Summary

Land Use and Building Information	
Zoning:	I-5
Site Size:	384,018 SF
Net Rentable Area:	190,002 SF
FAR:	0.5x
Parking:	500 surface spaces
Investment Assumptions	
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	3% annual growth
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	3% per annum
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%
Development Costs	
Land Costs:	$7,600,080 ($40/SF-FAR)
Hard Costs:	$23,152,629 ($121.85/SF)
Soft Costs:	$17,574,099 ($92.49/SF)
Total Construction Budget:	$48,326,808 ($254.35/SF)
Summary of Financial Results	
Equity Required:	$10,005,547
Stabilized Value (December 2010)	$56,810,000
Stabilized NOI:	$5,318,353
Stabilized Net Cash Flow (NCF):	$2,252,913
DCSR:	1.52x
Leveraged IRR:	18.7%
Net Proceeds from Permanent Loan:	$3,860,164
Net Proceeds from Sale:	$31,515,368

EXECUTIVE SUMMARY

Development Team

Developer/Owner:	LoneWolf Development
Architect:	Bignell Watkins Hasser Architects, P.A
General Contractor:	L.F. Jennings, Inc
Construction Manager:	Inspection & Valuation International Inc
Leasing:	Cassidy & Pinkard

Project Financing

Construction Loan:	$38,321,261 (80% LTC at Libor +275bps, 5.46% all-in).
Permanent Loan:	$42,607,500 (75% LTV a 10 year loan with a 30 year amortization, a rate of 10 year treasury plus 300 (assumed 6%) and debt service coverage ratio of 1.20x minimum)

Investment Criteria

Minimum before tax levered IRR:	15%
Project IRR:	18.7%

Project Timing

Construction Period:	18 months
Stabilization:	30 months

Investment Decision

Based on conservative estimates of rental income ($32.50/SF-FS) and construction costs ($254/SF) a return of 18.7% is expected. While this rate is a low end of required equity returns (15%-30%), the potential upside outweighs the risks associated with the project. Additionally, the estimated stabilized value of the property $56.81 million is greater than the development costs of $48.326 million. As such, LoneWolf development will proceed with construction in accordance with plans discussed in this report.

One Infantry Drive
Springfield, VA
Baltimore
Washington, D.C.
DISTRICT OF COLUMBIA
M A R Y L A N D
V I R G I N I A
WEST
VIRGINIA
L O U D O U N
M O N T G O M E R Y
H O W A R D
FREDERICK
JEFFERSON
BALTIMORE CITY
BALTIMORE
ANNE ARUNDEL
PRINCE GEORGE'S
FAIRFAX CITY
ARLINGTON
MANASSAS
PRINCE WILLIAM
FAUQUIER
CALVERT
C H A R L E S
KENT
QUEEN
ANNE'S
TALBOT
Chesapeake
Bay
Eastern Bay
Patuxent
Charles Town
Lovettsville
Green
Valley
Damascus
Tuscarora
Dickerson
Germantown
Montgomery Village
Olney
Gaithersburg
Redland
Ashton
Fulton
Highland
Catonsville
Arbutus
Lansdowne
Elkridge
Ferndale
Pumphrey
Essex
Dundalk
Edgemere
Columbia
Jessup
Glen Burnie
Riviera Beach
Green Haven
Severn
South
Gate
Pasadena
Severna Park
Laurel
Maryland
City
Cloverly
Aspen Hill
Rockville
White Oak
Wheaton
Purcellville
Leesburg
Byp
Poolesville
Ashburn
Sterling
Potomac
Great Falls
Silver
Spring
Hillandale
Beltsville
College
Park
Bethesda
Chillum
Herndon
Reston
McLean
Brookmont
Riverdale
Glenn Dale
Bowie
Crofton
Arnold
Cape St.
Claire
Parole
Annapolis
Chester
Riva
Londontown
Mitchellville
Tysons Corner
Pimmit Hills
Chantilly
Oakton
Seven Corners
Arlington
Seat Pleasant
Marshall
Sudley
Springs
Centreville
Fairfax
Annandale
Suitland
Upper
Marlboro
Glassmanor
Shady Side
Manassas
Park
Burke
Huntington
Alexandria
West Gate Of Lomond
West
Springfield
Springfield
Clinton
Hybla Valley
Friendly Farms
Deale Beach
St. Michaels
Warrenton
Newington
Fort Washington
Brandywine
Chesapeake
Beach
Lorton
Accokeek
Woodbridge
Dale City
I-95 Hov Ln
Waldorf
St. Charles
White Plains
Pomonkey
Midland
70
40
27
108
97
270
100
2
15
124
32
175
170
7
10
198
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One Infrantry Drive
Springfield, VA
Barkers Crossroads
Fort Belvoir Military Reservation
Cissna Rd
Heller Loop
Lois Dr
Loisdale Park
Amberleigh Park
Beulah St
Gene St
Miller Dr
Kingstowne Village Pkwy
Kingstowne Park
Morning View Ln
I-95 Hov Ln
Rolling Rd
Richfield Rd
Fullerton Rd
Edinburgh Dr
Boston Blvd
Creedmor Dr
North umberland Rd
Alban Rd
Terminal Rd
Cinder Bed Rd
Newington
Bulkley Rd
Newington Rd
Blanche Dr
Telegraph Rd
Snyder Rd
Woodlawn Rd
Rolling Creek Way
View Ln
Hill Park Dr
167
166B
166A
95
617
638
611
613
7100
790

One Infantry Drive
Yarnwood Court
Fullerton Court
Fullerton Road
Boston Boulevard
Grainger Court
Haute Court
Alban Road
Backlick Road
790
7100
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Google
Pointer 38°44'25.59" N 77°11'42.21" W elev 106 ft Streaming |||||||||| 100%
Eye alt 3652 ft

AREA/NEIGHBORHOOD ANALYSIS

The Washington, D.C. region's total Year 2006 population of almost 5.3 million summarized in the following chart indicates 10.3% overall population growth, or slightly more than ½ million "net new" residents since 2000. Until recently, there was a shift in population from the inner-city areas of the District of Columbia to the outlying suburban areas which was consistent with national "suburban sprawl" trends. This tend has changed slightly with DC gaining 10,000 new residence in the last five years due to a major revitalization of downtown Washington, D.C. However, the suburban counties far outpace the District in terms of population growth.

WASHINGTON, D.C. METROPOLITAN AREA
POPULATION & INCOME TRENDS

	2000 Census	2006 Estimate	% Change	2004 Hshld. Income Avg.	2004 Hshld. Income Med.	Square Miles	Popul. Density *
District of Columbia	572,059	581,530	1.7%	$69,094	$43,063	68	8,552
Suburban VA Counties							
Fairfax County	969,749	1,010,443	4.2%	$114,651	$86,595	415	2,435
Prince William County	280,813	357,503	27.3%	$93,750	$71,741	361	990
Arlington County	189,453	199,776	5.4%	$91,323	$69,134	26	7,684
Alexandria City	128,283	128,923	0.5%	$81,234	$62,104	15	8,595
Loudoun County	169,599	268,817	58.5%	$114,593	$87,139	521	515.9635
Subtotal - Northern Virginia	1,737,897	1,965,462	13.1%	$105,235	$79,381	1,338	1,469
Suburban MD Counties							
Montgomery County	873,341	932,131	6.7%	$108,951	$77,723	506	1,842
Prince George's County	801,515	841,315	5.0%	$83,649	$59,724	497	1,693
Frederick County	195,277	222,938	14.2%	$90,220	$64,663	667	334.2399
Subtotal - Suburban MD	1,870,133	1,996,384	6.8%	$96,317	$67,981	1,670	1,195
Total D.C. MSA	4,796,183	5,290,400	10.3%	$94,089	$68,047	6,349	833

* 2006 residents/square mile

Source: SRC, LLC (demographicsnow.com) & US Census Bureau

The average and median household incomes for the entire Washington, D.C. metropolitan area of approximately $94,000 and $68,000, respectively, are regarded as the nation's highest (significantly higher than typical "white-collar" to "blue-collar" employment ratio). However, specific to the District of Columbia's highly bifurcated resident base, the D.C. Fiscal Policy Institute released a study in July 2004 that reports the top 20% of the city's households having average income of $186,830, versus the average income of the 20% at the bottom of $6,126. The institute reports that these figures represent extremes at both ends in comparison to the country's 40 biggest cities.

Employment growth trends for the Washington, D.C. region, as reported by the U.S. Bureau of Labor Statistics, are depicted in forthcoming tables. As indicated, the D.C. metropolitan area experienced a major spike in employment growth that peaked in the Year 2000 before slowing significantly in 2001/02 in conjunction with the nation's economic slowdown and regaining momentum in 2003/04 with another major spike in 2005. The D.C. region's historic strength as a "government town" nonetheless aided the D.C. region in terms of a "softer landing" in comparison to other regions of the country and is regarded as the nation's fastest-recovering metropolitan economy. According to the *Metropolitan Washington Council of Governments*, "over-the-year" employment in the D.C. region increased by almost 45,000 jobs, or 1.5%, during 06-07 (from June-to-June), versus the national average of 1.5%. The unemployment rate for the D.C. region reported in June of 3.3% also compares favorably with the national average of 4.8%.

Washington, D.C. Metropolitan Area
At-Place Employment Trends
Total Non-Farm Employment
(in thousands)

Industry	Jun-07 Employment	Jun-07 Fiscal Yr. Change	Location Quotient *		Annual Average Employment	Net Annual Increase	% Change
Services:				2006	3,012.70	28.2	0.94%
Prof. & Bus. Services	696.4	22	**168.6**	2005	2,984.50	136.6	4.80%
Educ. & Health Services	318	4.6	80.7	2004	2,847.90	64.2	2.30%
Leisure & Hospitality	266.2	3.3	88.6	2003	2,783.70	56.3	2.10%
Information	98.5	-0.7	155.7	2002	2,727.40	9.7	0.40%
Other Services	179.3	2.2	138.4	2001	2,717.70	40.8	1.50%
Subtotal	1,558.40	31.4	119.3	2000	2,676.90	116.6	4.60%
Trade, Trans. & Utilities:	411.2	5		1999	2,560.30	91.6	3.70%
Manufacturing	63.8	-0.6	21.9	1998	2,468.70	74.8	3.10%
Fin./Ins./R.E.	165.1	1.6	90.9	1997	2,393.90	61.4	2.60%
Construction/Mining	197.5	0.7	108.7	1996	2,332.50	44.3	1.90%
Total Private Sector	2,396.00	38.1	93.4	1995	2,288.20	24.4	1.10%
Government	645.8	7	133.6	1994	2,263.80		
Total Employment	3,041.80	45.1	100				

Note: figures are not seasonally adjusted

* Comparison of proportionate employment share by industry vs. national average (100 = same)

Source: Bureau of Labor Statistics and Metropolitan Washington Council of Governments

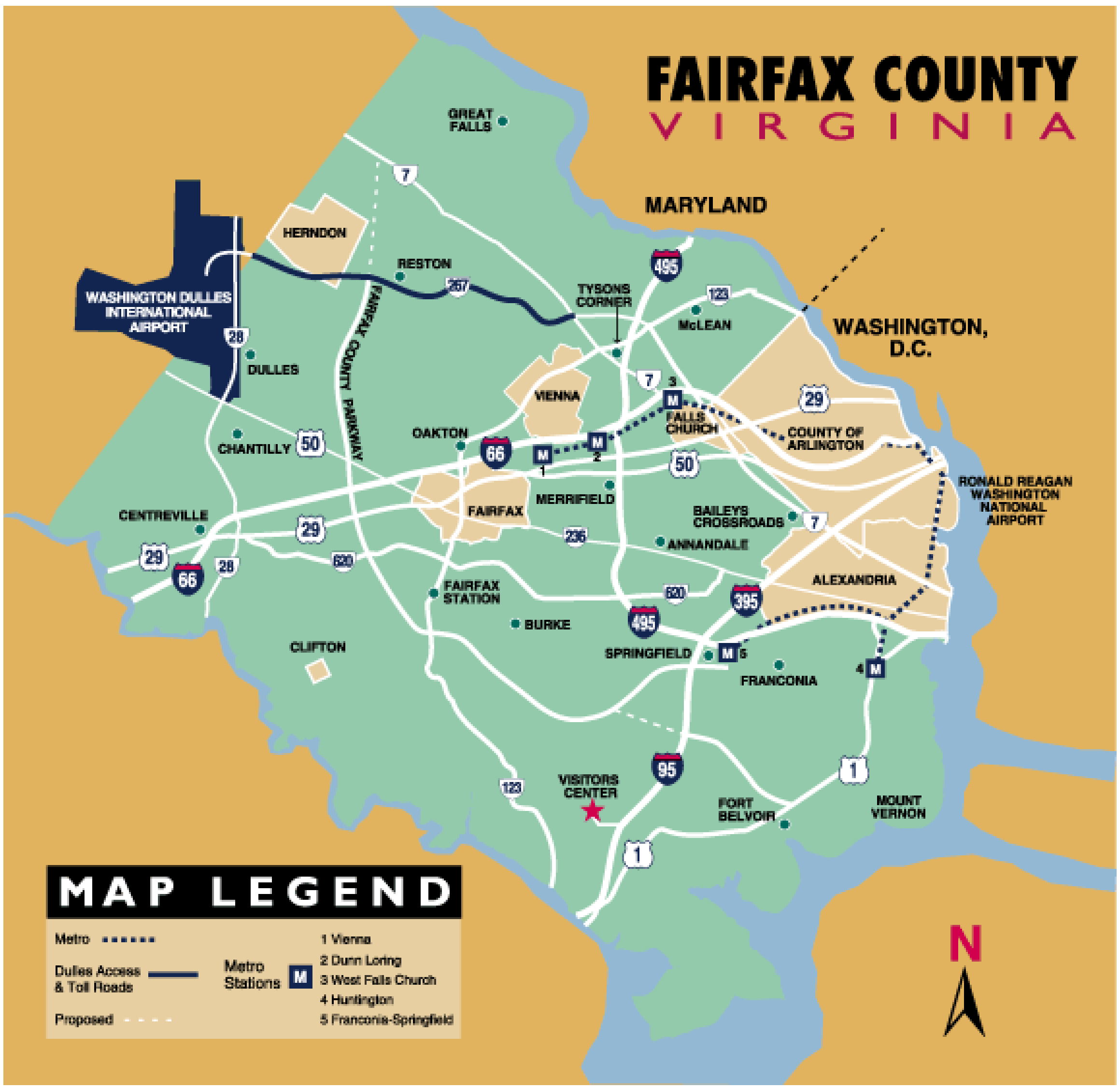
FAIRFAX COUNTY ANALYSIS

Situated in the northeastern corner of the Commonwealth of Virginia, Fairfax County encompasses approximately 400 square miles and lies south and west of Washington, D.C. It is bordered on the east and north by the Potomac River, the State of Maryland, Washington, D.C., Arlington County, Virginia and the City of Alexandria, Virginia. It is bordered on the northwest by Loudoun County, Virginia and on the southwest by Prince William County, Virginia. A map of Fairfax County and its various neighborhoods/submarkets is included on the following page.

While income estimates vary somewhat significantly by demographic service, Fairfax County is widely regarded as one of the nation's most affluent jurisdictions. In fact, Claritas reported that Fairfax

County is the nation's first jurisdiction to exceed median household income level of $90,000, placing it tops in the nation by a small margin over three Northern New Jersey/Connecticut suburbs of New York City.

Fairfax County's population surpassed the 1 million mark recently and is the most populous jurisdiction in the Washington MSA, as well as one of the largest in the country. As Fairfax County becomes increasingly built-out, it has experienced modest population growth in recent years, when compared to the rapid increase which occurred in the 1980's. The county's population increased from 596,901 to 818,584 during the 1980's, a 37% increase. In the 1980s, the average annual growth rate ranged from a low of 2.1% in 1980 to 4.8% in 1989. Since 1990, population has increased by about 1.61% per annum.



While some large areas of Fairfax County, primarily in its western periphery, remain rural in character, green space is becoming increasingly scarce inside the "outer-ring." According to Fairfax County's Demographic Reports 1995 publication, the percentage of total developable land in Fairfax County comprising vacant acreage declined from 32.2% in 1980 to 16.1% in 1996 (37,000 vacant acres). As of 2004, Fairfax County has reported that the percentage of vacant acres is now 10.8% (24,098 vacant acres). This trend has basically resulted in Fairfax County approaching full build-out, with only in-fill development sites remaining on a material basis.

According to CoStar, an astounding 25 million square feet of office space in newly-delivered and under construction projects since the beginning of 1998 will increase Fairfax County's office market to approximately 100 million square feet upon current construction completions. As about 60-65% of Northern Virginia's current office market inventory of approximately 160 million square feet is contained in Fairfax County, the transformation of Northern Virginia from a bedroom community outside the inner-beltway markets, with a pre-1980 office inventory of about 30 million square feet, has taken place primarily in this county.

As reported by the DC-based real estate brokerage firm of Cassidy & Pinkard in its *Market Matters* publication, the Northern Virginia region "possesses a set of complementary attributes, which, together, are propelling the economy forward, including:

- Twenty years experience developing and integrating information systems that communicate digitally;
- A base of workers expert in a variety of commercialized space/satellite technologies including launch capabilities, communication, and remote sensing;
- Internationalism or "Commercial Statesmanship" –the abilities to understand and work within foreign legal and regulatory regimes;
- Access to one of the most highly educated work forces in the United States;
- The presence of affordable new residential areas; and,
- A premier international airport."

Fairfax County has evolved from an agricultural area to low-density suburban development to high density commercial and residential development in the mid-to late-1980's. As indicated by the prior demographic and employment charts, Fairfax County has been the primary benefactor among Washington, D.C.'s suburban counties from the nationwide trend of the general public's increasing urge to live, shop and work in as limited a geographic range as possible (with majority preference for suburbs). Having "absorbed" the bulk of suburban sprawl in the D.C. region (with neighboring Loudoun County and Montgomery County, MD) and the affluent household base that created and migrated into the booming new single-family housing markets, Fairfax County has several illustrations within its boundaries of the evolutionary process which has resulted in today's "Edge Cities." Its population growth over the past 30 years is summarized in the following chart.

FAIRFAX COUNTY 30-YEAR POPULATION GROWTH

Year	Total Population	Population Increase	Avg. Annual Compounded Growth
1975	537,200	n/a	n/a
1980	596,901	59,701	2.10%
1985	668,300	71,399	2.30%
1990	818,584	150,284	4.10%
1995	879,401	60,817	1.40%
2000	969,749	90,348	2.00%
2006	1,010,443	40,694	0.69%

Note: figures exclude incorporated cities of Falls Church & Fairfax within overall county borders
Source: U.S. Census & Fairfax County government

AREA/NEIGHBORHOOD ANALYSIS

The rate of employment growth in Fairfax County has been higher than elsewhere in the Washington Metropolitan Region for a number of reasons. Besides the regional trend toward suburban employment in locations outside the central business district of Washington, D.C., which mimics national trends, Fairfax County has been a particularly desirable suburban employment location because of its highly educated labor force, proximity to two major airports, wide assortment of relatively new housing communities and favorable business climate. Nonetheless, as summarized in the following chart, Fairfax County's meteoric rise in business climate/conditions in the mid- to late-1990's after a prolonged early 1990's recession peaked in mid-2000 before experiencing a significant downturn that appears to have "bottomed out" at the beginning of 2002. In fact, Fairfax County's labor force of approximately 623,000 boasted an average unemployment rate of around 2.2% throughout 2006. This represents a decline from the unemployment rate of 2.7% reported for 2004 (seasonally adjusted). Thus, Fairfax's job growth equates to 3,400± new jobs in the prior 12-month period, with an addition of nearly 82,860± jobs over the past 10± years.

FAIRFAX COUNTY EMPLOYMENT

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate (%)
2006	587,520	574,868	12,652	2.20%
2005	586,301	571,399	14,902	2.50%
2004	570,177	554,781	15,396	2.70%
2003	553,370	536,076	17,294	3.10%
2002	554,673	535,839	18,834	3.40%
2001	551,836	537,929	13,907	2.50%
2000	545,232	536,352	8,880	1.60%
1999	537,064	528,922	8,142	1.50%
1998	522,855	514,752	8,103	1.50%
1997	512,317	501,538	10,779	2.10%
1996	505,490	492,008	13,482	2.70%
1995	516,557	502,008	14,549	2.80%
1994	512,205	497,114	15,091	2.90%
1993	502,695	485,816	16,879	3.40%

Source: Virginia Employment Commission

Transportation

As already mentioned, transportation has become the largest impediment to further economic growth and prosperity in Northern Virginia, particularly in Fairfax County. Substantial funding hurdles must still be overcome before major earmarked transportation projects such as the extension of metro rail service to significant employment centers centered around the Dulles Toll Road. Frustrated business leaders had recently endorsed proposals to state legislators in early 2001 for implementation of a $2 billion sales tax payable in affected areas to cover roads and school projects, but the voting referendum failed to pass on a statewide basis.

AREA/NEIGHBORHOOD ANALYSIS

Three interstate highways cross the Fairfax County, including the Capital Beltway (I-495), Interstate 66 and Interstate 95. The Beltway rings Washington and provides linkage among the various suburban communities. I-66 is the major artery providing access to the county from points west, and I-95 is the major north-south artery. Additionally, Fairfax County Parkway has functioned as an outer beltway of sorts after being completed recently, with 35 miles of limited-access parkway. Of special note for the subject's rather immediate vicinity is the major "Mixing Bowl" roadway project recently completed at the convergence of Interstates 395, 495 and 95, within 1-2 miles of the subject. The long-overdue improvements to this interchange finally started in the late 1990's, the relief of snarled traffic for years to come is a positive.

While the Washington, D.C. region is served by a well-regarded rail transit system (Metrorail) that is owned and operated by the Washington Metropolitan Area Transit Authority (WMATA), only five of the 83 stations on the 103-mile, five-route rail line are located in Fairfax County (see following map). In addition, the existing rail stations are located near or inside the Capital Beltway in mostly mature commercial districts, with no service to Fairfax County's "core" areas of McLean/Tysons Corner or points beyond along the rapidly expanding Dulles Toll Road corridor. In addition, regional bus transit service is provided by WMATA's Metrobus system and several local jurisdictions in the metropolitan area have established their own bus systems to supplement or replace parts of the WMATA bus system; 120 bus routes are presently operated in Fairfax County.

Extension of WMATA's metro-rail service to the Washington Dulles International Airport and multiple points along the burgeoning Dulles Toll Road Corridor is presently budgeted at $2 billion. Various sources forecast start dates to commence this enormous public works' project from 5-10 years and the "final frontier" for significant commercial development in Fairfax County is planned for clustered, high-density projects in at least several of the close to ten planned metro rail stations.

The Washington Dulles International Airport is situated on about 11,000 acres that straddle the border of Fairfax and Loudoun Counties adjacent to Route 28 and has been perhaps the fastest-growing airport in the United States in terms of passenger flights over the past 10 or so years. Total passenger flights almost doubled during the past decade, increasing from 11.0 million in 1993 to a Year 2000 peak of 20.1 million, including a staggering 26% increase during just 1999. However, the combination of the economic slowdown, high-tech industry collapse and adverse travel conditions since the September 2001 terrorist attacks resulted in a 10% decline in passenger flights during 2001, to 18.0 million. Ridership in 2002 declined further to 17.2 million, whereas it was around 17.0 million in 2003. However, use a increased to 22-26 million a year since 2003. The increase in embarkations has led to a major renovation plan for the airport. Washington Dulles International Airport also conducts major mail carrier and freight cargo business and can accommodate a reported capacity of 55 million passengers (one of nation's few major airports with significant growth potential). Although originally derided as a "white elephant" by much of the rural-oriented community when erected in 1962, the airport and extensive surrounding road network has proven to be a key component of Northern Virginia's high-tech boom, as reported by practically all relocating technology firms.

Defense Department BRAC Initiative

The Base Realignment and Closure (BRAC) Commission approved the U.S. Department of Defense (DOD) recommendations for operational relocations in August 2005, When fully implemented over the next several years, it will relocate nearly four million square feet of DOD leased office space from Arlington to mostly the D.C. region's outlying suburban military bases. Fort Belvoir officials report that, 22,000 jobs will be relocating the post.

AREA/NEIGHBORHOOD ANALYSIS

The Commander of Ft. Belvoir had the following to say about the impact of the increase in jobs and how they will be dispersed on the grounds.

> "*Fort Belvoir will transform into an enduring world-class military installation that will continue to meet its critical mission requirements, and provide unparalleled support to our work force, residents and customers we serve. To achieve this vision, however, we face many challenges, including how we address the stressors on the transportation and facilities infrastructure resulting from both long term growth and the growth that appends from the BRAC decision. The preferred land use strategy, currently envisioned as a result of analysis performed by our planning consultants, is driven by the Army's determination to reduce the traffic and mission impacts of the BRAC action. We regard transportation as a crucial issue not just for our neighbors in Fairfax and Prince William Counties, but for the morale of our entire workforce.*
>
> *Under the preferred strategy, the hospital, Army leased space occupants, the Missile Defense Agency, and other smaller commands would occupy space on the South Post of Fort Belvoir. The National Geospatial-Intelligence Agency, elements of the Washington Headquarters Service and the National Museum of the United States Army would occupy sites at the nearby Engineer Proving Ground.*
>
> *The EPG is largely undeveloped; placing these new facilities there will allow employees to use Interstate 95, the Fairfax County Parkway and the nearby Springfield Franconia Metro Station. Use of the EPG land permits construction of new office space with minimal disruption to Fort Belvoir's ongoing missions, and with minimal impact on traffic along U.S. Route 1.*
>
> *Additionally, the preferred strategy aims to reduce congestion through the use of centralized parking structures, shuttle buses and other innovative measures. If implemented, the preferred strategy for Fort Belvoir's realignment would, in fact, represent an approximate eighty percent/twenty percent dispersal of the in-bound workforce. Of the total BRAC influx of 22,000 workers, 18,000 would be placed at EPG. The remaining 4,000 new workers would join the 23,000 already working on Fort Belvoir's main post. The result would be a dispersed workforce, with 27,000 employees on main post and 18,000 at the EPG. This balance would, among other things, help to spread out the traffic impacts of Fort Belvoir's realignment."*

The most important information in this release is the Army's desire to place the majority of the relocated workers at EPG which adjacent to the subject site. These jobs will not create direct demand for office space in the area, as all of the space will be located on Base. However, the demand will come from ancillary services these jobs will create (i.e. government contractors). In fact a study jointly published by Delta and Associates and Center for Regional Analysis at George Mason University predict that Southeastern Fairfax County will be the "Big Winner" do to the BRAC actions. More specifically, the study projects that approximately 13,200 private sector contracting jobs will follow their government counterparts to the Fort Belvoir area.

Immediate Neighborhood

The Springfield/Franconia area surrounds the intersection of Interstates 495 (The Capital Beltway), 95 and 395 (Shirley Highway). In addition to a well-developed road network, the area has excellent mass transit options that include Metrorail's Springfield-Franconia Station (Blue Line), which is also a stop for the Virginia Railway Express (VRE). Another VRE station is located at Backlick Road in northern Springfield.

- In two and half decades, Springfield has leaped from a few thousand to over 85,000 residents.
- The Springfield/Franconia area is the largest industrial/flex market in the County, with more than 10.7million square feet of space. Additionally, more than 4.2 million square feet of office space is located in Springfield/Franconia. The area has more than 5.3 million square feet of retail space, including Springfield Mall.
- There are 1,265 business establishments in Springfield. The five largest sectors employ 79% of the work force in the area. These sectors are Public Administration (29.8%), Retail Trade (15.5%), Healthcare and Social Assistance (15.3%), Professional/Scientific/Technical Services (9.5%), and Accommodation and Food Services (8.6%).
- Two of the largest employers in the area are agencies of the Department of Defense — the Defense Contract Audit Agency and the Defense Logistics Agency.
- This submarket also contains numerous points of historical interest and natural beauty, including Fort Hunt, Huntley Meadows Park, George Washington's Mount Vernon Estate and Gardens, the Pope- Leighey House, River Farm, Washington's Grist Mill and Woodlawn Estate. Additionally, the National Army Museum will be built on the grounds of Fort Belvoir.

Proposed/Pre-leasing

The following properties make up subject's competitive set. Several projects are planned, but none are currently under construction. The last office delivery to occur in the Southeast Fairfax County submarket occurred in the second quarter of 2006 with the delivery of Metro Park Building V.

Kingstowne Village: Kingstowne Village includes 302,700 square feet of office space and is currently 94.9% leased. Originally developed by Halle Enterprises, the Kingstown Village includes Kingstowne Towne Centre, a 505,000 square foot retail component which includes grocery, apparel and restaurant options. In March of 2007 Boston Properties purchased 5911 Kingstowne Village Parkway ("Building K") and 5971 Kingstowne Village Parkway ("One Kingstowne Towne Center") for $134 million. Four additional development sites are owned by Halle Enterprises and are reportedly under option to Boston Properties. The additional land can accommodate up to an additional 1.2 million square feet of office space.

Springfield Metro Center: The Springfield Metro Center development consists of two building sites to accommodate a 210,000 square feet and 200,000 square foot office building. The sites were recently purchased by Boston Properties. It is expected that Boston Properties will apply for re-zoning to accommodate 780,000 square feet of future development. Approximately 20% of the site is likely to be used for a hotel. Due to the timing required to gain rezoning, the Springfield Metro Center development is not expected to deliver for several years.

Metro Park: Metro Park is a 29-acre office park campus, which was developed in phases beginning in 2000 and acquired by affiliates of the ING Real Estate in April 2006. The Campus currently features four mid-rise office buildings totaling approximately 580,000 square feet, one six-level, 2,500-space structured parking facility, and rights to develop three additional office buildings and one structured parking facility (exclusive of Metro Park VIII). Metro Park has historically appealed to tenants in the defense industry with business at Fort Belvoir, which is located 1.9 miles from the Campus. With the exception of the recently completed Metro Park V, which is currently in its lease-up phase, the Campus is currently 99% leased. Major tenants within the Campus include the U.S. Army Corps of

Engineers (101,935 sf), Calibre Systems (80,520 sf), SAIC (65,472 sf), and General Services Administration including DCMA (86,635 sf), FTS (35,105 sf) and the IRS (11,507 sf). The Campus also includes a building owned and operated by INOVA.

SUBMARKET ANALYSIS

Washington, DC Metro Area Office Inventory and Vacancy

As summarized in the following chart, CoStar reports on overall vacancy rate for the subject's overall Washington, D.C. regional office market of more than 415 million SF at 9.8% as of the Mid-2007. Additionally, it shows the inventory for the subject's Springfield/Burk submarket to be 5.2 million square feet with a vacancy rate of 8.1%. In a 3 mile radius from the subject site, there is 1.95 million square feet with a current vacancy rate of 11.5%. It should be noted that the majority of the vacancy space is found in buildings that are no longer competitive due to age, quality and condition. These properties have remained vacant as tenants have moved to newer buildings that were delivered in 2004 and 2005 which has led to a dramatic increase in the vacancy rate. On the other hand, it demonstrates the demand in local area for newer better quality space.

DC Metro Office Market Survey
2nd Quarter 2007

	Total SF			VACANCY RATES		
Submarket	**Inventory**	**2Q '07**	**Y/E '06**	**Y/E '05**	**Y/E '04**	**Y/E '03**
Northern VA						
Arlington County	36,596,232	10.70%	9.60%	9.50%	11.10%	11.80%
Fairfax County	100,332,988	10.90%	9.80%	10.50%	13.70%	17.70%
Loudon County	13,181,716	14.50%	13.00%	9.60%	12.00%	15.40%
Northern VA Total	150,110,936	11.17%	10.03%	10.18%	12.92%	16.06%
District of Columbia	127,677,024	7.90%	8.50%	7.10%	8.20%	8.20%
Suburban Maryland						
Montgomery County	62,982,115	9.50%	8.30%	8.90%	10.90%	12.00%
Prince George's County	23,974,702	15.00%	14.00%	11.40%	12.30%	11.60%
Suburban Maryland Total	86,956,817	11.02%	9.87%	9.59%	11.29%	11.89%
Total Metro Area	415,078,653	9.80%	9.30%	8.60%	10.30%	11.70%
Subject's Local Area						
Springfield/Burke Submarket	5,251,716	8.10%	9.30%	8.40%	6.00%	8.00%
3 mile radius	1,950,881	11.50%	14.40%	6.60%	3.10%	4.80%

Source: Costar.com

SUBMARKET ANALYSIS

Net Absorption

In terms of net absorption, which is the primary indicator of market demand for new office space, the following table illustrates the net absorption for last 5 years in both the broad DC Metro area and in the site's local/submarket area.

DC Metro Office Market Net Absorption Summary					
Submarket	**2Q '07**	**Y/E '06**	**Y/E '05**	**Y/E '04**	**Y/E '03**
DC Metro Area	3,307,999	8,308,686	11,720,458	9,732,700	4,909,472
Fairfax County	272,979	2,439,722	2,854,985	3,988,657	-261,601
Springfield/Burke Submarket	20,885	107,817	2,132	118,464	182,562
3 mile radius	50,669	18,213	-22,655	28,318	108,336
Source: Costar.com					

As the prior chart indicates, CoStar estimated total net absorption for the entire Washington, DC region to be 11.72 million SF in 2005 and 8.3 million SF in 2006. To date in 2007, net absorption for the region is on a slower pace with only 3.3 million SF at the midpoint of the year. Generally speaking, the absorption levels for both the site's local area and Fairfax County are positive for last five years. The local area and Springfield/Burke submarket have had relatively benign average net absorption figures for the last five years of 36,576 SF and 86,376 SF respectively. As the following table shows on there was only one building delivered in 2006 and there are no building current under construction. However, CoStar shows approximately 2.4 million SF of proposed space in a 3 mile radius from the site. Based on the average per year net absorption of 86,376 SF for the submarket it would take over 30 years to lease up the proposed space. On the other hand, the influx of jobs to the area from the BRAC realignments at Fort Belvoir will dramatically increase demand for office space in the submarket and areas close to the base and engineering proving ground.

DC Metro Development Summary Mid-Year 2007					
		Sq. Ft. Delivered			
Submarket	**2Q '07**	**Y/E '06**	**Y/E '05**	**Y/E '04**	**Y/E '03**
DC Metro Area	4,383,160	12,659,482	6,339,788	6,984,265	6,031,749
Fairfax County	1,598,420	2,214,660	605,626	820,770	584,507
Springfield/Burke Submarket	0	171,199	190,557	0	0
3 mile radius	0	171,999	40,557	0	0

	Pending Deliveries	
Submarket	2007/08	Proposed
DC Metro Area	15,339,217	113,392,112
Fairfax County	1,385,454	30,385,922
Springfield/Burke Submarket	0	2,692,294
3 mile radius	0	2,422,990

Source: Costar.com

Based on the recent historical net absorption figures, there is not enough demand to support building a new office property. However, a demand analysis based on job growth shows otherwise. This analysis estimates that over 4.7 million SF of space will be need over the next five years. An explanation of the analysis is found in the following paragraphs.

Projection of Net Absorption						
	Y/E '07	**Y/E '08**	**Y/E '09**	**Y/E '10**	**Y/E '11**	**Y/E '12**
Job Growth for Fairfax County	9,400	9,400	9,400	9,400	9,400	9,400
Submarket Capture Rate @ 5.23%	492	492	492	492	492	492
Jobs Reltated to BRAC	0	0	4,400	4,400	4,400	0
Total Job Growth for Submarket	492	492	4,892	4,892	4,892	492
Demand for office Space	135,196	135,196	1,455,196	1,455,196	1,455,196	135,196
Subject capture @ 7%	0	0	101,864	101,864	101,864	9,464

As can be seen from the table below, Fairfax County added 46,994 jobs from 2002-2006 (approx. 9,400 jobs/yr).

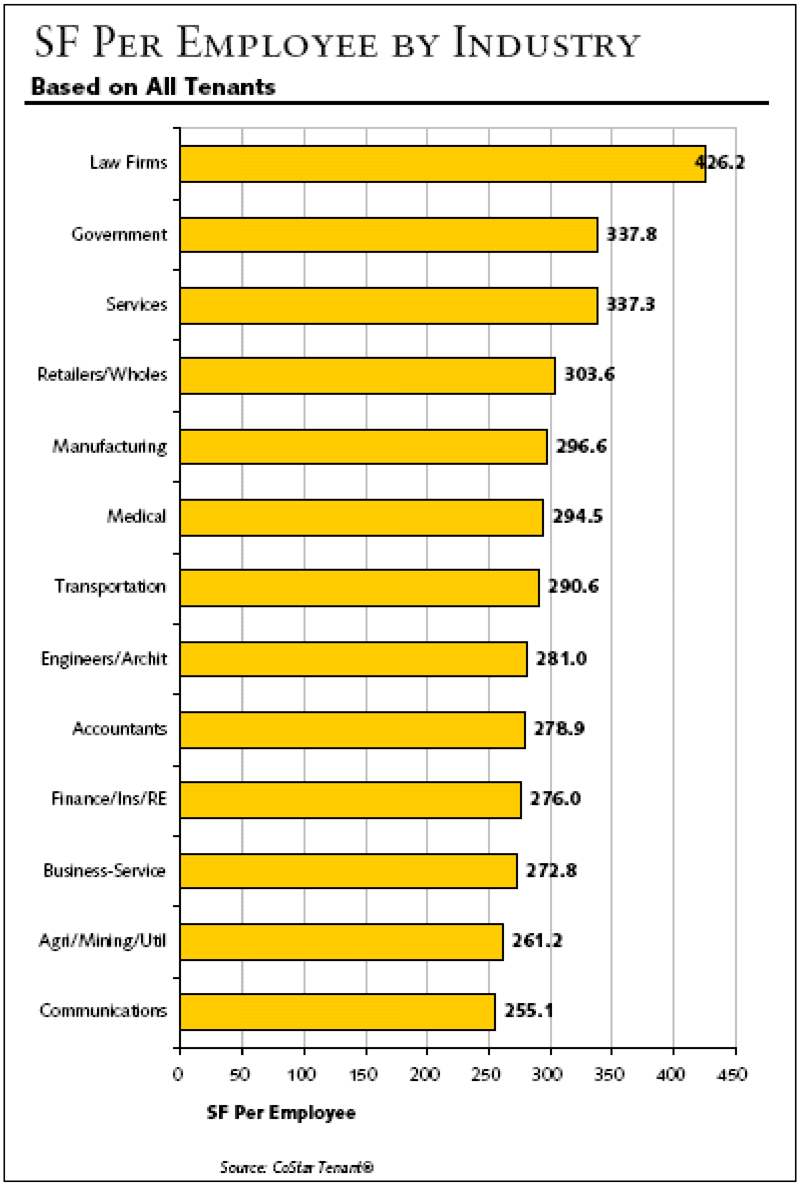
At-Place Employment in the Washington DC-MD-VA MSA, by Jurisdiction, 2002 - 2006

JURISDICTIONS	Year					Change 2002 - 2006
	2002	2003	2004	2005	2006*	
District of Columbia	**664,300**	**665,500**	**674,200**	**682,300**	**688,200**	**23,900**
Calvert County	19,506	19,915	20,705	20,810	21,421	**2,365**
Charles County	37,669	38,523	39,766	40,769	41,657	**3,988**
Frederick County	82,260	86,168	89,521	91,079	91,552	**9,292**
Montgomery County	453,145	449,909	448,782	458,668	462,996	**9,851**
Prince George's County	305,229	311,428	312,994	312,639	311,174	**5,945**
Maryland Suburbs	**897,359**	**905,943**	**911,768**	**923,965**	**928,800**	**31,441**
Arlington County	153,312	150,155	154,820	154,078	157,587	**4,275**
City of Alexandria	89,369	91,006	92,926	93,717	93,924	**4,555**
Fairfax County	525,405	532,969	544,110	564,968	572,349	**46,944**
City of Fairfax	18,181	18,323	23,924	23,627	23,119	**4,938**
City of Falls Church	14,506	14,168	14,459	14,609	14,569	**63**
Loudoun County	98,311	103,739	112,446	119,844	124,592	**26,281**
Prince William County	85,704	88,634	95,710	100,515	103,613	**17,909**
City of Manassas	21,352	21,427	23,080	24,404	24,635	**3,283**
City of Manassas Park	3,801	3,779	3,682	3,830	3,950	**149**
Stafford County	25,820	26,108	28,779	30,342	31,957	**6,137**
Virginia Suburbs	**1,035,761**	**1,050,308**	**1,093,936**	**1,129,934**	**1,150,295**	**114,534**
MSA Total	**2,597,420**	**2,621,751**	**2,679,904**	**2,736,199**	**2,767,295**	**169,875**
Central Jurisdictions	906,981	906,661	921,946	930,095	939,711	**32,730**
Inner Suburbs	1,316,466	1,326,797	1,344,269	1,374,511	1,384,207	**67,741**
Outer Suburbs	373,973	388,293	413,689	431,593	443,377	**69,404**

Source: Washington Council of Governments

That level of job growth is used as the base case. A capture rate 5.23% for the Springfield/Burke submarket is used to estimate the area's fair share of job growth. This rate represents the submarket's share of office space in the County. Thus, on average there will be 492 new jobs added to the submarket which is estimated to demand 135,196 SF space per year. In order to equate the job demand to SF of office space 275 SF per employee was used. This is consistent with the average SF per employee is shown it the table taken from CoStar.com 2nd Quarter market report. For the jobs associated with government contractors (i.e 4,400 jobs /yrs) a slightly higher figure of 300 SF per employee was used. This estimate is a similar with the Government, Services, and Engineering categories in the chart.

SUBMARKET ANALYSIS



Source: Costar

Since the construction of the buildings that will house the jobs moving to Fort Belvoir are only in the planning stage, it assumed that the jobs will relocate over a three period as the building are complete on the base and engineering proving ground. As such, the 13,200 contracting jobs expected follow will also relocate over the three years of 2009-2011. Based on these assumptions, there will be approximately 1.4 million SF/yr of office space demand in the Springfield/Burke submarket during the transition years.

The capture rate is based on the proposed building's pro-rata share of the planned project's in the subject's local market. It should be noted that several of the proposed building are additional phases of office parks and would not start lease up or construction until the prior phase is completed. As such, the subject may not actually compete with these properties and may have higher pro-rata capture rate than has been estimated. The calculation is shown in the following table.

SUBMARKET ANALYSIS

Capture Analysis		
Building Address	**Rentable Building Area**	**Pro-rata Share**
Joe Alexander Dr	210,000	8.0%
Joe Alexander Dr	200,000	7.6%
5921 Kingstowne Village Pky	300,000	11.5%
5931 Kingstowne Village Pky	300,000	11.5%
5951 Kingstowne Village Pky	300,000	11.5%
5961 Kingstowne Village Pky	300,000	11.5%
6909 Metro Park Dr	130,000	5.0%
Springfield Center Dr	151,595	5.8%
Springfield Center Dr	151,595	5.8%
6348 Walker Ln	85,000	3.3%
6361 Walker Ln	294,800	11.3%
Subject	**192,002**	**7.3%**
Total	2,614,992	100.0%

The absorption analysis shows zeros for the first year (2008) because the property will be in planning and construction during that time. Although it is likely that some level of pre-leasing will be needed to obtain construction financing. Overall, the analysis shows that demand will be strong enough to support the proposed building and that it would take 18-20 months to lease the building to a stabilized level of 90%.

Absorption Calculation		
	SF	
Rentable Area	192,002	
Stabilized occupancy 90%	172,802	
Pro-rata Share of Absorption/yr	106,229	
	Years	**Months**
Absorption time need	1.63	19.52

Rent Levels

In order to determine an appropriate market rent for the subject property, a survey of rental rates for office space the subject's immediate Springfield/Burke neighborhood was conducted. The following chart contains a summary of the recent leases are considered most comparable to the subject.

SUBMARKET ANALYSIS

SUMMARY OF COMPARABLE LEASE TRANSACTIONS

Rental	Address	Year Built	Size (SF)	Rent ($/SF-FS)*	Lease Date	Term (Yrs.)	Annual Escalation	TI Allowance ($/SF)
1	5971 Kingstown	2002	7,848	$31.00	Jan-07	5	3.00%	0 (2nd Gen)
2	Metro Park V	2006	24,457	$32.85	Apr-07	5	3.00%	$45.00/SF (1st Gen)
3	Metro Park V	2006	25,457	$33.75	Apr-08	7	3.00%	$50.00/SF (1st Gen)
4	Metro Park V	2006	5,513	$33.50	Oct-07	6.3	3.00%	$52.00/SF (1st Gen)
5	Metro Park IV	2001	6,300	$31.50	Apr-07	5	3.00%	$35.00/SF (2nd Gen)

* All leases have been equated to a full-service expense structure.

Source: ING Real Estate & Eastdil Secured

As the previous chart indicates, the primary rental comparables exhibited rental rates (on a full service basis) ranging from $31.00/SF-FS to $33.75/SF-FS, with an average of $32.52/SF-FS. The search was concentrated primarily on newer quality buildings (less than 5 years old), in close proximity to the subject.

Conclusion

Despite the onslaught of new deliveries that took place in the DC Metro Area from 1999-2007, the Washington, DC office market astounded market participants as vacancy rates continued to decline through 2008 despite such large amounts of new construction. Only in 2001 did vacancy rates begin to increase, primarily in "outside-the-beltway" suburban areas that have recovered substantially in the past 12-18 months. Furthermore, the significant office space demand will be generated by Fort Belvoir's restructuring that will anchor the submarket for years to come.

DESCRIPTION OF THE SITE

Address:	Intersection of Fullerton Rd and Boudinot Dr. Springfield, Fairfax County, Virginia
Tax Identification:	RPC #0991-01-0012
Size:	384,018 SF
Shape & Frontage:	The subject site is generally rectangular. The site has street frontage of approximately 600' on the west side of Fullerton Rd.
Topography:	The site slopes upward from south to north. This will require significant grading, however, LWD plans to use the site's natural topography build a lower level that will not count against build height requirements.
Visibility/Access:	Access will be provided from a curb cut at the intersection of Fullerton Rd and Boudinot Dr. This intersection already has stop light, therefore, little reconfiguration will be necessary. The property is also located less than half a mile from the intersection of I-395 and Backlick Rd/Fairfax County parkway. Both are major arteries and provide excellent vehicular access to the site. Do to the site's topography, the property will enjoy excellent visibility from both Fullerton Rd and Boudinot Dr. Depending on the final configuration of the buildings to be built on the proving ground, the property should be visible to occupants in those buildings. This will be a major positive to government contractors due to signage visibility.
Utilities:	The subject site has access to all major public utilities, which are provided in sufficient capacity to service the existing improvements and do not limit the highest and best use of the site.
Easements:	Aside from normal utility easements, there are no easements deemed to be detrimental to the subject.

DESCRIPTION OF THE IMPROVEMENTS

General Description: The subject property will consist of a 6-story Class A office building that will contain a total of 190,002 SF-GBA. Average floorplate will be aprox. 31,600 SF.

Parking: 500 surface parking spaces will be provided**.**

Structure: The building will be constructed with a steel frame and poured in-place concrete decking.

Exterior: The exterior façade will consist of a primarily glass curtain will with brick accents.

Lobby: The building lobby will have a "hi-hat" style gypsum board ceiling with recessed fluorescent and/or halogen lighting. The flooring of the lobby will be stone and granite, with the walls being a higher-end wood finish, with metal and glass accents.

Typical Office Floor: The interior office buildouts for most tenant spaces at the property will consist of the following: carpeted floors, drywall partitions, 2' x 2' drop-in ceiling tiles, 2' x 2' fluorescent lighting with parabolic diffusers, and wooden doors for individual offices. In general, the office spaces are expected to be set up so that there are some individual (executive) windowed offices on the exterior portions of the floorplate, whereas the interior spaces will be a mix of reception areas, copy rooms, and cubicle type spaces. However, individual office floors could also be set up in such a fashion that they would have generally "open" floorplates (cubicles) with few executive offices.

Lavatories: Floors and walls will consist of quarry tile floors and half-walls, painted gypsum board ceilings, marble countertops, and metal stalls.

Elevators: There will be 6 passenger elevators serving all above-grade floors. One of these elevators doubles as a freight elevator.

Roof: The roof will be constructed of built-up rubber membrane with gravel ballast.

HVAC System: The Heating, Ventilating, and Air Conditioning (HVAC) will be a variable air volume (VAV) system, with a state-of-the-art energy management system.

Electrical System: A single electrical service entrance with underground, vault-mounted transformers outside of the building will supply 3-phase, 4-wire 460/265-volt service. Main service will be roughly 9,000± amps.

Life Safety: The building will be fully wet sprinklered throughout. There will also be a fire alarm system. A state-of-the-art electronic system will cover the perimeter, elevator, suite access, and garage. There will be 24-hour access controls and video monitoring.

ZONING AND LEGAL RESTRICTIONS

The subject property is zoned I-5, General Industrial District according to the Zoning Ordinance of Fairfax County. The purpose of the I-5 classification is to provide areas where a wide range of industrial and industrially-oriented commercial activities may locate. Uses allowed in the district shall operate under medium performance standard designed to minimize the impact of noise, smoke, glare and other environmental pollutants on the industries within the district and on the neighboring lands of higher environmental quality. The business and commercial activities allowed in the district will be those which provide services and supplies primarily to industrial companies, those which engage in whole sale operation and those associated with warehouse establishments. While the zone is intended for industrial uses, it does allow for office space. The surrounding uses are office buildings and qusi-industrial retail buildings which are compatible with use of the subject site as office space.

Yard and Bulk Requirements

Yard and bulk requirements under the I-5 zoning category are as follows:

Maximum Floor Area Ratio (FAR): 0.5x lot area for all uses; provided, however, an increase to 1.00 may be permitted by the Board in accordance with provisions of Sect. 9-618

Actual Floor Area Ratio (FAR): .05x (based on GBA of 192,002 SF per BOMA chart provided and site size of 52,837 SF)

Maximum Building Height: 75 feet; subject to increase as may be permitted by the Board in accordance with provisions of Sect.9-607

Open Space: 15%

Front Yard: Controlled by a 45 degree angle of bulk plane, but not less than 40 feet.

Side Yard: None.

Rear Yard: None.

Maximum Lot Coverage: None. However, there is 15% open space requirement, which is easily met due to set back requirements and FAR maximums.

Minimum Rear/Side Yard Depth: None.

Minimum Lot Area: 20,000 SF

Minimum Lot Width: 100 feet of continuous frontage on a primary or secondary arterial or distributor street.

Parking Requirements: Office:

1. 50,000 square feet of gross floor area or less: Three and six-tenths (3.6) spaces per 1000 square feet of gross floor area
2. Greater than 50,000 but less than 125,000 square feet of gross floor area: Three (3.0) spaces per 1000 square feet of gross floor area

3. 125,000 square feet of gross floor area or more: Two and six-tenths (2.6) spaces per 1000 square feet of gross floor area

Approval and Permitting Process

The permitting process for Fairfax County, Virginia is handled by Land Development Services, a subgroup of the Department of Public Works and Environmental Services. The Department has reputation for being difficult to work with, but it is not consider anti-growth. It is also beneficial to work with an experienced expeditor due to the complex and drawn out nature of the site plan approval and permitting process. There are several local engineering and architectural firms with this experience and one of those firms is Bignell Watkins Hasser Architects, P.A.

The following permits will be required:

- Building permit for architectural and structural elements
- Electrical permit for all electrical installations and fire alarm systems
- Mechanical permit for installations of HVAC systems
- Plumbing permit for plumbing and gas piping systems, fire sprinkler systems, etc

There are two special programs available that will be used by the development team to expedite the process.

1. **Modified Processing Program** facilitates the review of large, complex building when the real estate is in excess of $25 million. The program allows footing and foundation permits to be issued prior to full site plan and building plan approval.
2. **Expedited Building Plan Review Program** utilizes certified private sector peer reviewers to review construction documents for code compliance prior to submission to the county. Peer reviewed plans are expedited through the building plan review process in half the time of non-peer reviewed plans.

The following excerpt from the LDS commercial structures publication details the process:

PERMIT PROCESS

1. Submit a completed *Building Shell/Fee Assessment Submittal Form* (additions exempt) to the Fire Prevention Division plan reviewer at the Building Plan Review on the 3rd floor of the Herrity Building. This form, available at the Permit Application Center and online at *www.fairfaxcounty.gov/dpwes/forms*, may be processed while you wait
2. Submit the completed construction documents, prepared site plan, the processed *Building Shell/Fee Assessment Submittal Form* (if required) and a completed building permit application to the Permit Application Center on the 2nd floor of the Herrity Building. ***HELPFUL HINT:*** You may submit plans reviewed under the *Expedited Building Plan Review Program* directly to the public counter in Room 324 of the Herrity Building.
3. Once the filing and Fire Marshal fees are paid, the construction documents will be forwarded internally to the appropriate reviewing agencies: Building Plan Review, Fire Prevention Division, Health Department (if applicable).
4. When all reviews have been completed, the drawings will be available for pick-up at the public counter in Room 324 of the Herrity Building. If the drawings are not approved by one or more agencies, corrections must be made to achieve compliance. Review comments from the Health Department will be attached to the plans; comments from the Fire Prevention Division

and Building Plan Review will be available on the county website at *www.fairfaxcounty.gov/fido*.

5. If the building requires special inspections, then a pre-construction meeting is required and must be held after the approval of the building plans and prior to the issuance of the building permit. To arrange a pre-construction meeting, contact the Critical Structures Section at **703-324-1060, TTY 711**.
6. Prior to the issuance of the permit, the building permit application must be approved by the required review agencies with signatures placed on the lines adjacent to their corresponding departments as listed below.
    - **Zoning Review**: the Zoning Permit Review Branch will sign off after the site plan has been reviewed and approved for zoning-related issues.
    - **Site Permits**: the Site Permits Section will sign off after the site plan is approved and bonded.
    - **Sanitation**: the Wastewater Planning and Monitoring Division will sign off after payment of all sewer fees and fixture unit fees.
    - **Health Department** (if applicable) will sign off after their review and approval of plans.
    - **Building Plan Review** will sign off only after all other signatures have been obtained and the building plans are approved.
7. Once the building plans are approved and you have obtained the appropriate signatures on the building permit application, two copies of the approved plans will be released to you at the public counter in Room 324 of the Herrity Building.
8. The technicians at the "Log-out" station and Cashier's Office on the 2nd floor of the Herrity Building will complete the permit process, accept final payment and issue the building permit.

Timing

Since the proposed developments are a “by-right” use the approval process is strictly administrative and will only involve county staff and not the Board of Supervisors. This should allow for a faster approval, as there will not be any public hearings involved. That being said, the biggest “time sink” in the process is the site plan submission. It is broken down as follows: a) first submission, b) post submission conference period, and c) second submission. The first submission, a 60-day process, includes the submission of all waivers. The post submission conference, which lasts up to 20 days, is the period in which the engineer and reviewers have a chance to discuss comments and revise the plans for re-submission. The second submission, a 45-day process, is submitted simultaneously to the Fire Marshal, VDOT, and the Health Department (if necessary). Once the Fire Marshall approves the plan, it is carried to the Water Authority for approval. After acceptance, the plans are returned to DEM plan control for approval. In total this step alone can account for four months pre-development schedule. In all Lone Wolf Development expects the total time for the approval and permitting process to take approximately 6-9 months.

DEVELOPMENT PLAN

Overview

LoneWolf Development currently has under contract an 8.81 acre site with a prime location near Ft. Belvoir Engineering Proving Grounds. The future home of personal being redirected to Ft. Belvoir due to BRAC. One Infantry Drive will be a 190,002 SF Class A office building. The development team's strategy will be for One Infantry to be built to normal Class A quality standards similar to other properties in the area. The target market for the space (Government/Military Contractors) is looking for function over form when selecting office space. One Infantry will compete on its location near the proposed proving ground entrance.

Leasing Plan

Due to the current condition of the capital markets, LoneWolf expects that finding financing for a 100% speculative build to be impossible. Due to massive write-downs in the sector, lenders are reigning in credit and lending standards for even the less risky deals. LoneWolf's preliminary discussions with lenders indicate pre-leasing requirements of 40%-75%. Due to long lead time required for the site plan and permitting process, LoneWolf will move forward with entitlements while at the same time market the property to reach the necessary pre-leasing requirements. LoneWolf has engaged Cassidy and Pinkard as the primary leasing broker for this project. Due to LoneWolf limited experience associating with high profile and experienced consultants will be a key factor for success. Said different, LoneWolf recognizes the need to "buy expertise" in this area of the development plan.

Cassidy's plan is to identify the contractors that work with units being moved from Arlington to Ft. Belvoir, such as the Missile Defense Command, for the primary marketing campaign. Some marketing ideas proposed include:

- High gloss postcard mailing campaign
- Electronic mail blast fliers to leasing brokers
- Listing the space on electronic multiple request listing services such as
    - CoStar.com
    - Loopnet.com

Development Team

LoneWolf Development will be the final decision maker for the entire process including entitlements, design, and construction and leasing. However, to enhance the sponsorship of the deal, a heavy reliance on with experienced and well known contractors will be the key to success. LoneWolf's internal team will consist of:

1. **Director of Development** who will provide expertise on the financial aspects and control over the other internal team members.
2. **Project Manager** who will oversee and control all phases of the project and will the primary point of contact for the general contract, architect, and third party construction manager.
3. **Financial Analyst/Accountant** who will provide financial and feasibility analysis and control cash flow, budgeting and draw process during design and construction.
4. **Property Manager** to oversee the facilities and operation of the project after completion and will consulted throughout the process to elements do not hinder the operation of property.

Architect

Bignell Watkins Hasser Architects, P.A. (www.bigwaha.com) is an award winning architecture firm known for its balance between creativity and practicality, and designs that enhance its client's ability to offer services, effectively work, or enjoy a more gracious environment. The firm brings creative and technologically advanced professional skills together with a listening ear. The firm has extensive experience in the design of mixed-use and office building concepts, from individual office interiors, to class "A+" high rise towers. Typically designed for private sector clients, many of Bignell Watkins Hasser's buildings are detailed with high end materials such as granite and marble, making them a masterful blend of style and artistry that is sensitive to the context of the surroundings, while catering to the specific needs of the owners.

Bignell Watkins Hasser Architects is the proud recipients of three 2004 ABC Design Awards of Merit, the2003 MD/DC NAIOP Design Award for Best Mid-Rise Suburban Office Building, two 2003 American School & University Outstanding Building Awards, and the 2003 Northern Virginia NAIOP Design Award for Best Built-to-Suit Building under 150,000 square feet among numerous other distinguished awards.

DEVELOPMENT PLAN

General Contractor
L.F. Jennings, Inc. (www.lfjennings.com) is a leader in the construction industry, known for providing clients superior service and products while maintaining financial strength. L.F. Jennings has worked as general contractor for developers of quality commercial developments in the Mid-Atlantic region since 1952. The company has built a wide range of projects including shopping centers, office parks, industrial buildings, R&D space, and schools.

Select Fairfax construction experience:

Metro Park (580,000 sf)
Dulles North (500,000 sf)
Avion Business Park (500,000 sf)
Dulles Tech Buildings 1-4 (420,000 sf)
Campus at Dulles Tech, Buildings 1-7 (350,000 sf)
Dulles Business Park (213,000 sf)
Kingstowne Office Buildings T and H (205,000 sf)
Coleman Building at Dulles Business Park (61,000 sf)
Powers Building at Dulles Business Park (55,000 sf)

Construction Manager
Inspection & Valuation International Inc, (www.ivi-intl.com), since 1973, has provided a full array of integrated construction, property, and environmental consulting services on behalf of real estate owners, investors, and lending institutions. Through their regional offices and foreign affiliates, they have conducted thousands of assignments throughout the U.S. and abroad in diverse locales ranging from San Paulo to Beirut to Pataya to Paris. Our services are designed to protect client's interests, mitigate the risks inherent in real estate positions, and to help client's realize the maximum benefit of their investment/position. Throughout the process IVI's services will include:

- Pre-construction
    - Review of Agreements and construction contracts/documents
    - Budget Analysis
    - Assessment of Environmental Risk
    - Testing Quality Assurance
    - Project schedule review
- Construction
    - Compliance of the work with Contract Documents
    - Budget Monitoring
    - Monitoring of construction schedule
    - Change Order Analysis

Construction Process
As previously discussed L.F. Jennings has been selected as the general contractor based on initial bids based on partially complete drawings. While selecting a GC this early in the process could increase costs due to lack of competition, LoneWolf feels their local expertise offsets any potential costs increase. That being said, LoneWolf has taken several steps to mitigate potential cost overruns. (1) The initial bid was sent to 4 other contractors (Clark, Turner, Donahoe, and JAJones) and Jennings bid was in the range of bids received. (2) a Guaranteed Maximum Price GMP contract will be used once completed drawings are received. (3) LoneWolf's third party Construction Manager will provide best possible owner representation. (4) LoneWolf's project manager will work closely with IVI and Jennings in order to keep change orders and potential overruns to minimum, as well as find opportunities for cost savings with value engineering.

CONSTRUCTION BUDGET

Detailed Hard Cost Budget

Square Foot Cost Estimate Report

Estimate Name:	One Infantry
Building Type:	Office, 5-10 Story with Precast Concrete Panel / Steel Frame
Location:	FAIRFAX, VA
Story Count:	6
Story Height (L.F.):	12
Floor Area (S.F.):	190002
Labor Type:	Open Shop
Basement Included:	No
Data Release:	Year 2008 Quarter 1
Cost Per Square Foot:	$106.05
Building Cost:	$22,050,123

Costs are derived from a building model with basic components.

Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per S.F.	Cost
A Substructure		1.99%	$2.01	$381,500
A1010	Standard Foundations		$1.11	$211,000
	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity			
	Spread footings, 3000 PSI concrete, load 600K, soil bearing capacity			
A1030	Slab on Grade		$0.65	$123,500
	Slab on grade, 4" thick, non industrial, reinforced			
A2010	Basement Excavation		$0.03	$5,500
	Excavate and fill, 10,000 SF, 4' deep, sand gravel, or common earth,			
A2020	Basement Walls		$0.22	$41,500
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF,			
B Shell		26.74%	$26.99	$5,128,000
B1010	Floor Construction		$16.25	$3,087,500
	Steel column, W5, 25 K, 16' unsupported length, 16 PLF			
	Steel column, W8, 125 KIPS, 16' unsupported height, 40 PLF			
	Steel column, W10, 150 KIPS, 16' unsupported height, 45 PLF			
	Steel column, W12, 300 KIPS, 16' unsupported height, 72 PLF			
	Steel column, W12, 400 KIPS, 16' unsupported height, 87 PLF			
	Steel column, TS14x10, 500 KIPS, 10' unsupported height, 76.07 PLF			
	Floor, composite metal deck, shear connectors, 5.5" slab, 20'x25' bay,			
	Fireproofing, sprayed fiber, 1.5" thick, 8" steel column, 2 hour rating,			
	Fireproofing, sprayed fiber, 1.5" thick, 10" steel column, 2 hour rating,			
	Fireproofing, sprayed fiber, 1.5" thick, 14" steel column, 2 hour			
B1020	Roof Construction		$0.93	$176,500
	Floor, steel joists, beams, 1.5" 22 ga metal deck, on columns, 20'x25'			
B2010	Exterior Walls		$7.36	$1,398,500
	Exterior wall, precast concrete, ribbed, 6" thick, 20' x 10', aggregate			
B2020	Exterior Windows		$1.62	$307,500
	Windows, aluminum, sliding, insulated glass, 5' x 3'			
B2030	Exterior Doors		$0.21	$39,000
	Door, aluminum & glass, with transom, narrow stile, double door,			
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x			
B3010	Roof Coverings		$0.63	$119,000
	Roofing, asphalt flood coat, gravel, base sheet, 3 plies 15# asphalt			
	Insulation, rigid, roof deck, composite with 2" EPS, 1" perlite			
	Roof edges, aluminum, duranodic, .050" thick, 6" face			
	Flashing, aluminum, no backing sides, .019"			

CONSTRUCTION BUDGET

C Interiors		18.00%	$18.16	$3,451,000
C1010	Partitions		$1.41	$267,500
	Metal partition, 5/8" water resistant gypsum board face, no base layer,			
	1/2" fire ratedgypsum board, taped & finished, painted on metal furring			
C1020	Interior Doors		$1.93	$366,000
	Door, single leaf, kd steel frame, hollow metal, commercial quality,			
C1030	Fittings		$0.63	$120,500
	Toilet partitions, cubicles, ceiling hung, plastic laminate			
C2010	Stair Construction		$2.41	$458,000
	Stairs, steel, cement filled metal pan & picket rail, 16 risers, with			
C3010	Wall Finishes		$0.68	$130,000
	Painting, interior on plaster and drywall, walls & ceilings, roller work,			
	Vinyl wall covering, fabric back, medium weight			
C3020	Floor Finishes		$6.54	$1,242,500
	Carpet, tufted, nylon, roll goods, 12' wide, 36 oz			
	Carpet, padding, add to above, minimum			
	Vinyl, composition tile, maximum			
	Tile, ceramic natural clay			
C3030	Ceiling Finishes		$4.56	$866,500
	Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar &			
D Services		42.98%	$43.37	$8,241,000
D1010	Elevators and Lifts		$13.62	$2,587,000
	6 - Traction geared elevators, passenger, 5000 lb, 5 floors, 200 FPM			
	Traction, geared passenger, 3500 lb, 8 floors, 12' story height, 2 car			
D2010	Plumbing Fixtures		$1.46	$278,000
	Water closet, vitreous china, bowl only with flush valve, wall hung			
	Urinal, vitreous china, wall hung			
	Lavatory w/trim, vanity top, PE on CI, 20" x 18"			
	Service sink w/trim, PE on CI, corner floor, wall hung w/rim guard, 24"			
	Water cooler, electric, wall hung, 8.2 GPH			
	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH			
D2020	Domestic Water Distribution		$0.12	$22,000
	Gas fired water heater, commercial, 100< F rise, 200 MBH input, 192			
D2040	Rain Water Drainage		$0.05	$9,500
	Roof drain, CI, soil,single hub, 5" diam, 10' high			
	Roof drain, CI, soil,single hub, 5" diam, for each additional foot add			
D3050	Terminal & Package Units		$13.39	$2,543,500
	Rooftop, multizone, air conditioner, offices, 25,000 SF, 79.16 ton			
D4020	Standpipes		$0.09	$16,500
	Wet standpipe risers, class I, steel, black, sch 40, 4" diam pipe, 1 floor			
	Wet standpipe risers, class I, steel, black, sch 40, 4" diam pipe,			
D5010	Electrical Service/Distribution		$0.64	$121,000
	Service installation, includes breakers, metering, 20' conduit & wire, 3			
	Feeder installation 600 V, including RGS conduit and XHHW wire,			
	Switchgear installation, incl switchboard, panels & circuit breaker,			
D5020	Lighting and Branch Wiring		$9.06	$1,721,000
	Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W			
	Miscellaneous power, 1.2 watts			
	Central air conditioning power, 4 watts			
	Motor installation, three phase, 460 V, 15 HP motor size			
	Motor feeder systems, three phase, feed to 200 V 5 HP, 230 V 7.5			
	Fluorescent fixtures recess mounted in ceiling, 2 watt per SF, 40 FC,			
D5030	Communications and Security		$4.01	$762,000
	Telephone wiring for offices & laboratories, 8 jacks/MSF			
	Communication and alarm systems, includes outlets, boxes, conduit			
	Internet wiring, 8 data/voice outlets per 1000 S.F.			
D5090	Other Electrical Systems		$0.95	$180,500
	Generator sets, w/battery, charger, muffler and transfer switch, diesel			
	Uninterruptible power supply with standard battery pack, 15			

CONSTRUCTION BUDGET

E Equipment & Furnishings		0.38%	$0.38	$72,500
E1090	Other Equipment		$0.38	$72,500
	120 - Detection Systems, heat detector, smoke detector, ceiling type,			
	30 - Emergency lighting units, lead battery operated, twin sealed			
	6 - Electric Traction Passenger Elevators, for number of stops over 4,			
	1 - Directory boards, plastic, glass covered, 36" x 48"			
	1 - Closed circuit television system (CCTV), surveillance, one station			
F Special Construction		0.00%	$0.00	$0
G Building Sitework		9.91%	$10.00	$1,900,020
SubTotal		100%	$90.91	$19,174,020
Contractor Fees (General Conditions,Overhead,Profit)		15.00%	$15.14	$2,876,103
Architectural Fees		0.00%	$0.00	$0
User Fees		0.00%	$0.00	$0
Total Building Cost			$106.05	$22,050,123

Total Develoment Budget

	Total	% of Total	$/SF
Land Cost	**$7,600,080**	**15.7%**	**$40.00**
Hard Costs			
Hard Costs	$22,050,123	45.6%	$116.05
Hard Cost Contingency 5%	$1,102,506	2.3%	$5.80
Total Hard Costs	**$23,152,629**	**47.9%**	**$121.85**
Soft Cost			
Architectural & Engineering	$2,205,012	4.6%	$11.61
Overhead/Development Fees	$330,752	0.7%	$1.74
Testing & Inspections	$260,000	0.5%	$1.37
Permits & Fees	$475,000	1.0%	$2.50
Soft Cost Contingency	$163,538	0.3%	$0.86
Legal	$250,000	0.5%	$1.32
Taxes/Insurance	$425,000	0.9%	$2.24
Total Soft Costs	**$4,109,302**	**8.5%**	**$21.63**
Leasing Costs			
Tenant Improvements	$8,550,090	17.7%	$45.00
Leasing Commissions	$1,852,938	3.8%	$9.75
Total Leasing Costs	**$10,403,028**	**21.5%**	**$54.75**
Financing Costs	**$3,061,769**	**6.3%**	**$16.11**
Total Project Costs	**$48,326,808**	**100.0%**	**$254.35**

FINANCIAL ANALYSIS

Income Analysis

Rental Rates

In order to determine an appropriate market rent for the subject property, a survey of rental rates for office space the subject's immediate Springfield/Burke neighborhood was conducted. The following chart contains a summary of the recent leases considered most comparable to the subject.

SUMMARY OF COMPARABLE LEASE TRANSACTIONS

Rental	Address	Year Built	Size (SF)	Rent ($/SF-FS)*	Lease Date	Term (Yrs.)	Annual Escalation	TI Allowance ($/SF)
1	5971 Kingstown	2002	7,848	$31.00	Jan-07	5	3.00%	0 (2nd Gen)
2	Metro Park V	2006	24,457	$32.85	Apr-07	5	3.00%	$45.00/SF (1st Gen)
3	Metro Park V	2006	25,457	$33.75	Apr-08	7	3.00%	$50.00/SF (1st Gen)
4	Metro Park V	2006	5,513	$33.50	Oct-07	6.3	3.00%	$52.00/SF (1st Gen)
5	Metro Park IV	2001	6,300	$31.50	Apr-07	5	3.00%	$35.00/SF (2nd Gen)

* All leases have been equated to a full-service expense structure.

Source: ING Real Estate & Eastdil Secured

As the previous chart indicates, the primary rental comparables exhibited rental rates (on a full service basis) ranging from $31.00/SF-FS to $33.75/SF-FS, with an average of $32.52/SF-FS. The search was concentrated on newer quality buildings (less than 5 years old), in close proximity to the subject. LoneWolf feels a rate around average is appropriate for One Infantry Drive. As such, a rate of $32.50 is used in the analysis.

Rent growth

Rent growth is estimated at 3% per year. Although it is likely that at some point in the cycle of the investment period that growth may out pace this rate. LoneWolf believes this to be the prudent course.

Vacancy and Collection Loss

In order to estimate vacancy rates for the subject's immediately competitive market area (i.e., the subject neighborhood), LoneWolf researched vacancy rates in the subject's Springfield/Burke office market, as well as surrounding portions of Northern Virginia. As reported at length in the prior Submarket Analysis, the overall vacancy rate in the Fairfax office market is estimated to be 10.9%, with the Springfield/Burke market being 8.1 %. A total vacancy and collection loss of 10% is used in this analysis (8% & 2%).

Lease Terms and Escalations

In regards to lease terms, the comparable leases in the subject's Springfield/Burke submarket exhibited lease terms ranging from 5 to 7 years, with most being 5 years. As such, we have assumed lease terms of 5 years for original tenants and upon the expiration of those leases at the subject. In terms of lease escalations, all of the rental comparables exhibited fixed escalations at 3% annually. Therefore, we have fixed assumed annual rental escalations of 3% in the cash flow model.

FINANCIAL ANALYSIS

Leasing Commissions
Discussions with leasing brokers in the subject's Springfield/Burke office market range indicated that leasing commissions can range anywhere from 1.0% to 6.0% of total lease value. LoneWolf has estimated third party leasing commissions based on a blended rate analysis to be incurred at rollover to total lease values as follows:

Percentage		Avg. Commission		Weighted Rate
70% Renew	@	2.0%	=	1.40%
30% Vacate	@	5.0%	=	1.50%
		Blended Rate		2.9%

Tenant Improvements
As the comparable rentals indicated, high levels of tenant improvements are common in the subject's marketplace especially for 1st generation space. As such, TI's are as follows:

1. 1st Generation- $45/SF.
2. 2nd Generation new-$35/SF
3. Renewing -$25/SF

Renewal Probability and Time to Release
In terms of a tenant's likelihood to renew their lease, LoneWolf has researched the RERC 2Q/2007 survey, as well as the vacancy rates and space availabilities in the PWC warehouse market in order to estimate the appropriate renewal probabilities and time to release for the subject property. The RERC survey indicated that the renewal probability for industrial warehouse properties across the nation was approximately 69%, with an average releasing period of 7.3 months assuming a tenant vacates.

Based on the foregoing and the information presented in the submarket section of this report, LoneWolf has assumed a 65% renewal probability upon lease expiration at the subject, with 6 months downtime in the event a tenant vacates

Expenses
Operating expenses have been estimated from estimates provided by REIS.com which provided average expenses for office properties in the Springfield/Burke submarket.

Project Financing

Construction Loan
An 80% of total cost loan in the amount of $38,321,261, at rate of 90 day Libor plus 275 basis points has been arranged. This loan will be replaced by a permanent takeout loan once the property reaches stabilization. Owner equity required is $10,005,547.

Permanent Loan
A 75% loan to stabilized value facility will be sought for the takeout of the construction loan. Expected terms are a 10 year loan with a 30 year amortization, a rate of 10 year treasury plus 300 (assumed 6%) and debt service coverage ratio of 1.20x minimum. Based on our base case valuation a loan in the amount of $42,607,500 is assumed to be closed December 2010.

FINANCIAL ANALYSIS

Investment Holding Period

LoneWolf Development intends to hold the property for ten years after reaching stabilization. Thus, the valuation or IRR analysis assumes a disposition of the property at in 2020 based on a terminal cap rate of 7.5% applied to year 11 NOI. After 3% sales costs and the remaining loan balance net proceeds of $31,515,368 are expected.

CASH FLOW PROJECTIONS

Summary of Assumptions

Construction Budget:	$48,326,808
Equity Required:	$10,005,547
Construction Debt:	$38,321,261
Permanent Debt:	$42,607,500
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	3% annual growth
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	3% per annum
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%

Summary of Financial Results

Stabilized Value (December 2010)	$56,810,000
Stabilized NOI:	$5,318,353
Stabilized Net Cash Flow (NCF):	$2,252,913
DCSR:	1.52x
Leveraged IRR:	18.7%
Net Proceeds from Permanent Loan:	$3,860,164
Net Proceeds from Sale:	$31,515,368

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 12/1/2010

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Potential Gross Revenue												
Base Rental Revenue	$6,665,371	$6,865,330	$7,071,285	$7,283,428	$7,513,153	$7,729,856	$7,961,751	$8,197,564	$8,443,485	$8,597,994	$8,725,250	$8,866,788
Absorption & Turnover Vacancy	0	0	0	(311,796)	(630,837)	(217,577)	(110,534)	0	0	(949,748)	(237,437)	(237,437)
Scheduled Base Rental Revenue	6,665,371	6,865,330	7,071,285	6,971,632	6,882,316	7,512,279	7,851,217	8,197,564	8,443,485	7,648,246	8,487,813	8,629,351
Expense Reimbursement Revenue	1,614,244	1,735,922	1,801,842	1,772,377	625,510	421,876	104,947	180,339	259,047	106,185	29,110	2,159
Total Potential Gross Revenue	8,279,615	8,601,252	8,873,127	8,744,009	7,507,826	7,934,155	7,956,164	8,377,903	8,702,532	7,754,431	8,516,923	8,631,510
General Vacancy	(662,369)	(688,100)	(709,850)	(387,725)	0	(417,156)	(525,959)	(670,232)	(696,202)	0	(443,916)	(453,084)
Collection Loss	(165,592)	(172,025)	(177,464)	(174,880)	(150,157)	(158,684)	(159,122)	(167,559)	(174,050)	(155,089)	(170,340)	(172,629)
Effective Gross Revenue	7,451,654	7,741,127	7,985,813	8,181,404	7,357,669	7,358,315	7,271,083	7,540,112	7,832,280	7,599,342	7,902,667	8,005,797
Operating Expenses												
Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Total Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Net Operating Income	5,318,353	5,543,829	5,722,596	5,850,291	4,956,623	4,885,237	4,723,811	4,916,424	5,129,881	4,890,368	5,193,693	5,296,823
Debt Service												
Interest Payments	2,542,216	2,509,946	2,475,684	2,439,308	2,400,690	2,359,690	2,316,160	2,269,947	2,220,881	2,168,792	2,113,488	0
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954	0
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	3,491,515	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442	0
Leasing & Capital Costs												
Tenant Improvements	0	0	0	0	4,433,380	1,108,345	1,108,345	0	0	4,433,380	1,108,345	1,108,345
Leasing Commissions	0	0	0	0	774,761	198,761	204,724	0	0	877,368	219,342	219,342
Total Leasing & Capital Costs	0	0	0	0	5,208,141	1,307,106	1,313,069	0	0	5,310,748	1,327,687	1,327,687
Development Costs												
Land/Acquisition Costs												
Land Cost	0	0	0	0	0	0	0	0	0	0	0	0
Total Land/Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
Hard/Construction Costs												
Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Hard/Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0
Soft/Development Costs												
Arch & Eng.	0	0	0	0	0	0	0	0	0	0	0	0
Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Soft/Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service	$1,826,838	$2,478,386	$2,657,154	$2,784,850	($3,316,960)	$512,689	$345,301	$1,850,981	$2,064,439	($3,485,822)	$800,564	$3,969,136
But Before Taxes	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

Schedule Of Expense Reimbursement Revenue

al Year Reimbursable Operating Expenses Adjusted for 95% Occupancy

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Reimbursable Expenses												
Operating Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974

:eimbursable Operating Expenses used for Reimbursement Calculations

For the Years Ending	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021
Reimbursable Expenses												
Operating Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974

Resulting Fiscal Year Property Expense Reimbursement Revenue

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159
Total Expense Reimbursement	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159

ntage of Reimbursable Expenses Collected as Expense Reimbursement

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%
Total Expense Reimbursement	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%

Individual Loan & Debt Service Summary
Loan number 1 - Perm

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Minimum Debt Service											
Interest Payments	$2,542,216	$2,509,946	$2,475,684	$2,439,308	$2,400,690	$2,359,690	$2,316,160	$2,269,947	$2,220,881	$2,168,792	$2,113,488
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954
Total Minimum Debt Service	3,065,440	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442
Fees & Contingencies											
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0
Total Fees & Contingencies	426,075	0	0	0	0	0	0	0	0	0	0
Reductions & Retirement											
Principal Balloon or Call	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Reductions & Retirement	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Cash Flow Paid To Lender	$3,491,515	$3,065,443	$3,065,442	$3,065,441	$3,065,442	$3,065,442	$3,065,441	$3,065,443	$3,065,442	$3,065,442	$37,769,883
Principal Balance Summary											
Beginning Principal Balance	$42,607,499	$42,084,276	$41,528,778	$40,939,020	$40,312,887	$39,648,135	$38,942,382	$38,193,102	$37,397,607	$36,553,045	$35,656,395
Periodic Principal Reductions	(523,224)	(555,497)	(589,758)	(626,133)	(664,752)	(705,752)	(749,281)	(795,496)	(844,561)	(896,650)	(951,954)
Principal Balloon Payments	0	0	0	0	0	0	0	0	0	0	(34,704,441)
Ending Principal Balance	$42,084,275	$41,528,779	$40,939,020	$40,312,887	$39,648,135	$38,942,383	$38,193,101	$37,397,606	$36,553,046	$35,656,395	$0
Interest Rates											
Interest Rate on Principal	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cash Flow Coverage Ratios											
Cash to Total Interest Charged	209.20%	220.87%	231.15%	239.83%	206.47%	207.03%	203.95%	216.59%	230.98%	225.49%	245.74%
Cash to Minimum Debt Service	173.49%	180.85%	186.68%	190.85%	161.69%	159.36%	154.10%	160.38%	167.35%	159.53%	169.43%
Loan To Value Ratios											
Loan to Purchase Price	88.17%	87.08%	85.93%	84.71%	83.42%	82.04%	80.58%	79.03%	77.38%	75.64%	73.78%
Loan to Capitalized Value	60.09%	56.93%	54.43%	52.48%	61.00%	60.87%	61.83%	58.26%	54.68%	56.06%	51.49%
Loan to Lowest Present Value	77.97%	77.02%	76.00%	74.92%	73.78%	72.56%	71.27%	69.90%	68.44%	66.89%	65.25%
Loan to Highest Present Value	72.63%	71.74%	70.79%	69.79%	68.72%	67.59%	66.39%	65.11%	63.75%	62.31%	60.78%
Lenders Yields (IRR)											
Base Yield to Maturity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Including Fees & Penalties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.13%

Prospective Property Resale

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Resale Amount											
Gross Proceeds from Sale	$73,917,720	$76,301,280	$78,003,880	$66,088,307	$65,136,493	$62,984,147	$65,552,320	$68,398,413	$65,204,907	$69,249,240	$70,624,307
Commissions & Adjustments	(2,217,532)	(2,289,038)	(2,340,116)	(1,982,649)	(1,954,095)	(1,889,524)	(1,966,570)	(2,051,952)	(1,956,147)	(2,077,477)	(2,118,729)
Net Proceeds From Sale	71,700,188	74,012,242	75,663,764	64,105,658	63,182,398	61,094,623	63,585,750	66,346,461	63,248,760	67,171,763	68,505,578
Outstanding Debt Retirement											
Total Principal Balances	(42,084,275)	(41,528,779)	(40,939,020)	(40,312,887)	(39,648,135)	(38,942,383)	(38,193,101)	(37,397,606)	(36,553,046)	(35,656,395)	(34,704,441)
Net Resale Proceeds After Debt	$29,615,913	$32,483,463	$34,724,744	$23,792,771	$23,534,263	$22,152,240	$25,392,649	$28,948,855	$26,695,714	$31,515,368	$33,801,137
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========
Unleveraged Annual IRR	50.22%	29.86%	23.39%	15.83%	12.73%	11.22%	11.04%	11.14%	10.44%	10.08%	9.92%
Leveraged Annual IRR	262.98%	111.72%	76.25%	48.33%	37.02%	30.73%	29.00%	28.21%	25.48%	23.92%	22.85%

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Nov-2011	$5,318,353	$4,924,401	$4,913,028	$4,901,708	$4,890,440	$4,879,223
Year 2	Nov-2012	5,543,829	4,752,940	4,731,012	4,709,235	4,687,608	4,666,130
Year 3	Nov-2013	5,722,596	4,542,781	4,511,379	4,480,266	4,449,439	4,418,894
Year 4	Nov-2014	5,850,291	4,300,138	4,260,552	4,221,420	4,182,736	4,144,494
Year 5	Nov-2015	(251,518)	(171,178)	(169,211)	(167,271)	(165,358)	(163,470)
Year 6	Nov-2016	3,578,131	2,254,829	2,223,764	2,193,198	2,163,121	2,133,523
Year 7	Nov-2017	3,410,742	1,990,135	1,958,185	1,926,818	1,896,024	1,865,792
Year 8	Nov-2018	4,916,424	2,656,191	2,607,510	2,559,832	2,513,132	2,467,388
Year 9	Nov-2019	5,129,881	2,566,218	2,513,369	2,461,725	2,411,259	2,361,940
Year 10	Nov-2020	(420,380)	(194,717)	(190,267)	(185,928)	(181,698)	(177,573)
Year 11	Nov-2021	3,866,006	1,658,063	1,616,425	1,575,925	1,536,529	1,498,204
Total Cash Flow		42,664,355	29,279,801	28,975,746	28,676,928	28,383,232	28,094,545
Property Resale @ 7.50% Cap		68,505,578	29,380,868	28,643,031	27,925,362	27,227,265	26,548,162
Total Property Present Value			$58,660,669	$57,618,777	$56,602,290	$55,610,497	$54,642,707
Rounded to Thousands			$58,661,000	$57,619,000	$56,602,000	$55,610,000	$54,643,000
Per SqFt			308.74	303.25	297.90	292.68	287.59

Percentage Value Distribution

Assured Income	40.44%	40.91%	41.39%	41.86%	42.34%
Prospective Income	9.47%	9.38%	9.27%	9.18%	9.07%
Prospective Property Resale	50.09%	49.71%	49.34%	48.96%	48.59%
	100.00%	100.00%	100.00%	100.00%	100.00%

Resale - Cap Rate Matrix
Cash Flow Before Debt Service plus Property Resale in Year 11, Nov-2021
Discounted Annually (Endpoint on Cash Flow & Resale)

For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.00%	P.V. of Property @ 8.25%	P.V. of Property @ 8.50%	P.V. of Property @ 8.75%	P.V. of Property @ 9.00%
6.50%	$79,044,898	$63,180,803	$62,025,398	$60,898,500	$59,799,307	$58,727,040
6.75%	76,117,309	61,925,210	60,801,336	59,705,108	58,635,748	57,592,503
7.00%	73,398,834	60,759,303	59,664,708	58,596,959	57,555,301	56,539,004
7.25%	70,867,839	59,673,803	58,606,468	57,565,234	56,549,368	55,558,161
7.50%	68,505,578	58,660,669	57,618,777	56,602,290	55,610,497	54,642,707
7.75%	66,295,721	57,712,899	56,694,809	55,701,472	54,732,198	53,786,315
8.00%	64,223,979	56,824,365	55,828,588	54,856,955	53,908,793	52,983,447
8.25%	62,277,798	55,989,681	55,014,865	54,063,621	53,135,291	52,229,238
8.50%	60,446,098	55,204,096	54,249,009	53,316,953	52,407,289	51,519,394

Property Summary Report

Timing & Inflation	
Reporting Period:	December 1, 2010 to November 30, 2021; 11 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00% for 11 years
	0.00% thereafter
Property Size & Occupancy	
Property Size:	190,002 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	8.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	2.00%
Debt Financing	
Number of Notes:	1
Beginning Principal Balance:	$0
Average Year 1 Interest Rate:	0.00%
Property Purchase & Resale	
Purchase Price:	$48,326,808
Resale Method:	Capitalize Net Operating Income
Cap Rate:	7.50%
Cap Year:	Year 12
Commission/Closing Cost:	$2,118,729
Net Cash Flow from Sale:	$68,505,578
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	8.50%
Unleveraged Present Value:	$56,602,290 at 8.50%
Unleveraged Annual IRR:	9.92%
Leveraged Discount Rate:	8.50%
Value of Equity Interest:	$20,699,787 at 8.50%
Leveraged Annual IRR:	22.85%

Base Case Draw

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
For the Months	May-2008	Jun-2008	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009
Land/Acquisition Costs																		
Land Cost	$7,600,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Hard/Construction Costs																		
Hard Costs	$176,401	$485,103	$815,855	$1,102,506	$1,367,108	$1,565,558	$1,741,960	$1,852,210	$1,918,361	$1,918,361	$1,852,210	$1,741,959	$1,565,559	$1,367,108	$1,102,506	$815,855	$485,102	$176,401
Contingency	$8,820	$24,255	$40,793	$55,125	$68,355	$78,278	$87,098	$92,611	$95,918	$95,918	$92,611	$87,098	$78,278	$68,355	$55,125	$40,793	$24,255	$8,820
Soft/Development Costs																		
Arch & Eng.	$2,205,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Soft Costs	$13,926	$38,297	$64,408	$87,037	$107,927	$123,593	$137,519	$146,223	$151,446	$151,445	$146,223	$137,520	$123,593	$107,927	$87,038	$64,408	$38,296	$13,926
Contingency	$1,308	$3,598	$6,051	$8,177	$10,139	$11,611	$12,920	$13,737	$14,228	$14,228	$13,737	$12,920	$11,611	$10,139	$8,177	$6,051	$3,598	$1,309
Tenant Improvements																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Leasing Commissions																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Total	$10,005,547	$551,253	$927,107	$1,252,845	$1,553,529	$1,779,040	$1,979,497	$2,104,781	$2,179,953	$2,179,952	$2,104,781	$1,979,497	$1,779,041	$1,553,529	$1,252,846	$927,107	$551,251	$200,456
Cumulative Total	$10,005,547	$10,556,800	$11,483,907	$12,736,752	$14,290,281	$16,069,321	$18,048,818	$20,153,599	$22,333,552	$24,513,504	$26,618,285	$28,597,782	$30,376,823	$31,930,352	$33,183,198	$34,110,305	$34,661,556	$34,862,012
Interest Reserve																		
Beging Balance	$0	$551,253	$1,479,614	$2,737,079	$4,300,201	$6,095,251	$8,098,398	$10,235,469	$12,457,132	$14,688,710	$16,855,247	$18,906,507	$20,766,906	$22,410,692	$23,761,767	$24,793,916	$25,455,631	$25,770,405
Interest for Period	$0	$1,254	$4,620	$9,593	$16,010	$23,650	$32,291	$41,710	$51,626	$61,757	$71,763	$81,358	$90,257	$98,229	$105,042	$110,464	$114,318	$116,539
Ending Balance	$0	$552,507	$1,484,234	$2,746,672	$4,316,211	$6,118,901	$8,130,688	$10,277,179	$12,508,758	$14,750,466	$16,927,010	$18,987,865	$20,857,163	$22,508,921	$23,866,809	$24,904,380	$25,569,949	$25,886,944

Base Case Draw

	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	
For the Months	Nov-2009	Dec-2009	Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Total
Land/Acquisition Costs														
Land Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,600,080
Hard/Construction Costs														
Hard Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,050,123
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,102,506
													Subtotal	**$23,152,629**
Soft/Development Costs														
Arch & Eng.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,205,012
Soft Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,740,752
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$163,539
													Subtotal	**$4,109,303**
Tenant Improvements														
Tenant 1	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 2	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 3	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 4	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 5	$0	$0	$0	$0	$0	$0	$1,425,015	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015	$1,425,015
													Subtotal	**$8,550,090**
Leasing Commissions														
Tenant 1	$412,178	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$412,178
Tenant 2	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 3	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 4	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 5	$0	$0	$0	$0	$0	$0	$289,840	$0	$0	$0	$0	$0	$0	$289,840
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$294,156	$294,156
													Subtotal	**$1,852,938**
Current Total	$6,969,002	$0	$0	$0	$0	$0	$1,714,855	$0	$0	$0	$0	$0	$1,719,171	**$45,265,040**
Cumulative Total	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$45,265,040	
Interest Reserve														
Beging Balance	$32,855,946	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$35,459,854	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$38,151,956	
Interest for Period	$133,375	$149,798	$150,442	$151,125	$151,811	$152,500	$157,094	$161,700	$162,425	$163,162	$163,903	$164,647	$169,306	**$3,061,769**
Ending Balance	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$33,744,999	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$36,432,785	$38,321,262	**$48,326,809**

Base Case IRR Calculation

Year from stabilization			1	2	3	4	5	6	7	8	9	10
Month	1	30	32	44	56	68	80	92	104	116	128	140
For the Months	May-2008	Oct-2010	Nov-2011	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020
	39569	40452	40848	41214	41579	41944	42309	42675	43040	43405	43770	44136
Initial Cost	-$10,005,547											
Cash Flow After Debt Service			$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	-$3,485,822
Proceeds from Refinance		$3,860,164										
Proceeds from Sale												$31,515,368
Net Cash Flow	-$10,005,547	$3,860,164	$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	$28,029,546
IRR	**18.7%**											

SENSITIVITY ANALYSIS

As with all investment decisions, there is a certain amount of uncertainty involved with the development and investment in One Infantry Dr. In order to better understand the effects of market volatility on the project several sensitivity analyses have been performed. The types of volatility (and LoneWolf's analysis) can be broken down as follows:

- **Income Volatility** – increased or deceases in rent and/or expenses (effects on NOI and NCF)
  - There several ways to model this risk. Since the downside risk of lower initial rents is easily offset by the pre-leasing requirement, an analysis in the growth rate of rents versus expense is more useful.
    - Analyze Rent growth 5% vs. Expenses 3%
    - Analyze Rent growth 3% vs. Expenses 5%
- **Risk Pricing Volatility**- change in how investors price risk (i.e. increase or decrease in Cap or Yield rates.
  - LoneWolf has performed the analysis using Argus's Unlevered value matrix. This produces values at various yield and terminal cap rates and illustrates the order of magnitude that changes in these rates can have on value.
- **Construction Cost Volatility**- increase costs due to delays or costs of materials. Decrease could result from early completion and value engineering.
    - Analyze 10% Hard cost savings
    - Analyze 10% Hard cost increase

SENSITIVITY ANALYSIS – Case #1 – 5% Rent Growth vs. 3% Expense Growth

Summary of Assumptions

Construction Budget:	$48,326,808
Equity Required:	$10,005,547
Construction Debt:	$38,321,261
Permanent Debt:	$42,607,500
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	**5% annual growth after initial lease up period (starting April 2012)**
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	3% per annum
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%

Summary of Financial Results

	Base Case	5% Rent Growth
Stabilized Value (December 2010)	**$56,810,000**	**$71,064,219**
Stabilized NOI:	$5,318,353	$5,328,012
Stabilized Net Cash Flow (NCF):	$2,252,913	$2,262,572
DCSR	1.52x	1.52x
Leveraged IRR:	**18.7%**	**24.1%**
Net Proceeds from Permanent Loan:	$3,808,130	$3,860,164
Net Proceeds from Sale:	**$31,515,368**	**$61,840,836**

Since the rent growth is not projected to increase to 5% until after stabilization, there is not an opportunity to increase the permanent loan proceeds even though the stabilized value increases almost $15 million. The real realization to owner/investor comes first upon releasing the space after the first initial tenant's terms expire. At that time net cash flow increases. Secondly, there is an almost $30 million increase in the net proceeds from sale. The combination of these factors increases the leveraged IRR to 24.1%. If an event like this were to happen LoneWolf would most likely refinance the property in year 6 or 7 to receive the excess proceeds sooner, which would increase the yield above 24%.

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 12/1/2010

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Potential Gross Revenue												
Base Rental Revenue	$6,676,104	$6,876,386	$7,082,672	$7,323,345	$7,965,451	$8,390,259	$8,808,353	$9,069,345	$9,341,434	$10,169,521	$10,760,905	$11,266,280
Absorption & Turnover Vacancy	0	0	0	(339,984)	(693,086)	(244,423)	(125,452)	0	0	(1,176,144)	(306,843)	(322,185)
Scheduled Base Rental Revenue	6,676,104	6,876,386	7,082,672	6,983,361	7,272,365	8,145,836	8,682,901	9,069,345	9,341,434	8,993,377	10,454,062	10,944,095
Expense Reimbursement Revenue	1,614,244	1,735,922	1,801,842	1,772,377	625,510	421,876	104,947	180,339	259,047	106,185	29,110	2,159
Total Potential Gross Revenue	8,290,348	8,612,308	8,884,514	8,755,738	7,897,875	8,567,712	8,787,848	9,249,684	9,600,481	9,099,562	10,483,172	10,946,254
General Vacancy	(663,229)	(688,984)	(710,761)	(360,476)	0	(440,993)	(577,576)	(739,975)	(768,038)	0	(531,811)	(553,514)
Collection Loss	(165,806)	(172,247)	(177,691)	(175,115)	(157,956)	(171,355)	(175,756)	(184,994)	(192,011)	(181,991)	(209,663)	(218,925)
Effective Gross Revenue	7,461,313	7,751,077	7,996,062	8,220,147	7,739,919	7,955,364	8,034,516	8,324,715	8,640,432	8,917,571	9,741,698	10,173,815
Operating Expenses												
Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Total Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Net Operating Income	5,328,012	5,553,779	5,732,845	5,889,034	5,338,873	5,482,286	5,487,244	5,701,027	5,938,033	6,208,597	7,032,724	7,464,841
Debt Service												
Interest Payments	2,542,216	2,509,946	2,475,684	2,439,308	2,400,690	2,359,690	2,316,160	2,269,947	2,220,881	2,168,792	2,113,488	0
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954	0
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	3,491,515	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442	0
Leasing & Capital Costs												
Tenant Improvements	0	0	0	0	4,433,380	1,108,345	1,108,345	0	0	4,433,380	1,108,345	1,108,345
Leasing Commissions	0	0	0	0	849,577	221,646	232,728	0	0	1,093,152	285,192	299,452
Total Leasing & Capital Costs	0	0	0	0	5,282,957	1,329,991	1,341,073	0	0	5,526,532	1,393,537	1,407,797
Development Costs												
Land/Acquisition Costs												
Land Cost	0	0	0	0	0	0	0	0	0	0	0	0
Total Land/Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
Hard/Construction Costs												
Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Hard/Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0
Soft/Development Costs												
Arch & Eng.	0	0	0	0	0	0	0	0	0	0	0	0
Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Soft/Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service But Before Taxes	$1,836,497	$2,488,336	$2,667,403	$2,823,593	($3,009,526)	$1,086,853	$1,080,730	$2,635,584	$2,872,591	($2,383,377)	$2,573,745	$6,057,044

Schedule Of Expense Reimbursement Revenue

al Year Reimbursable Operating Expenses Adjusted for 95% Occupancy

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Reimbursable Expenses												
Operating Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974

eimbursable Operating Expenses used for Reimbursement Calculations

For the Years Ending	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021
Reimbursable Expenses												
Operating Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974

Resulting Fiscal Year Property Expense Reimbursement Revenue

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159
Total Expense Reimbursement	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159

ntage of Reimbursable Expenses Collected as Expense Reimbursement

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%
Total Expense Reimbursement	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%

Individual Loan & Debt Service Summary
Loan number 1 - Perm

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Minimum Debt Service											
Interest Payments	$2,542,216	$2,509,946	$2,475,684	$2,439,308	$2,400,690	$2,359,690	$2,316,160	$2,269,947	$2,220,881	$2,168,792	$2,113,488
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954
Total Minimum Debt Service	3,065,440	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442
Fees & Contingencies											
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0
Total Fees & Contingencies	426,075	0	0	0	0	0	0	0	0	0	0
Reductions & Retirement											
Principal Balloon or Call	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Reductions & Retirement	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Cash Flow Paid To Lender	$3,491,515	$3,065,443	$3,065,442	$3,065,441	$3,065,442	$3,065,442	$3,065,441	$3,065,443	$3,065,442	$3,065,442	$37,769,883
Principal Balance Summary											
Beginning Principal Balance	$42,607,499	$42,084,276	$41,528,778	$40,939,020	$40,312,887	$39,648,135	$38,942,382	$38,193,102	$37,397,607	$36,553,045	$35,656,395
Periodic Principal Reductions	(523,224)	(555,497)	(589,758)	(626,133)	(664,752)	(705,752)	(749,281)	(795,496)	(844,561)	(896,650)	(951,954)
Principal Balloon Payments	0	0	0	0	0	0	0	0	0	0	(34,704,441)
Ending Principal Balance	$42,084,275	$41,528,779	$40,939,020	$40,312,887	$39,648,135	$38,942,383	$38,193,101	$37,397,606	$36,553,046	$35,656,395	$0
Interest Rates											
Interest Rate on Principal	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cash Flow Coverage Ratios											
Cash to Total Interest Charged	209.58%	221.27%	231.57%	241.42%	222.39%	232.33%	236.91%	251.15%	267.37%	286.27%	332.75%
Cash to Minimum Debt Service	173.81%	181.17%	187.02%	192.11%	174.16%	178.84%	179.00%	185.98%	193.71%	202.54%	229.42%
Loan To Value Ratios											
Loan to Purchase Price	88.17%	87.08%	85.93%	84.71%	83.42%	82.04%	80.58%	79.03%	77.38%	75.64%	73.78%
Loan to Capitalized Value	59.98%	56.83%	54.33%	52.14%	56.63%	54.24%	53.23%	50.25%	47.23%	44.16%	38.03%
Loan to Lowest Present Value	62.27%	61.50%	60.69%	59.83%	58.92%	57.94%	56.91%	55.82%	54.66%	53.42%	52.11%
Loan to Highest Present Value	57.70%	56.99%	56.24%	55.44%	54.59%	53.69%	52.74%	51.72%	50.65%	49.50%	48.29%
Lenders Yields (IRR)											
Base Yield to Maturity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Including Fees & Penalties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.13%

Prospective Property Resale

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Resale Amount											
Gross Proceeds from Sale	$74,050,387	$76,437,933	$78,520,453	$71,184,973	$73,097,147	$73,163,253	$76,013,693	$79,173,773	$82,781,293	$93,769,653	$99,531,213
Commissions & Adjustments	(2,221,512)	(2,293,138)	(2,355,614)	(2,135,549)	(2,192,914)	(2,194,898)	(2,280,411)	(2,375,213)	(2,483,439)	(2,813,090)	(2,985,936)
Net Proceeds From Sale	71,828,875	74,144,795	76,164,839	69,049,424	70,904,233	70,968,355	73,733,282	76,798,560	80,297,854	90,956,563	96,545,277
Outstanding Debt Retirement											
Total Principal Balances	(42,084,275)	(41,528,779)	(40,939,020)	(40,312,887)	(39,648,135)	(38,942,383)	(38,193,101)	(37,397,606)	(36,553,046)	(35,656,395)	(34,704,441)
Net Resale Proceeds After Debt	$29,744,600	$32,616,016	$35,225,819	$28,736,537	$31,256,098	$32,025,972	$35,540,181	$39,400,954	$43,744,808	$55,300,168	$61,840,836
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========
Unleveraged Annual IRR	50.49%	29.98%	23.64%	17.59%	14.99%	13.67%	13.20%	13.07%	13.01%	13.09%	13.04%
Leveraged Annual IRR	264.58%	112.19%	77.02%	53.57%	43.66%	37.85%	34.96%	33.23%	31.93%	31.12%	30.07%

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Nov-2011	$5,328,012	$4,933,344	$4,921,951	$4,910,610	$4,899,321	$4,888,084
Year 2	Nov-2012	5,553,779	4,761,471	4,739,503	4,717,687	4,696,022	4,674,505
Year 3	Nov-2013	5,732,845	4,550,917	4,519,459	4,488,291	4,457,408	4,426,808
Year 4	Nov-2014	5,889,034	4,328,616	4,288,767	4,249,375	4,210,435	4,171,940
Year 5	Nov-2015	55,916	38,055	37,618	37,187	36,761	36,342
Year 6	Nov-2016	4,152,295	2,616,650	2,580,601	2,545,129	2,510,225	2,475,878
Year 7	Nov-2017	4,146,171	2,419,251	2,380,410	2,342,281	2,304,848	2,268,097
Year 8	Nov-2018	5,701,027	3,080,088	3,023,639	2,968,351	2,914,198	2,861,154
Year 9	Nov-2019	5,938,033	2,970,495	2,909,319	2,849,541	2,791,124	2,734,035
Year 10	Nov-2020	682,065	315,928	308,708	301,667	294,804	288,112
Year 11	Nov-2021	5,639,187	2,418,550	2,357,814	2,298,738	2,241,272	2,185,370
Total Cash Flow		48,818,364	32,433,365	32,067,789	31,708,857	31,356,418	31,010,325
Property Resale @ 7.50% Cap		96,545,277	41,406,614	40,366,777	39,355,362	38,371,530	37,414,466
Total Property Present Value			$73,839,979	$72,434,566	$71,064,219	$69,727,948	$68,424,791
			==========	==========	==========	==========	==========
Rounded to Thousands			$73,840,000	$72,435,000	$71,064,000	$69,728,000	$68,425,000
			==========	==========	==========	==========	==========
Per SqFt			388.63	381.23	374.02	366.99	360.13

Percentage Value Distribution

Assured Income	32.19%	32.61%	33.03%	33.45%	33.88%
Prospective Income	11.73%	11.66%	11.59%	11.52%	11.44%
Prospective Property Resale	56.08%	55.73%	55.38%	55.03%	54.68%
	==========	==========	==========	==========	==========
	100.00%	100.00%	100.00%	100.00%	100.00%

Resale - Cap Rate Matrix
Cash Flow Before Debt Service plus Property Resale in Year 11, Nov-2021
Discounted Annually (Endpoint on Cash Flow & Resale)

For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.00%	P.V. of Property @ 8.25%	P.V. of Property @ 8.50%	P.V. of Property @ 8.75%	P.V. of Property @ 9.00%
6.50%	************	$80,210,228	$78,644,840	$77,118,890	$75,631,260	$74,180,863
6.75%	107,272,530	78,440,714	76,919,764	75,437,037	73,991,451	72,581,954
7.00%	103,441,368	76,797,595	75,317,907	73,875,316	72,468,771	71,097,253
7.25%	99,874,424	75,267,794	73,826,524	72,421,301	71,051,104	69,714,945
7.50%	96,545,277	73,839,979	72,434,566	71,064,219	69,727,948	68,424,791
7.75%	93,430,913	72,504,282	71,132,412	69,794,691	68,490,156	67,217,873
8.00%	90,511,197	71,252,066	69,911,643	68,604,509	67,329,727	66,086,387
8.25%	87,768,434	70,075,742	68,764,859	67,486,459	66,239,627	65,023,476
8.50%	85,187,009	68,968,613	67,685,534	66,434,177	65,213,650	64,023,089

Property Summary Report

Timing & Inflation	
Reporting Period:	December 1, 2010 to November 30, 2021; 11 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00% for 11 years
	0.00% thereafter
Property Size & Occupancy	
Property Size:	190,002 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	8.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	2.00%
Debt Financing	
Number of Notes:	1
Beginning Principal Balance:	$0
Average Year 1 Interest Rate:	0.00%
Property Purchase & Resale	
Purchase Price:	$48,326,808
Resale Method:	Capitalize Net Operating Income
Cap Rate:	7.50%
Cap Year:	Year 12
Commission/Closing Cost:	$2,985,936
Net Cash Flow from Sale:	$96,545,277
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	8.50%
Unleveraged Present Value:	$71,064,219 at 8.50%
Unleveraged Annual IRR:	13.04%
Leveraged Discount Rate:	8.50%
Value of Equity Interest:	$35,161,716 at 8.50%
Leveraged Annual IRR:	30.07%

5% Rent Growth

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
For the Months	May-2008	Jun-2008	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009
Land/Acquisition Costs																		
Land Cost	$7,600,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Hard/Construction Costs																		
Hard Costs	$176,401	$485,103	$815,855	$1,102,506	$1,367,108	$1,565,558	$1,741,960	$1,852,210	$1,918,361	$1,918,361	$1,852,210	$1,741,959	$1,565,559	$1,367,108	$1,102,506	$815,855	$485,102	$176,401
Contingency	$8,820	$24,255	$40,793	$55,125	$68,355	$78,278	$87,098	$92,611	$95,918	$95,918	$92,611	$87,098	$78,278	$68,355	$55,125	$40,793	$24,255	$8,820
Soft/Development Costs																		
Arch & Eng.	$2,205,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Soft Costs	$13,926	$38,297	$64,408	$87,037	$107,927	$123,593	$137,519	$146,223	$151,446	$151,445	$146,223	$137,520	$123,593	$107,927	$87,038	$64,408	$38,296	$13,926
Contingency	$1,308	$3,598	$6,051	$8,177	$10,139	$11,611	$12,920	$13,737	$14,228	$14,228	$13,737	$12,920	$11,611	$10,139	$8,177	$6,051	$3,598	$1,309
Tenant Improvements																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Leasing Commissions																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Total	$10,005,547	$551,253	$927,107	$1,252,845	$1,553,529	$1,779,040	$1,979,497	$2,104,781	$2,179,953	$2,179,952	$2,104,781	$1,979,497	$1,779,041	$1,553,529	$1,252,846	$927,107	$551,251	$200,456
Cumulative Total	$10,005,547	$10,556,800	$11,483,907	$12,736,752	$14,290,281	$16,069,321	$18,048,818	$20,153,599	$22,333,552	$24,513,504	$26,618,285	$28,597,782	$30,376,823	$31,930,352	$33,183,198	$34,110,305	$34,661,556	$34,862,012
Interest Reserve																		
Beging Balance	$0	$551,253	$1,479,614	$2,737,079	$4,300,201	$6,095,251	$8,098,398	$10,235,469	$12,457,132	$14,688,710	$16,855,247	$18,906,507	$20,766,906	$22,410,692	$23,761,767	$24,793,916	$25,455,631	$25,770,405
Interest for Period	$0	$1,254	$4,620	$9,593	$16,010	$23,650	$32,291	$41,710	$51,626	$61,757	$71,763	$81,358	$90,257	$98,229	$105,042	$110,464	$114,318	$116,539
Ending Balance	$0	$552,507	$1,484,234	$2,746,672	$4,316,211	$6,118,901	$8,130,688	$10,277,179	$12,508,758	$14,750,466	$16,927,010	$18,987,865	$20,857,163	$22,508,921	$23,866,809	$24,904,380	$25,569,949	$25,886,944

5% Rent Growth

	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	
For the Months	Nov-2009	Dec-2009	Jan-2010	Feb-2010	Mar-2010	Apr-2010	May-2010	Jun-2010	Jul-2010	Aug-2010	Sep-2010	Oct-2010	Nov-2010	Total
Land/Acquisition Costs														
Land Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,600,080
Hard/Construction Costs														
Hard Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,050,123
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,102,506
													Subtotal	**$23,152,629**
Soft/Development Costs														
Arch & Eng.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,205,012
Soft Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,740,752
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$163,539
													Subtotal	**$4,109,303**
Tenant Improvements														
Tenant 1	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 2	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 3	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 4	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 5	$0	$0	$0	$0	$0	$0	$1,425,015	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015	$1,425,015
													Subtotal	**$8,550,090**
Leasing Commissions														
Tenant 1	$412,178	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$412,178
Tenant 2	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 3	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 4	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 5	$0	$0	$0	$0	$0	$0	$289,840	$0	$0	$0	$0	$0	$0	$289,840
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$294,156	$294,156
													Subtotal	**$1,852,938**
Current Total	$6,969,002	$0	$0	$0	$0	$0	$1,714,855	$0	$0	$0	$0	$0	$1,719,171	**$45,265,040**
Cumulative Total	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$45,265,040	
Interest Reserve														
Beging Balance	$32,855,946	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$35,459,854	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$38,151,956	
Interest for Period	$133,375	$149,798	$150,442	$151,125	$151,811	$152,500	$157,094	$161,700	$162,425	$163,162	$163,903	$164,647	$169,306	**$3,061,769**
Ending Balance	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$33,744,999	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$36,432,785	$38,321,262	**$48,326,809**

5% Rent Growth-IRR Calculation

Year from stabilization			1	2	3	4	5	6	7	8	9	10
Month	1		32	44	56	68	80	92	104	116	128	140
For the Months	May-2008	Oct-2010	Nov-2011	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020
	39569	40452	40848	41214	41579	41944	42309	42675	43040	43405	43770	44136
Initial Cost	-$10,005,547											
Cash Flow After Debt Service			$2,262,572	$2,488,336	$2,667,403	$2,823,593	-$3,009,526	$1,086,853	$1,080,730	$2,635,584	$2,872,591	-$2,383,377
Proceeds from Refinance		$3,860,164										
Proceeds from Sale												$61,840,836
Net Cash Flow	-$10,005,547	$3,860,164	$2,262,572	$2,488,336	$2,667,403	$2,823,593	-$3,009,526	$1,086,853	$1,080,730	$2,635,584	$2,872,591	$59,457,459
IRR	**24.1%**											

SENSITIVITY ANALYSIS – Case #2 – 3% Rent Growth vs. 5% Expense Growth

Summary of Assumptions

Construction Budget:	$48,326,808
Equity Required:	$10,005,547
Construction Debt:	$38,321,261
Permanent Debt:	$42,607,500
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	3% per annum
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	**5% annual growth after initial lease up period (starting April 2012)**
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%

Summary of Financial Results

	Base Case	5% Expense Growth
Stabilized Value (December 2010)	**$56,810,000**	**$51,294,844**
Stabilized NOI:	$5,318,353	$5,314,550
Stabilized Net Cash Flow (NCF):	$2,252,913	$2,249,110
DCSR	1.52x	1.52x
Leveraged IRR:	**18.70%**	**16.36%**
Net Proceeds from Permanent Loan:	$3,808,130	$3,860,164
Net Proceeds from Sale:	**$31,515,368**	**$23,773,380**

Since the expense growth is not projected to increase to 5% until after stabilization, the loan amount is assumed to be the same, even though the stabilized value decreases a little more than $5 million. The most interesting result of this analysis is the fact that the order of magnitude of expense growth versus rent growth is far smaller. Thus, while controlling operating expenses is important, it is not crucial to the success or failure of the project. While the 16.3% leverage IRR is in the lower range of equity returns, it is acceptable for this type of project.

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 12/1/2010

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Potential Gross Revenue												
Base Rental Revenue	$6,665,371	$6,865,330	$7,071,285	$7,283,428	$7,513,153	$7,729,856	$7,961,751	$8,197,564	$8,443,485	$8,597,994	$8,725,250	$8,866,788
Absorption & Turnover Vacancy	0	0	0	(311,796)	(630,837)	(217,577)	(110,534)	0	0	(949,748)	(237,437)	(237,437)
Scheduled Base Rental Revenue	6,665,371	6,865,330	7,071,285	6,971,632	6,882,316	7,512,279	7,851,217	8,197,564	8,443,485	7,648,246	8,487,813	8,629,351
Expense Reimbursement Revenue	1,652,312	1,818,560	1,932,550	1,947,101	717,642	504,203	194,594	338,156	490,923	264,942	214,246	257,107
Total Potential Gross Revenue	8,317,683	8,683,890	9,003,835	8,918,733	7,599,958	8,016,482	8,045,811	8,535,720	8,934,408	7,913,188	8,702,059	8,886,458
General Vacancy	(665,414)	(694,713)	(720,306)	(401,703)	0	(423,742)	(533,131)	(682,857)	(714,752)	0	(458,728)	(473,480)
Collection Loss	(166,355)	(173,677)	(180,076)	(178,376)	(152,000)	(160,329)	(160,916)	(170,714)	(178,689)	(158,264)	(174,041)	(177,730)
Effective Gross Revenue	7,485,914	7,815,500	8,103,453	8,338,654	7,447,958	7,432,411	7,351,764	7,682,149	8,040,967	7,754,924	8,069,290	8,235,248
Operating Expenses												
Operating Expenses	2,171,364	2,279,931	2,393,927	2,513,623	2,639,306	2,771,269	2,909,835	3,055,326	3,208,092	3,368,496	3,536,922	3,713,767
Total Operating Expenses	2,171,364	2,279,931	2,393,927	2,513,623	2,639,306	2,771,269	2,909,835	3,055,326	3,208,092	3,368,496	3,536,922	3,713,767
Net Operating Income	5,314,550	5,535,569	5,709,526	5,825,031	4,808,652	4,661,142	4,441,929	4,626,823	4,832,875	4,386,428	4,532,368	4,521,481
Debt Service												
Interest Payments	2,542,216	2,509,946	2,475,684	2,439,308	2,400,690	2,359,690	2,316,160	2,269,947	2,220,881	2,168,792	2,113,488	0
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954	0
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	3,491,515	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442	0
Leasing & Capital Costs												
Tenant Improvements	0	0	0	0	4,433,380	1,108,345	1,108,345	0	0	4,433,380	1,108,345	1,108,345
Leasing Commissions	0	0	0	0	774,761	198,761	204,724	0	0	877,368	219,342	219,342
Total Leasing & Capital Costs	0	0	0	0	5,208,141	1,307,106	1,313,069	0	0	5,310,748	1,327,687	1,327,687
Development Costs												
Land/Acquisition Costs												
Land Cost	0	0	0	0	0	0	0	0	0	0	0	0
Total Land/Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
Hard/Construction Costs												
Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Hard/Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0
Soft/Development Costs												
Arch & Eng.	0	0	0	0	0	0	0	0	0	0	0	0
Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Soft/Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service But Before Taxes	$1,823,035	$2,470,126	$2,644,084	$2,759,590	($3,464,931)	$288,594	$63,419	$1,561,380	$1,767,433	($3,989,762)	$139,239	$3,193,794

Schedule Of Expense Reimbursement Revenue

al Year Reimbursable Operating Expenses Adjusted for 95% Occupancy

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Reimbursable Expenses												
Operating Expenses	$2,171,362	$2,279,930	$2,393,927	$2,513,623	$2,639,305	$2,771,270	$2,909,833	$3,055,325	$3,208,091	$3,368,496	$3,536,921	$3,713,767
Total Reimbursable Expenses	$2,171,362	$2,279,930	$2,393,927	$2,513,623	$2,639,305	$2,771,270	$2,909,833	$3,055,325	$3,208,091	$3,368,496	$3,536,921	$3,713,767
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

Reimbursable Operating Expenses used for Reimbursement Calculations

For the Years Ending	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021
Reimbursable Expenses												
Operating Expenses	$1,384,122	$2,180,013	$2,289,014	$2,403,465	$2,523,638	$2,649,820	$2,782,311	$2,921,426	$3,067,498	$3,220,873	$3,381,916	$3,551,012
Total Reimbursable Expenses	$1,384,122	$2,180,013	$2,289,014	$2,403,465	$2,523,638	$2,649,820	$2,782,311	$2,921,426	$3,067,498	$3,220,873	$3,381,916	$3,551,012
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

Resulting Fiscal Year Property Expense Reimbursement Revenue

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	$1,652,312	$1,818,560	$1,932,550	$1,947,101	$717,642	$504,203	$194,594	$338,156	$490,923	$264,942	$214,246	$257,107
Total Expense Reimbursement	$1,652,312	$1,818,560	$1,932,550	$1,947,101	$717,642	$504,203	$194,594	$338,156	$490,923	$264,942	$214,246	$257,107
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

ntage of Reimbursable Expenses Collected as Expense Reimbursement

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	76.10%	79.76%	80.73%	77.46%	27.19%	18.19%	6.69%	11.07%	15.30%	7.87%	6.06%	6.92%
Total Expense Reimbursement	76.10%	79.76%	80.73%	77.46%	27.19%	18.19%	6.69%	11.07%	15.30%	7.87%	6.06%	6.92%
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

Individual Loan & Debt Service Summary
Loan number 1 - Perm

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Minimum Debt Service											
Interest Payments	$2,542,216	$2,509,946	$2,475,684	$2,439,308	$2,400,690	$2,359,690	$2,316,160	$2,269,947	$2,220,881	$2,168,792	$2,113,488
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954
Total Minimum Debt Service	3,065,440	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442
Fees & Contingencies											
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0
Total Fees & Contingencies	426,075	0	0	0	0	0	0	0	0	0	0
Reductions & Retirement											
Principal Balloon or Call	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Reductions & Retirement	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Cash Flow Paid To Lender	$3,491,515	$3,065,443	$3,065,442	$3,065,441	$3,065,442	$3,065,442	$3,065,441	$3,065,443	$3,065,442	$3,065,442	$37,769,883
Principal Balance Summary											
Beginning Principal Balance	$42,607,499	$42,084,276	$41,528,778	$40,939,020	$40,312,887	$39,648,135	$38,942,382	$38,193,102	$37,397,607	$36,553,045	$35,656,395
Periodic Principal Reductions	(523,224)	(555,497)	(589,758)	(626,133)	(664,752)	(705,752)	(749,281)	(795,496)	(844,561)	(896,650)	(951,954)
Principal Balloon Payments	0	0	0	0	0	0	0	0	0	0	(34,704,441)
Ending Principal Balance	$42,084,275	$41,528,779	$40,939,020	$40,312,887	$39,648,135	$38,942,383	$38,193,101	$37,397,606	$36,553,046	$35,656,395	$0
Interest Rates											
Interest Rate on Principal	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cash Flow Coverage Ratios											
Cash to Total Interest Charged	209.05%	220.55%	230.62%	238.80%	200.30%	197.53%	191.78%	203.83%	217.61%	202.25%	214.45%
Cash to Minimum Debt Service	173.37%	180.58%	186.25%	190.02%	156.87%	152.05%	144.90%	150.93%	157.66%	143.09%	147.85%
Loan To Value Ratios											
Loan to Purchase Price	88.17%	87.08%	85.93%	84.71%	83.42%	82.04%	80.58%	79.03%	77.38%	75.64%	73.78%
Loan to Capitalized Value	60.13%	57.02%	54.55%	52.71%	62.88%	63.80%	65.75%	61.91%	58.04%	62.50%	59.00%
Loan to Lowest Present Value	85.93%	84.88%	83.76%	82.57%	81.30%	79.96%	78.54%	77.03%	75.42%	73.72%	71.91%
Loan to Highest Present Value	80.25%	79.27%	78.22%	77.11%	75.93%	74.68%	73.35%	71.94%	70.44%	68.85%	67.16%
Lenders Yields (IRR)											
Base Yield to Maturity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Including Fees & Penalties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.13%

Prospective Property Resale

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Resale Amount											
Gross Proceeds from Sale	$73,807,587	$76,127,013	$77,667,080	$64,115,360	$62,148,560	$59,225,720	$61,690,973	$64,438,333	$58,485,707	$60,431,573	$60,286,413
Commissions & Adjustments	(2,214,228)	(2,283,810)	(2,330,012)	(1,923,461)	(1,864,457)	(1,776,772)	(1,850,729)	(1,933,150)	(1,754,571)	(1,812,947)	(1,808,592)
Net Proceeds From Sale	71,593,359	73,843,203	75,337,068	62,191,899	60,284,103	57,448,948	59,840,244	62,505,183	56,731,136	58,618,626	58,477,821
Outstanding Debt Retirement											
Total Principal Balances	(42,084,275)	(41,528,779)	(40,939,020)	(40,312,887)	(39,648,135)	(38,942,383)	(38,193,101)	(37,397,606)	(36,553,046)	(35,656,395)	(34,704,441)
Net Resale Proceeds After Debt	$29,509,084	$32,314,424	$34,398,048	$21,879,012	$20,635,968	$18,506,565	$21,647,143	$25,107,577	$20,178,090	$22,962,231	$23,773,380
	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========
Unleveraged Annual IRR	50.01%	29.72%	23.23%	15.12%	11.81%	10.21%	10.14%	10.34%	9.30%	8.74%	8.51%
Leveraged Annual IRR	261.70%	111.19%	75.74%	46.09%	34.01%	27.32%	26.15%	25.85%	21.99%	19.80%	18.54%

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Nov-2011	$5,314,550	$4,920,880	$4,909,515	$4,898,203	$4,886,943	$4,875,734
Year 2	Nov-2012	5,535,569	4,745,858	4,723,963	4,702,218	4,680,623	4,659,178
Year 3	Nov-2013	5,709,526	4,532,406	4,501,076	4,470,034	4,439,277	4,408,801
Year 4	Nov-2014	5,825,031	4,281,571	4,242,155	4,203,193	4,164,676	4,126,599
Year 5	Nov-2015	(399,489)	(271,885)	(268,760)	(265,678)	(262,638)	(259,640)
Year 6	Nov-2016	3,354,036	2,113,611	2,084,492	2,055,839	2,027,645	1,999,902
Year 7	Nov-2017	3,128,860	1,825,660	1,796,350	1,767,576	1,739,328	1,711,593
Year 8	Nov-2018	4,626,823	2,499,729	2,453,915	2,409,045	2,365,096	2,322,047
Year 9	Nov-2019	4,832,875	2,417,640	2,367,852	2,319,199	2,271,653	2,225,190
Year 10	Nov-2020	(924,320)	(428,139)	(418,354)	(408,814)	(399,511)	(390,443)
Year 11	Nov-2021	3,204,681	1,374,433	1,339,917	1,306,345	1,273,687	1,241,919
Total Cash Flow		40,208,142	28,011,764	27,732,121	27,457,160	27,186,779	26,920,880
Property Resale @ 7.50% Cap		58,477,821	25,080,135	24,450,302	23,837,684	23,241,773	22,662,077
Total Property Present Value			$53,091,899	$52,182,423	$51,294,844	$50,428,552	$49,582,957
Rounded to Thousands			$53,092,000	$52,182,000	$51,295,000	$50,429,000	$49,583,000
Per SqFt			279.43	274.64	269.97	265.41	260.96

Percentage Value Distribution

Assured Income	44.68%	45.18%	45.67%	46.17%	46.66%
Prospective Income	8.08%	7.96%	7.86%	7.74%	7.63%
Prospective Property Resale	47.24%	46.86%	46.47%	46.09%	45.71%
	100.00%	100.00%	100.00%	100.00%	100.00%

Resale - Cap Rate Matrix
Cash Flow Before Debt Service plus Property Resale in Year 11, Nov-2021
Discounted Annually (Endpoint on Cash Flow & Resale)

For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.00%	P.V. of Property @ 8.25%	P.V. of Property @ 8.50%	P.V. of Property @ 8.75%	P.V. of Property @ 9.00%
6.50%	$67,474,409	$56,950,381	$55,944,008	$54,962,180	$54,004,210	$53,069,430
6.75%	64,975,357	55,878,581	54,899,123	53,943,476	53,010,971	52,100,965
7.00%	62,654,808	54,883,337	53,928,873	52,997,536	52,088,679	51,201,676
7.25%	60,494,298	53,956,731	53,025,537	52,116,833	51,229,993	50,364,408
7.50%	58,477,821	53,091,899	52,182,423	51,294,844	50,428,552	49,582,957
7.75%	56,591,440	52,282,862	51,393,704	50,525,887	49,678,818	48,851,922
8.00%	54,822,957	51,524,391	50,654,279	49,804,989	48,975,941	48,166,577
8.25%	53,161,655	50,811,887	49,959,668	49,127,782	48,315,664	47,522,768
8.50%	51,598,077	50,141,295	49,305,917	48,490,411	47,694,226	46,916,830

Property Summary Report

Timing & Inflation	
Reporting Period:	December 1, 2010 to November 30, 2021; 11 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00% for 11 years
	0.00% thereafter
Property Size & Occupancy	
Property Size:	190,002 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	8.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	2.00%
Debt Financing	
Number of Notes:	1
Beginning Principal Balance:	$0
Average Year 1 Interest Rate:	0.00%
Property Purchase & Resale	
Purchase Price:	$48,326,808
Resale Method:	Capitalize Net Operating Income
Cap Rate:	7.50%
Cap Year:	Year 12
Commission/Closing Cost:	$1,808,592
Net Cash Flow from Sale:	$58,477,821
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	8.50%
Unleveraged Present Value:	$51,294,844 at 8.50%
Unleveraged Annual IRR:	8.51%
Leveraged Discount Rate:	8.50%
Value of Equity Interest:	$15,392,341 at 8.50%
Leveraged Annual IRR:	18.54%

5% Expense Growth

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
For the Months	May-2008	Jun-2008	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009
Land/Acquisition Costs																		
Land Cost	$7,600,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Hard/Construction Costs																		
Hard Costs	$176,401	$485,103	$815,855	$1,102,506	$1,367,108	$1,565,558	$1,741,960	$1,852,210	$1,918,361	$1,918,361	$1,852,210	$1,741,959	$1,565,559	$1,367,108	$1,102,506	$815,855	$485,102	$176,401
Contingency	$8,820	$24,255	$40,793	$55,125	$68,355	$78,278	$87,098	$92,611	$95,918	$95,918	$92,611	$87,098	$78,278	$68,355	$55,125	$40,793	$24,255	$8,820
Soft/Development Costs																		
Arch & Eng.	$2,205,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Soft Costs	$13,926	$38,297	$64,408	$87,037	$107,927	$123,593	$137,519	$146,223	$151,446	$151,445	$146,223	$137,520	$123,593	$107,927	$87,038	$64,408	$38,296	$13,926
Contingency	$1,308	$3,598	$6,051	$8,177	$10,139	$11,611	$12,920	$13,737	$14,228	$14,228	$13,737	$12,920	$11,611	$10,139	$8,177	$6,051	$3,598	$1,309
Tenant Improvements																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Leasing Commissions																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Total	$10,005,547	$551,253	$927,107	$1,252,845	$1,553,529	$1,779,040	$1,979,497	$2,104,781	$2,179,953	$2,179,952	$2,104,781	$1,979,497	$1,779,041	$1,553,529	$1,252,846	$927,107	$551,251	$200,456
Cumulative Total	$10,005,547	$10,556,800	$11,483,907	$12,736,752	$14,290,281	$16,069,321	$18,048,818	$20,153,599	$22,333,552	$24,513,504	$26,618,285	$28,597,782	$30,376,823	$31,930,352	$33,183,198	$34,110,305	$34,661,556	$34,862,012
Interest Reserve																		
Beging Balance	$0	$551,253	$1,479,614	$2,737,079	$4,300,201	$6,095,251	$8,098,398	$10,235,469	$12,457,132	$14,688,710	$16,855,247	$18,906,507	$20,766,906	$22,410,692	$23,761,767	$24,793,916	$25,455,631	$25,770,405
Interest for Period	$0	$1,254	$4,620	$9,593	$16,010	$23,650	$32,291	$41,710	$51,626	$61,757	$71,763	$81,358	$90,257	$98,229	$105,042	$110,464	$114,318	$116,539
Ending Balance	$0	$552,507	$1,484,234	$2,746,672	$4,316,211	$6,118,901	$8,130,688	$10,277,179	$12,508,758	$14,750,466	$16,927,010	$18,987,865	$20,857,163	$22,508,921	$23,866,809	$24,904,380	$25,569,949	$25,886,944

5% Expense Growth

For the Months	Month 19 Nov-2009	Month 20 Dec-2009	Month 21 Jan-2010	Month 22 Feb-2010	Month 23 Mar-2010	Month 24 Apr-2010	Month 25 May-2010	Month 26 Jun-2010	Month 27 Jul-2010	Month 28 Aug-2010	Month 29 Sep-2010	Month 30 Oct-2010	Month 31 Nov-2010	Total
Land/Acquisition Costs														
Land Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,600,080
Hard/Construction Costs														
Hard Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$22,050,123
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,102,506
													Subtotal	**$23,152,629**
Soft/Development Costs														
Arch & Eng.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,205,012
Soft Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,740,752
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$163,539
													Subtotal	**$4,109,303**
Tenant Improvements														
Tenant 1	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 2	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 3	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 4	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 5	$0	$0	$0	$0	$0	$0	$1,425,015	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015	$1,425,015
													Subtotal	**$8,550,090**
Leasing Commissions														
Tenant 1	$412,178	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$412,178
Tenant 2	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 3	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 4	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 5	$0	$0	$0	$0	$0	$0	$289,840	$0	$0	$0	$0	$0	$0	$289,840
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$294,156	$294,156
													Subtotal	**$1,852,938**
Current Total	$6,969,002	$0	$0	$0	$0	$0	$1,714,855	$0	$0	$0	$0	$0	$1,719,171	**$45,265,040**
Cumulative Total	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$41,831,014	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$43,545,869	$45,265,040	
Interest Reserve														
Beging Balance	$32,855,946	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$35,459,854	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$38,151,956	
Interest for Period	$133,375	$149,798	$150,442	$151,125	$151,811	$152,500	$157,094	$161,700	$162,425	$163,162	$163,903	$164,647	$169,306	**$3,061,769**
Ending Balance	$32,989,321	$33,139,119	$33,289,561	$33,440,687	$33,592,498	$33,744,999	$35,616,948	$35,778,647	$35,941,072	$36,104,235	$36,268,138	$36,432,785	$38,321,262	**$48,326,809**

5% Expense Growth-IRR Calculation

Year from stabilization			1	2	3	4	5	6	7	8	9	10
Month	1		32	44	56	68	80	92	104	116	128	140
For the Months	May-2008	Oct-2010	Nov-2011	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020
	39569	40452	40848	41214	41579	41944	42309	42675	43040	43405	43770	44136
Initial Cost	-$10,005,547											
Cash Flow After Debt Service			$2,249,110	$2,470,126	$2,644,084	$2,759,590	-$3,464,931	$288,594	$63,419	$1,561,380	$1,767,433	-$3,989,762
Proceeds from Refinance		$3,860,164										
Proceeds from Sale												$23,773,380
Net Cash Flow	-$10,005,547	$3,860,164	$2,249,110	$2,470,126	$2,644,084	$2,759,590	-$3,464,931	$288,594	$63,419	$1,561,380	$1,767,433	$19,783,618
IRR	**16.4%**											

SENSITIVITY ANALYSIS – Case #3 – 10% Hard Costs Reduction

Summary of Assumptions

Construction Budget:	**$45,525,651**
Equity Required:	**$10,005,547 (since reduction would most likely happed during construction, this is not reduced. Lender will require the equity to be front loaded.)**
Construction Debt:	**$35,520,104**
Permanent Debt:	$42,607,500
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	3% per annum
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	3% per annum
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%

Summary of Financial Results

	Base Case	10% Hard Costs Savings
Stabilized Value (December 2010)	**$56,810,000**	**$56,810,000**
Stabilized NOI:	$5,318,353	$5,318,353
Stabilized Net Cash Flow (NCF):	$2,252,913	$2,252,913
DCSR	1.52x	1.52x
Leveraged IRR:	**18.70%**	**22.14%**
Net Proceeds from Permanent Loan:	$3,808,130	$6,661,321
Net Proceeds from Sale:	**$31,515,368**	**$31,515,368**

This analysis assumes that during construction, value engineering results in savings on either materials or labor. A 10% hard costs saving results in an increase in yield from 18.70% to 22.14%. The increase results from an almost $3 million dollar increase in loan proceeds from permanent loan since the construction loan is less than expected. LoneWolf will work with the development team to find any possible cost savings during construction.

SENSITIVITY ANALYSIS – Case #3 – 10% Hard Costs Reduction

Total Develoment Budget

	Total	% of Total	$/SF
Land Cost	**$7,600,080**	**16.7%**	**$40.00**
Hard Costs			
Hard Costs	$19,862,751	43.6%	$104.54
Hard Cost Contingency 5%	$993,137	2.2%	$5.23
Total Hard Costs	**$20,855,888**	**45.8%**	**$109.77**
Soft Cost			
Architectural & Engineering	$1,986,275	4.4%	$10.45
Overhead/Development Fees	$297,941	0.7%	$1.57
Testing & Inspections	$260,000	0.6%	$1.37
Permits & Fees	$475,000	1.0%	$2.50
Soft Cost Contingency	$150,961	0.3%	$0.79
Legal	$250,000	0.5%	$1.32
Taxes/Insurance	$425,000	0.9%	$2.24
Total Soft Costs	**$3,845,177**	**8.4%**	**$20.24**
Leasing Costs			
Tenant Improvements	$8,550,090	18.8%	$45.00
Leasing Commissions	$1,852,938	4.1%	$9.75
Total Leasing Costs	**$10,403,028**	**22.9%**	**$54.75**
Financing Costs	**$2,821,478**	**6.2%**	**$14.85**
Total Project Costs	**$45,525,651**	**100.0%**	**$239.61**

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 12/1/2010

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Potential Gross Revenue												
Base Rental Revenue	$6,665,371	$6,865,330	$7,071,285	$7,283,428	$7,513,153	$7,729,856	$7,961,751	$8,197,564	$8,443,485	$8,597,994	$8,725,250	$8,866,788
Absorption & Turnover Vacancy	0	0	0	(311,796)	(630,837)	(217,577)	(110,534)	0	0	(949,748)	(237,437)	(237,437)
Scheduled Base Rental Revenue	6,665,371	6,865,330	7,071,285	6,971,632	6,882,316	7,512,279	7,851,217	8,197,564	8,443,485	7,648,246	8,487,813	8,629,351
Expense Reimbursement Revenue	1,614,244	1,735,922	1,801,842	1,772,377	625,510	421,876	104,947	180,339	259,047	106,185	29,110	2,159
Total Potential Gross Revenue	8,279,615	8,601,252	8,873,127	8,744,009	7,507,826	7,934,155	7,956,164	8,377,903	8,702,532	7,754,431	8,516,923	8,631,510
General Vacancy	(662,369)	(688,100)	(709,850)	(387,725)	0	(417,156)	(525,959)	(670,232)	(696,202)	0	(443,916)	(453,084)
Collection Loss	(165,592)	(172,025)	(177,464)	(174,880)	(150,157)	(158,684)	(159,122)	(167,559)	(174,050)	(155,089)	(170,340)	(172,629)
Effective Gross Revenue	7,451,654	7,741,127	7,985,813	8,181,404	7,357,669	7,358,315	7,271,083	7,540,112	7,832,280	7,599,342	7,902,667	8,005,797
Operating Expenses												
Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Total Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Net Operating Income	5,318,353	5,543,829	5,722,596	5,850,291	4,956,623	4,885,237	4,723,811	4,916,424	5,129,881	4,890,368	5,193,693	5,296,823
Debt Service												
Interest Payments	2,542,216	2,509,946	2,475,684	2,439,308	2,400,690	2,359,690	2,316,160	2,269,947	2,220,881	2,168,792	2,113,488	0
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954	0
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	3,491,515	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442	0
Leasing & Capital Costs												
Tenant Improvements	0	0	0	0	4,433,380	1,108,345	1,108,345	0	0	4,433,380	1,108,345	1,108,345
Leasing Commissions	0	0	0	0	774,761	198,761	204,724	0	0	877,368	219,342	219,342
Total Leasing & Capital Costs	0	0	0	0	5,208,141	1,307,106	1,313,069	0	0	5,310,748	1,327,687	1,327,687
Development Costs												
Land/Acquisition Costs												
Land Cost	0	0	0	0	0	0	0	0	0	0	0	0
Total Land/Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
Hard/Construction Costs												
Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Hard/Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0
Soft/Development Costs												
Arch & Eng.	0	0	0	0	0	0	0	0	0	0	0	0
Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Soft/Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service	$1,826,838	$2,478,386	$2,657,154	$2,784,850	($3,316,960)	$512,689	$345,301	$1,850,981	$2,064,439	($3,485,822)	$800,564	$3,969,136
But Before Taxes	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========	==========

Software: ARGUS Ver. 13.0.2 (Build: 13000-D)
File: Infantry Dr-10% HC decrease
Property Type: Office/Industrial
Portfolio: CalPers

Date: 4/22/08
Time: 11:00 am
Ref#: AAB

Schedule Of Expense Reimbursement Revenue

al Year Reimbursable Operating Expenses Adjusted for 95% Occupancy

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Reimbursable Expenses												
Operating Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974

eimbursable Operating Expenses used for Reimbursement Calculations

For the Years Ending	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021
Reimbursable Expenses												
Operating Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974

Resulting Fiscal Year Property Expense Reimbursement Revenue

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159
Total Expense Reimbursement	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159

ntage of Reimbursable Expenses Collected as Expense Reimbursement

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%
Total Expense Reimbursement	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%

Individual Loan & Debt Service Summary
Loan number 1 - Perm

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Minimum Debt Service											
Interest Payments	$2,542,216	$2,509,946	$2,475,684	$2,439,308	$2,400,690	$2,359,690	$2,316,160	$2,269,947	$2,220,881	$2,168,792	$2,113,488
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954
Total Minimum Debt Service	3,065,440	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442
Fees & Contingencies											
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0
Total Fees & Contingencies	426,075	0	0	0	0	0	0	0	0	0	0
Reductions & Retirement											
Principal Balloon or Call	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Reductions & Retirement	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Cash Flow Paid To Lender	$3,491,515	$3,065,443	$3,065,442	$3,065,441	$3,065,442	$3,065,442	$3,065,441	$3,065,443	$3,065,442	$3,065,442	$37,769,883
Principal Balance Summary											
Beginning Principal Balance	$42,607,499	$42,084,276	$41,528,778	$40,939,020	$40,312,887	$39,648,135	$38,942,382	$38,193,102	$37,397,607	$36,553,045	$35,656,395
Periodic Principal Reductions	(523,224)	(555,497)	(589,758)	(626,133)	(664,752)	(705,752)	(749,281)	(795,496)	(844,561)	(896,650)	(951,954)
Principal Balloon Payments	0	0	0	0	0	0	0	0	0	0	(34,704,441)
Ending Principal Balance	$42,084,275	$41,528,779	$40,939,020	$40,312,887	$39,648,135	$38,942,383	$38,193,101	$37,397,606	$36,553,046	$35,656,395	$0
Interest Rates											
Interest Rate on Principal	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cash Flow Coverage Ratios											
Cash to Total Interest Charged	209.20%	220.87%	231.15%	239.83%	206.47%	207.03%	203.95%	216.59%	230.98%	225.49%	245.74%
Cash to Minimum Debt Service	173.49%	180.85%	186.68%	190.85%	161.69%	159.36%	154.10%	160.38%	167.35%	159.53%	169.43%
Loan To Value Ratios											
Loan to Purchase Price	93.59%	92.44%	91.22%	89.93%	88.55%	87.09%	85.54%	83.89%	82.15%	80.29%	78.32%
Loan to Capitalized Value	60.09%	56.93%	54.43%	52.48%	61.00%	60.87%	61.83%	58.26%	54.68%	56.06%	51.49%
Loan to Lowest Present Value	77.97%	77.02%	76.00%	74.92%	73.78%	72.56%	71.27%	69.90%	68.44%	66.89%	65.25%
Loan to Highest Present Value	72.63%	71.74%	70.79%	69.79%	68.72%	67.59%	66.39%	65.11%	63.75%	62.31%	60.78%
Lenders Yields (IRR)											
Base Yield to Maturity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Including Fees & Penalties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.13%

Prospective Property Resale

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Resale Amount											
Gross Proceeds from Sale	$73,917,720	$76,301,280	$78,003,880	$66,088,307	$65,136,493	$62,984,147	$65,552,320	$68,398,413	$65,204,907	$69,249,240	$70,624,307
Commissions & Adjustments	(2,217,532)	(2,289,038)	(2,340,116)	(1,982,649)	(1,954,095)	(1,889,524)	(1,966,570)	(2,051,952)	(1,956,147)	(2,077,477)	(2,118,729)
Net Proceeds From Sale	71,700,188	74,012,242	75,663,764	64,105,658	63,182,398	61,094,623	63,585,750	66,346,461	63,248,760	67,171,763	68,505,578
Outstanding Debt Retirement											
Total Principal Balances	(42,084,275)	(41,528,779)	(40,939,020)	(40,312,887)	(39,648,135)	(38,942,383)	(38,193,101)	(37,397,606)	(36,553,046)	(35,656,395)	(34,704,441)
Net Resale Proceeds After Debt	$29,615,913	$32,483,463	$34,724,744	$23,792,771	$23,534,263	$22,152,240	$25,392,649	$28,948,855	$26,695,714	$31,515,368	$33,801,137
Unleveraged Annual IRR	59.46%	33.97%	26.09%	17.83%	14.37%	12.62%	12.27%	12.25%	11.46%	11.03%	10.81%
Leveraged Annual IRR	452.53%	164.44%	106.79%	69.65%	54.80%	46.22%	42.89%	40.86%	37.33%	35.16%	33.50%

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Nov-2011	$5,318,353	$4,924,401	$4,913,028	$4,901,708	$4,890,440	$4,879,223
Year 2	Nov-2012	5,543,829	4,752,940	4,731,012	4,709,235	4,687,608	4,666,130
Year 3	Nov-2013	5,722,596	4,542,781	4,511,379	4,480,266	4,449,439	4,418,894
Year 4	Nov-2014	5,850,291	4,300,138	4,260,552	4,221,420	4,182,736	4,144,494
Year 5	Nov-2015	(251,518)	(171,178)	(169,211)	(167,271)	(165,358)	(163,470)
Year 6	Nov-2016	3,578,131	2,254,829	2,223,764	2,193,198	2,163,121	2,133,523
Year 7	Nov-2017	3,410,742	1,990,135	1,958,185	1,926,818	1,896,024	1,865,792
Year 8	Nov-2018	4,916,424	2,656,191	2,607,510	2,559,832	2,513,132	2,467,388
Year 9	Nov-2019	5,129,881	2,566,218	2,513,369	2,461,725	2,411,259	2,361,940
Year 10	Nov-2020	(420,380)	(194,717)	(190,267)	(185,928)	(181,698)	(177,573)
Year 11	Nov-2021	3,866,006	1,658,063	1,616,425	1,575,925	1,536,529	1,498,204
Total Cash Flow		42,664,355	29,279,801	28,975,746	28,676,928	28,383,232	28,094,545
Property Resale @ 7.50% Cap		68,505,578	29,380,868	28,643,031	27,925,362	27,227,265	26,548,162
Total Property Present Value			$58,660,669	$57,618,777	$56,602,290	$55,610,497	$54,642,707
Rounded to Thousands			$58,661,000	$57,619,000	$56,602,000	$55,610,000	$54,643,000
Per SqFt			308.74	303.25	297.90	292.68	287.59

Percentage Value Distribution

Assured Income	40.44%	40.91%	41.39%	41.86%	42.34%
Prospective Income	9.47%	9.38%	9.27%	9.18%	9.07%
Prospective Property Resale	50.09%	49.71%	49.34%	48.96%	48.59%
	100.00%	100.00%	100.00%	100.00%	100.00%

Resale - Cap Rate Matrix
Cash Flow Before Debt Service plus Property Resale in Year 11, Nov-2021
Discounted Annually (Endpoint on Cash Flow & Resale)

For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.00%	P.V. of Property @ 8.25%	P.V. of Property @ 8.50%	P.V. of Property @ 8.75%	P.V. of Property @ 9.00%
6.50%	$79,044,898	$63,180,803	$62,025,398	$60,898,500	$59,799,307	$58,727,040
6.75%	76,117,309	61,925,210	60,801,336	59,705,108	58,635,748	57,592,503
7.00%	73,398,834	60,759,303	59,664,708	58,596,959	57,555,301	56,539,004
7.25%	70,867,839	59,673,803	58,606,468	57,565,234	56,549,368	55,558,161
7.50%	68,505,578	58,660,669	57,618,777	56,602,290	55,610,497	54,642,707
7.75%	66,295,721	57,712,899	56,694,809	55,701,472	54,732,198	53,786,315
8.00%	64,223,979	56,824,365	55,828,588	54,856,955	53,908,793	52,983,447
8.25%	62,277,798	55,989,681	55,014,865	54,063,621	53,135,291	52,229,238
8.50%	60,446,098	55,204,096	54,249,009	53,316,953	52,407,289	51,519,394

Property Summary Report

Timing & Inflation	
Reporting Period:	December 1, 2010 to November 30, 2021; 11 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00% for 11 years
	0.00% thereafter
Property Size & Occupancy	
Property Size:	190,002 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	8.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	2.00%
Debt Financing	
Number of Notes:	1
Beginning Principal Balance:	$0
Average Year 1 Interest Rate:	0.00%
Property Purchase & Resale	
Purchase Price:	$45,525,651
Resale Method:	Capitalize Net Operating Income
Cap Rate:	7.50%
Cap Year:	Year 12
Commission/Closing Cost:	$2,118,729
Net Cash Flow from Sale:	$68,505,578
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	8.50%
Unleveraged Present Value:	$56,602,290 at 8.50%
Unleveraged Annual IRR:	10.81%
Leveraged Discount Rate:	8.50%
Value of Equity Interest:	$20,699,787 at 8.50%
Leveraged Annual IRR:	33.50%

10% Hard Cost Savings

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
For the Months	May-2008	Jun-2008	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009
Land/Acquisition Costs																		
Land Cost	$7,600,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Hard/Construction Costs																		
Hard Costs	$176,401	$436,593	$734,270	$992,255	$1,230,397	$1,409,002	$1,567,764	$1,666,989	$1,726,525	$1,726,525	$1,666,989	$1,567,763	$1,409,003	$1,230,397	$992,255	$734,270	$436,592	$158,761
Contingency	$8,820	$21,830	$36,714	$49,613	$61,520	$70,450	$78,388	$83,350	$86,326	$86,326	$83,350	$78,388	$70,450	$61,520	$49,613	$36,714	$21,830	$7,938
Soft/Development Costs																		
Arch & Eng.	$2,205,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Soft Costs	$13,926	$38,297	$64,408	$87,037	$107,927	$123,593	$137,519	$146,223	$151,446	$151,445	$146,223	$137,520	$123,593	$107,927	$87,038	$64,408	$38,296	$13,926
Contingency	$1,308	$3,598	$6,051	$8,177	$10,139	$11,611	$12,920	$13,737	$14,228	$14,228	$13,737	$12,920	$11,611	$10,139	$8,177	$6,051	$3,598	$1,309
Tenant Improvements																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Leasing Commissions																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Total	$10,005,547	$500,317	$841,442	$1,137,082	$1,409,983	$1,614,656	$1,796,591	$1,910,299	$1,978,525	$1,978,524	$1,910,299	$1,796,591	$1,614,657	$1,409,983	$1,137,083	$841,442	$500,315	$181,934
Cumulative Total	$10,005,547	$10,505,864	$11,347,306	$12,484,388	$13,894,371	$15,509,027	$17,305,619	$19,215,918	$21,194,443	$23,172,967	$25,083,266	$26,879,857	$28,494,514	$29,904,497	$31,041,580	$31,883,022	$32,383,337	$32,565,271
Interest Reserve																		
Beging Balance	$0	$500,317	$1,342,898	$2,484,173	$3,902,862	$5,532,049	$7,350,105	$9,289,710	$11,306,091	$13,331,471	$15,297,820	$17,159,543	$18,848,041	$20,339,941	$21,566,176	$22,502,955	$23,103,527	$23,389,216
Interest for Period	$0	$1,138	$4,193	$8,707	$14,531	$21,464	$29,307	$37,856	$46,855	$56,050	$65,132	$73,841	$81,917	$89,153	$95,336	$100,257	$103,755	$105,771
Ending Balance	$0	$501,455	$1,347,091	$2,492,879	$3,917,393	$5,553,513	$7,379,412	$9,327,566	$11,352,947	$13,387,521	$15,362,952	$17,233,383	$18,929,958	$20,429,093	$21,661,513	$22,603,212	$23,207,282	$23,494,987

10% Hard Cost Savings

For the Months	Month 19 Nov-2009	Month 20 Dec-2009	Month 21 Jan-2010	Month 22 Feb-2010	Month 23 Mar-2010	Month 24 Apr-2010	Month 25 May-2010	Month 26 Jun-2010	Month 27 Jul-2010	Month 28 Aug-2010	Month 29 Sep-2010	Month 30 Oct-2010	Month 31 Nov-2010	Total
Land/Acquisition Costs														
Land Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,600,080
Hard/Construction Costs														
Hard Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$19,862,751
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$993,137
													Subtotal	**$20,855,888**
Soft/Development Costs														
Arch & Eng.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,205,012
Soft Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,740,752
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$163,539
													Subtotal	**$4,109,303**
Tenant Improvements														
Tenant 1	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 2	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 3	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 4	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 5	$0	$0	$0	$0	$0	$0	$1,425,015	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015	$1,425,015
													Subtotal	**$8,550,090**
Leasing Commissions														
Tenant 1	$412,178	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$412,178
Tenant 2	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 3	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 4	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 5	$0	$0	$0	$0	$0	$0	$289,840	$0	$0	$0	$0	$0	$0	$289,840
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$294,156	$294,156
													Subtotal	**$1,852,938**
Current Total	$6,969,002	$0	$0	$0	$0	$0	$1,714,855	$0	$0	$0	$0	$0	$1,719,171	**$42,968,299**
Cumulative Total	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$42,968,299	
Interest Reserve														
Beging Balance	$30,463,989	$30,586,505	$30,725,395	$30,864,880	$31,004,997	$31,145,751	$33,001,999	$33,147,936	$33,298,427	$33,449,592	$33,601,444	$33,753,985	$35,626,390	
Interest for Period	$122,516	$138,890	$139,485	$140,118	$140,754	$141,393	$145,936	$150,491	$151,165	$151,852	$152,541	$153,234	$157,840	**$2,821,478**
Ending Balance	$30,586,505	$30,725,395	$30,864,880	$31,004,997	$31,145,751	$31,287,144	$33,147,936	$33,298,427	$33,449,592	$33,601,444	$33,753,985	$33,907,219	$35,784,230	**$45,789,777**

10% Hard Cost Savings-IRR Calculation

Year from stabilization			1	2	3	4	5	6	7	8	9	10
Month	1		32	44	56	68	80	92	104	116	128	140
For the Months	May-2008	Oct-2010	Nov-2011	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020
	39569	40452	40848	41214	41579	41944	42309	42675	43040	43405	43770	44136
Initial Cost	-$10,005,547											
Cash Flow After Debt Service			$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	-$3,485,822
Proceeds from Refinance		$6,661,321										
Proceeds from Sale												$31,515,368
Net Cash Flow	-$10,005,547	$6,661,321	$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	$28,029,546
IRR	**22.1%**											

SENSITIVITY ANALYSIS – Case #4 – 10% Hard Cost Increase

Summary of Assumptions

Construction Budget:	**$51,258,029**
Equity Required:	**$10,005,547 (Equity remains the same as a 10% hard cost increase only reduces the equity contribution to 19.52%. It is assumed that lender will be amenable to funding the increase.)**
Construction Debt:	**$41,252,482**
Permanent Debt:	$42,607,500
Rental Rates:	$32.50/SF-FS
Rental Growth Rates:	3% per annum
Absorption Rate:	66% pre-leasing with the remaining space leasing by November 2010 or Month 31 from construction start.
Operating Expenses:	$11.23/SF
Expense Growth/Inflation:	3% per annum
Yield Rate:	8.5%
Terminal Cap Rate:	7.5%

Summary of Financial Results

	Base Case	10% Hard Costs Savings
Stabilized Value (December 2010)	**$56,810,000**	**$56,810,000**
Stabilized NOI:	$5,318,353	$5,318,353
Stabilized Net Cash Flow (NCF):	$2,252,913	$2,252,913
DCSR	1.52x	1.52x
Leveraged IRR:	**18.70%**	**15.68%**
Net Proceeds from Permanent Loan:	$3,808,130	$928,943
Net Proceeds from Sale:	**$31,515,368**	**$31,515,368**

This analysis assumes that during construction, materials and/or labor increase 10%. A 10% hard costs increase results in an decrease in yield from 18.70% to 15.68%. The decease results from an almost $3 million dollar decrease in loan proceeds from permanent loan since the construction loan is more than expected. While it is assumed that the lender will fund the increase, they would most likely want a trade off. Possible credit enhancements include: personal guarantee, increase in rate, or funding 20% of the increase ($586,244). This risk of increase is partially mitigated by the use of a GMP contract. That being said, LoneWolf will work with the development team to eliminate waste, and keep the project on schedule in order to avoid cost increases.

SENSITIVITY ANALYSIS – Case #4 – 10% Hard Cost Increase

Total Develoment Budget

	Total	% of Total	$/SF
Land Cost	**$7,600,080**	**14.8%**	**$40.00**
Hard Costs			
Hard Costs	$24,431,536	47.7%	$128.59
Hard Cost Contingency 5%	$1,221,577	2.4%	$6.43
Total Hard Costs	**$25,653,113**	**50.0%**	**$135.01**
Soft Cost			
Architectural & Engineering	$2,443,154	4.8%	$12.86
Overhead/Development Fees	$366,473	0.7%	$1.93
Testing & Inspections	$260,000	0.5%	$1.37
Permits & Fees	$475,000	0.9%	$2.50
Soft Cost Contingency	$177,231	0.3%	$0.93
Legal	$250,000	0.5%	$1.32
Taxes/Insurance	$425,000	0.8%	$2.24
Total Soft Costs	**$4,396,858**	**8.6%**	**$23.14**
Leasing Costs			
Tenant Improvements	$8,550,090	16.7%	$45.00
Leasing Commissions	$1,871,831	3.7%	$9.85
Total Leasing Costs	**$10,421,921**	**20.3%**	**$54.85**
Financing Costs	**$3,186,057**	**6.2%**	**$16.77**
Total Project Costs	**$51,258,029**	**100.0%**	**$269.78**

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 12/1/2010

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Potential Gross Revenue												
Base Rental Revenue	$6,665,371	$6,865,330	$7,071,285	$7,283,428	$7,513,153	$7,729,856	$7,961,751	$8,197,564	$8,443,485	$8,597,994	$8,725,250	$8,866,788
Absorption & Turnover Vacancy	0	0	0	(311,796)	(630,837)	(217,577)	(110,534)	0	0	(949,748)	(237,437)	(237,437)
Scheduled Base Rental Revenue	6,665,371	6,865,330	7,071,285	6,971,632	6,882,316	7,512,279	7,851,217	8,197,564	8,443,485	7,648,246	8,487,813	8,629,351
Expense Reimbursement Revenue	1,614,244	1,735,922	1,801,842	1,772,377	625,510	421,876	104,947	180,339	259,047	106,185	29,110	2,159
Total Potential Gross Revenue	8,279,615	8,601,252	8,873,127	8,744,009	7,507,826	7,934,155	7,956,164	8,377,903	8,702,532	7,754,431	8,516,923	8,631,510
General Vacancy	(662,369)	(688,100)	(709,850)	(387,725)	0	(417,156)	(525,959)	(670,232)	(696,202)	0	(443,916)	(453,084)
Collection Loss	(165,592)	(172,025)	(177,464)	(174,880)	(150,157)	(158,684)	(159,122)	(167,559)	(174,050)	(155,089)	(170,340)	(172,629)
Effective Gross Revenue	7,451,654	7,741,127	7,985,813	8,181,404	7,357,669	7,358,315	7,271,083	7,540,112	7,832,280	7,599,342	7,902,667	8,005,797
Operating Expenses												
Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Total Operating Expenses	2,133,301	2,197,298	2,263,217	2,331,113	2,401,046	2,473,078	2,547,272	2,623,688	2,702,399	2,708,974	2,708,974	2,708,974
Net Operating Income	5,318,353	5,543,829	5,722,596	5,850,291	4,956,623	4,885,237	4,723,811	4,916,424	5,129,881	4,890,368	5,193,693	5,296,823
Debt Service												
Interest Payments	2,542,216	2,509,946	2,475,684	2,439,308	2,400,690	2,359,690	2,316,160	2,269,947	2,220,881	2,168,792	2,113,488	0
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954	0
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	3,491,515	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442	0
Leasing & Capital Costs												
Tenant Improvements	0	0	0	0	4,433,380	1,108,345	1,108,345	0	0	4,433,380	1,108,345	1,108,345
Leasing Commissions	0	0	0	0	774,761	198,761	204,724	0	0	877,368	219,342	219,342
Total Leasing & Capital Costs	0	0	0	0	5,208,141	1,307,106	1,313,069	0	0	5,310,748	1,327,687	1,327,687
Development Costs												
Land/Acquisition Costs												
Land Cost	0	0	0	0	0	0	0	0	0	0	0	0
Total Land/Acquisition Costs	0	0	0	0	0	0	0	0	0	0	0	0
Hard/Construction Costs												
Hard Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Hard/Construction Costs	0	0	0	0	0	0	0	0	0	0	0	0
Soft/Development Costs												
Arch & Eng.	0	0	0	0	0	0	0	0	0	0	0	0
Soft Costs	0	0	0	0	0	0	0	0	0	0	0	0
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Soft/Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs	0	0	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service But Before Taxes	$1,826,838	$2,478,386	$2,657,154	$2,784,850	($3,316,960)	$512,689	$345,301	$1,850,981	$2,064,439	($3,485,822)	$800,564	$3,969,136

Schedule Of Expense Reimbursement Revenue

al Year Reimbursable Operating Expenses Adjusted for 95% Occupancy

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Reimbursable Expenses												
Operating Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$2,133,298	$2,197,297	$2,263,216	$2,331,113	$2,401,046	$2,473,078	$2,547,270	$2,623,688	$2,702,399	$2,708,974	$2,708,974	$2,708,974

:eimbursable Operating Expenses used for Reimbursement Calculations

For the Years Ending	Dec-2010	Dec-2011	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Dec-2017	Dec-2018	Dec-2019	Dec-2020	Dec-2021
Reimbursable Expenses												
Operating Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974
Total Reimbursable Expenses	$1,384,122	$2,138,489	$2,202,644	$2,268,723	$2,336,785	$2,406,888	$2,479,095	$2,553,468	$2,630,072	$2,708,974	$2,708,974	$2,708,974

Resulting Fiscal Year Property Expense Reimbursement Revenue

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159
Total Expense Reimbursement	$1,614,244	$1,735,922	$1,801,842	$1,772,377	$625,510	$421,876	$104,947	$180,339	$259,047	$106,185	$29,110	$2,159

ntage of Reimbursable Expenses Collected as Expense Reimbursement

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021	Year 12 Nov-2022
Expense Reimbursements												
Operating Expenses	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%
Total Expense Reimbursement	75.67%	79.00%	79.61%	76.03%	26.05%	17.06%	4.12%	6.87%	9.59%	3.92%	1.07%	0.08%

Individual Loan & Debt Service Summary
Loan number 1 - Perm

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Minimum Debt Service											
Interest Payments	$2,542,216	$2,509,946	$2,475,684	$2,439,308	$2,400,690	$2,359,690	$2,316,160	$2,269,947	$2,220,881	$2,168,792	$2,113,488
Principal Payments	523,224	555,497	589,758	626,133	664,752	705,752	749,281	795,496	844,561	896,650	951,954
Total Minimum Debt Service	3,065,440	3,065,443	3,065,442	3,065,441	3,065,442	3,065,442	3,065,441	3,065,443	3,065,442	3,065,442	3,065,442
Fees & Contingencies											
Origination Points & Fees	426,075	0	0	0	0	0	0	0	0	0	0
Total Fees & Contingencies	426,075	0	0	0	0	0	0	0	0	0	0
Reductions & Retirement											
Principal Balloon or Call	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Reductions & Retirement	0	0	0	0	0	0	0	0	0	0	34,704,441
Total Cash Flow Paid To Lender	$3,491,515	$3,065,443	$3,065,442	$3,065,441	$3,065,442	$3,065,442	$3,065,441	$3,065,443	$3,065,442	$3,065,442	$37,769,883
Principal Balance Summary											
Beginning Principal Balance	$42,607,499	$42,084,276	$41,528,778	$40,939,020	$40,312,887	$39,648,135	$38,942,382	$38,193,102	$37,397,607	$36,553,045	$35,656,395
Periodic Principal Reductions	(523,224)	(555,497)	(589,758)	(626,133)	(664,752)	(705,752)	(749,281)	(795,496)	(844,561)	(896,650)	(951,954)
Principal Balloon Payments	0	0	0	0	0	0	0	0	0	0	(34,704,441)
Ending Principal Balance	$42,084,275	$41,528,779	$40,939,020	$40,312,887	$39,648,135	$38,942,383	$38,193,101	$37,397,606	$36,553,046	$35,656,395	$0
Interest Rates											
Interest Rate on Principal	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Cash Flow Coverage Ratios											
Cash to Total Interest Charged	209.20%	220.87%	231.15%	239.83%	206.47%	207.03%	203.95%	216.59%	230.98%	225.49%	245.74%
Cash to Minimum Debt Service	173.49%	180.85%	186.68%	190.85%	161.69%	159.36%	154.10%	160.38%	167.35%	159.53%	169.43%
Loan To Value Ratios											
Loan to Purchase Price	83.12%	82.10%	81.02%	79.87%	78.65%	77.35%	75.97%	74.51%	72.96%	71.31%	69.56%
Loan to Capitalized Value	60.09%	56.93%	54.43%	52.48%	61.00%	60.87%	61.83%	58.26%	54.68%	56.06%	51.49%
Loan to Lowest Present Value	77.97%	77.02%	76.00%	74.92%	73.78%	72.56%	71.27%	69.90%	68.44%	66.89%	65.25%
Loan to Highest Present Value	72.63%	71.74%	70.79%	69.79%	68.72%	67.59%	66.39%	65.11%	63.75%	62.31%	60.78%
Lenders Yields (IRR)											
Base Yield to Maturity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.00%
Including Fees & Penalties	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.13%

Prospective Property Resale

For the Years Ending	Year 1 Nov-2011	Year 2 Nov-2012	Year 3 Nov-2013	Year 4 Nov-2014	Year 5 Nov-2015	Year 6 Nov-2016	Year 7 Nov-2017	Year 8 Nov-2018	Year 9 Nov-2019	Year 10 Nov-2020	Year 11 Nov-2021
Resale Amount											
Gross Proceeds from Sale	$73,917,720	$76,301,280	$78,003,880	$66,088,307	$65,136,493	$62,984,147	$65,552,320	$68,398,413	$65,204,907	$69,249,240	$70,624,307
Commissions & Adjustments	(2,217,532)	(2,289,038)	(2,340,116)	(1,982,649)	(1,954,095)	(1,889,524)	(1,966,570)	(2,051,952)	(1,956,147)	(2,077,477)	(2,118,729)
Net Proceeds From Sale	71,700,188	74,012,242	75,663,764	64,105,658	63,182,398	61,094,623	63,585,750	66,346,461	63,248,760	67,171,763	68,505,578
Outstanding Debt Retirement											
Total Principal Balances	(42,084,275)	(41,528,779)	(40,939,020)	(40,312,887)	(39,648,135)	(38,942,383)	(38,193,101)	(37,397,606)	(36,553,046)	(35,656,395)	(34,704,441)
Net Resale Proceeds After Debt	$29,615,913	$32,483,463	$34,724,744	$23,792,771	$23,534,263	$22,152,240	$25,392,649	$28,948,855	$26,695,714	$31,515,368	$33,801,137
Unleveraged Annual IRR	41.63%	25.94%	20.79%	13.90%	11.14%	9.87%	9.84%	10.06%	9.45%	9.17%	9.07%
Leveraged Annual IRR	167.09%	80.27%	57.28%	35.08%	26.11%	21.41%	20.77%	20.83%	18.73%	17.63%	17.01%

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 11-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 8.00%	P.V. of Cash Flow @ 8.25%	P.V. of Cash Flow @ 8.50%	P.V. of Cash Flow @ 8.75%	P.V. of Cash Flow @ 9.00%
Year 1	Nov-2011	$5,318,353	$4,924,401	$4,913,028	$4,901,708	$4,890,440	$4,879,223
Year 2	Nov-2012	5,543,829	4,752,940	4,731,012	4,709,235	4,687,608	4,666,130
Year 3	Nov-2013	5,722,596	4,542,781	4,511,379	4,480,266	4,449,439	4,418,894
Year 4	Nov-2014	5,850,291	4,300,138	4,260,552	4,221,420	4,182,736	4,144,494
Year 5	Nov-2015	(251,518)	(171,178)	(169,211)	(167,271)	(165,358)	(163,470)
Year 6	Nov-2016	3,578,131	2,254,829	2,223,764	2,193,198	2,163,121	2,133,523
Year 7	Nov-2017	3,410,742	1,990,135	1,958,185	1,926,818	1,896,024	1,865,792
Year 8	Nov-2018	4,916,424	2,656,191	2,607,510	2,559,832	2,513,132	2,467,388
Year 9	Nov-2019	5,129,881	2,566,218	2,513,369	2,461,725	2,411,259	2,361,940
Year 10	Nov-2020	(420,380)	(194,717)	(190,267)	(185,928)	(181,698)	(177,573)
Year 11	Nov-2021	3,866,006	1,658,063	1,616,425	1,575,925	1,536,529	1,498,204
Total Cash Flow		42,664,355	29,279,801	28,975,746	28,676,928	28,383,232	28,094,545
Property Resale @ 7.50% Cap		68,505,578	29,380,868	28,643,031	27,925,362	27,227,265	26,548,162
Total Property Present Value			$58,660,669	$57,618,777	$56,602,290	$55,610,497	$54,642,707
			==========	==========	==========	==========	==========
Rounded to Thousands			$58,661,000	$57,619,000	$56,602,000	$55,610,000	$54,643,000
			==========	==========	==========	==========	==========
Per SqFt			308.74	303.25	297.90	292.68	287.59

Percentage Value Distribution

Assured Income	40.44%	40.91%	41.39%	41.86%	42.34%
Prospective Income	9.47%	9.38%	9.27%	9.18%	9.07%
Prospective Property Resale	50.09%	49.71%	49.34%	48.96%	48.59%
	==========	==========	==========	==========	==========
	100.00%	100.00%	100.00%	100.00%	100.00%

Resale - Cap Rate Matrix
Cash Flow Before Debt Service plus Property Resale in Year 11, Nov-2021
Discounted Annually (Endpoint on Cash Flow & Resale)

For the Cap Rates	Net Proceeds From Sale	P.V. of Property @ 8.00%	P.V. of Property @ 8.25%	P.V. of Property @ 8.50%	P.V. of Property @ 8.75%	P.V. of Property @ 9.00%
6.50%	$79,044,898	$63,180,803	$62,025,398	$60,898,500	$59,799,307	$58,727,040
6.75%	76,117,309	61,925,210	60,801,336	59,705,108	58,635,748	57,592,503
7.00%	73,398,834	60,759,303	59,664,708	58,596,959	57,555,301	56,539,004
7.25%	70,867,839	59,673,803	58,606,468	57,565,234	56,549,368	55,558,161
7.50%	68,505,578	58,660,669	57,618,777	56,602,290	55,610,497	54,642,707
7.75%	66,295,721	57,712,899	56,694,809	55,701,472	54,732,198	53,786,315
8.00%	64,223,979	56,824,365	55,828,588	54,856,955	53,908,793	52,983,447
8.25%	62,277,798	55,989,681	55,014,865	54,063,621	53,135,291	52,229,238
8.50%	60,446,098	55,204,096	54,249,009	53,316,953	52,407,289	51,519,394

Property Summary Report

Timing & Inflation	
Reporting Period:	December 1, 2010 to November 30, 2021; 11 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00% for 11 years
	0.00% thereafter
Property Size & Occupancy	
Property Size:	190,002 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	8.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	2.00%
Debt Financing	
Number of Notes:	1
Beginning Principal Balance:	$0
Average Year 1 Interest Rate:	0.00%
Property Purchase & Resale	
Purchase Price:	$51,258,029
Resale Method:	Capitalize Net Operating Income
Cap Rate:	7.50%
Cap Year:	Year 12
Commission/Closing Cost:	$2,118,729
Net Cash Flow from Sale:	$68,505,578
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	8.50%
Unleveraged Present Value:	$56,602,290 at 8.50%
Unleveraged Annual IRR:	9.07%
Leveraged Discount Rate:	8.50%
Value of Equity Interest:	$20,699,787 at 8.50%
Leveraged Annual IRR:	17.01%

10% Hard Cost Savings

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
For the Months	May-2008	Jun-2008	Jul-2008	Aug-2008	Sep-2008	Oct-2008	Nov-2008	Dec-2008	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug-2009	Sep-2009	Oct-2009
Land/Acquisition Costs																		
Land Cost	$7,600,080	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Hard/Construction Costs																		
Hard Costs	$176,401	$436,593	$734,270	$992,255	$1,230,397	$1,409,002	$1,567,764	$1,666,989	$1,726,525	$1,726,525	$1,666,989	$1,567,763	$1,409,003	$1,230,397	$992,255	$734,270	$436,592	$158,761
Contingency	$8,820	$21,830	$36,714	$49,613	$61,520	$70,450	$78,388	$83,350	$86,326	$86,326	$83,350	$78,388	$70,450	$61,520	$49,613	$36,714	$21,830	$7,938
Soft/Development Costs																		
Arch & Eng.	$2,205,012	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Soft Costs	$13,926	$38,297	$64,408	$87,037	$107,927	$123,593	$137,519	$146,223	$151,446	$151,445	$146,223	$137,520	$123,593	$107,927	$87,038	$64,408	$38,296	$13,926
Contingency	$1,308	$3,598	$6,051	$8,177	$10,139	$11,611	$12,920	$13,737	$14,228	$14,228	$13,737	$12,920	$11,611	$10,139	$8,177	$6,051	$3,598	$1,309
Tenant Improvements																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Leasing Commissions																		
Tenant 1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 2	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 3	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 4	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 5	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Current Total	$10,005,547	$500,317	$841,442	$1,137,082	$1,409,983	$1,614,656	$1,796,591	$1,910,299	$1,978,525	$1,978,524	$1,910,299	$1,796,591	$1,614,657	$1,409,983	$1,137,083	$841,442	$500,315	$181,934
Cumulative Total	$10,005,547	$10,505,864	$11,347,306	$12,484,388	$13,894,371	$15,509,027	$17,305,619	$19,215,918	$21,194,443	$23,172,967	$25,083,266	$26,879,857	$28,494,514	$29,904,497	$31,041,580	$31,883,022	$32,383,337	$32,565,271
Interest Reserve																		
Beging Balance	$0	$500,317	$1,342,898	$2,484,173	$3,902,862	$5,532,049	$7,350,105	$9,289,710	$11,306,091	$13,331,471	$15,297,820	$17,159,543	$18,848,041	$20,339,941	$21,566,176	$22,502,955	$23,103,527	$23,389,216
Interest for Period	$0	$1,138	$4,193	$8,707	$14,531	$21,464	$29,307	$37,856	$46,855	$56,050	$65,132	$73,841	$81,917	$89,153	$95,336	$100,257	$103,755	$105,771
Ending Balance	$0	$501,455	$1,347,091	$2,492,879	$3,917,393	$5,553,513	$7,379,412	$9,327,566	$11,352,947	$13,387,521	$15,362,952	$17,233,383	$18,929,958	$20,429,093	$21,661,513	$22,603,212	$23,207,282	$23,494,987

10% Hard Cost Savings

For the Months	Month 19 Nov-2009	Month 20 Dec-2009	Month 21 Jan-2010	Month 22 Feb-2010	Month 23 Mar-2010	Month 24 Apr-2010	Month 25 May-2010	Month 26 Jun-2010	Month 27 Jul-2010	Month 28 Aug-2010	Month 29 Sep-2010	Month 30 Oct-2010	Month 31 Nov-2010	Total
Land/Acquisition Costs														
Land Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,600,080
Hard/Construction Costs														
Hard Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$19,862,751
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$993,137
													Subtotal	**$20,855,888**
Soft/Development Costs														
Arch & Eng.	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,205,012
Soft Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,740,752
Contingency	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$163,539
													Subtotal	**$4,109,303**
Tenant Improvements														
Tenant 1	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 2	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 3	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 4	$1,425,015	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 5	$0	$0	$0	$0	$0	$0	$1,425,015	$0	$0	$0	$0	$0	$0	$1,425,015
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,425,015	$1,425,015
													Subtotal	**$8,550,090**
Leasing Commissions														
Tenant 1	$412,178	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$412,178
Tenant 2	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 3	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 4	$285,588	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$285,588
Tenant 5	$0	$0	$0	$0	$0	$0	$289,840	$0	$0	$0	$0	$0	$0	$289,840
Tenant 6	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$294,156	$294,156
													Subtotal	**$1,852,938**
Current Total	$6,969,002	$0	$0	$0	$0	$0	$1,714,855	$0	$0	$0	$0	$0	$1,719,171	**$42,968,299**
Cumulative Total	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$39,534,273	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$41,249,128	$42,968,299	
Interest Reserve														
Beging Balance	$30,463,989	$30,586,505	$30,725,395	$30,864,880	$31,004,997	$31,145,751	$33,001,999	$33,147,936	$33,298,427	$33,449,592	$33,601,444	$33,753,985	$35,626,390	
Interest for Period	$122,516	$138,890	$139,485	$140,118	$140,754	$141,393	$145,936	$150,491	$151,165	$151,852	$152,541	$153,234	$157,840	**$2,821,478**
Ending Balance	$30,586,505	$30,725,395	$30,864,880	$31,004,997	$31,145,751	$31,287,144	$33,147,936	$33,298,427	$33,449,592	$33,601,444	$33,753,985	$33,907,219	$35,784,230	**$45,789,777**

10% Hard Cost Savings-IRR Calculation

Year from stabilization			1	2	3	4	5	6	7	8	9	10
Month	1		32	44	56	68	80	92	104	116	128	140
For the Months	May-2008	Oct-2010	Nov-2011	Nov-2012	Nov-2013	Nov-2014	Nov-2015	Nov-2016	Nov-2017	Nov-2018	Nov-2019	Nov-2020
	39569	40452	40848	41214	41579	41944	42309	42675	43040	43405	43770	44136
Initial Cost	-$10,005,547											
Cash Flow After Debt Service			$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	-$3,485,822
Proceeds from Refinance		$6,661,321										
Proceeds from Sale												$31,515,368
Net Cash Flow	-$10,005,547	$6,661,321	$2,252,913	$2,478,386	$2,657,154	$2,784,850	-$3,316,960	$512,689	$345,301	$1,850,981	$2,064,439	$28,029,546
IRR	**22.1%**											

INVESTMENT DECISION

A thorough analysis of the data presented in this report, results in LoneWolf Development's overwhelming support for moving forward with One Infantry Dr. Based on conservative estimates of rental income ($32.50/SF-FS) and construction costs ($254/SF) a return of 18.7% is expected. While this rate is a low end of expected equity returns (15%-30%), the potential upside outweighs the risks associated with the project.

All real estate investments are inherently risky, especially, development and construction projects. Rents may not keep pace with expenses, or construction costs could be above current estimates. However, LoneWolf's analysis shows that if these events occur yields are only reduced 2-3%. On the other hand, even slightly higher rents or rent growth can increase the return by 6% to mid 20% range. Additionally, the pre-leasing requirement will allow for the design and permitting process to continue, while providing market feed back as to propery's financial feasibility.

Lastly, the Washington DC Metro Area continues to be highly desired location for real estate developers due to its low vacancies and rent growth. Despite the onslaught of new deliveries that took place in the DC Metro Area from 1999-2007, the Washington, DC office market astounded market participants as vacancy rates continued to decline through 2008 despite such large amounts of new construction. Only in 2001 did vacancy rates begin to increase, primarily in "outside-the-beltway" suburban areas that have recovered substantially in the past 12-18 months. Furthermore, the significant office space demand will be generated Fort Belvoir's restructuring, due to BRAC, which will anchor the submarket for years to come.