

SUMMARY APPRAISAL REPORT

**DEPOT SQUARE
RENAISSANCE DOWNTOWNS AT BRISTOL
150 North Main Street
City of Bristol, Hartford County, Connecticut**

PREPARED FOR:

**Renaissance Downtowns at Bristol, LLC
9 Gerhard Road
Plainview, NY 11803**

**Attention: Mr. Ryan Porter
Vice President for Planning & Development**

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Goodman-Marks Associates, Inc.

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December 7, 2012

Renaissance Downtowns at Bristol, LLC
9 Gerhard Road
Plainview, NY 11803
Attention: Mr. Ryan Porter
Vice President for Planning & Development

Re: Depot Square
Renaissance Downtowns at Bristol
150 North Main Street
City of Bristol, Hartford County, Connecticut
Our File No.: 12-296

Dear Mr. Porter:

At your request, we have appraised the above-captioned property, which is located south of Center Street, and north of Riverside Avenue, between North Main Street and Main Street, in the City of Bristol, Hartford County, Connecticut. The subject property is identified on the tax maps of the City of Bristol as Map 26, Lot C and Map 30, Lot C-A.

The subject property consists of a 15.0655±-acre parcel of land. According to appraisal standards governed by the Uniform Standards of Professional Appraisal Practice (USPAP) and various organizations including the Appraisal Institute, we are required to report any recent sales, contracts of sale, or listing prices of the subject property. The subject property is currently owned by the City of Bristol and is in contract of sale to Renaissance Downtowns at Bristol, LLC. According to the sale contract, the minimum sale price shall be \$2,100,000.00.

The proposed development of the subject property will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel, retail uses and a train station. The development plan consists of dividing the subject site into four phases containing a total of 20 buildings and structures, plus street parking.

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The purpose of this summary appraisal is to estimate the “fair market value” of the subject property based on the proposed development plan under the Unified Downtown Development Project Special Permit Application using the residual land development method, which results in a residual land value. According to the contract of sale agreement, the “fair market value” of the subject property is to be appraised based on the permitted development plan as agreed upon between the City of Bristol and the developer.

The fair market value of the fee simple estate of the subject property under the BD Downtown Business zoning district utilizing a proposed development scenario provided by the developer is predicated upon the following hypothetical conditions and extraordinary assumptions, which we have relied on herein. Any evidence to the contrary may affect our value conclusions:

- 1) This valuation analysis is based on the assumption that the development model provided by the developer is allowed on the subject property. This proposed development will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel development, and retail uses. The residential units will be 86% rental and 14% for sale.
- 2) This valuation analysis is based on the assumption that the entire property will be developed in concert with the Unified Downtown Development Project Special Permit Application.
- 3) This valuation analysis is based on the hypothetical condition that the proposed development plan analyzed herein is the only legally permissible use for the subject property.
- 4) We have been requested to estimate the market value of the fee simple estate of the subject property based on the assumption that the property will receive an Enterprise Zone Tax Freeze, which will provide a seven-year tax savings period upon completion of each building. Furthermore, the real estate taxes for the condominium units will become the responsibility of the purchaser of the unit, and as they are sold the real estate tax burden and the tax savings will be transferred to the new owner.
- 5) We have been requested to estimate the market value for the fee simple estate of the subject property based on the assumption that all costs will be the responsibility of the developer and that the project will not receive special financing to off-set any costs.
- 6) The City of Bristol and the developer have hired a third party cost estimator to estimate development costs for the proposed improvements, which has been agreed upon by both parties to include in our analysis. VJ Associates provided the cost estimates for the development of the subject property on November 10, 2012.
- 7) VJ Associates indicated that the developer may be able to achieve a buy-out savings for all costs and may be able to complete the project at a 12% reduction in the costs they estimated.
- 8) The valuation analysis is performed based on the pre-construction, construction and absorption periods based on a four phase development plan.
- 9) The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phases. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.

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REAL ESTATE APPRAISERS AND CONSULTANTS

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- 10) This valuation analysis is based on the assumption that the overall market will improve over the proposed construction period of the development plan. Therefore, the completed improvements will be able to achieve the estimated market rental rates and sale prices as estimated throughout this valuation analysis.
- 11) We have analyzed each development component separately to arrive at the overall property value.
- 12) We have assumed that the soil conditions of the site are sufficient to support development.
- 13) We have assumed that the subject property is free and clear of all environmental issues.
- 14) A portion of the subject property consists of the McDonald's site, which is in the process of being swapped for a parcel of land off-site. This land swap is not considered in this valuation analysis as the swap is expected to be finalized prior to the closing date of the sale of the subject property.

In arriving at the appraised value, we have given consideration to all items influencing value, including the property location, comparable sales, comparable rentals, market trends, existing and projected competition, continued demand, mortgage availability, mortgage rates and equity return rates.

The intended use of this appraisal is to assist our client, Renaissance Downtowns at Bristol, LLC, in their analysis of the subject property for the purpose of acquisition. The intended users of this appraisal report are Mr. Ryan Porter and those persons authorized by Renaissance Downtowns at Bristol, LLC to utilize the report.

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

We have estimated that as of October 1, 2012, the market value of the fee simple estate of the subject property under the development model as proposed by the developer and permitted under the BD Downtown Business zoning district, using the residual land development method, which results in a residual land value predicated upon the hypothetical conditions and extraordinary assumptions as defined herein is:

NEGATIVE THIRTY-FOUR MILLION TWO HUNDRED THOUSAND DOLLARS
(-\$34,200,000.00)

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A report of 172 pages is attached hereto and made part hereof, and the valuation is expressly made subject to the conditions and comments made herein.

Very truly yours,

GOODMAN-MARKS ASSOCIATES, INC.



Matthew J. Guzowski, MAI
Principal
Certified General Real Estate Appraiser
New York Certificate #468986



Tonia Vailas, MAI
Senior Vice President
Certified General Real Estate Appraiser
New York Certificate #4646406

CERTIFICATE OF APPRAISAL

Premises: Depot Square
Renaissance Downtowns at Bristol
City of Bristol, Hartford County, Connecticut

We, Matthew J. Guzowski and Tonia Vailas, certify to the best of our knowledge and belief:

THAT, the statements of fact contained in this report are true and correct;

THAT, the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions;

THAT, we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved;

THAT, we have not performed services regarding the subject property within the three year period immediately preceding the effective date of this assignment, as an appraiser(s) or in any other capacity;

THAT, we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;

THAT, our engagement in this assignment was not contingent upon developing or reporting predetermined results;

THAT, our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal;

THAT, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;

THAT, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;

THAT, the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

THAT, Matthew J. Guzowski made a personal inspection of the property that is the subject of this report; Tonia Vailas did not inspect the subject property;

THAT, no one other than VJ Associates provided significant real property appraisal assistance to the person(s) signing this certification;

THAT, as of the date of this report, Matthew J. Guzowski and Tonia Vailas have completed the continuing education program of the Appraisal Institute.

DATE: December 7, 2012



Matthew J. Guzowski, MAI
Principal
Certified General Real Estate Appraiser
New York Certificate #468986



Tonia Vailas, MAI
Senior Vice President
Certified General Real Estate Appraiser
New York Certificate #4646406

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Location:	Depot Square Renaissance Downtowns at Bristol City of Bristol, Hartford County, Connecticut
Tax Map Identification:	Map 26, Lot C and Map 30, Lot C-A
Property Rights Appraised:	Market value of proposed development scenario
Property Type:	Development site
Current Owner of Record:	City of Bristol
Contract of Sale:	The subject property is under contract of sale to Renaissance Downtowns at Bristol
Land Area:	15.0655± Acres (total site)
Zoning:	BD Downtown Business Zone / Sub-district BD-1 – City of Bristol
Highest and Best Use:	<i>As Vacant</i> – Retain until development becomes financially feasible.
Valuation Date:	October 1, 2012

<u>Value Conclusions</u>	<u>Market Value under Development Model</u>
Cost Approach:	N/A
Income Capitalization Approach:	-\$34,200,000.00*
Sales Comparison Approach:	N/A
Final Estimate of Market Values:	-\$34,200,000.00*

*Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

**UNDERLYING ASSUMPTIONS AND
LIMITING AND QUALIFYING CONDITIONS**

1. This is a summary appraisal report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. We are not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless stated otherwise in this report.
3. The property was appraised free and clear of any or all liens and encumbrances unless stated otherwise in this report.
4. Responsible ownership and competent property management are assumed unless stated otherwise in this report.
5. The information furnished by others for the appraised property is believed to be reliable. However, no warranty is given for its accuracy.
6. All planning and cost estimating is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless stated otherwise in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in this report.
10. It is assumed that all required licenses, Certificates of Occupancy or other legislative or administrative authority from any local, state or national government or private entity have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless stated otherwise in this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there is no encroachment or trespass unless stated otherwise in this report.
13. We are aware of easements or encumbrances to the subject property and have considered them in this valuation.

14. We are not qualified to detect hazardous waste and/or toxic materials. Any comment by us that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. Our value estimate(s) is predicated on the assumption that there are no other environmental or contamination issues other than those stated in this report. No responsibility is assumed for any environmental conditions or any expertise or engineering knowledge required to discover them. Our descriptions and comments are the result of our routine observations made during the appraisal process.
15. Unless stated otherwise in this report, the subject property was appraised without a specific compliance survey having been conducted to determine whether the property is or is not in conformance with the requirements of the Americans with Disabilities Act (ADA). The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability or utility.
16. Any proposed improvements are assumed to be completed in a good and workmanlike manner in accordance with the submitted plans and specifications, and conforming to all municipal, building and health codes.
17. Our value conclusions were based on the assumption that the subject property will continue to be adequately maintained and professionally managed to sustain its competitiveness in the marketplace.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s), and in any event, only with properly written qualification and only in its entirety.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s) or the firm with which the appraiser(s) is/are connected) shall be disseminated to the public through advertising, public relations, news sales or other media without the prior written consent and approval of the appraiser(s).

APPRAISAL DEFINITIONS

Market Value¹

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.” (12 C.F.R. Part 34.42(g); *55 Federal Register* 34696, August 24, 1990, as amended at *57 Federal Register* 12202, April 9, 1992; *59 Federal Register* 29499, June 7, 1994.)”

Fee Simple Estate²

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Intended Use³

“The manner in which the intended users expect to employ the information contained in a report.”

¹ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 123.

² *Ibid*, p. 78.

³ *Ibid*, p. 102.

Intended User⁴

“1. The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2010-2011 ed.)

2. A party who the appraiser intends will employ the information contained in a report.”

Hypothetical Condition⁵

“A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trend; or about the integrity of data used in an analysis.”

Extraordinary Assumption⁶

An extraordinary assumption is “An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.”

Average Daily Room Rate (ADR)⁷

“1) In the lodging industry, total guest room revenue divided by the total number of occupied rooms. (Educational Institute of the American Hotel & Lodging Association) 2) In the lodging industry, a ratio that indicates average room rate, and to what extent rooms are

⁴ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, pp. 102 & 103.

⁵ *Uniform Standards of Professional Appraisal Practice (USPAP) 2012-2013 Edition*, The Appraisal Foundation, Washington, DC, 2012, p. U-3.

⁶ *Ibid*, p. U-3.

⁷ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 15.

being up-sold or discounted; calculated by dividing rooms revenue by number of rooms sold.

Also called *average daily rate*.”

Average Rate Per Occupied Room⁸

“The net rooms revenue derived from the sale of guest rooms divided by the number of paid rooms occupied. The Uniform System of Accounts for Hotels defines the components of this formula as follows:

- Net rooms revenue – Total rooms revenue less allowances.
- Allowances – Rebates and over-charges or revenue not known at the time of sale but adjusted at subsequent date. Allowances may also include revenue foregone as a result of hotel promotions or complimentary services.
- Paid rooms occupied – Rooms occupied by hotel guests on a paid basis. It should be noted that the overall average rate per occupied room does not include any occupancy derived from complimentary rooms.”

Furniture, Fixtures and Equipment (FF&E)⁹

“Business trade fixtures and personal property, exclusive of inventory.”

Rack Rate¹⁰

“For lodging facilities, the room rate generally given to a patron who does not qualify or ask for a special discounted rate. The term *rack rate* is derived from the room rate, a front desk feature that is less common after renovations and billing systems were computerized. The room rack traditionally contained information about each room’s rate, including the highest rate that could be charged for that particular accommodation. When a hotel is expected to be full during a certain period of a guest arrives without a reservation, the rack rate is often the only rate available. The average room rate is always less than the rack rate.”

⁸ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 15.

⁹ *Ibid.*, p. 85.

¹⁰ *Ibid.*, p. 158.

Business Value¹¹

“The market value of a going-concern, including real property, personal property, and the intangible assets of the business.”

Going-Concern Value¹²

“1. The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going-concern*.

2. The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable.”

¹¹*The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 25.

¹²*Ibid.*, p. 88.

HYPOTHETICAL CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

We have estimated the fair market value of the fee simple estate of the subject property under the BD Downtown Business zoning district utilizing a proposed development scenario provided by the developer. The market value of the subject property is predicated upon the following hypothetical conditions and extraordinary assumptions, which we have relied on herein. Any evidence to the contrary may affect our value conclusions:

- 1) This valuation analysis is based on the assumption that the development model provided by the developer is allowed on the subject property. This proposed development will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel development, and retail uses. The residential units will be 86% rental and 14% for sale.
- 2) This valuation analysis is based on the assumption that the entire property will be developed in concert with the Unified Downtown Development Project Special Permit Application.
- 3) This valuation analysis is based on the hypothetical condition that the proposed development plan analyzed herein is the only legally permissible use for the subject property.
- 4) We have been requested to estimate the market value of the fee simple estate of the subject property based on the assumption that the property will receive an Enterprise Zone Tax Freeze, which will provide a seven-year tax savings period upon completion of each building. Furthermore, the real estate taxes for the condominium units will become the responsibility of the purchaser of the unit, and as they are sold the real estate tax burden and the tax savings will be transferred to the new owner.
- 5) We have been requested to estimate the market value for the fee simple estate of the subject property based on the assumption that all costs will be the responsibility of the developer and that the project will not receive special financing to off-set any costs.
- 6) The City of Bristol and the developer have hired a third party cost estimator to estimate development costs for the proposed improvements, which has been agreed upon by both parties to include in our analysis. VJ Associates provided the cost estimates for the development of the subject property on November 10, 2012.
- 7) VJ Associates indicated that the developer may be able to achieve a buy-out savings for all costs and may be able to complete the project at a 12% reduction in the costs they estimated.
- 8) The valuation analysis is performed based on the pre-construction, construction and absorption periods based on a four phase development plan.
- 9) The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phases. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.

- 10) This valuation analysis is based on the assumption that the overall market will improve over the proposed construction period of the development plan. Therefore, the completed improvements will be able to achieve the estimated market rental rates and sale prices as estimated throughout this valuation analysis.
- 11) We have analyzed each development component separately to arrive at the overall property value.
- 12) We have assumed that the soil conditions of the site are sufficient to support development.
- 13) We have assumed that the subject property is free and clear of all environmental issues.
- 14) A portion of the subject property consists of the McDonald's site, which is in the process of being swapped for a parcel of land off-site. This land swap is not considered in this valuation analysis as the swap is expected to be finalized prior to the closing date of the sale of the subject property.

VALUATION DATE

The date of valuation is October 1, 2012. Our initial inspection of the subject property was on May 15, 2012.

PURPOSE OF THE APPRAISAL

The purpose of this summary appraisal report is to estimate the fair market value of the fee simple estate of the subject property under the BD Downtown Business zoning district utilizing a proposed development scenario provided by the developer, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

INTENDED USE AND USERS OF THE APPRAISAL

The intended use of this appraisal is to assist our client, Renaissance Downtowns at Bristol, LLC, in their analysis of the subject property for the purpose of acquisition. The intended users of this appraisal report are Mr. Ryan Porter and those persons authorized by Renaissance Downtowns at Bristol, LLC to utilize the report.

IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property consists of a 15.0655±-acre parcel of land, which is located south of Center Street, and north of Riverside Avenue, between North Main Street and Main Street, in the City of Bristol, Hartford County, Connecticut. The subject property is identified on the tax maps of the City of Bristol as Map 26, Lot C and Map 30, Lot C-A.

SUBJECT PROPERTY OWNERSHIP HISTORY

The subject property is currently owned by the City of Bristol and is in contract of sale to Renaissance Downtowns at Bristol, LLC, with a contract date of May 25, 2010. According to the sale contract, the minimum sale price shall be \$2,100,000.00.

According to public data, there have been no arm's-length transfers of the subject property over the past five years.

EXPOSURE TIME

Exposure time is generally defined as “1) the time a property remains on the market and 2) the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”¹³

The subject property consists of a 15.0655±-acre, BD Downtown Business Zone zoned parcel of land, under which we are analyzing a development plan of 1,164,867± square feet of buildable area, 991 residential units, a 125-room hotel, an office building and retail uses. The subject development will include on-site parking that will consist of street parking, podium parking and underground garage parking.

There are a limited number of market participants willing to take on the risk of such a large scale development. Furthermore, according to the development plan the subject development will be constructed around a public piazza and will include other public amenities and open spaces. The additional requirement for public amenities indicated by the development plan further restrict the number of market participants who are willing and financially capable of developing the subject property according to the plan.

The subject property is under contract of sale with the current buyer and seller. Since the subject property is a large development site, with public requirements, the exposure time would be much greater than a typical development site of a smaller scale. Furthermore, there are a limited number of market participants available to develop a large scale project subject as the proposed subject development. The appraised value of the subject property, although it is a market value based on anticipated market expectations, it is an investment value of the current development plan that places certain requirements on both the buyer and seller.

¹³ *The Dictionary of Real Estate Appraisal - Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p 73.

There are no comparable vacant land sales to utilize the sales comparison approach to value the subject property. Recent land sales consist of much smaller parcels of land that are available for development and do not contain a combination of public requirements and location.

Therefore, the exposure time of the subject property has been estimated at less than one year. However, since it is currently under contract of sale, we anticipate that the closing date of the contract of sale, under the current contract terms, will be approximately one year.

SCOPE OF THE APPRAISAL AND METHOD OF VALUATION

The subject property consists of a 15.0655±-acre parcel land that is available for development subject to the BD Downtown Business zoning district, which permits residential and commercial developments. We have been requested to estimate the market value of the fee simple estate of the subject property under the proposed development model as agreed upon by the seller and the developer, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

In appraising the subject property, the three traditional approaches to value were considered: the cost approach, the income capitalization approach and the sales comparison approach.

COST APPROACH

The cost approach is used to estimate the value of land and the depreciated replacement cost of any building improvements on a given site. This approach is most effective when the improvements are new and there are a sufficient number of area land sales from which to form an opinion of value. In valuing the subject property the traditional cost approach was not utilized because the subject consists of vacant land that is available for development. Although the cost approach was not used in this analysis, the construction costs provided by VJ Associates, for use in the land residual model, have been compared to costs utilizing cost estimating manuals. The developer's costs are supported by the *Marshall Valuation Service* cost estimating manual and have been used in the residual land development model of the income capitalization approach.

SALES COMPARISON APPROACH

The major premise of the sales comparison approach is the principle of substitution, which states that an informed and knowledgeable purchaser would pay no more for a property than the cost of acquiring an existing property of similar investment features.

There are no comparable vacant land sales to utilize the sales comparison approach to value the subject property. Recent land sales consist of much smaller parcels of land that are

available for development and do not contain a combination of public requirements and location. Therefore, the sales comparison approach to value is not applicable in estimating the market value of the fee simple estate of the subject property as available for development.

INCOME CAPITALIZATION APPROACH

The income capitalization approach values the future benefits (in the form of steady income) from an income-producing property by measuring the potential net income received. This approach is significant in determining the market value of a property where investors purchase the income-producing real estate for its earning power. For properties such as the subject, market value is primarily determined by the expected income-producing ability of the investment to an investor relative to other investments of similar risk and characteristics.

Under this approach, a residual land development model was created to arrive at a residual land value that appraises the proceeds and costs to be realized through the development of the subject property according to the uses and building characteristics as proposed by the developer and approved in the Unified Downtown Development Plan (UDDP).

The proposed development of the subject property will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel development, and retail uses. The development plan consists of dividing the subject site into four (4) phases to contain twenty (20) buildings, including all the uses available for rent and for sale (residential, hotel, office and retail), as well as two-parking structures, and a train station building. The buildings are identified as Buildings A thru T, and Parking Structures P1 and P2. Building D is not included in this analysis, as it is the McDonald's property that is currently under a swap agreement between the City of Bristol and McDonald's.

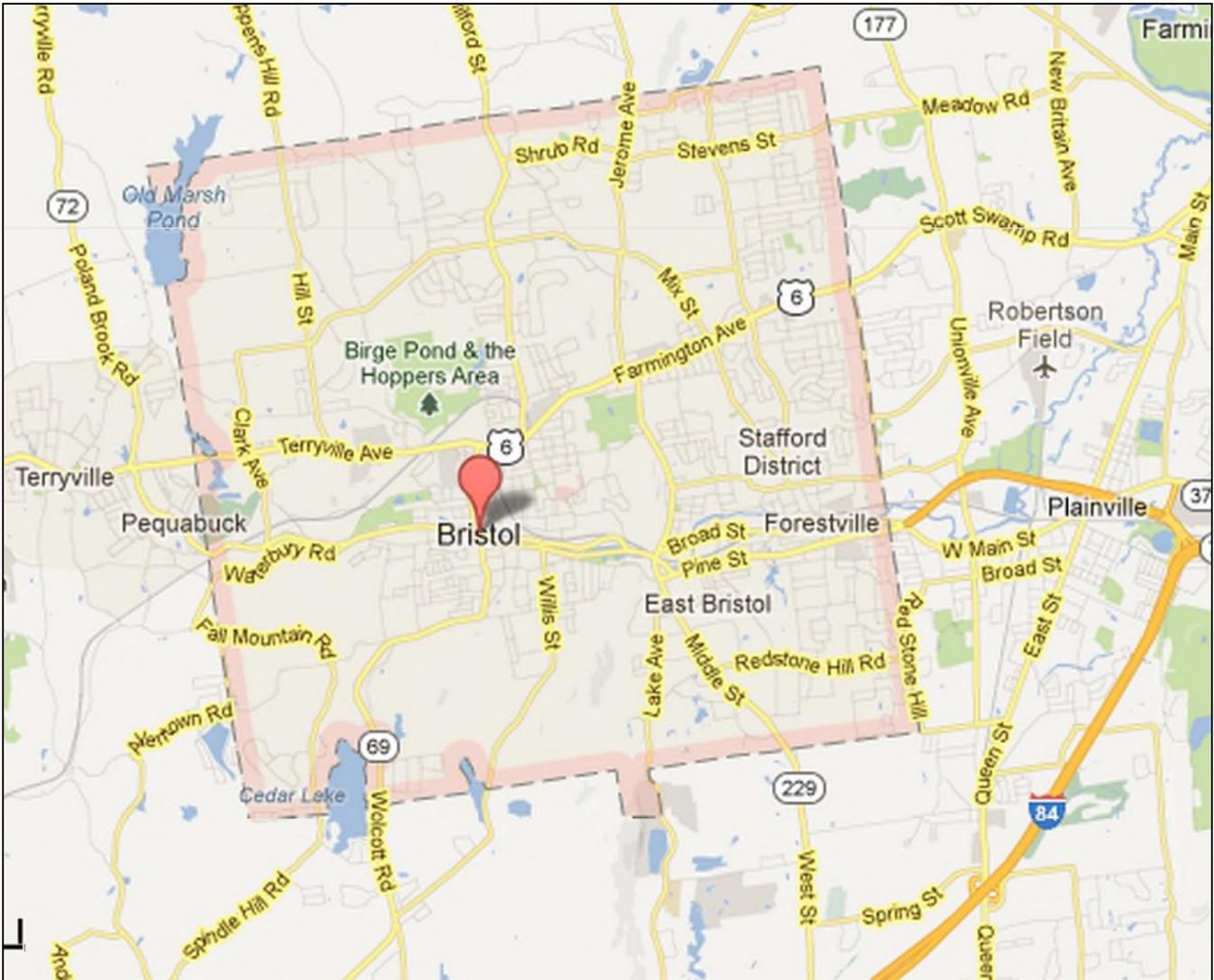
Specifically estimated in the residual land development model were the rental rates for the residential apartment units, sale prices for the condominium units, rental rates for the office, retail and hotel developments. The direct operating expenses and carrying costs for all phases of the development were also estimated. Due to the magnitude of the proposed subject

development plan, the developer has proposed the project will be developed in four (4) phases, which is incorporated into this valuation analysis. Each phase consists of a pre-construction period, a construction period and an absorption period. The rental and for sale absorption periods will vary by use. The reversionary value of the rental components is realized subsequent to each building achieving a stabilized occupancy, which will vary between phases and use.

Construction costs were provided by VJ Associates, cost estimators who are familiar with the development of similar types of products. The *Marshall Valuation Service* cost manual was used to determine if these costs were reasonable for the projected developments. The reconciled costs were used in the residual land analysis and deducted as costs against each particular use.

All of the proceeds, expenses and costs were factored into a discounted cash flow (DCF) model, which resulted in the “as is” market value of the fee simple estate of the subject land under the proposed development plan.

LOCAL AREA MAP



LOCAL AREA DESCRIPTION

The City of Bristol is located in Hartford County, Connecticut, and is located 20 miles southwest of Harford, Connecticut. According to the United States Census Bureau, the city has a total area of 26.8 square miles, of which 26.4 square miles is land and 0.39 square miles, or 1.51%, is water. The city contains several distinct sections, including Chippens Hill in the northwestern quarter of Bristol, Edgewood in the northeastern quarter, and Forestville, in the southeastern quarter. The majority of Bristol is residential, though since 2008 there has been a push for commercial development in the city. The Central Connecticut Regional Planning Agency is the metropolitan planning organization for Bristol, New Britain, and surrounding towns.

As of the 2010 census, the population of the city was 60,477. Bristol is primarily known as the home of ESPN, whose central studios are in the city. Bristol is also home to Lake Compounce, America's oldest still-functioning theme park. Bristol was known as a clock-making city in the 19th century, and is home to the American Clock & Watch Museum. Bristol's nicknames include the "Bell City", because of a history manufacturing innovative spring-driven doorbells, and the "Mum City", because it was once a leader in chrysanthemum production and still holds an annual Bristol Mum Festival. In 2010, Bristol was ranked 84th on MoneyMagazine's "Best Places to Live".

The major east/west arteries serving the area include Route 72 (Memorial Boulevard) and Route 6 (Farmington Avenue). The major north/south arteries serving the area are Route 69 (Wolcott Street / Burlington Avenue) and Route 229 (Middle Street / King Street). The major artery located south of the city includes Interstate 84. Airports in the area include Green Acres Airport, Bristol Hospital Heliport and Ultimate Heliport. The nearest international airport near Bristol is Bradley International Airport, in Windsor Locks, Connecticut, which is 30± miles from Bristol.

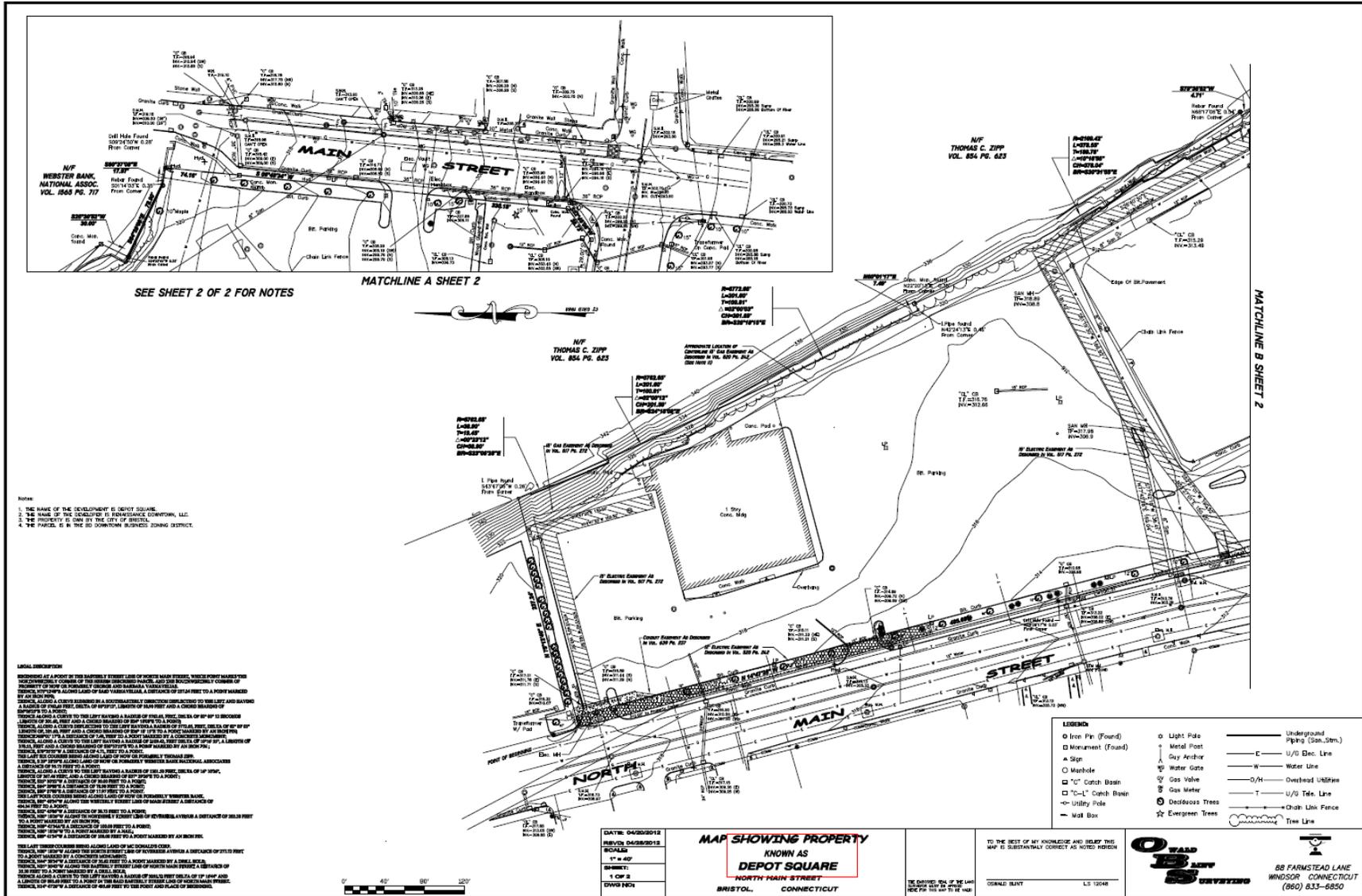
Amtrak stations near Bristol include Berklin, Meriden and Hartford. Currently Bristol has very limited transportation options. The City lacks a walkable downtown, and does not

contain linkages between cities to the east such as Hartford or to the west such as Waterbury. The development of the subject property may promote the expansion of the commuter and regional rail service. The proposed development of the subject property includes a potential train station to be constructed on the eastern portion of the site, if there is demand for a station at this location.

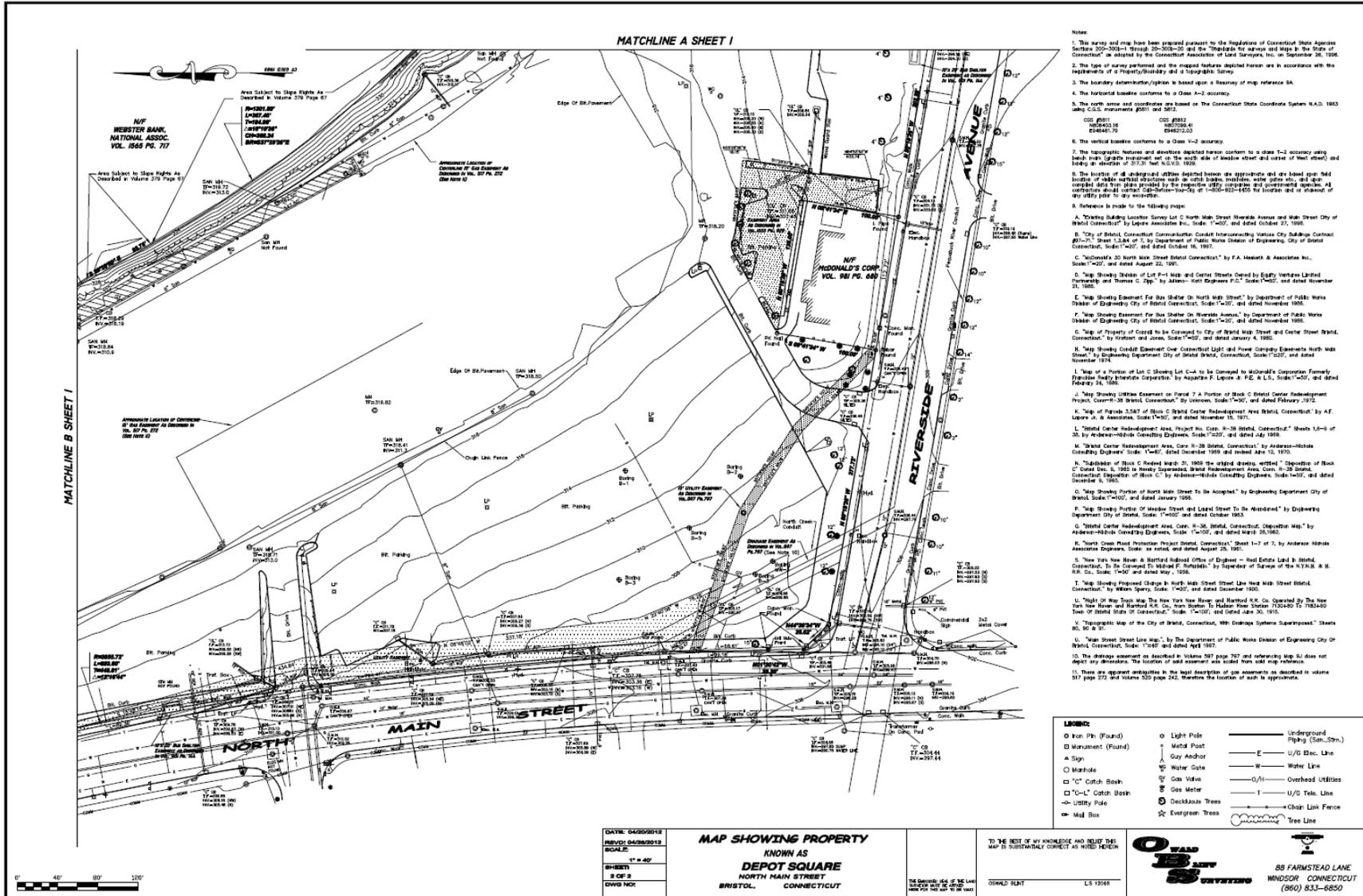
Bristol Hospital services the local community as well as nearby hospitals such as Putnam Hospital Center, St. Francis Hospital and Vassar Brothers Medical Center.

There are many public and private schools in the community, including Bristol Central High School and Bristol Eastern High School, as well as St. Paul Catholic High School. Colleges and Universities in the area include Central Connecticut State University, Naugatuck Valley Community College, Trinity College, University of Hartford, Wesleyan University, Quinnipiac University and Manchester Community College.

SURVEY OF SUBJECT PROPERTY – MAP 1 OF 2



SURVEY OF SUBJECT PROPERTY – MAP 2 OF 2



AERIAL VIEW OF SUBJECT PROPERTY



DEVELOPMENT PLAN - PROJECT PHASING



Figure 15 Depot Square phasing diagram

Depot Square Project Phasing

-  Phase 1
-  Phase 2
-  Phase 3
-  Phase 4

CONCEPTUAL SITE PLAN



MAP OF LAND ALLOCATION FOR EACH BUILDING



PROPERTY DESCRIPTION

SITE DESCRIPTION

The subject property consists of a 15.0655±-acre parcel of land, which is located south of Center Street, and north of Riverside Avenue, between North Main Street and Main Street, in the City of Bristol, Hartford County, Connecticut.

The subject property consists of Map 26, Lot C and Map 30, Lot C-A. Map 30, Lot C-A is currently owned by McDonald's Corp., and there is an existing McDonald's fast food restaurant on the site. This building is currently located along the north side of Riverside Avenue between North Main Street and Main Street, and is located at the southernmost portion of the proposed development site. The City of Bristol and McDonald's Corp. are in the process of finalizing the negotiations for a swap of land that will move the McDonald's fast food restaurant to the northernmost portion of the subject development site, located south of Center Street, fronting on the east side of North Main Street, just south of the existing Dunkin Donuts fast food restaurant building.

This land swap is not considered in this valuation analysis as the swap is expected to be finalized prior to the closing date of the sale of the subject property.

Furthermore, the entire subject property (Map 26, Lot C and Map 30, Lot C-A) contains a total land area of 16.677± acres (726,450± square feet). The total land area includes the 70,196± square feet of land that will be allocated to the new McDonald's site, which is identified as Building D in the development plan, but not included in this valuation analysis.

The subject property was previously improved with a mall building, which has since been razed. The subject property consists of a vacant parcel of land that is available for development.

The proposed development of the subject property will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel development, and retail uses.

The following is a summary of the land areas allocated to each of the subject's proposed Buildings (A thru T, and Parking Structures P1 and P2).

Building	Land Area (± Sq. Ft.)
A	65,079
B	56,646
C	46,926
P2	40,514
E	27,012
F	30,172
G	24,511
H	31,451
I	21,265
P1	31,007
J	94,433
K	18,323
L	56,626
M	25,403
N	17,146
O	24,873
Q	23,663
R	10,066
S	8,036
T	<u>3,102</u>
	656,254
	(15.0655± acres)

Furthermore, the developer will construct open plaza areas for public use and the site will have access easements and encumbrances.

Metro North railroad tracks are located along the east side of the subject property. Currently there is no train station in Bristol for Metro North. The development plan of the subject property includes a train station building to be constructed on the east side of the site between the proposed Buildings O and Q.

According to Flood Insurance Rate Map Community-Panel Number 09003C0462F, effective September 26, 2008, the subject property is located in a flood hazard zone. The subject property is located in Zone X, which includes areas determined to be outside the 0.2% annual chance floodplain.

Our physical inspection did not include an environmental audit, because as real estate appraisers, we are not qualified to perform that. The client indicated that the City of Bristol and the client have completed a Phase 1 environmental of the subject property and the City of Bristol has completed a Phase 2, which did not reveal any contamination. If in the event contamination is detected, the value conclusions derived in this report will be subject to change. This valuation analysis is based on the assumption that the soil and subsoil conditions of the subject site are adequate to support development.

ASSESSMENT AND REAL ESTATE TAX DATA

The subject property is identified on the tax maps of the City of Bristol as Map 26, Lot C and Map 30, Lot C-A. The subject property consists of a 15.0655±-acre parcel of vacant land. The entire property is currently owned by the City of Bristol and the property is not currently burdened by a real estate tax expense.

However, upon transfer of the subject property to a private entity, the new owner will be responsible for all real estate taxes.

The assessor's market value of the subject property, as a vacant site, is \$2,575,100.00. The assessed value of the property is calculated at 70% of the assessor's market value, or \$1,802,570.00. This assessment includes the entire 16.677±-acres (726,450±-square-foot) subject site. The pro-rata share land assessment for the 15.0655±-acre subject property (excluding the McDonald's swap) is \$1,628,390.00.

Breakdown of Assessed Land Values and Estimated RETX per Proposed Building

Building	Land Area (± Sq. Ft.)	Estimated Land Assessed Value	Current RETX Rate*	Estimated RETX per Building
A	65,079	\$ 161,483	0.02875	\$ 4,643
B	56,646	\$ 140,558	0.02875	\$ 4,041
C	46,926	\$ 116,439	0.02875	\$ 3,348
P2	40,514	\$ 100,529	0.02875	\$ 2,890
E	27,012	\$ 67,026	0.02875	\$ 1,927
F	30,172	\$ 74,867	0.02875	\$ 2,152
G	24,511	\$ 60,820	0.02875	\$ 1,749
H	31,451	\$ 78,041	0.02875	\$ 2,244
I	21,265	\$ 52,766	0.02875	\$ 1,517
P1	31,007	\$ 76,939	0.02875	\$ 2,212
J	94,433	\$ 234,320	0.02875	\$ 6,737
K	18,323	\$ 45,466	0.02875	\$ 1,307
L	56,626	\$ 140,508	0.02875	\$ 4,040
M	25,403	\$ 63,033	0.02875	\$ 1,812
N	17,146	\$ 42,545	0.02875	\$ 1,223
O	24,873	\$ 61,718	0.02875	\$ 1,774
Q	23,663	\$ 58,716	0.02875	\$ 1,688
R	10,066	\$ 24,977	0.02875	\$ 718
S	8,036	\$ 19,940	0.02875	\$ 573
T	3,102	\$ 7,697	0.02875	\$ 221
Totals	656,254	\$1,628,390		\$46,816
	(15.0655± acres)			

* Mill rate is \$28.75 per \$100.00 of assessed value.

The tax status date of the City of Bristol is October 1st of each year. Therefore, a property will be taxed based on what improvements are in place as of the tax status date. The fiscal year for real estate taxes is July 1 to Jun 30, with semiannual tax payments due July 1st and January 1st of each year.

The current land real estate taxes, as calculated in the previous table are reflective of the real estate taxes that will encumber the subject property once it is transferred to private ownership. Furthermore, as improvements are constructed, the real estate taxes will increase accordingly with what has been constructed as of the October 1st tax status date.

According to the real estate tax assessor of the City of Bristol, the real estate taxes for new construction can be calculated based on the income approach, sales comparison approach or cost estimated using the *Marshall Valuation Service* cost estimating manual. In this analysis we have used the cost estimates to determine the assessor's market value of the subject buildings as constructed. The assessed value of each of the buildings is estimated at 70% of the total assessor's market value. The real estate tax rate for all class properties is \$28.75 per \$100.00 of assessed value.

The real estate taxes for each of the subject's proposed buildings are estimated in the discounted cash flow analysis for each building. The real estate taxes are projected to increase at a compounded rate of 2.0% per annum.

The City of Bristol offers an Enterprise Zone tax freeze to all new construction projects. The Enterprise zone calls for a freeze of any additional assessed value attributed to the new development, on a seven year scale. The freeze in assessed value can be taken at any time during the construction period or upon construction completion. Since the City offers a developer the option on when a freeze can be taken, the developer would receive the most benefit if the freeze is taken after the property achieves full assessment and receives a certificate of occupancy.

The Enterprise Zone benefits new residential developments and commercial developments. As indicated by the City's assessor, the subject's proposed development is eligible for the freeze.

Based on the Enterprise Zone guidelines the building assessed value would be 100% frozen (in the form of an abatement) for the first two years. The third year would receive a 50% freeze, decreasing 10% per year thereafter for a total abatement period of 7 years. The following is the freeze schedule.

Year 1	100% freeze of building assessment
Year 2	100% freeze of building assessment
Year 3	50% freeze of building assessment
Year 4	40% freeze of building assessment
Year 5	30% freeze of building assessment
Year 6	20% freeze of building assessment
Year 7	10% freeze of building assessment
Year 8	Achieves full assessed value

During the tax benefit term the owner will continue to pay taxes on the full land assessment. According to the City's assessor, the development will receive a partial assessment based on the improvements that are on the site as of October 1st. Based on fire codes a CO can be issued when the improvements are completed and pass inspection. Therefore, we are assuming that each building can only be occupied upon full completion. The freeze would be most advantageous if taken when the improvements achieve a full assessment, which would be the October 1st after completion.

The Enterprise Zone tax freeze for each of the subject's proposed buildings is estimated in the discounted cash flow analysis for each building.

The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phase. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.

The following table is a summary of the full real estate taxes to be paid for the proposed buildings as well as the real estate tax savings in the form of the Enterprise Zone tax freeze program for each building.

SUMMARY OF REAL ESTATE TAXES & SAVINGS OVER DISCOUNTED CASH FLOW PERIOD

Term	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	Totals
Per.	10/12 to	10/13 to	10/14 to	10/15 to	10/16 to	10/17 to	10/18 to	10/19 to	10/20 to	10/21 to	10/22 to	10/23 to	10/24 to	10/25 to	10/26 to	10/27 to	
	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22	9/23	9/24	9/25	9/26	9/27	9/28	
<u>FULL REAL ESTATE TAXES PER BUILDING</u>																	
A	\$4,643	\$4,736	\$107,148	\$211,608	\$215,840	\$220,157	\$224,560	\$229,051	\$233,632	\$238,305	\$243,071	\$247,932	\$252,891	\$257,949	\$263,108	\$268,370	
B	\$4,041	\$4,122	\$160,486	\$319,975	\$326,374	\$332,902	\$339,560	\$346,351	\$353,278	\$360,344	\$367,551	\$374,902	\$382,400	\$390,048	\$397,849	\$405,806	
C	\$0	\$3,348	\$3,415	\$200,657	\$409,811	\$418,007	\$426,367	\$434,894	\$443,592	\$452,464	\$461,513	\$470,743	\$480,158	\$489,761	\$499,556	\$509,547	
E	\$0	\$0	\$4,204	\$4,288	\$81,734	\$163,849	\$167,126	\$170,468	\$173,878	\$177,356	\$180,903	\$184,521	\$188,211	\$191,975	\$195,815	\$199,731	
F	\$0	\$0	\$2,284	\$2,329	\$200,356	\$410,342	\$418,549	\$426,919	\$435,458	\$444,167	\$453,050	\$462,111	\$471,353	\$480,780	\$490,396	\$500,204	
G	\$0	\$0	\$1,820	\$1,856	\$89,574	\$182,588	\$186,240	\$189,965	\$193,764	\$197,639	\$201,592	\$205,624	\$209,736	\$213,931	\$218,210	\$222,574	
H	\$0	\$0	\$2,335	\$2,381	\$69,800	\$141,288	\$144,114	\$146,996	\$149,936	\$152,935	\$155,994	\$159,114	\$162,296	\$165,542	\$168,853	\$172,230	
I	\$0	\$0	\$1,578	\$1,610	\$46,397	\$93,887	\$95,765	\$97,680	\$99,634	\$101,627	\$103,660	\$105,733	\$107,848	\$110,005	\$112,205	\$114,449	
J	\$0	\$0	\$0	\$0	\$7,292	\$7,438	\$247,940	\$502,960	\$513,019	\$523,280	\$533,745	\$544,420	\$555,308	\$566,414	\$577,742	\$589,297	
K	\$0	\$0	\$0	\$0	\$1,415	\$1,443	\$102,202	\$209,046	\$213,226	\$217,491	\$221,841	\$226,278	\$230,804	\$235,420	\$240,128	\$244,931	
L	\$0	\$0	\$0	\$0	\$4,373	\$4,460	\$92,264	\$185,368	\$189,075	\$192,857	\$196,714	\$200,648	\$204,661	\$208,754	\$212,929	\$217,188	
M	\$0	\$0	\$0	\$0	\$0	\$0	\$2,081	\$2,123	\$33,263	\$66,282	\$67,608	\$68,960	\$70,339	\$71,746	\$73,181	\$74,645	
N	\$0	\$0	\$0	\$0	\$0	\$0	\$1,377	\$1,405	\$51,347	\$104,304	\$106,390	\$108,518	\$110,688	\$112,902	\$115,160	\$117,463	
O	\$0	\$0	\$0	\$0	\$0	\$0	\$2,491	\$2,541	\$2,592	\$212,969	\$217,228	\$221,573	\$226,005	\$230,525	\$235,136	\$239,839	
Q	\$0	\$0	\$0	\$0	\$0	\$0	\$2,491	\$2,541	\$2,592	\$138,567	\$141,339	\$144,166	\$147,049	\$149,990	\$152,990	\$156,050	
R	\$0	\$0	\$0	\$0	\$0	\$0	\$825	\$841	\$16,407	\$32,912	\$33,570	\$34,242	\$34,927	\$35,625	\$36,338	\$37,065	
S	\$0	\$0	\$0	\$0	\$0	\$0	\$825	\$841	\$16,407	\$32,912	\$33,570	\$34,242	\$34,927	\$35,625	\$36,338	\$37,065	
T																	
<u>FULL REAL ESTATE TAXES</u>																	
	\$8,684	\$12,206	\$283,269	\$744,705	\$1,452,966	\$1,976,362	\$2,454,778	\$2,949,991	\$3,121,100	\$3,646,412	\$3,719,340	\$3,793,726	\$3,869,601	\$3,946,992	\$4,025,934	\$4,106,454	\$40,112,521
<u>REAL ESTATE TAX SAVINGS PER BUILDING</u>																	
A	\$0	\$0	\$0	\$0	\$210,814	\$215,031	\$109,666	\$89,487	\$68,458	\$46,551	\$23,741	\$0	\$0	\$0	\$0	\$0	
B	\$0	\$0	\$0	\$0	\$322,000	\$328,440	\$167,505	\$136,684	\$104,563	\$71,103	\$36,262	\$0	\$0	\$0	\$0	\$0	
C	\$0	\$0	\$0	\$0	\$406,258	\$414,383	\$211,335	\$172,450	\$131,924	\$89,708	\$45,751	\$0	\$0	\$0	\$0	\$0	
E	\$0	\$0	\$0	\$0	\$0	\$159,387	\$162,575	\$82,913	\$67,657	\$51,758	\$35,195	\$17,950	\$0	\$0	\$0	\$0	
F	\$0	\$0	\$0	\$0	\$0	\$407,918	\$416,077	\$212,199	\$173,154	\$132,463	\$90,075	\$45,938	\$0	\$0	\$0	\$0	
G	\$0	\$0	\$0	\$0	\$0	\$180,657	\$184,271	\$93,978	\$76,686	\$58,665	\$39,892	\$20,345	\$0	\$0	\$0	\$0	
H	\$0	\$0	\$0	\$0	\$0	\$138,811	\$141,587	\$72,209	\$58,923	\$45,076	\$30,652	\$15,632	\$0	\$0	\$0	\$0	
I	\$0	\$0	\$0	\$0	\$0	\$92,212	\$94,057	\$47,969	\$39,143	\$29,944	\$20,362	\$10,385	\$0	\$0	\$0	\$0	
J	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$495,222	\$505,126	\$257,614	\$210,213	\$160,813	\$109,353	\$55,770	\$0	\$0	
K	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$207,544	\$211,695	\$107,965	\$88,099	\$67,396	\$45,829	\$23,373	\$0	\$0	
L	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$180,727	\$184,342	\$94,014	\$76,716	\$58,687	\$39,907	\$20,353	\$0	\$0	
M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$64,074	\$65,355	\$33,331	\$27,198	\$20,807	\$14,148	\$7,216		
N	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,843	\$104,899	\$53,499	\$43,655	\$33,396	\$22,709	\$11,582		
O	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$210,326	\$214,532	\$109,411	\$89,280	\$68,299	\$46,443	\$23,686		
Q	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135,924	\$138,642	\$70,708	\$57,698	\$44,139	\$30,014	\$15,307		
R	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,037	\$32,678	\$16,666	\$13,599	\$10,403	\$7,074	\$3,608		
S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,037	\$32,678	\$16,666	\$13,599	\$10,403	\$7,074	\$3,608		
T																	
<u>REAL ESTATE TAX SAVINGS</u>																	
	\$0	\$0	\$0	\$0	\$939,072	\$1,936,839	\$1,487,073	\$1,791,382	\$1,621,671	\$1,562,102	\$1,285,742	\$697,427	\$440,118	\$286,943	\$127,462	\$65,007	\$12,240,838
<u>REAL ESTATE TAXES PAID</u>																	
	\$8,684	\$12,206	\$283,269	\$744,705	\$513,894	\$39,523	\$967,705	\$1,158,609	\$1,499,429	\$2,084,310	\$2,433,598	\$3,096,299	\$3,429,483	\$3,660,049	\$3,898,472	\$4,041,447	\$27,871,683
<u>CUMULATIVE REAL ESTATE TAXES PAID</u>																	
	\$8,684	\$20,890	\$304,159	\$1,048,864	\$1,562,758	\$1,602,281	\$2,569,985	\$3,728,595	\$5,228,024	\$7,312,334	\$9,745,932	\$12,842,232	\$16,271,715	\$19,931,764	\$23,830,236	\$27,871,683	

The table on the previous table includes the full real estate taxes and tax savings. However, the real estate taxes for the condominium units will become the responsibility of the purchaser of the unit, and as they are sold the real estate tax burden and savings will be transferred to the new owner. The preceding table calculates the full real estate taxes to be paid to the City of Bristol, which are not the real estate taxes included in the discounted cash flow analysis for the proposed condominium developments. The discounted cash flow analysis includes only the real estate taxes to be paid for by the developer, the real estate tax burden will be transferred to the condominium owner upon sale of the condominium units.

The following are the calculation of the Enterprise Zone tax benefits included in this analysis.

ENTERPRISE ZONE TAX BENEFITS – BUILDING A¹⁴

Annual Period	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$5,026	\$5,126	\$5,229	\$5,333	\$5,440	\$5,549	\$5,660
Real Estate Taxes - Building & Parking Portion	<u>\$210,814</u>	<u>\$215,031</u>	<u>\$219,331</u>	<u>\$223,718</u>	<u>\$228,192</u>	<u>\$232,756</u>	<u>\$237,411</u>
Estimated Full Real Estate Taxes	\$215,840	\$220,157	\$224,560	\$229,051	\$233,632	\$238,305	\$243,071
RETX Freeze After Full Assessment	\$210,814	\$215,031	\$219,331	\$223,718	\$228,192	\$232,756	\$237,411
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$210,814	\$215,031	\$109,666	\$89,487	\$68,458	\$46,551	\$23,741
Present Value Factor	<u>0.78353</u>	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>
Present Value of Annual RETX Savings	\$165,178	\$160,459	\$77,938	\$60,568	\$44,129	\$28,578	\$13,881
Net Present Value of RETX Savings	\$550,731						
Rounded	\$550,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING B¹⁵

Annual Period	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$4,374	\$4,462	\$4,551	\$4,642	\$4,735	\$4,829	\$4,926
Real Estate Taxes - Building & Parking Portion	<u>\$322,000</u>	<u>\$328,440</u>	<u>\$335,009</u>	<u>\$341,709</u>	<u>\$348,543</u>	<u>\$355,514</u>	<u>\$362,625</u>
Estimated Full Real Estate Taxes	\$326,374	\$332,902	\$339,560	\$346,351	\$353,278	\$360,344	\$367,551
RETX Freeze After Full Assessment	\$322,000	\$328,440	\$335,009	\$341,709	\$348,543	\$355,514	\$362,625
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$322,000	\$328,440	\$167,505	\$136,684	\$104,563	\$71,103	\$36,262
Present Value Factor	<u>0.78353</u>	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>
Present Value of Annual RETX Savings	\$252,295	\$245,087	\$119,043	\$92,513	\$67,402	\$43,651	\$21,202
Net Present Value of RETX Savings	\$841,193						
Rounded	\$840,000						

¹⁴ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

¹⁵ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING C¹⁶

Annual Period	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
RETX Apportioned to Land	\$3,624	\$3,696	\$3,770	\$3,846	\$3,923	\$4,001	\$4,081
RETX Apportioned to Building	<u>\$406,258</u>	<u>\$414,383</u>	<u>\$422,671</u>	<u>\$431,124</u>	<u>\$439,746</u>	<u>\$448,541</u>	<u>\$457,512</u>
Estimated Full Real Estate Taxes	\$409,882	\$418,079	\$426,441	\$434,970	\$443,669	\$452,543	\$461,593
RETX Freeze After Full Assessment	\$406,258	\$414,383	\$422,671	\$431,124	\$439,746	\$448,541	\$457,512
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$406,258	\$414,383	\$211,335	\$172,450	\$131,924	\$89,708	\$45,751
Present Value Factor	<u>0.78353</u>	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>
Present Value of Annual RETX Savings	\$318,314	\$309,219	\$150,192	\$116,721	\$85,039	\$55,073	\$26,750
Net Present Value of RETX Savings	\$1,061,308						
Rounded	\$1,060,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING E¹⁷

Annual Period	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$4,462	\$4,551	\$4,642	\$4,735	\$4,829	\$4,926	\$5,024
Real Estate Taxes - Building & Parking Portion	<u>\$159,387</u>	<u>\$162,575</u>	<u>\$165,826</u>	<u>\$169,143</u>	<u>\$172,526</u>	<u>\$175,976</u>	<u>\$179,496</u>
Estimated Full Real Estate Taxes	\$163,849	\$167,126	\$170,468	\$173,878	\$177,355	\$180,902	\$184,520
RETX Freeze After Full Assessment	\$159,387	\$162,575	\$165,826	\$169,143	\$172,526	\$175,976	\$179,496
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$159,387	\$162,575	\$82,913	\$67,657	\$51,758	\$35,195	\$17,950
Present Value Factor	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>
Present Value of Annual RETX Savings	\$118,937	\$115,539	\$56,119	\$43,612	\$31,775	\$20,578	\$9,995
Net Present Value of RETX Savings	\$396,555						
Rounded	\$400,000						

¹⁶ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

¹⁷ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING F¹⁸

Full RETX Period	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$2,424	\$2,472	\$2,521	\$2,572	\$2,623	\$2,676	\$2,729
Real Estate Taxes - Building & Parking Portion	<u>\$407,918</u>	<u>\$416,077</u>	<u>\$424,398</u>	<u>\$432,886</u>	<u>\$441,544</u>	<u>\$450,375</u>	<u>\$459,382</u>
Estimated Full Real Estate Taxes	\$410,342	\$418,549	\$426,919	\$435,458	\$444,167	\$453,050	\$462,111
RETX Freeze After Full Assessment	\$407,918	\$416,077	\$424,398	\$432,886	\$441,544	\$450,375	\$459,382
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$407,918	\$416,077	\$212,199	\$173,154	\$132,463	\$90,075	\$45,938
Present Value Factor	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>
Present Value of Annual RETX Savings	\$304,395	\$295,698	\$143,625	\$111,617	\$81,321	\$52,665	\$25,580
Net Present Value of RETX Savings	\$1,014,901						
Rounded	\$1,010,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING G¹⁹

Annual Period	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$1,931	\$1,970	\$2,009	\$2,049	\$2,090	\$2,132	\$2,175
Real Estate Taxes - Building & Parking Portion	<u>\$180,657</u>	<u>\$184,271</u>	<u>\$187,956</u>	<u>\$191,715</u>	<u>\$195,549</u>	<u>\$199,460</u>	<u>\$203,450</u>
Estimated Full Real Estate Taxes	\$182,588	\$186,240	\$189,965	\$193,764	\$197,640	\$201,592	\$205,624
RETX Freeze After Full Assessment	\$180,657	\$184,271	\$187,956	\$191,715	\$195,549	\$199,460	\$203,450
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$180,657	\$184,271	\$93,978	\$76,686	\$58,665	\$39,892	\$20,345
Present Value Factor	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>
Present Value of Annual RETX Savings	\$134,809	\$130,958	\$63,608	\$49,432	\$36,015	\$23,324	\$11,329
Net Present Value of RETX Savings	\$449,475						
Rounded	\$450,000						

¹⁸ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

¹⁹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING H²⁰

Annual Period	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$2,478	\$2,527	\$2,578	\$2,629	\$2,682	\$2,735	\$2,790
Real Estate Taxes - Building & Parking Portion	<u>\$138,811</u>	<u>\$141,587</u>	<u>\$144,419</u>	<u>\$147,307</u>	<u>\$150,253</u>	<u>\$153,258</u>	<u>\$156,323</u>
Estimated Full Real Estate Taxes	\$141,288	\$144,114	\$146,996	\$149,936	\$152,935	\$155,994	\$159,114
RETX Freeze After Full Assessment	\$138,811	\$141,587	\$144,419	\$147,307	\$150,253	\$153,258	\$156,323
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$138,811	\$141,587	\$72,209	\$58,923	\$45,076	\$30,652	\$15,632
Present Value Factor	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>
Present Value of Annual RETX Savings	\$103,583	\$100,623	\$48,874	\$37,982	\$27,673	\$17,922	\$8,704
Net Present Value of RETX Savings	\$345,361						
Rounded	\$350,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING I²¹

Annual Period	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$1,675	\$1,708	\$1,743	\$1,777	\$1,813	\$1,849	\$1,886
Real Estate Taxes - Building & Parking Portion	<u>\$92,212</u>	<u>\$94,057</u>	<u>\$95,938</u>	<u>\$97,857</u>	<u>\$99,814</u>	<u>\$101,810</u>	<u>\$103,846</u>
Estimated Full Real Estate Taxes	\$93,887	\$95,765	\$97,680	\$99,634	\$101,627	\$103,659	\$105,732
RETX Freeze After Full Assessment	\$92,212	\$94,057	\$95,938	\$97,857	\$99,814	\$101,810	\$103,846
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$92,212	\$94,057	\$47,969	\$39,143	\$29,944	\$20,362	\$10,385
Present Value Factor	<u>0.74622</u>	<u>0.71068</u>	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>
Present Value of Annual RETX Savings	\$68,810	\$66,845	\$32,467	\$25,232	\$18,383	\$11,905	\$5,783
Net Present Value of RETX Savings	\$229,425						
Rounded	\$230,000						

²⁰ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

²¹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING J²²

Annual Period	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	10/24 to 9/25	10/25 to 9/26
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$7,739	\$7,893	\$8,051	\$8,212	\$8,377	\$8,544	\$8,715
Real Estate Taxes - Building & Parking Portion	<u>\$495,222</u>	<u>\$505,126</u>	<u>\$515,229</u>	<u>\$525,533</u>	<u>\$536,044</u>	<u>\$546,765</u>	<u>\$557,700</u>
Estimated Full Real Estate Taxes	\$502,960	\$513,019	\$523,280	\$533,745	\$544,420	\$555,309	\$566,415
RETX Freeze After Full Assessment	\$495,222	\$505,126	\$515,229	\$525,533	\$536,044	\$546,765	\$557,700
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$495,222	\$505,126	\$257,614	\$210,213	\$160,813	\$109,353	\$55,770
Present Value Factor	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>	<u>0.53032</u>	<u>0.50507</u>
Present Value of Annual RETX Savings	\$335,186	\$325,609	\$158,153	\$122,907	\$89,547	\$57,992	\$28,168
Net Present Value of RETX Savings	\$1,117,562						
Rounded	\$1,120,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING K²³

Annual Period	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	10/24 to 9/25	10/25 to 9/26
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$1,501	\$1,531	\$1,562	\$1,593	\$1,625	\$1,658	\$1,691
Real Estate Taxes - Building & Parking Portion	<u>\$207,544</u>	<u>\$211,695</u>	<u>\$215,929</u>	<u>\$220,248</u>	<u>\$224,653</u>	<u>\$229,146</u>	<u>\$233,729</u>
Estimated Full Real Estate Taxes	\$209,046	\$213,226	\$217,491	\$221,841	\$226,278	\$230,803	\$235,419
RETX Freeze After Full Assessment	\$207,544	\$211,695	\$215,929	\$220,248	\$224,653	\$229,146	\$233,729
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$207,544	\$211,695	\$107,965	\$88,099	\$67,396	\$45,829	\$23,373
Present Value Factor	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>	<u>0.53032</u>	<u>0.50507</u>
Present Value of Annual RETX Savings	\$140,474	\$136,460	\$66,281	\$51,510	\$37,529	\$24,304	\$11,805
Net Present Value of RETX Savings	\$468,363						
Rounded	\$470,000						

²² Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

²³ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING L²⁴

Annual Period	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	10/24 to 9/25	10/25 to 9/26
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$4,641	\$4,734	\$4,828	\$4,925	\$5,023	\$5,124	\$5,226
Real Estate Taxes - Building & Parking Portion	<u>\$180,727</u>	<u>\$184,342</u>	<u>\$188,029</u>	<u>\$191,789</u>	<u>\$195,625</u>	<u>\$199,537</u>	<u>\$203,528</u>
Estimated Full Real Estate Taxes	\$185,368	\$189,075	\$192,857	\$196,714	\$200,648	\$204,661	\$208,754
RETX Freeze After Full Assessment	\$180,727	\$184,342	\$188,029	\$191,789	\$195,625	\$199,537	\$203,528
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$180,727	\$184,342	\$94,014	\$76,716	\$58,687	\$39,907	\$20,353
Present Value Factor	<u>0.67684</u>	<u>0.64461</u>	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>	<u>0.53032</u>	<u>0.50507</u>
Present Value of Annual RETX Savings	\$122,323	\$118,828	\$57,716	\$44,854	\$32,679	\$21,164	\$10,280
Net Present Value of RETX Savings	\$407,844						
Rounded	\$410,000						

ENTERPRISE ZONE TAX BENEFITS – BUILDING O²⁵

Annual Period	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	10/24 to 9/25	10/25 to 9/26	10/26 to 9/27	10/27 to 9/28
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion - Commercial Retained	\$80	\$82	\$83	\$85	\$87	\$88	\$90
Real Estate Taxes - Building & Parking Portion - Retained	<u>\$6,573</u>	<u>\$6,704</u>	<u>\$6,838</u>	<u>\$6,975</u>	<u>\$7,114</u>	<u>\$7,257</u>	<u>\$7,402</u>
Estimated Full Real Estate Taxes	\$6,653	\$6,786	\$6,922	\$7,060	\$7,201	\$7,345	\$7,492
RETX Freeze After Full Assessment	\$6,573	\$6,704	\$6,838	\$6,975	\$7,114	\$7,257	\$7,402
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$6,573	\$6,704	\$3,419	\$2,790	\$2,134	\$1,451	\$740
Present Value Factor	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>	<u>0.53032</u>	<u>0.50507</u>	<u>0.48102</u>	<u>0.45811</u>
Present Value of Annual RETX Savings	\$4,035	\$3,920	\$1,904	\$1,480	\$1,078	\$698	\$339
Net Present Value of RETX Savings	\$13,454						
Rounded	\$10,000						

²⁴ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

²⁵ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ENTERPRISE ZONE TAX BENEFITS – BUILDING Q²⁶

Annual Period	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	10/24 to 9/25	10/25 to 9/26	10/26 to 9/27	10/27 to 9/28
Enterprise Zone Tax Benefits - Year	1	2	3	4	5	6	7
Real Estate Taxes - Land Portion	\$252	\$257	\$262	\$267	\$273	\$278	\$284
Real Estate Taxes - Building & Parking Portion	<u>\$14,308</u>	<u>\$14,594</u>	<u>\$14,886</u>	<u>\$15,184</u>	<u>\$15,487</u>	<u>\$15,797</u>	<u>\$16,113</u>
Estimated Full Real Estate Taxes	\$14,560	\$14,851	\$15,148	\$15,451	\$15,760	\$16,075	\$16,396
RETX Freeze After Full Assessment	\$14,308	\$14,594	\$14,886	\$15,184	\$15,487	\$15,797	\$16,113
Percentage Freeze	<u>100%</u>	<u>100%</u>	<u>50%</u>	<u>40%</u>	<u>30%</u>	<u>20%</u>	<u>10%</u>
Annual RETX Savings	\$14,308	\$14,594	\$7,443	\$6,073	\$4,646	\$3,159	\$1,611
Present Value Factor	<u>0.61391</u>	<u>0.58468</u>	<u>0.55684</u>	<u>0.53032</u>	<u>0.50507</u>	<u>0.48102</u>	<u>0.45811</u>
Present Value of Annual RETX Savings	\$8,784	\$8,533	\$4,145	\$3,221	\$2,347	\$1,520	\$738
Net Present Value of RETX Savings	\$29,288						
Rounded	\$30,000						

²⁶ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report. Enterprise zone tax benefits are estimated using a safe discount rate of 5.0%.

ZONING EXCERPT

The subject property is located within the BD-1 sub-district of the BD – Downtown Business zone, as governed by the City of Bristol. The BD – Downtown Business zoning district is outlined as follows:

BD – DOWNTOWN BUSINESS ZONE

1. **Purpose** – The BD - Downtown Business zone is intended to accommodate the major retail, governmental, institutional, office and cultural activities of the City within a concentrated, compact, pedestrian-oriented central business district, as identified in the City's Plan of Conservation and Development. The Downtown Business zone is also intended to accommodate high-density residential development in support of such activities.

The BD zone shall consist of two mapped sub-districts: the BD-1 zone and the BD-2 zone.

- a. The BD-1 zone shall encompass properties on all or a portion of each of the following streets, as shown on the city's Official Zoning Map: Center St., Church St., Federal St., Foley St., High St., Kelley St., Laurel St., Main Street, Meadow St., Memorial Blvd., North St., North Main St., Pleasant St., Prospect St., Race St., Riverside Ave., School St., South St., Summer St., Upson St., and Valley St.,
- b. The BD-2 zone shall encompass properties on all or a portion of each of the following streets, as shown on the city's Official Zoning Map: Center St., Church St., George St., Laurel St., Myrtle St., North St., North Main St., Peters Ct., Prospect St., Race St., South St., West St., and Valley St.

Unless otherwise noted herein, the provisions of these Regulations shall be applicable to both the BD-1 and BD-2 zones.

2. **Permitted Uses** – The following principal uses shall be permitted in the BD zone in accordance with the provisions of Section VI.C.5. below:
 - a. Banks without drive-in facilities; financial institutions.
 - b. Grocery stores, supermarkets, convenience stores, or similar food stores, including the service of food only within a building at a counter or tables as an accessory use.
 - c. Drugstores or pharmacies without drive-up facilities.
 - d. Retail stores which sell one or more types of merchandise for personal or household use, such as books and stationery, gifts, clothing, dry goods, hardware, jewelry, flowers, variety merchandise, newspapers, magazines, records, audio and video cassettes, alcoholic liquor, furniture, appliances, electronic equipment, motor vehicle parts and supplies, or similar goods; pet stores.

- e. Personal service establishments such as beauty shops, barber shops, tailor shops, repair shops, dry cleaners or laundry establishments, but excluding motor vehicle repair.
- f. Business or professional offices, including medical or dental offices.
- g. Libraries, post offices, parks, administrative offices or other buildings or facilities of the local, state or federal government.
- h. Health care clinics, not designed for overnight patient care.
- i. Business services such as advertising, computer or data processing, public relations, management or personnel supply.
- j. Sit-down restaurants, including outdoor dining as an accessory use.
- k. Fast-food restaurants.
- l. Nightclubs, dance clubs, bars, taverns, cafes or similar establishments, with or without the service of alcoholic beverages.
- m. Schools operated for profit; studios of dance, photography, graphic design, painting or similar artistic endeavors.
- n. Radio or television broadcast facilities.
- o. Museums, art galleries or similar facilities of non-profit educational or cultural organizations or institutions.
- p. Social service agencies; philanthropic, benevolent or charitable organizations.
- q. Places of worship.
- r. Clubs.
- s. Other membership organizations such as business or professional associations, labor organizations or political organizations.
- t. Printing, lithography, photocopying or similar graphic arts services; publishing facilities.
- u. Health or fitness clubs, gymnasiums, excluding tennis or racquet clubs.
- v. Entertainment facilities entirely enclosed, including motion picture theaters, auditoriums or stage theaters.
- w. Amusement facilities entirely enclosed, including pool halls, billiard parlors, pinball or video game arcades, or similar uses.
- x. Taxicab service.
- y. Coin-operated laundries or laundromats.
- z. Dwelling units, including live-work units. In the BD-1 zone, dwelling units shall not be allowed at street level in that portion of a building facing Main Street, North Main Street, Church Street, Riverside Avenue, North Street, South Street, School Street, or Prospect Street. On all other streets in the BD-1 zone, up to 35% of the gross floor area of a building's street level, excluding any street-level floor area devoted to structured parking, may be occupied by dwelling units. Up to five non-residents shall be allowed to work in any live-work unit.
- aa. Public utility buildings or facilities.
- bb. Child day care centers.
- cc. Specialty food or beverage establishments, with or without entertainment as an accessory use.
- dd. Take-out or carry-out restaurants.

3. **Special Permit Uses** – The following principal uses shall be permitted in the BD zone subject to Special Permit and Site Plan approvals in accordance with Sections X and XI:
- a. Hotels.
 - b. Commercial parking lots or parking structures, subject to the provisions of Section VIII.B.
 - c. Drive-up facilities, including those which are part of a use otherwise permitted by right, but excluding car or truck washes, subject to the following provisions:
 - 1) To the greatest extent possible, stacking lanes for the drive-up window shall be separate from any access aisles needed for internal circulation, parking, and loading.
 - 2) To the greatest extent possible, parking shall be located such that customers who arrive by vehicle do not need to cross stacking lanes in order to enter the building.
 - d. Nursing homes or convalescent homes.
 - e. Tennis or racquet clubs.
 - f. Commercial recreation facilities if entirely enclosed, such as ice or roller skating rinks or bowling alleys, but excluding health or fitness clubs or gymnasiums.
 - g. Unified Downtown Development Projects, subject to the provisions of Section VI.C.9.
4. **Permitted Accessory Buildings, Structures and Uses** – The following accessory buildings, structures and uses shall be permitted in the BD zone:
- a. Any accessory building, structure or use customarily incidental and directly related to the operation of the principal use.
 - b. Off-street parking and loading, including parking structures, subject to the provisions of Section VIII.B.
 - c. Signs, subject to the provisions of Section VIII.A.
 - d. Seasonal outdoor dining areas for permitted eating and drinking establishments, subject to the following provisions:
 - 1) An outdoor dining area less than or equal to 250 square feet in size shall be permitted by right, subject to the approval of a Zoning Permit by the Zoning Enforcement Officer in accordance with Section XII.D.
 - 2) An outdoor dining area greater than 250 square feet in size shall be permitted subject to Special Permit and Site Plan approvals in accordance with Sections X and XI.
 - 3) All outdoor dining areas in the BD zone shall comply with the following requirements:
 - a) The outdoor dining area may be located entirely or partially on the public sidewalk adjoining the premises, subject to the receipt of all other necessary approvals relative thereto.
 - b) The outdoor dining area shall not create interference with, hazards to, or visibility problems for pedestrians on sidewalks or for vehicular traffic.

- c) Any non-vegetative shading devices shall be of a non-permanent type (e.g., umbrellas, retractable awnings) and shall be safely anchored.
 - d) The outdoor dining area shall not be located within or interfere with any parking or loading areas.
 - e) Adequate trash receptacles shall be provided, and the restaurant shall be responsible each day for the cleanup of all trash (both on-site and off-site) generated by the outdoor dining area.
 - f) Tables and chairs in the outdoor dining area shall be so located as to maintain proper access to the building for emergency services.
 - g) No outside audio or video systems shall be permitted.
 - h) At the end of each outdoor dining season, all tables, chairs, trash receptacles, etc., shall be removed from the outside of the premises.
 - i) Any signs placed on outdoor umbrellas, awnings or chairs shall be limited to the name of the establishment, products sold by the establishment, or services offered by the establishment.
 - j) The outdoor dining area may be located in the front or on the side of the building but shall not be located at the rear or on the roof of the building.
- e. The outdoor display of merchandise for sale on premises only.

The following is a summary of the bulk regulations to the BD – Downtown Business zoning district:

SUMMARY OF BULK REGULATIONS

Building Element	Standard		Explanatory Notes
	BD-1 zone	BD-2 zone	
(1) floor-area ratio	minimum of 0.6		<ul style="list-style-type: none"> The gross floor area of all buildings on the lot and the lot area of all contiguous lots expressly devoted to the development (e.g., for off-street parking) shall be included in this calculation.
(2) build-to line	maximum of 10 feet		<ul style="list-style-type: none"> At least the first two building stories shall comply with this standard. In developments containing two or more principal buildings, each such building shall comply with this standard independently of any other building on the lot. The Commission may allow a build-to line as far back as 25 feet for up to 50% of the projected length of the building's street-facing walls if an outdoor dining area, an outdoor merchandise display area, or a public plaza or similar public space is created between the front lot line and the greater build-to line.
(3) building height	minimum of 18 feet		<ul style="list-style-type: none"> Building height shall be measured from the first-floor elevation of the building or the average elevation of the adjoining public sidewalk, whichever is greater. The building's basement or cellar (if any) shall not be included in this calculation. In developments containing two or more principal buildings, each such building shall comply with this standard independently of any other building on the lot.
(4) number of building stories	minimum of 2 full stories	minimum of 2 full stories, for buildings designed to accommodate one occupant minimum of 1 story, for buildings designed to accommodate two or more occupants	<ul style="list-style-type: none"> For buildings with two or more stories, the gross floor area of the second story shall be equal to at least 75% of the gross floor area of the first story in order for it to be counted as a full story. The building's basement or cellar (if any) shall not be included in this calculation. In developments containing two or more principal buildings, each such building shall comply with this standard independently of any other building on the lot.
(5) area of street-level, street-facing walls consisting of windows and public entrance/exit doors ("building fenestration")	minimum of 65% of such wall area devoted to non-residential uses	minimum of 50% of such wall area devoted to non-residential uses	<ul style="list-style-type: none"> The wall area shall be measured between 2 and 10 feet above the top of the building foundation. Windows and public entrance/exit doors shall contain clear or tinted glass capable of providing an unobstructed view from the outside into the building. In developments containing two or more buildings, each building shall comply with this standard independently of any other building on the lot.
(6) projected length of all street-level, street-facing building walls as a percentage of total lot frontage ("building frontage-lot frontage ratio")	minimum of 65 percent		<ul style="list-style-type: none"> The frontage of all contiguous lots expressly devoted to the development (e.g., for off-street parking) shall be included in this calculation.
(7) orientation of building entrances	Each street-level business shall have at least one entrance on a public street. No more than two businesses in the same building shall share the same building entrance unless the entrance also provides an entry to uses above or below the street level.		

This valuation analysis is based on the assumption that the proposed subject development plan meets the BD – Downtown Business zoning requirements and will receive site approvals by the City of Bristol. However, we recognize that issues involving zoning compliance are complex and require the special skills, knowledge and training of professionals familiar with the appropriate regulations. Therefore, the determination of zoning compliance can be determined only by an architect or engineer.

The proposed development plan is summarized as follows based on the development plan provided by the client of this report.

PROPOSED SUBJECT DEVELOPMENT PLAN
(PHASE 1)

Building	Description	Type of Construction	Total Units	Land Area	Footprints	Total GSF	GSF/ Unit	Efficiency Factor	Total NSF	# of Structured Parking Spaces	# of Surface Parking Spaces
<u>PHASE 1</u>											
A	Multi-Family - Rental	Stick	104	65,079	21,879	87,236	839	77%	66,800		
B	Ground Floor - Retail / Restaurant	Stick over		56,464		22,321		90%	20,089		
	Multi-Family - Rental	Commercial Podium	138		25,500	<u>111,210</u> 133,531	806	77%	<u>85,566</u> 105,655		
C	Hotel - Rooms	Steel	125	46,926	15,400	74,219	594	80%	59,375		
	Hotel - Amenities					26,881		80%	21,505		
	Ground Floor Retail					<u>6,400</u> 107,500		95%	<u>6,080</u> 86,960		
P2 Street Pkg Temp Pkg	Parking Garage (P2)	Steel/Concrete		40,514	28,500	142,500		100%	142,500	430	
	Including ST1.1, ST2.1, ST3.1					29,440					92
	TP1.1 & TP2.1					113,600					355
TOTAL PHASE 1			242	209,165	62,779	328,267			259,415	430	92

PROPOSED SUBJECT DEVELOPMENT PLAN
(PHASE 2)

Building	Description	Type of Construction	Total Units	Land Area	Footprints	Total GSF	GSF/ Unit	Efficiency Factor	Total NSF	# of Structured Parking Spaces	# of Surface Parking Spaces
<u>PHASE 2</u>											
E	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	76	27,012		5,475 <u>59,625</u>	785	95% 80%	5,201 <u>47,700</u>		
					13,200	65,100			52,901		
F	Office Building	Steel		30,172	12,500	112,500		100%	112,770		
G	Multi-Family - Rental	Stick	93	24,511	14,000	73,500	790	80%	58,800		
H	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	66	31,451		4,860 <u>51,840</u>	785	95% 80%	4,617 <u>41,472</u>		
					10,800	56,700			46,089		
I	Commercial - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	40	21,265		6,120 <u>31,680</u>	792	95% 80%	5,814 <u>25,344</u>		
					7,200	37,800			31,158		
P1 Street Pkg Temp Pkg	Parking Garage (P1) Including ST1.2, ST3.2, ST4.1, ST5.1 TP1.2, TP2.2 & TP3.1	Steel/Concrete		31,007	30,300	121,200 46,400 73,920		100%	121,200	380	145 231
TOTAL PHASE 2			275	165,418	57,700	345,600			301,718	380	145

PROPOSED SUBJECT DEVELOPMENT PLAN
(PHASE 3)

Building	Description	Type of Construction	Total Units	Land Area	Footprints	Total GSF	GSF/ Unit	Efficiency Factor	Total NSF	# of Structure d Parking Spaces	# of Surface Parking Spaces
<u>PHASE 3</u>											
J	Parking Deck (P3)	Stick over			Parking = Full.	57,000		100%	57,000	128	
	Commercial - Retail / Restaurant	Commercial/Parking		94,733	Basement & 14,400 Sq.	15,500		95%	14,725		
	Multi-Family - Rental	Podium	187		Ft. 1st Floor	<u>147,425</u>	788	80%	<u>117,940</u>		
				Bldg & Pkg Building only	42,600	162,925			132,665		
					31,700						
K	Ground Floor - Retail / Restaurant	Stick over		18,323		11,200		95%	10,640		
	Multi-Family - Rental	Commercial Podium	71			<u>55,700</u>	785	80%	<u>44,560</u>		
						13,200			55,200		
L	Parking Deck (P4)	Stick over Parking Podium		56,626		48,000		100%	48,000	128	
	Multi-Family - Rental		76			<u>59,600</u>	784	80%	<u>47,680</u>		
	1st & 2nd floors smaller because they include some parking from P4			Building only	21,000	59,600			47,680		
				Bldg & Pkg	31,600						
Street Pkg	Including ST1.3, ST5.2, ST6.1			-		25,280					79
Temp Pkg	TP5.1					24,960					78
TOTAL PHASE 3			334	169,382		65,900	289,425		235,545	256	79

PROPOSED SUBJECT DEVELOPMENT PLAN
(PHASE 4)

Building	Description	Type of Construction	Total Units	Land Area	Footprints	Total GSF	GSF/ Unit	Efficiency Factor	Total NSF	# of Structured Parking Spaces	# of Surface Parking Spaces
<u>PHASE 4</u>											
M	Stacked Townhomes - For Sale	Stick, includes 3-car garage at grade	16	25,403	5,800	23,200	1,450	88%	20,300	24	
N	Multi-Family - Condominium	Stick	28	17,146	7,200	37,800	1,350	80%	30,240		
O	Ground Floor - Retail / Restaurant	Steel		24,873		2,250		95%	2,138		
	Multi-Family - Condominium		52			<u>72,000</u>	1,385	80%	<u>57,600</u>		
					9,000	74,250			59,738		
Q	Basement Parking			23,663		16,200		100%	16,200	40	
	Ground Floor - Retail / Restaurant	Stick over				4,050		95%	3,848		
	Multi-Family - Condominium	Parking Podium	28			<u>38,475</u>	1,374	80%	<u>30,780</u>		
					8,100	42,525			34,628		
R	Stacked Townhomes - For Sale	Stick, includes 3-car garage at grade	8	10,066	2,900	11,600	1,450	88%	10,150	12	
S	Stacked Townhomes - For Sale	Stick, includes 3-car garage at grade	8	8,036	2,900	11,600	1,450	88%	10,150	12	
T	Train Station	Stick		3,102	600	600		100%	600		
TOTAL PHASE 4			140	112,289	36,500	201,575			165,806	88	0
TOTALS ALL PHASES			991	656,254	222,879	1,164,867		83%	962,484	1,154	316
20	Buildings		991								1,470

HIGHEST AND BEST USE

Highest and Best Use²⁷

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property, specific with respect to the user and timing of the use, that is adequately supported and results in the highest present value.”

In order to determine the highest and best use of the subject site, we have considered the physically possible, legally permitted, economically feasible and maximally productive uses of the property both as vacant and as improved.

Highest and Best Use of Land or a Site as Though Vacant²⁸

“Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

The subject property consists of a 15.0655±-acre parcel of land that is vacant and available for development under the BD Downtown Business zoning district. The physically possible uses of a site are determined by the size and configuration of the subject parcel. The subject property consists of an irregular-shaped, relatively level parcel of land that is able to support development.

The legally permitted uses are determined by the subject’s zoning and its location in the BD Downtown Business zoning district. According to the zoning code, “*the BD - Downtown Business zone is intended to accommodate the major retail, governmental, institutional, office and cultural activities of the City within a concentrated, compact,*

²⁷ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 93.

²⁸ *Ibid*, p. 93.

pedestrian-oriented central business district, as identified in the City's Plan of Conservation and Development. The Downtown Business zone is also intended to accommodate high-density residential development in support of such activities.”

This zoning district permits a wide variety of retail and commercial uses as well as multiple dwelling units, according to the zoning restrictions. The highest and best use of the subject property as vacant would be the use that is financially feasible and provides the maximally productive return to the subject land.

The development plan analyzed herein proposes the development of the subject property under the current zoning regulations and approved by the Unified Downtown Development Plan (UDDP). In order to develop the subject property to this density, parking structures will need to be constructed to meet the parking regulations under the current zoning code. The creation of these parking structures will dramatically impact the value of the subject property.

In this valuation analysis we have not performed a highest and best use analysis. We have been requested to appraise the market value of a specific development plan, based on the hypothetical conditions and extraordinary assumptions as detailed throughout this appraisal report.

This valuation analysis is based on the hypothetical condition that the proposed development plan analyzed herein is the only legally permissible use for the subject property. However, as indicated in the income capitalization approach to value, at this time the development plan analyzed herein does not produce a financially feasible product.

Therefore, the highest and best use of the subject property is to retain the property as a vacant site until development of the site becomes financially feasible, which may include changes in construction costs, financing and other market conditions.

INCOME CAPITALIZATION APPROACH

INCOME CAPITALIZATION APPROACH METHODOLOGY

The income capitalization approach values the future benefits (in the form of steady income) from an income-producing property by measuring the potential net income received. This approach is significant in determining the market value of a property where investors purchase the income-producing real estate for its earning power.

The subject property is a 15.0655±-acre site available for development under the BD Downtown Business zoning district, as governed by the City of Bristol. The income capitalization approach was used in the valuation of the subject site as vacant and available for development. For properties such as the subject property, market value is primarily determined by the expected income-producing ability of the investment to an investor relative to other investments of similar risk and characteristics.

The following steps were implemented in arriving at the market value estimate of the fee simple estate of the subject property as available to for development under the proposed development plan and regulated by the BD zoning district, under the income capitalization approach:

- 1) Under this approach, a development model was created with individual discounted cash flow models broken down for each of the proposed subject Buildings. The models estimate the proceeds and costs to be realized through the development life of the subject property under the proposed development plan.
- 2) All cost estimates were provided by VJ Associates, these costs were supported using cost-estimating manuals and information from other local developments.
- 3) The land carrying charges were estimated and applied accordingly.
- 4) Specifically estimated were the rental rates for the rental apartment units, and the retail, restaurant and office components, sale prices for residential condominium units, and the average daily rate for the hotel facility.
- 5) Due to the magnitude of the proposed subject development plan, the developer has proposed the project will be developed in four (4) phases, which is incorporated into this valuation analysis. Each phase consists of a pre-construction period, a construction period and an absorption period. The rental and for sale absorption periods will vary by use. The reversionary value of the rental components is realized subsequent to each building achieving a stabilized occupancy, which will vary between phases and use.

- 6) The valuation analysis is performed on an average pre-construction period of one year, a typical construction period of two years and a typical absorption period of two years, with a total average holding period per building type between five (5) and six (6) years, depending on whether a building type is available for rent or for sale.
- 7) The subject property is projected to be developed in four (4) phases. This valuation analysis is based on the assumption that the buildings in Phase 1 will be constructed and construction of each subsequent phase will commence upon construction completion of the previous phase.
- 8) The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phases. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.
- 9) All of the proceeds and costs were factored into the discounted cash flow model, which resulted in the market value of the fee simple estate of the subject property on a Building by Building basis as regulated by BD Downtown Business zoning district.
- 10) In the discounted cash flow (DCF) method, the information was processed into cash flow estimates of revenues after deductions for the appropriate costs and expenses.
- 11) An appropriate discount rate was chosen and applied to the cash flow stream. The sum of the DCF streams equals the market value estimate for the subject's 15.0655±-acre development site.

ANALYSIS OF THE LOCAL APARTMENT RENTAL MARKET

The proposed development plan for the subject property includes 991 residential units. In order to estimate the appropriate market rental rate for the apartment units, the local market was researched for the actual and asking rental rates for comparable apartment units.

The following is a summary of the comparable apartment building complexes. The chart includes the asking rents for the available units.

Summary of Comparable Rental Apartment Buildings

Development/Location	Year Built	# of Stories	Total # of Units	Occ. Rate	Land Area (Acres ±)	Unit Name	Unit Type	Unit Size (Sq. Ft. ±)	Asking Monthly Rent From	Asking Monthly Rent To	Monthly Rent/ Sq. Ft. From	Monthly Rent/ Sq. Ft. To	Overall Avg./ Sq. Ft.
1 Newbury Village 211 Pomeroy Avenue Meriden, CT 06450 Amenities Include: Elevator serviced, clubhouse, fitness room, billiards room, community kitchen, in-ground swimming pool, infrastructure pre-wired for high-speed internet, full-size washer/dryer in unit Garage units area available for lease for a portion of the units at a monthly rental rate of \$150	2005	2 - 3	180	97%	10.38		Studio	658	\$1,175		\$1.79		
							1-Bed/1-Bath	749	\$1,265		\$1.69		
							1-Bed/1-Bath	754	\$1,295		\$1.72		
							1-Bed/1-Bath	736	\$1,425		\$1.94		
							2-Bed/2-Bath	1,130	\$1,425		\$1.26		
							2-Bed/2-Bath	1,188	\$1,555		\$1.31		
							2-Bed/2-Bath	1,240	\$1,599		\$1.29		
							2-Bed/2-Bath	1,199	\$1,800		\$1.50		
							2-Bed/2-Bath	1,315	\$1,825		\$1.39		
													\$1.54
2 The Vintage at the Grove 1500 Horizon Way Manchester, CT 06042 Amenities Include: Swimming pool with 24-foot lap lane, free Wi-Fi, wellness center, Cyber Circle lounge, dog park, gas fireplaces in select apartments, full-size washer/dryer in each unit, detached garages available for rent, clubhouse with billiards room	2007	3	322	98%	46.30	The Bothwell	Studio	701	\$1,050	\$1,095	\$1.50	\$1.56	
						The Candler	1-Bed/1-Bath	814	\$1,217	\$1,252	\$1.50	\$1.54	
						The Fairmont	1-Bed/1-Bath	1,014	\$1,395	\$1,405	\$1.38	\$1.39	
						The Glencoe	2-Bed/2-Bath	1,182	\$1,540	\$1,575	\$1.30	\$1.33	
						The Kentwood	2-Bed/2-Bath	1,192	\$1,545	\$1,583	\$1.30	\$1.33	
						The Melrose	2-Bed/2-Bath	1,257	\$1,612	\$1,647	\$1.28	\$1.31	
						The Rosslyn	2-Bed/2-Bath	1,391	\$1,748	\$1,773	\$1.26	\$1.27	
						The Linden	2-Bed/2-Bath	1,374	\$1,773	\$1,798	\$1.29	\$1.31	
						Townhouse w/ attached garage	2-Bed/2-Bath	1,350	\$2,205		\$1.63		
													\$1.38
3 The Hawthorne at Gillette Ridge 2 Francis Way Bloomfield, CT 06002 Amenities Include: Fitness center, high-tech business center, conference room, outdoor heated swimming pool, full-size washer/dryer in each unit, volleyball field, putting green, car care area, outdoor terrace with fireplace	2004	3	246	98%	15.30	A12	1-Bed/1-Bath	681	\$1,350	\$2,000	\$1.98	\$2.94	
						A1	1-Bed/1-Bath	687	\$1,350	\$2,000	\$1.97	\$2.91	
						A2	1-Bed/1-Bath	819	\$1,500	\$2,000	\$1.83	\$2.44	
						A3	1-Bed/1-Bath	879	\$1,650	\$2,000	\$1.88	\$2.28	
						A4 w/ Loft	1-Bed/1-Bath	983	\$1,700	\$2,000	\$1.73	\$2.03	
						A5 w/ Den	2-Bed/2-Bath	994	\$1,750	\$2,000	\$1.76	\$2.01	
						B1	2-Bed/2-Bath	1,113	\$2,000	\$2,500	\$1.80	\$2.25	
						B2	2-Bed/2-Bath	1,185	\$2,000	\$2,500	\$1.69	\$2.11	
						B3	2-Bed/2-Bath	1,192	\$2,000	\$2,500	\$1.68	\$2.10	
						B4	2-Bed/2-Bath	1,217	\$2,000	\$2,500	\$1.64	\$2.05	
						B5 w/ Sunroom	2-Bed/2-Bath	1,271	\$2,000	\$2,500	\$1.57	\$1.97	
						B6 w/ Den	2-Bed/2-Bath	1,398	\$2,000	\$2,500	\$1.43	\$1.79	
						B7 - Townhome	2-Bed/2.5-Bath	1,497	\$2,100	\$2,500	\$1.40	\$1.67	
						C1	3-Bed/2-Bath	1,355	\$2,100	\$2,500	\$1.55	\$1.85	
													\$1.94

Summary of Comparable Rental Apartment Buildings
(continued)

Development/Location	Year Built	# of Stories	Total # of Units	Occ. Rate	Land Area (Acres ±)	Unit Name	Unit Type	Unit Size (Sq. Ft. ±)	Asking Monthly Rent From	Asking Monthly Rent To	Monthly Rent/ Sq. Ft. From	Monthly Rent/ Sq. Ft. To	Overall Avg./ Sq. Ft.
4 Deer Valley Townhomes	2003-2010	2 - 3	257	98%	52.04								
155 Windermere Avenue Ellington, CT 06029 Amenities Include: One- and two-car garages with direct access to units, gas fireplaces, high-speed internet ready computer area, pre-wired for satellite and cable, unfinished private basements for storage, clubhouse, swimming pool, walking trail, fitness center						Flat	1-Bed/1.5-Bath	1,109	\$1,475		\$1.33		
						Flat	1-Bed/1.5-Bath	1,202	\$1,465		\$1.22		
						Townhome	1-Bed/1.5-Bath	1,232	\$1,365		\$1.11		
						Townhome	1-Bed/1.5-Bath	1,311	\$1,475	\$1,595	\$1.13	\$1.22	
						Townhome	1-Bed/1.5-Bath	1,328	\$1,445	\$1,545	\$1.09	\$1.16	
						Townhome	1-Bed/1.5-Bath	1,343	\$1,625		\$1.21		
						Townhome	1-Bed/1.5-Bath	1,439	\$1,675	\$1,775	\$1.16	\$1.23	
						Townhome	1-Bed/2.5-Bath	1,539	\$1,685	\$1,835	\$1.09	\$1.19	
						Townhome	1-Bed/2.5-Bath	1,827	\$1,775	\$1,915	\$0.97	\$1.05	
						Townhome	2-Bed/2.5-Bath	1,370	\$1,885		\$1.38		
						Townhome	2-Bed/2.5-Bath	1,393	\$1,675	\$1,795	\$1.20	\$1.29	
						Flat	2-Bed/2.5-Bath	1,434	\$1,875		\$1.31		
						Townhome	2-Bed/2.5-Bath	1,604	\$2,025		\$1.26		
						Townhome	2-Bed/2.5-Bath	1,804	\$2,150	\$2,350	\$1.19	\$1.30	
						Townhome	2-Bed/2.5-Bath	1,953	\$1,900		\$0.97		
						Townhome	2-Bed/2.5-Bath	1,966	\$1,935	\$2,135	\$0.98	\$1.09	
						Townhome	2-Bed/2.5-Bath	2,066	\$2,235	\$2,425	\$1.08	\$1.17	
													\$1.17
5 The Mansions at Hockanum Crossing	2001-2011	2 - 3	650	97%	43.00								
75 Hockanum Boulevard Vernon, CT 06066 Amenities Include: Located on 43 scenic acres alongside the Hockanum River, patios/balconies, and full-size washer/dryers in each unit, built in computer corners, marble gas-burning fireplaces surrounded with oak mantles, fitness center, one- and two- car garages with direct access to units, indoor swimming pool, clubhouse with Wi-Fi						Winfrey	1-Bed/1-Bath	720	\$1,045		\$1.45		
						Winfrey w/ Garage	1-Bed/1-Bath	720	\$1,145		\$1.59		
						Rockwell	1-Bed/1-Bath	902	\$1,195		\$1.32		
						Rockwell	1-Bed/1-Bath	940		\$1,245		\$1.32	
						Wilshire	1-Bed/1-Bath	795	\$1,195		\$1.50		
						Riviera	1-Bed/1-Bath	925	\$1,245		\$1.35		
						Carlyle	1-Bed/1.5-Bath	925	\$1,245		\$1.35		
						Marquis	1-Bed/1.5-Bath	1,075	\$1,295		\$1.20		
						Ashton	1-Bed/1.5-Bath	1,175	\$1,395		\$1.19		
						Chateau	2-Bed/2-Bath	1,013	\$1,295		\$1.28		
						Chateau	2-Bed/2-Bath	1,079		\$1,345		\$1.25	
						Versace	2-Bed/2-Bath	1,282	\$1,395		\$1.09		
						Monticello	2-Bed/2-Bath	1,127	\$1,395	\$1,495	\$1.24	\$1.33	
						Vanderbilt	2-Bed/2-Bath	1,239	\$1,495	\$1,545	\$1.21		
						Arlington	2-Bed/2.5-Bath	1,675	\$1,695		\$1.01		
													\$1.29

Summary of Comparable Rental Apartment Buildings
(continued)

Development/Location	Year Built	# of Stories	Total # of Units	Occ. Rate	Land Area (Acres ±)	Unit Name	Unit Type	Unit Size (Sq. Ft. ±)	Asking Monthly Rent From	Asking Monthly Rent To	Monthly Rent/ Sq. Ft. From	Monthly Rent/ Sq. Ft. To	Overall Avg./ Sq. Ft.
6 Middletown Ridge 100 Town Ridge Road Middletown, CT 06457 Amenities Include: Private patio/balcony, washer/dryers in select units, laundry facilities on-site swimming pool, fitness center, indoor racquetball court, clubhouse with fireplace,	1988	2 - 4	238			A1	1-Bed/1-Bath	582	\$800	\$1,015	\$1.37	\$1.74	
						A2	1-Bed/1-Bath	587	\$900	\$1,005	\$1.53	\$1.71	
						A3	1-Bed/1-Bath	715	\$1,021	\$1,112	\$1.43	\$1.56	
						A4	1-Bed/1-Bath	827	\$998	\$1,155	\$1.21	\$1.40	
						B1	2-Bed/2-Bath	1,307	\$1,199	\$1,363	\$0.92	\$1.04	
						C1	2-Bed/2-Bath	1,452	\$1,242	\$1,447	\$0.86	\$1.00	
													\$1.31
7 Huntington Woods 200 Blakeslee Street Bristol, CT 06010 Amenities Include: Private patio/balcony, clubhouse, fitness center, swimming pool, tennis and basketball courts, playground, laundry center, free basis cable, full-size washer/dryer connections	1990	2 - 3	280	90%	20.90	Ashley	1-Bed/1-Bath	896	\$784	\$1,050	\$0.88	\$1.17	
						Barrington	1-Bed/1-Bath	794	\$784	\$1,050	\$0.99	\$1.32	
						Canterbury	2-Bed/2-Bath	1,002	\$921	\$1,150	\$0.92	\$1.15	
						Dorchester	2-Bed/2-Bath	1,083	\$921	\$1,150	\$0.85	\$1.06	
						Edwardian	2-Bed/2-Bath	1,280	\$1,048	\$1,350	\$0.82	\$1.05	
													\$1.02
8 Lakewood Apartments 241 Redstone Hill Road Bristol, CT 06010 Amenities Include: On-site laundry facility, extra storage, wireless and high-speed internet access available, assigned on-site parking	1970	2 - 3	250	98%	8.52		1-Bed/1-Bath	600	\$615	\$665	\$1.03	\$1.11	
							2-Bed/1-Bath	1,000	\$750		\$0.75		
													\$0.96
9 Pine Brook Terrace Apartments 90 Pine Brook Terrace Bristol, CT 06010 Amenities Include: On-site laundry facility, wireless and high-speed internet access available, on-site parking	1970	2-Jan	112	96%	5.19	Model 1A	1-Bed/1-Bath	685	\$740		\$1.08		
						Model 2A	2-Bed/1-Bath	685	\$740		\$1.08		
						Model 2B	2-Bed/1-Bath	700	\$755		\$1.08		
													\$1.08

The following is a summary of the preceding rental rates for comparable apartment complexes.

Summary of Comparable Rental Apartment Buildings Analysis

<u>Studio</u>	<u>Monthly Rent</u>	<u>Monthly Rent/Sq. Ft.</u>
Minimum	\$1,050	\$1.50
Maximum	\$1,175	\$1.79
Average	\$1,107	\$1.62
Median	\$1,095	\$1.56
<u>1-Bedroom</u>	<u>Monthly Rent</u>	<u>Monthly Rent/Sq. Ft.</u>
Minimum	\$ 615	\$0.88
Maximum	\$2,000	\$2.94
Average	\$1,348	\$1.47
Median	\$1,350	\$1.35
<u>2-Bedroom</u>	<u>Monthly Rent</u>	<u>Monthly Rent/Sq. Ft.</u>
Minimum	\$ 740	\$0.75
Maximum	\$2,500	\$2.25
Average	\$1,735	\$1.34
Median	\$1,773	\$1.29
<u>3-Bedroom</u>	<u>Monthly Rent</u>	<u>Monthly Rent/Sq. Ft.</u>
Minimum	\$2,100	\$1.55
Maximum	\$2,500	\$1.85
Average	\$2,300	\$1.70
Median	\$2,300	\$1.70

The subject's proposed apartment buildings will be located in a mixed-use commercial and residential development that will be incorporated throughout the 15.0655±-acre site. The following is a summary of the rental apartment components of the proposed subject development.

Summary of Rental Apartment Components of Proposed Development

Building	Description		Studio 1-Bath For Rent	1-Bdrm 1-Bath For Rent	2-Bdrm 2-Bath For Rent
<u>PHASE 1</u>					
A	Multi-Family - Rental	# of Units	22	58	24
		Avg. Net Sq. Ft.	432	620	889
		Avg. Gross Sq. Ft.	<u>564</u>	<u>810</u>	<u>1,161</u>
		Total GBA	9,504	35,960	21,336
B	Ground Floor - Retail / Restaurant Multi-Family - Rental	# of Units	36	70	32
		Avg. Net Sq. Ft.	425	606	870
		Avg. Gross Sq. Ft.	<u>552</u>	<u>788</u>	<u>1,131</u>
		Total GBA	15,300	42,420	27,840
<u>PHASE 2</u>					
E	Ground Floor - Retail / Restaurant Multi-Family - Rental	# of Units	19	38	19
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	8,075	23,180	16,625
G	Multi-Family - Rental	# of Units	23	47	23
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	9,775	28,670	20,125
H	Ground Floor - Retail / Restaurant Multi-Family - Rental	# of Units	16	34	16
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	6,800	20,740	14,000
I	Commercial - Retail / Restaurant Multi-Family - Rental	# of Units	10	20	10
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	4,250	12,200	8,750
<u>PHASE 3</u>					
J	Parking Deck (P3) Commercial - Retail / Restaurant Multi-Family - Rental	# of Units	47	93	47
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	19,975	56,730	41,125
K	Ground Floor - Retail / Restaurant Multi-Family - Rental	# of Units	18	35	18
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	7,650	21,350	15,750
L	Parking Deck (P4) Multi-Family - Rental	# of Units	19	38	19
		Avg. Net Sq. Ft.	425	610	875
		Avg. Gross Sq. Ft.	<u>531</u>	<u>763</u>	<u>1,094</u>
		Total GBA	8,075	23,180	16,625

The proposed average unit sizes for the studio apartments ranges between 425± and 432± net square feet per unit. The proposed average unit sizes for the one-bedroom units ranges between 606± and 620± net square feet per unit. The proposed average unit sizes for the two-bedroom units ranges between 870± and 889± net square feet per unit.

The proposed development plan contains average apartment unit sizes that are smaller than the average unit sizes of the comparable apartment building complexes. The subject apartment units will be located within this planned development that includes retail, commercial, hotel and office uses, promoting urban type living, which generally demands smaller average rental units.

Based on the proposed average unit sizes for the subject units as compared to the comparable data, the estimated market rental rates for the subject units is projected as follows:

Projected Market Rental Rates for Apartment Subject Units

	<u>Estimated Monthly Rent</u>
Studio	\$ 900.00
1-Bedroom	\$1,100.00
2-Bedroom	\$1,500.00

The projected rental rates are initial rates as of October 1, 2012. In the discounted cash flow analysis these rental rates are projected to increase at a compounded rate of 3.0% per annum.

ANALYSIS OF THE LOCAL RESIDENTIAL CONDOMINIUM MARKET

The proposed development plan for the subject property includes 991 residential units. In order to estimate the appropriate sale price per square foot for the residential condominium units, the local market was researched for the sales of similar condominium units. The following is a summary of the comparable condominium sales throughout the City of Bristol and neighboring communities throughout Harford County constructed after 2000.

Summary of Comparable Condominium Unit Sales – Hartford County

	Address	City	Sale Price	Sale Date	Unit Size (Sq. Ft. ±)	# of Bedrooms	# of Total Baths	Year Built	Sale Price/ Sq. Ft
1	305 Sterling Dr 305	Newington	\$317,000	11/9/12	2176	2	3	2008	\$145.68
2	17 Weathervane Rd 17	Bristol	\$189,000	11/5/12	1,731	2	3	2005	\$109.19
3	41 Cobblestone Ct 41	Newington	\$285,000	11/1/12	1920	2	4	2002	\$148.44
4	51 Ninas Way 51	Manchester	\$310,000	10/30/12	2254	3	3	2006	\$137.53
5	60 Cassandra Blvd 310	West Hartford	\$205,000	10/25/12	1414	1	2	2002	\$144.98
6	5 Templeton Ct 5	Avon	\$420,000	10/25/12	2585	2	3	2001	\$162.48
7	25 Cassandra Blvd 210	West Hartford	\$345,000	10/22/12	2054	2	2	2006	\$167.96
8	27 Ninas Way 27	Manchester	\$325,000	10/18/12	2340	3	4	2005	\$138.89
9	36 Marjorie Ln 36	Manchester	\$159,000	10/17/12	1179	2	3	2002	\$134.86
10	12 Finch Blvd	Unionville	\$163,000	10/17/12	1088	2	2	2006	\$149.82
11	75 Bradford Walk	Farmington	\$460,000	10/17/12	2181	3	4	2005	\$210.91
12	9 Kenington Rd	Avon	\$370,000	10/11/12	2430	3	3	2005	\$152.26
13	1 Bayberry Cir	Farmington	\$315,000	10/11/12	1822	3	3	2001	\$172.89
14	58 Donahue Ln 58	Manchester	\$165,000	10/8/12	1240	2	2	2005	\$133.06
15	105 Turtlebrook Ln 105	Bristol	\$294,000	10/2/12	2,241	3	4	2008	\$131.19
16	85 Memorial Rd 414	West Hartford	\$608,888	9/27/12	1380	2	2	2007	\$441.22
17	7 Barns Hill Rd	Farmington	\$305,000	9/24/12	1822	3	3	2002	\$167.40
18	1 King Philip Dr 402	West Hartford	\$257,500	9/21/12	1211	2	2	2007	\$212.63
19	45 Jillian Cir	West Hartford	\$434,950	9/19/12	2071	2	4	2001	\$210.02
20	10 Partridge Ln	Farmington	\$255,000	9/18/12	1596	3	4	2005	\$159.77
21	85 Memorial Rd 303	West Hartford	\$600,000	9/12/12	1245	2	2	2007	\$481.93
22	47 Nolan Cir	Manchester	\$164,000	9/11/12	1240	2	2	2005	\$132.26
23	60 Cassandra Blvd 311	West Hartford	\$280,000	9/7/12	2019	2	2	2002	\$138.68
24	85 Memorial Rd 213	West Hartford	\$689,900	9/1/12	1332	2	2	2007	\$517.94
25	12 Cavendish Pl	Avon	\$280,000	8/29/12	2024	3	3	2004	\$138.34
26	3 Thistle Down Way	Farmington	\$335,000	8/29/12	1849	3	3	2004	\$181.18
27	60 Cassandra Blvd 101	West Hartford	\$245,000	8/22/12	2019	2	2	2002	\$121.35
28	19 Gianna Dr	Manchester	\$242,300	8/16/12	1448	2	3	2011	\$167.33
29	126 Marjorie Ln	Manchester	\$156,000	8/14/12	1143	2	2	2002	\$136.48
30	15 Harlow Dr	Newington	\$290,000	8/13/12	1903	2	3	2009	\$152.39
31	106 Turtlebrook Ln	Bristol	\$275,000	8/10/12	2,230	2	3	2008	\$123.32
32	9 Cobblestone Ct	Newington	\$265,000	8/10/12	1920	2	3	2001	\$138.02
33	15 Cassandra Blvd 102	West Hartford	\$268,000	8/10/12	1536	2	2	2003	\$174.48
34	42 Bradford Walk	Farmington	\$345,000	8/10/12	1696	2	4	2004	\$203.42
35	3 N Point Lndg	Avon	\$535,000	8/6/12	2877	3	3	2002	\$185.96

Summary of Comparable Condominium Unit Sales – Hartford County
(continued)

	Address	City	Sale Price	Sale Date	Unit Size (Sq. Ft. ±)	# of Bedrooms	# of Total Baths	Year Built	Sale Price/ Sq. Ft
36	92 Sterling Dr	Newington	\$305,000	8/3/12	1592	2	2	2006	\$191.58
37	30 Schoolhouse Dr 301	West Hartford	\$249,900	8/3/12	1272	2	2	2008	\$196.46
38	7 Bradley St 2	Plainville	\$269,900	8/2/12	1820	2	3	2008	\$148.30
39	28 Bradford Walk	Farmington	\$343,000	7/30/12	2061	3	3	2004	\$166.42
40	41 Emily Way	West Hartford	\$565,000	7/30/12	2355	2	4	2003	\$239.92
41	2 Acorn Ln	Unionville	\$160,000	7/27/12	1088	2	2	2004	\$147.06
42	48 Cheyenne Ct	Marlborough	\$185,000	7/24/12	1476	2	3	2002	\$125.34
43	1325 Farmington Ave 44	Bristol	\$178,000	7/20/12	1,572	2	3	2005	\$113.23
44	47 Park Place Cir	West Hartford	\$459,572	7/18/12	2016	2	4	2010	\$227.96
45	20 Cobblestone Ct	Newington	\$268,000	7/17/12	1920	3	3	2002	\$139.58
46	5 Aztec Trl	Unionville	\$161,000	7/17/12	1088	2	2	2006	\$147.98
47	1 King Philip Dr 206	West Hartford	\$245,000	7/17/12	1197	2	2	2008	\$204.68
48	25 Cassandra Blvd 112	West Hartford	\$230,000	7/11/12	1411	1	2	2006	\$163.00
49	12 Weathervane Rd	Bristol	\$192,500	7/9/12	1,724	2	3	2005	\$111.66
50	370 Emmett St 1-6	Bristol	\$204,000	7/3/12	1,384	2	3	2010	\$147.40
51	135 New Britain Ave 24	Plainville	\$185,000	6/29/12	1084	2	2	2004	\$170.66
52	153 Bradford Walk	New Britain	\$260,000	6/28/12	1644	2	3	2007	\$158.15
53	9 Lancaster Ct	Avon	\$525,000	6/28/12	2585	2	3	2002	\$203.09
54	1 King Philip Dr 317	West Hartford	\$255,000	6/28/12	1211	2	2	2008	\$210.57
55	1 King Philip Dr 415	West Hartford	\$255,000	6/28/12	1211	2	2	2008	\$210.57
56	9 Bailey Ct	Farmington	\$370,000	6/27/12	2200	3	2	2003	\$168.18
57	7 Plumtree Cir	Farmington	\$320,000	6/20/12	1822	3	3	2004	\$175.63
58	7 Kenington Rd	Avon	\$335,000	6/19/12	2024	3	3	2005	\$165.51
59	36 Gatewood	Avon	\$485,000	6/15/12	2550	2	3	2001	\$190.20
60	1092 Farmington Ave D	West Hartford	\$438,000	6/15/12	1266	1	3	2011	\$345.97
61	1092 Farmington Ave B	West Hartford	\$438,000	6/15/12	1266	2	4	2011	\$345.97
62	65 Bradford Walk	Farmington	\$445,875	6/14/12	2181	3	4	2005	\$204.44
63	25 Cassandra Blvd 204	West Hartford	\$370,000	6/13/12	2054	2	2	2006	\$180.14
64	88 S Washington St	Plainville	\$238,000	6/11/12	1442	3	3	2007	\$165.05
65	4 Sanford Rdg	East Granby	\$285,430	6/11/12	1268	2	4	2012	\$225.10
66	760 Matthews St	Bristol	\$289,000	6/7/12	2,048	3	3	2007	\$141.11
67	50 Cheyenne Ct	Marlborough	\$220,100	6/7/12	1434	2	2	2002	\$153.49
68	27 Gianna Dr	Manchester	\$225,900	6/6/12	1448	2	3	2011	\$156.01
69	1 King Philip Dr 321	West Hartford	\$250,000	6/4/12	1211	2	2	2008	\$206.44
70	85 Memorial Rd 316	West Hartford	\$710,000	6/4/12	1613	2	2	2007	\$440.17
71	311 Sterling Dr	Newington	\$315,000	6/1/12	2294	3	3	2008	\$137.31
72	25 Cassandra Blvd 306	West Hartford	\$419,000	5/30/12	2384	2	3	2006	\$175.76
73	60 Cassandra Blvd 104	West Hartford	\$212,500	5/29/12	1414	1	2	2002	\$150.28
74	1325 Farmington Ave 41	Bristol	\$229,000	5/25/12	1,572	2	3	2006	\$145.67
75	25 Cassandra Blvd 104	West Hartford	\$351,500	5/14/12	2054	2	2	2006	\$171.13
76	9 Thistle Down Way	Farmington	\$305,000	5/11/12	1822	3	3	2004	\$167.40
77	28 Henley Way	West Hartford	\$220,000	5/9/12	1232	2	2	2000	\$178.57
78	1 Wyndemere	Avon	\$565,000	5/7/12	2825	3	4	2003	\$200.00
79	1092 Farmington Ave C	West Hartford	\$449,000	5/7/12	1266	2	4	2011	\$354.66
80	2 Clover Ln	Farmington	\$302,000	5/4/12	1912	3	3	2003	\$157.95
81	85 Memorial Rd 212	West Hartford	\$550,000	5/3/12	1319	2	2	2007	\$416.98
82	52 Henley Way	West Hartford	\$220,000	5/1/12	1604	3	3	2001	\$137.16
83	40 Marjorie Ln	Manchester	\$168,000	4/30/12	1417	3	2	2002	\$118.56
84	85 Memorial Rd 302	West Hartford	\$402,500	4/23/12	1043	2	2	2007	\$385.91
85	370 Emmett St 8-10	Bristol	\$214,000	4/17/12	1,386	2	2	2009	\$154.40
86	45 Donahue Ln	Manchester	\$172,500	4/16/12	1240	2	3	2005	\$139.11
87	9 Great Plain Dr	Plainville	\$260,000	4/13/12	1946	3	3	2010	\$133.61
88	134 Marjorie Ln	Manchester	\$163,000	4/13/12	1139	2	2	2002	\$143.11
89	21 Bradford Walk	Farmington	\$354,950	4/12/12	2061	3	4	2004	\$172.22

Summary of Comparable Condominium Unit Sales – Hartford County
(continued)

	Address	City	Sale Price	Sale Date	Unit Size (Sq. Ft. ±)	# of Bedrooms	# of Total Baths	Year Built	Sale Price/ Sq. Ft
90	11 Gianna Dr	Manchester	\$224,900	4/9/12	1448	2	3	2011	\$155.32
91	8 Arrowhead Dr	Unionville	\$157,000	4/4/12	1088	2	2	2004	\$144.30
92	2 Bailey Ct	Farmington	\$320,000	3/30/12	1900	2	2	2003	\$168.42
93	127 Barkledge Dr	Newington	\$319,000	3/27/12	2294	3	3	2008	\$139.06
94	4 Cavendish Pl	Avon	\$400,000	3/27/12	2730	3	3	2003	\$146.52
95	14 Arrowhead Dr	Unionville	\$150,000	3/26/12	1088	2	2	2004	\$137.87
96	136 Barkledge Dr	Newington	\$310,000	3/9/12	1978	2	3	2009	\$156.72
97	16 Sanford Rdg	East Granby	\$267,500	3/9/12	1659	2	2	2006	\$161.24
98	16 Barkledge Dr	Newington	\$310,500	3/6/12	1978	2	3	2006	\$156.98
99	30 Sanford Rdg	East Granby	\$340,000	2/23/12	1585	3	2	2012	\$214.51
100	370 Emmett St 1-8	Bristol	\$203,999	2/21/12	1,384	2	3	2010	\$147.40
101	3 Larkspur Ln	Avon	\$340,000	2/20/12	2293	3	3	2002	\$148.28
102	39 Nolan Cir	Manchester	\$160,000	2/17/12	1240	2	2	2005	\$129.03
103	50 Sanford Rdg	East Granby	\$285,000	2/14/12	1696	2	2	2006	\$168.04
104	4 Memory Ln	Newington	\$236,000	2/8/12	1196	2	2	2006	\$197.32
105	3 Barns Hill Rd	Farmington	\$270,000	2/3/12	1849	3	3	2000	\$146.02
106	7 Arrowhead Dr	Unionville	\$132,000	2/1/12	1088	2	2	2005	\$121.32
107	370 Emmett St 1-9	Bristol	\$203,999	1/31/12	1,384	2	3	2010	\$147.40
108	12 Holly Ln	Unionville	\$159,995	1/19/12	1132			2007	\$141.34
109	1325 Farmington Ave 22	Bristol	\$228,000	1/17/12	1,572	2	3	2006	\$145.04
110	16 Weathervane Rd	Bristol	\$199,900	1/9/12	1,739	2	3	2005	\$114.95
111	81 Bradford Walk	Farmington	\$320,000	1/5/12	1781	2	3	2005	\$179.67
112	370 Emmett St 8-7	Bristol	\$210,000	1/3/12	1,806	2	3	2009	\$116.28
113	3 Eagles Gln	Avon	\$528,000	12/23/11	2638	3	3	2000	\$200.15
114	135 New Britain Ave 33	Plainville	\$250,000	12/20/11	1564	3	4	2004	\$159.85
115	24 Bradford Walk	Farmington	\$445,000	12/14/11	2071	2	4	2004	\$214.87
116	11 Kristyn Cir	Manchester	\$228,000	12/12/11	1715	2	3	2007	\$132.94
117	29 Great Plain Dr	Plainville	\$369,900	12/7/11	1882	3	3	2011	\$196.55
118	1325 Farmington Ave 45	Bristol	\$220,000	12/5/11	2,221	3	4	2006	\$99.05
119	130 Bradford Walk	Farmington	\$410,000	11/30/11	2071	2	3	2007	\$197.97
120	22 Harlow Dr	Newington	\$284,000	11/23/11	1919	3	3	2008	\$147.99
121	26 Donahue Ln	Manchester	\$165,000	11/17/11	1240	2	2	2005	\$133.06
122	138 Bradford Walk	New Britain	\$307,267	11/15/11	1754	2	3	2011	\$175.18
123	139 Bradford Walk	New Britain	\$305,117	11/14/11	1754	2	3	2010	\$173.95
124	5 Acorn Ln	Unionville	\$155,000	11/9/11	1088	2	2	2004	\$142.46
125	370 Emmett St 8-2	Bristol	\$235,000	11/4/11	1,386	2	2	2009	\$169.55
126	1 Chimney Hill Dr	Farmington	\$550,000	11/4/11	2074	2	2	2007	\$265.19
127	155 Bradford Walk	New Britain	\$354,900	10/27/11	2335	2	3	2006	\$151.99
128	5 Bushel Rd	Plainville	\$293,000	9/21/11	2201	3	3	2009	\$133.12
129	370 Emmett St 8-1	Bristol	\$235,000	7/28/11	1,386	2	2	2009	\$169.55
130	370 Emmett St 8-4	Bristol	\$239,900	6/28/11	1,806	2	3	2009	\$132.83
131	589 Stafford Ave 5	Bristol	\$195,000	6/27/11	1,332	3	2	2010	\$146.40
132	104 Turtlebrook Ln	Bristol	\$270,000	6/24/11	2,270	2	3	2008	\$118.94
133	589 Stafford Ave 2	Bristol	\$195,000	6/13/11	1,332	3	2	2011	\$146.40
134	16 Arrowhead Dr	Unionville	\$160,000	5/26/11	1088	2	2	2004	\$147.06
135	1325 Farmington Ave 43	Bristol	\$230,000	5/18/11	1,572	2	3	2005	\$146.31
136	370 Emmett St 6-1	Bristol	\$239,900	5/10/11	1,806	2	3	2010	\$132.83
137	465 Stafford Ave	Bristol	\$195,000	3/15/11	1,332	3	2	2011	\$146.40
138	370 Emmett St 8-6	Bristol	\$239,900	2/15/11	1,806	2	3	2009	\$132.83
139	1325 Farmington Ave 20	Bristol	\$185,000	2/10/11	1,572	2	3	2006	\$117.68
					1,043			Minimum	\$99.05
					2,877			Maximum	\$517.94
					1,711			Average	\$176.01
					1,696			Median	\$155.32

The comparable condominium sales include condominium units located throughout Hartford County that were constructed since 2000. The comparable data set includes 139 sales, with sale prices ranging between \$99.05 and \$517.94 per square foot, with a mean of \$176.01 per square foot and a median of \$155.32 per square foot.

From this data set we have extracted the comparable condominium sales constructed since 2005 located throughout the City of Bristol, which are summarized below.

Summary of Comparable Condominium Unit Sales – City of Bristol
(continued)

	Address	City	Sale Price	Sale Date	Unit Size (Sq. Ft. ±)	# of Bedrooms	# of Total Baths	Year Built	Sale Price/ Sq. Ft
1	17 Weathervane Rd 17	Bristol	\$189,000	11/5/12	1,731	2	3	2005	\$109.19
2	105 Turtlebrook Ln 105	Bristol	\$294,000	10/2/12	2,241	3	4	2008	\$131.19
3	106 Turtlebrook Ln	Bristol	\$275,000	8/10/12	2,230	2	3	2008	\$123.32
4	1325 Farmington Ave 44	Bristol	\$178,000	7/20/12	1,572	2	3	2005	\$113.23
5	12 Weathervane Rd	Bristol	\$192,500	7/9/12	1,724	2	3	2005	\$111.66
6	370 Emmett St 1-6	Bristol	\$204,000	7/3/12	1,384	2	3	2010	\$147.40
7	760 Matthews St	Bristol	\$289,000	6/7/12	2,048	3	3	2007	\$141.11
8	1325 Farmington Ave 41	Bristol	\$229,000	5/25/12	1,572	2	3	2006	\$145.67
9	370 Emmett St 8-10	Bristol	\$214,000	4/17/12	1,386	2	2	2009	\$154.40
10	370 Emmett St 1-8	Bristol	\$203,999	2/21/12	1,384	2	3	2010	\$147.40
11	370 Emmett St 1-9	Bristol	\$203,999	1/31/12	1,384	2	3	2010	\$147.40
12	1325 Farmington Ave 22	Bristol	\$228,000	1/17/12	1,572	2	3	2006	\$145.04
13	16 Weathervane Rd	Bristol	\$199,900	1/9/12	1,739	2	3	2005	\$114.95
14	370 Emmett St 8-7	Bristol	\$210,000	1/3/12	1,806	2	3	2009	\$116.28
15	1325 Farmington Ave 45	Bristol	\$220,000	12/5/11	2,221	3	4	2006	\$99.05
16	370 Emmett St 8-2	Bristol	\$235,000	11/4/11	1,386	2	2	2009	\$169.55
17	370 Emmett St 8-1	Bristol	\$235,000	7/28/11	1,386	2	2	2009	\$169.55
18	370 Emmett St 8-4	Bristol	\$239,900	6/28/11	1,806	2	3	2009	\$132.83
19	589 Stafford Ave 5	Bristol	\$195,000	6/27/11	1,332	3	2	2010	\$146.40
20	104 Turtlebrook Ln	Bristol	\$270,000	6/24/11	2,270	2	3	2008	\$118.94
21	589 Stafford Ave 2	Bristol	\$195,000	6/13/11	1,332	3	2	2011	\$146.40
22	1325 Farmington Ave 43	Bristol	\$230,000	5/18/11	1,572	2	3	2005	\$146.31
23	370 Emmett St 6-1	Bristol	\$239,900	5/10/11	1,806	2	3	2010	\$132.83
24	465 Stafford Ave	Bristol	\$195,000	3/15/11	1,332	3	2	2011	\$146.40
25	370 Emmett St 8-6	Bristol	\$239,900	2/15/11	1,806	2	3	2009	\$132.83
26	1325 Farmington Ave 20	Bristol	\$185,000	2/10/11	1,572	2	3	2006	\$117.68
					1,332			Minimum	\$99.05
					2,270			Maximum	\$169.55
					1,677			Average	\$134.89
					1,572			Median	\$136.97

The above table includes only the comparable sales constructed since 2005 that are located in the City of Bristol. The comparables indicate sale prices ranging between \$99.05

and \$169.55 per square foot, with a mean of \$134.89 per square foot and a median of \$136.97 per square foot.

The subject's proposed condominium units will be located in a mixed-use commercial and residential development that will be incorporated throughout the 15.0655±-acre site. The following is a summary of the condominium components of the proposed subject development.

Summary of Condominium Apartment Components of Proposed Development

Building	Description		1-Bdrm 1-Bath For Sale	2-Bdrm 2-Bath For Sale	3-Bdrm 2-Bath For Sale
<u>PHASE 4</u>					
M	Stacked Townhouses – For Sale	# of Units	4	4	8
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>800</u>	<u>1,200</u>	<u>1,400</u>
		Total GBA	3,200	4,800	11,200
N	Multi-Family - Condominium	# of Units	10	14	4
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>1,000</u>	<u>1,500</u>	<u>1,750</u>
		Total GBA	10,000	21,000	7,000
O	Ground Floor - Retail / Restaurant Multi-Family - Condominium	# of Units	18	26	8
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>1,000</u>	<u>1,500</u>	<u>1,750</u>
		Total GBA	18,000	39,000	14,000
Q	Basement Parking Ground Floor - Retail / Restaurant Multi-Family - Condominium	# of Units	10	14	4
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>1,000</u>	<u>1,500</u>	<u>1,750</u>
		Total GBA	10,000	21,000	7,000
R	Stacked Townhouses – For Sale	# of Units	2	2	4
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>800</u>	<u>1,200</u>	<u>1,400</u>
		Total GBA	1,600	2,400	5,600
S	Stacked Townhouses – For Sale	# of Units	2	2	4
		Avg. Net Sq. Ft.	800	1,200	1,400
		Avg. Gross Sq. Ft.	<u>800</u>	<u>1,200</u>	<u>1,400</u>
		Total GBA	1,600	2,400	5,600

The proposed average unit size for the one-bedroom condominium units is 800± net square feet per unit. The proposed average unit size for the two-bedroom condominium units is 1,200± net square feet per unit. The proposed average unit size for the one-bedroom condominium units is 1,400± net square feet per unit.

The condominium units located in the proposed subject development contain a gross building area of 185,400± square feet, with a total of 140 condominium apartment units, with an average unit size of 1,324± square feet.

The proposed development plan contains average condominium unit sizes that are smaller than the average unit sizes of the comparable condominium units. The subject condominium units will be located within this planned development that includes commercial uses such as retail, restaurant, hotel and office. This urban type living generally accepts smaller average rental units.

Based on the premise that larger units usually sell for less on a per-square-foot basis than their smaller counterparts, given economies of scale and a diminished number of potential buyers for the larger units, the estimated sale price per square foot for the proposed subject condominium units is estimated at a higher sale price per square foot than the comparable data set.

The average sale price per square foot for the subject condominium apartment units is estimated at \$220.00 per square foot of net sellable area. This takes into consideration the new construction as well as the location of the subject condominium units within a planned urban development that contains a variety of uses and open spaces.

Projected Condominium Sale Price per Square Foot

Estimated Sale Price/ Sq. Ft.
\$220.00

The projected sale price per square foot is an initial sale price as of October 1, 2012. In the discounted cash flow analysis the estimated sale price is projected to increase at a compounded rate of 3.0% per annum.

ANALYSIS OF THE LOCAL OFFICE MARKET

The proposed development plan for the subject property includes a nine-story, 112,500±-square-foot office building.

In order to estimate the appropriate market rental rate for the proposed office building, an analytic report was compiled using information provided by CoStar Property. The analytic report indicates that there are currently 75 Class A office buildings located in the Hartford office market, with no Class A office buildings located in the Southwest Outlying submarket, in which Bristol is located. The Southwest Outlying submarket includes 50 Class B office buildings and 173 Class C office buildings.

The following charts include the office market statistics for Class A, B and C properties located throughout the Hartford office market. These charts include the total number of buildings and the total rentable area included in the existing inventory, vacancy rates and current quoted rental rates.

Class A Office Market Statistics (Third Quarter 2012)

CLASS A MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Berlin Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
East	8	1,115,974	108,277	108,277	9.7%	22,588	0	0	\$22.81
Franklin County	0	0	0	0	0.0%	0	0	0	\$0.00
Hampden County	8	1,619,378	240,883	241,997	14.9%	42,008	0	0	\$16.45
Hampshire County	1	27,000	0	0	0.0%	0	0	0	\$0.00
Hartford City	27	11,085,960	1,734,832	1,743,338	15.7%	(93,370)	0	0	\$22.57
Litchfield County	1	50,000	50,000	50,000	100.0%	0	0	0	\$25.19
Marlborough Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Middlesex County	2	207,243	6,212	6,212	3.0%	6,357	0	0	\$26.10
New London County	1	733,700	0	0	0.0%	0	0	0	\$0.00
North	9	1,561,966	164,044	164,044	10.5%	(30,726)	0	0	\$17.53
Northwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
South	7	901,440	96,088	102,717	11.4%	61,344	0	0	\$21.59
Southwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Tolland County	0	0	0	0	0.0%	0	0	0	\$0.00
West	11	1,446,947	132,278	142,278	9.8%	(15,530)	0	0	\$24.17
Windham County	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	75	18,749,608	2,532,614	2,558,863	13.6%	(7,329)	0	0	\$21.52

Source: CoStar Property®

Class B Office Market Statistics
(Third Quarter 2012)

CLASS B MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Berlin Outlying	18	682,685	13,405	13,405	2.0%	10,029	8,546	0	\$15.98
East	94	2,503,178	249,770	255,770	10.2%	43,399	22,013	20,031	\$19.17
Franklin County	16	328,099	23,500	23,500	7.2%	0	0	0	\$12.76
Hampden County	225	4,759,415	560,890	560,890	11.8%	41,331	57,086	30,000	\$16.04
Hampshire County	54	999,558	89,341	91,237	9.1%	21,507	0	83,000	\$18.58
Hartford City	88	6,331,618	758,201	758,201	12.0%	(118,166)	0	0	\$17.58
Litchfield County	44	436,841	65,379	65,379	15.0%	6,518	0	0	\$20.75
Marlborough Outlying	4	20,777	0	0	0.0%	0	0	0	\$0.00
Middlesex County	123	1,510,176	170,986	170,986	11.3%	(1,447)	10,950	0	\$18.15
New London County	111	2,706,639	266,523	282,749	10.4%	39,114	0	0	\$18.42
North	107	5,037,053	338,177	338,177	6.7%	29,640	0	0	\$16.49
Northwest Outlying	12	117,232	19,853	19,853	16.9%	(13,367)	0	0	\$16.13
South	89	2,961,939	209,016	214,616	7.2%	149,680	0	0	\$16.14
Southwest Outlying	50	1,902,562	238,224	238,224	12.5%	12,130	0	0	\$12.65
Tolland County	36	332,546	43,252	43,252	13.0%	(23,842)	0	0	\$18.23
West	181	6,092,128	824,480	851,121	14.0%	1,780	30,000	36,636	\$19.84
Windham County	27	465,798	67,100	67,100	14.4%	2,524	0	0	\$16.12
Totals	1,279	37,188,244	3,938,097	3,994,460	10.7%	200,830	128,595	169,667	\$17.67

Source: CoStar Property®

Class C Office Market Statistics
(Third Quarter 2012)

CLASS C MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Berlin Outlying	41	223,586	11,163	11,163	5.0%	10,900	0	0	\$16.99
East	393	2,495,777	207,362	207,362	8.3%	45,826	0	0	\$16.57
Franklin County	100	946,550	66,372	66,372	7.0%	20,464	0	0	\$10.58
Hampden County	391	4,294,286	461,247	463,247	10.8%	42,064	0	0	\$15.18
Hampshire County	219	2,157,695	30,083	30,083	1.4%	15,459	0	0	\$15.55
Hartford City	272	3,415,449	461,819	461,819	13.5%	(21,848)	0	0	\$13.99
Litchfield County	253	1,105,848	47,995	47,995	4.3%	(11,902)	0	0	\$18.88
Marlborough Outlying	13	69,683	4,768	4,768	6.8%	(4,768)	0	0	\$17.66
Middlesex County	379	2,690,675	591,331	591,756	22.0%	(33,260)	0	0	\$14.82
New London County	551	3,658,785	235,922	235,922	6.4%	2,565	0	0	\$15.34
North	216	1,691,849	176,512	176,512	10.4%	(27,504)	0	0	\$15.18
Northwest Outlying	52	253,682	20,579	20,579	8.1%	(3,098)	0	0	\$14.99
South	259	2,636,619	369,654	371,294	14.1%	24,283	0	0	\$14.07
Southwest Outlying	173	929,592	59,545	59,545	6.4%	(16,674)	0	0	\$14.98
Tolland County	107	767,377	56,282	56,282	7.3%	3,748	0	0	\$12.61
West	410	2,453,259	164,272	164,272	6.7%	4,958	0	0	\$18.14
Windham County	78	462,212	32,417	32,417	7.0%	5,380	0	0	\$16.30
Totals	3,907	30,252,924	2,997,323	3,001,388	9.9%	56,593	0	0	\$14.97

Source: CoStar Property®

Total Office Market Statistics
(Third Quarter 2012)

TOTAL OFFICE MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Berlin Outlying	59	906,271	24,568	24,568	2.7%	20,929	8,546	0	\$16.47
East	495	6,114,929	565,409	571,409	9.3%	111,813	22,013	20,031	\$18.80
Franklin County	116	1,274,649	89,872	89,872	7.1%	20,464	0	0	\$11.67
Hampden County	624	10,673,079	1,263,020	1,266,134	11.9%	125,403	57,086	30,000	\$15.78
Hampshire County	274	3,184,253	119,424	121,320	3.8%	36,966	0	83,000	\$17.82
Hartford City	387	20,833,027	2,954,852	2,963,358	14.2%	(233,384)	0	0	\$20.11
Litchfield County	298	1,592,689	163,374	163,374	10.3%	(5,384)	0	0	\$21.59
Marlborough Outlying	17	90,460	4,768	4,768	5.3%	(4,768)	0	0	\$17.66
Middlesex County	504	4,408,094	768,529	768,954	17.4%	(28,350)	10,950	0	\$15.95
New London County	663	7,099,124	502,445	518,671	7.3%	41,679	0	0	\$17.25
North	332	8,290,868	678,733	678,733	8.2%	(28,590)	0	0	\$16.56
Northwest Outlying	64	370,914	40,432	40,432	10.9%	(16,465)	0	0	\$15.29
South	355	6,499,998	674,758	688,627	10.6%	235,307	0	0	\$16.41
Southwest Outlying	223	2,832,154	297,769	297,769	10.5%	(4,544)	0	0	\$13.18
Tolland County	143	1,099,923	99,534	99,534	9.0%	(20,094)	0	0	\$14.51
West	602	9,992,334	1,121,030	1,157,671	11.6%	(8,792)	30,000	36,636	\$20.06
Windham County	105	928,010	99,517	99,517	10.7%	7,904	0	0	\$16.26
Totals	5,261	86,190,776	9,468,034	9,554,711	11.1%	250,094	128,595	169,667	\$17.87

Source: CoStar Property®

As indicated in the preceding charts, in the third quarter 2012, the average quoted rental rate for Class A properties was \$21.52 per square foot, for Class B properties was \$17.67 per square foot, and for Class C properties was \$14.97 per square foot, with the overall average across all property types of \$17.87 per square foot.

In the third quarter 2012, the average vacancy rate (including direct and sublet space) for Class A properties was 13.6%, for Class B properties was 10.7%, and for Class C properties was 9.9%, with the overall average across all property types of 11.1%.

The following charts include the historic office market statistics for Class A and B properties and the total office market located throughout the Hartford market from 2008 to the third quarter 2012.

Historic Class A Office Market Statistics
(2008 to Third Quarter 2012)

CLASS A MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2012 3q	75	18,749,608	2,532,614	2,558,863	13.6%	10,293	0	0	0	0	\$21.52
2012 2q	75	18,749,608	2,556,568	2,569,156	13.7%	102,883	0	0	0	0	\$21.57
2012 1q	75	18,749,608	2,648,599	2,672,039	14.3%	(120,505)	0	0	0	0	\$21.52
2011 4q	75	18,749,608	2,540,749	2,551,534	13.6%	(92,213)	1	12,569	0	0	\$21.68
2011 3q	74	18,737,039	2,431,365	2,446,752	13.1%	(127,752)	0	0	1	12,569	\$21.84
2011 2q	74	18,737,039	2,290,762	2,319,000	12.4%	(34,550)	0	0	1	12,569	\$21.97
2011 1q	74	18,737,039	2,251,271	2,284,450	12.2%	36,967	0	0	1	12,569	\$21.72
2010 4q	74	18,737,039	2,277,356	2,321,417	12.4%	37,518	0	0	0	0	\$21.71
2010 3q	74	18,737,039	2,295,297	2,358,935	12.6%	(149,394)	0	0	0	0	\$20.53
2010 2q	74	18,737,039	2,156,486	2,209,541	11.8%	(86,088)	0	0	0	0	\$20.65
2010 1q	74	18,737,039	2,065,426	2,123,453	11.3%	24,458	1	50,000	0	0	\$20.71
2009 4q	73	18,687,039	2,046,513	2,097,911	11.2%	(40,402)	0	0	1	50,000	\$20.53
2009 3q	73	18,687,039	2,010,100	2,057,509	11.0%	42,927	1	64,000	1	50,000	\$20.39
2009 2q	72	18,623,039	1,983,860	2,036,436	10.9%	(65,976)	0	0	2	114,000	\$20.74
2009 1q	72	18,623,039	1,949,865	1,970,460	10.6%	41,655	1	43,000	2	114,000	\$20.72
2008	71	18,580,039	1,922,469	1,969,115	10.6%	(180,174)	1	60,000	2	107,000	\$21.51

Source: CoStar Property®

Historic Class B Office Market Statistics
(2008 to Third Quarter 2012)

CLASS B MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2012 3q	1,279	37,188,244	3,938,097	3,994,460	10.7%	182,754	4	56,582	5	169,667	\$17.67
2012 2q	1,275	37,131,662	4,059,860	4,120,632	11.1%	57,241	0	0	7	146,613	\$17.74
2012 1q	1,276	37,306,662	4,276,571	4,352,873	11.7%	(39,165)	2	72,013	6	116,613	\$17.45
2011 4q	1,275	37,372,649	4,288,272	4,379,695	11.7%	(175,884)	1	21,130	7	168,595	\$17.78
2011 3q	1,274	37,351,519	3,964,411	4,182,681	11.2%	(31,781)	2	11,826	5	144,093	\$17.60
2011 2q	1,272	37,339,693	3,931,369	4,139,074	11.1%	(135,964)	2	44,000	6	115,919	\$17.72
2011 1q	1,270	37,295,693	3,717,640	3,959,110	10.6%	44,917	2	24,000	7	148,969	\$17.44
2010 4q	1,268	37,271,693	3,776,327	3,980,027	10.7%	(10,004)	0	0	5	78,000	\$17.78
2010 3q	1,268	37,271,693	3,763,485	3,970,023	10.7%	143,552	3	20,800	5	78,000	\$17.68
2010 2q	1,265	37,250,893	3,885,912	4,092,775	11.0%	162,232	2	138,000	7	88,800	\$17.69
2010 1q	1,263	37,112,893	3,897,306	4,117,007	11.1%	(62,609)	3	39,116	8	206,800	\$17.70
2009 4q	1,260	37,073,777	3,812,173	4,015,282	10.8%	97,889	3	52,440	8	197,916	\$17.67
2009 3q	1,257	37,021,337	3,863,083	4,060,731	11.0%	91,653	4	69,680	8	235,396	\$17.82
2009 2q	1,254	37,031,179	3,961,768	4,162,226	11.2%	(315,642)	5	36,407	11	295,076	\$17.81
2009 1q	1,249	36,994,772	3,621,443	3,810,177	10.3%	(257,666)	6	75,983	13	209,278	\$17.95
2008	1,243	36,918,789	3,435,020	3,476,528	9.4%	147,529	20	204,192	16	225,070	\$17.98

Source: CoStar Property®

Historic Total Office Market Statistics (2008 to Third Quarter 2012)

TOTAL OFFICE MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2012 3q	5,261	86,190,776	9,468,034	9,554,711	11.1%	281,381	4	56,582	5	169,667	\$17.87
2012 2q	5,257	86,134,194	9,702,510	9,779,510	11.4%	223,609	0	0	7	146,613	\$17.93
2012 1q	5,258	86,309,194	10,073,357	10,178,119	11.8%	(254,896)	2	72,013	6	116,613	\$17.82
2011 4q	5,257	86,375,181	9,883,982	9,989,210	11.6%	(287,787)	2	33,699	7	168,595	\$18.13
2011 3q	5,255	86,341,482	9,431,047	9,667,724	11.2%	7,496	2	11,826	6	156,662	\$18.15
2011 2q	5,253	86,329,656	9,423,181	9,663,394	11.2%	(144,191)	2	44,000	7	128,488	\$18.19
2011 1q	5,251	86,285,656	9,187,789	9,475,203	11.0%	25,699	2	24,000	8	161,538	\$17.97
2010 4q	5,249	86,013,656	9,216,376	9,476,902	11.0%	86,549	0	0	5	78,000	\$18.19
2010 3q	5,249	86,261,656	9,281,890	9,563,451	11.1%	(5,841)	3	20,800	5	78,000	\$17.71
2010 2q	5,246	86,240,856	9,271,596	9,536,810	11.1%	574	2	138,000	7	88,800	\$17.75
2010 1q	5,244	86,102,856	9,112,110	9,399,384	10.9%	(35,494)	4	89,116	8	206,800	\$17.80
2009 4q	5,240	86,013,740	9,013,014	9,274,774	10.8%	166,712	3	52,440	9	247,916	\$17.88
2009 3q	5,237	85,961,300	9,136,736	9,389,046	10.9%	(46,014)	5	133,680	9	285,396	\$17.85
2009 2q	5,233	85,907,142	9,026,887	9,288,874	10.8%	(494,228)	5	36,407	13	409,076	\$18.02
2009 1q	5,228	85,870,735	8,538,607	8,758,239	10.2%	(346,302)	8	123,983	15	323,278	\$18.26
2008	5,220	85,746,752	8,186,750	8,287,954	9.7%	(464,725)	26	294,494	19	337,070	\$18.43

Source: CoStar Property®

Historic Southwest Outlying Office Market Statistics (2008 to Third Quarter 2012)

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2012 3q	223	2,832,154	297,769	10.5%	4,974	0	0	0	0	\$13.18
2012 2q	223	2,832,154	302,743	10.7%	6,544	0	0	0	0	\$13.31
2012 1q	223	2,832,154	309,287	10.9%	(16,062)	0	0	0	0	\$13.30
2011 4q	223	2,832,154	293,225	10.4%	(30,670)	0	0	0	0	\$11.86
2011 3q	223	2,832,154	262,555	9.3%	(50,625)	0	0	0	0	\$12.13
2011 2q	223	2,832,154	211,930	7.5%	(10,239)	0	0	0	0	\$12.16
2011 1q	223	2,832,154	201,691	7.1%	9,939	0	0	0	0	\$12.15
2010 4q	223	2,832,154	211,630	7.5%	2,409	0	0	0	0	\$12.03
2010 3q	223	2,832,154	214,039	7.6%	2,903	0	0	0	0	\$15.58
2010 2q	223	2,832,154	216,942	7.7%	(15,189)	0	0	0	0	\$15.69
2010 1q	223	2,832,154	201,753	7.1%	(9,151)	0	0	0	0	\$16.54
2009 4q	223	2,832,154	192,602	6.8%	2,650	0	0	0	0	\$17.05
2009 3q	223	2,832,154	195,252	6.9%	2,939	1	7,000	0	0	\$16.76
2009 2q	222	2,825,154	191,191	6.8%	(133,326)	0	0	1	7,000	\$16.22
2009 1q	222	2,825,154	57,865	2.0%	8,440	1	5,000	1	7,000	\$16.78
2008 4q	221	2,820,154	61,305	2.2%	2,290	0	0	2	12,000	\$16.77

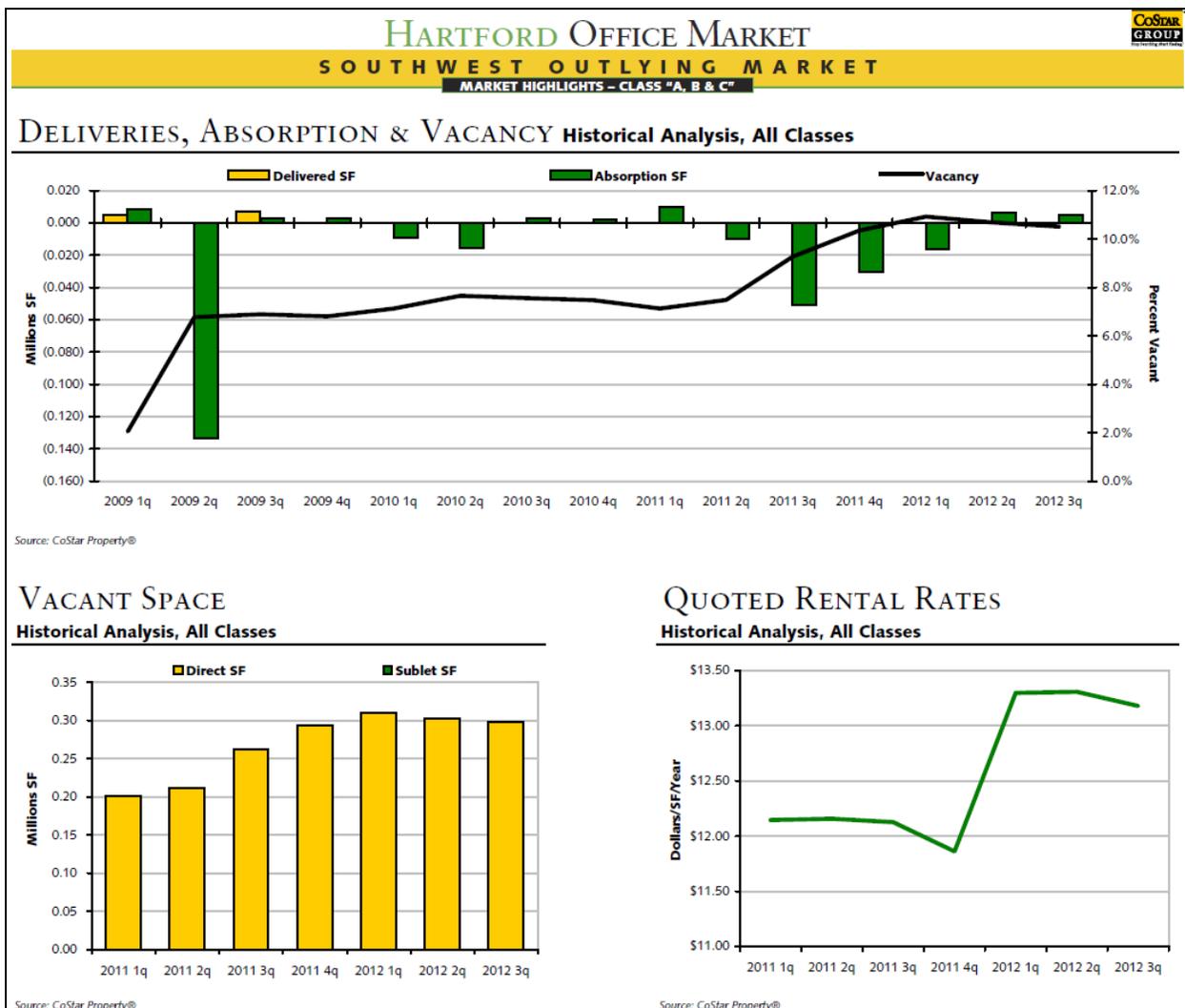
Source: CoStar Property®

As indicated in the preceding charts, the average rental rates have decreased between 2008 and the third quarter 2012, with vacancy rates increasing over this time period. The Southwest Outlying office market was impacted the hardest with quoted rental rates decrease from \$16.77 to \$13.18 per square foot, with vacancy rates increasing from 2.2% to 10.5% over this time period.

This is indicative of the national economic climate and is reflected by the increasing unemployment rates over the same time period. The national unemployment rate increased from 5.8% in 2008 to 7.9% by October 2012, the state of Connecticut unemployment rate increased from 5.6% in 2008 to 8.6% in October 2012, and the Hartford County unemployment rate increased from 6.0% in 2008 to 8.6% in October 2012. The current unemployment rate in the City of Bristol is 8.7%, which increased from 6.1% in 2008.

However, the quoted rental rates in the Southwest Outlying market are showing signs of improvement as they have increased from the low of \$11.86 in the fourth quarter 2011.

The following graphs represent the trends of absorption rates, vacant space and quoted rental rates for the Southwest Outlying market.



The following table includes the most recent office lease transactions that have occurred throughout the Hartford County submarket as presented by CoStar Property.

LIST OF MOST RECENT TOP OFFICE LEASE TRANSACTIONS

SELECT TOP OFFICE LEASES Based on Leased Square Footage For Deals Signed in 2012							
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	350 Church St*	Hartford	200,000	3rd	Lincoln Financial Group, Inc	N/A	N/A
2	8 Farm Springs Rd	Farmington	107,654	2nd	United Technologies Corporation	Cushman & Wakefield Inc.	Direct Deal
3	603 Franklin Ave	Hartford	32,710	2nd	Trinity Pentecostal Church of God of Hartford, Inc	N/A	Research In Progress
4	82 Hopmeadow St	Simsbury	29,000	3rd	N/A	N/A	CBRE - New England
5	233-235 Main St	New Britain	27,720	2nd	N/A	N/A	CBRE - New England
6	870 Burnside Ave	East Hartford	26,499	1st	N/A	Direct Deal	Main Street Investment, LLC
7	38 Security Dr	Avon	26,200	2nd	N/A	N/A	CBRE - New England
8	20 Church St	Hartford	24,647	3rd	Carecentrix	N/A	CBRE - New England
9	99 E River Dr	East Hartford	20,800	1st	Infotech	N/A	CBRE - New England
10	1350 Main St	Hampden County	19,195	2nd	N/A	N/A	NAI Plotkin
11	241 Trumbull St	Hartford	17,845	1st	N/A	N/A	Cushman & Wakefield Inc.
12	175 Addison Rd	Windsor	17,469	1st	N/A	N/A	Jones Lang LaSalle
13	100 Corporate Dr	Windsor	15,690	1st	Sedgwick Claims Services	N/A	Jones Lang LaSalle
14	55 Capital Blvd	Rocky Hill	14,793	3rd	N/A	N/A	CBRE - New England
15	308 Farmington Ave	Farmington	14,500	1st	AmWINS	Jones Lang LaSalle	Industrial Builders & Realty Compan
16	100 Great Meadow Rd	Wethersfield	14,477	2nd	Art Institute	N/A	CBRE - New England
17	213 Court St*	NW Middlesex/Middletown	13,121	2nd	ARCADIS	N/A	Midfield Corporation
18	475 Bridge St	New London	12,332	1st	N/A	N/A	Colliers International
19	380 Russell St	Hampshire County	12,000	1st	N/A	Richards Barry Joyce & Partners	Pearson Associates
20	40 Cold Spring Rd	Rocky Hill	12,000	2nd	N/A	O, R & L Commercial	Goman+York Property Advisors, LLC
21	82 Hopmeadow St	Simsbury	12,000	3rd	N/A	N/A	CBRE - New England
22	45 Glastonbury Blvd	Glastonbury	11,943	3rd	N/A	N/A	Cushman & Wakefield Inc.
23	82 Hopmeadow St	Simsbury	11,730	3rd	N/A	N/A	Cushman & Wakefield Inc.
24	500 Enterprise Dr	Rocky Hill	10,852	1st	N/A	N/A	CBRE - New England
25	430 New Park Ave	Hartford	10,712	2nd	The Middlesex Corporation	Direct Deal	Boynick Realty
26	1502 Hopmeadow St	Simsbury	10,000	3rd	Saint Francis Medical Center	N/A	RM Bradley
27	82 Hopmeadow St	Simsbury	10,000	1st	Litchfield Cavo LLC	N/A	CBRE - New England
28	111 Founders Plz	East Hartford	9,208	2nd	Connecticut Children's Medical Center	RM Bradley	Goman+York Property Advisors, LLC
29	10 Columbus Blvd	Hartford	8,977	3rd	N/A	N/A	Jones Lang LaSalle
30	5 Waterside Crossing	Windsor	8,900	2nd	N/A	N/A	CBRE - New England
31	360 Tolland Tpk	Manchester	8,725	1st	N/A	N/A	Colliers International
32	38 Prospect St	Hartford	8,272	2nd	N/A	N/A	Cushman & Wakefield Inc.
33	912 Silas Deane Hwy	Wethersfield	8,255	2nd	N/A	N/A	O,R&L Commercial
34	15 Thames St	New London	8,246	1st	N/A	N/A	O, R & L Commercial
35	312 Farmington Ave	Farmington	8,000	3rd	N/A	N/A	Industrial Builders & Realty Compan
36	333 E River Dr	East Hartford	7,772	2nd	N/A	N/A	Sentry Commercial Real Estate Servi
37	1 Northwestern Dr	Bloomfield	7,420	1st	Regional Physical Therapy, Pc.	N/A	Naro Realty
38	75 Isham Rd	West Hartford	7,300	1st	Wells Fargo	N/A	CBRE - New England
39	90 State House Sq	Hartford	6,965	1st	Senator Blumenthal	N/A	Jones Lang LaSalle
40	6 Shaws Cv	New London	6,750	1st	N/A	N/A	Northeast Property Group

Source: CoStar Property®
* Renewal

The office buildings located in the preceding survey are mostly older office buildings with a relatively stable occupancy. The subject office building will consist of a new building with modern features and amenities located in a community that does not have an active office market.

However, upon completion of the overall development of the subject site, with the addition of 991 residential units, a hotel and retail/restaurant establishments; the subject office building will attract office tenants to the local area. These units will be leased to professional service providers and medical office tenants that will cater to the needs of the local community. The proposed office building size of 112,500± square feet will be divisible into smaller units, which will be able to generate income levels at the upper end of the currently attainable office rental rates in the Harford market submarket.

Therefore, based on the analytic survey produced by CoStar Property, we have projected the initial rental rate of the subject's proposed full-service office building at \$19.00 per square foot on a gross rental basis. The vacancy rate for the proposed office development is projected at 5.0% of the potential gross income.

The projected office rental rate is an initial rate as of October 1, 2012. In the discounted cash flow analysis the estimated rental rate is projected to increase at a compounded rate of 3.0% per annum.

ANALYSIS OF THE LOCAL RETAIL/RESTAURANT MARKET

The proposed development plan for the subject property includes ground floor retail and restaurant uses located throughout the subject site.

In order to estimate the appropriate market rental rate for the proposed retail and restaurant components, an analytic report was compiled using information provided by CoStar Property. The analytic report indicates that there are currently 12,262 general retail buildings located in the Hartford retail market, with 549 general retail buildings located in the Southwest Outlying submarket, in which Bristol is located. The Southwest Outlying submarket includes 1 mall building and 47 shopping centers, with a total of 637 buildings.

The following charts include the retail market statistics for the General Retail, Mall, Power Center, Shopping Center, and Specialty Center Hartford retail market. These charts include total buildings and rentable area included in the existing inventory, vacancy rates and current quoted rental rates.

General Retail Market Statistics (Third Quarter 2012)

GENERAL RETAIL MARKET STATISTICS							Third Quarter 2012		
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	184	1,125,837	24,927	24,927	2.2%	15,062	0	0	\$12.52
East	805	5,676,357	144,895	149,008	2.6%	9,968	9,800	0	\$11.19
Franklin County	347	2,675,319	89,933	89,933	3.4%	25,285	0	0	\$5.95
Hampden County	2,028	16,921,711	719,712	723,368	4.3%	84,741	0	0	\$11.71
Hampshire County	710	5,013,387	170,703	170,703	3.4%	26,590	8,000	10,000	\$12.07
Hartford City	865	8,500,002	523,636	523,636	6.2%	6,126	17,506	0	\$11.01
Litchfield County	962	5,373,272	242,390	242,390	4.5%	65,106	24,890	45,900	\$12.50
Marlborough Outlying	21	131,089	5,000	5,000	3.8%	1,450	0	0	\$8.00
Middlesex County	1,232	7,878,777	513,937	517,387	6.6%	26,888	25,000	5,494	\$10.35
New London County	1,667	11,083,281	455,292	455,292	4.1%	37,426	15,500	22,400	\$10.83
North	467	3,232,351	163,001	163,001	5.0%	(42,305)	0	0	\$10.46
Northwest Outlying	151	881,845	34,147	34,147	3.9%	4,855	0	0	\$19.41
South	745	6,440,931	344,400	345,630	5.4%	59,438	0	0	\$9.47
Southwest Outlying	549	3,014,336	144,397	144,397	4.8%	377	10,035	0	\$10.97
Tolland County	327	2,284,621	123,599	123,599	5.4%	10,946	0	19,097	\$10.84
West	807	5,351,820	225,222	225,222	4.2%	30,160	18,257	0	\$15.80
Windham County	395	2,955,951	271,892	271,892	9.2%	38,156	0	0	\$11.40
Totals	12,262	88,540,887	4,197,083	4,209,532	4.8%	400,269	128,988	102,891	\$11.38

Source: CoStar Property®

Mall Market Statistics
(Third Quarter 2012)

MALL MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
East	2	1,378,779	85,180	85,180	6.2%	0	0	0	\$29.50
Franklin County	0	0	0	0	0.0%	0	0	0	\$0.00
Hampden County	3	3,130,190	153,173	153,173	4.9%	(132,110)	0	0	\$0.00
Hampshire County	0	0	0	0	0.0%	0	0	0	\$0.00
Hartford City	0	0	0	0	0.0%	0	0	0	\$0.00
Litchfield County	0	0	0	0	0.0%	0	0	0	\$0.00
Marlborough Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Middlesex County	0	0	0	0	0.0%	0	0	0	\$0.00
New London County	1	770,000	804	804	0.1%	8,882	0	0	\$0.00
North	1	658,699	26,014	26,014	3.9%	0	0	0	\$0.00
Northwest Outlying	1	449,036	17,642	17,642	3.9%	(1,597)	0	0	\$0.00
South	0	0	0	0	0.0%	0	0	0	\$0.00
Southwest Outlying	1	554,118	41,544	41,544	7.5%	0	0	0	\$0.00
Tolland County	0	0	0	0	0.0%	0	0	0	\$0.00
West	2	1,616,695	16,803	16,803	1.0%	3,088	0	0	\$0.00
Windham County	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	11	8,557,517	341,160	341,160	4.0%	(121,737)	0	0	\$29.50

Source: CoStar Property®

Power Center Market Statistics
(Third Quarter 2012)

POWER CENTER MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
East	4	1,444,356	96,840	96,840	6.7%	0	0	0	\$12.00
Franklin County	0	0	0	0	0.0%	0	0	0	\$0.00
Hampden County	2	669,900	46,932	46,932	7.0%	3,700	0	0	\$7.63
Hampshire County	3	1,232,449	27,209	27,209	2.2%	0	0	0	\$0.00
Hartford City	0	0	0	0	0.0%	0	0	0	\$0.00
Litchfield County	0	0	0	0	0.0%	0	0	0	\$0.00
Marlborough Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Middlesex County	0	0	0	0	0.0%	0	0	0	\$0.00
New London County	2	919,930	19,078	19,078	2.1%	22,824	0	0	\$0.00
North	2	729,355	47,025	47,025	6.4%	(10,860)	0	0	\$0.00
Northwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
South	0	0	0	0	0.0%	0	0	0	\$0.00
Southwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Tolland County	0	0	0	0	0.0%	0	0	0	\$0.00
West	1	224,897	0	0	0.0%	0	0	0	\$0.00
Windham County	1	518,409	0	0	0.0%	0	0	0	\$22.00
Totals	15	5,739,296	237,084	237,084	4.1%	15,664	0	0	\$11.58

Source: CoStar Property®

Shopping Center Market Statistics
(Third Quarter 2012)

SHOPPING CENTER MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	19	614,855	215,778	215,778	35.1%	(2,354)	0	0	\$11.73
East	80	3,949,920	518,020	566,163	14.3%	(25,889)	0	6,500	\$12.56
Franklin County	8	415,180	7,431	7,431	1.8%	(1,411)	0	0	\$20.00
Hampden County	115	5,983,872	485,542	485,542	8.1%	20,415	13,000	0	\$12.57
Hampshire County	36	1,901,337	149,898	149,898	7.9%	(2,195)	8,473	7,856	\$15.63
Hartford City	27	871,347	99,685	99,685	11.4%	(1,925)	0	0	\$11.36
Litchfield County	58	1,640,104	138,738	138,738	8.5%	(26,358)	3,000	0	\$15.70
Marlborough Outlying	2	27,666	3,600	3,600	13.0%	0	0	0	\$14.87
Middlesex County	93	4,226,064	479,180	479,180	11.3%	10,227	0	0	\$11.96
New London County	107	5,261,921	466,115	466,115	8.9%	53,495	0	0	\$12.30
North	83	3,482,331	187,655	187,655	5.4%	(4,335)	0	0	\$12.46
Northwest Outlying	21	588,377	26,024	29,024	4.9%	(7,333)	0	0	\$0.00
South	87	3,815,284	292,963	385,516	10.1%	(74,869)	0	2,000	\$12.85
Southwest Outlying	47	1,714,474	83,844	88,844	5.2%	38,696	0	0	\$15.22
Tolland County	39	1,979,272	130,029	131,229	6.6%	19,222	0	35,200	\$14.68
West	103	4,809,120	342,353	353,087	7.3%	33,468	9,052	0	\$16.97
Windham County	32	1,545,025	103,047	103,047	6.7%	(620)	0	0	\$13.96
Totals	957	42,826,149	3,729,902	3,890,532	9.1%	28,234	33,525	51,556	\$13.21

Source: CoStar Property®

Specialty Center Market Statistics
(Third Quarter 2012)

SPECIALTY CENTER MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
East	1	185,361	99,500	99,500	53.7%	0	0	0	\$6.00
Franklin County	0	0	0	0	0.0%	0	0	0	\$0.00
Hampden County	1	79,592	0	0	0.0%	0	0	0	\$0.00
Hampshire County	0	0	0	0	0.0%	0	0	0	\$0.00
Hartford City	0	0	0	0	0.0%	0	0	0	\$0.00
Litchfield County	0	0	0	0	0.0%	0	0	0	\$0.00
Marlborough Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Middlesex County	2	567,214	0	0	0.0%	0	0	0	\$0.00
New London County	1	115,194	0	0	0.0%	2,500	0	0	\$0.00
North	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
South	0	0	0	0	0.0%	0	0	0	\$0.00
Southwest Outlying	0	0	0	0	0.0%	0	0	0	\$0.00
Tolland County	0	0	0	0	0.0%	0	0	0	\$0.00
West	0	0	0	0	0.0%	0	0	0	\$0.00
Windham County	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	5	947,361	99,500	99,500	10.5%	2,500	0	0	\$6.00

Source: CoStar Property®

Total Retail Market Statistics
(Third Quarter 2012)

TOTAL RETAIL MARKET STATISTICS						Third Quarter 2012			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total GLA	Direct SF	Total SF	Vac %				
Berlin Outlying	211	1,740,692	240,705	240,705	13.8%	12,708	0	0	\$11.98
East	998	12,634,773	944,435	996,691	7.9%	(15,921)	9,800	6,500	\$11.59
Franklin County	365	3,090,499	97,364	97,364	3.2%	23,874	0	0	\$7.11
Hampden County	2,243	26,785,265	1,405,359	1,409,015	5.3%	(23,254)	13,000	0	\$11.95
Hampshire County	791	8,147,173	347,810	347,810	4.3%	24,395	16,473	17,856	\$12.88
Hartford City	903	9,371,349	623,321	623,321	6.7%	4,201	17,506	0	\$11.06
Litchfield County	1,056	7,013,376	381,128	381,128	5.4%	38,748	27,890	45,900	\$13.36
Marlborough Outlying	24	158,755	8,600	8,600	5.4%	1,450	0	0	\$12.45
Middlesex County	1,380	12,672,055	993,117	996,567	7.9%	37,115	25,000	5,494	\$11.13
New London County	1,868	18,150,326	941,289	941,289	5.2%	125,127	15,500	22,400	\$11.46
North	633	8,102,736	423,695	423,695	5.2%	(57,500)	0	0	\$11.73
Northwest Outlying	203	1,919,258	77,813	80,813	4.2%	(4,075)	0	0	\$19.41
South	874	10,256,215	637,363	731,146	7.1%	(15,431)	0	2,000	\$11.66
Southwest Outlying	637	5,282,928	269,785	274,785	5.2%	39,073	10,035	0	\$13.04
Tolland County	393	4,263,893	253,628	254,828	6.0%	30,168	0	54,297	\$12.98
West	1,019	12,002,532	584,378	595,112	5.0%	66,716	27,309	0	\$16.51
Windham County	450	5,019,385	374,939	374,939	7.5%	37,536	0	0	\$12.57
Totals	14,048	146,611,210	8,604,729	8,777,808	6.0%	324,930	162,513	154,447	\$12.22

Source: CoStar Property®

As indicated in the preceding charts, in the third quarter 2012, the average quoted rental rate for the retail properties are summarized as follows:

	Average Quoted Rental Rate
General Retail Market	\$11.38
Mall Market	\$29.50
Power Center Market	\$11.58
Shopping Center Market	\$13.21
Specialty Center Market	\$ 6.00
Total Retail Market	\$12.22

In the third quarter 2012, the average vacancy rate (including direct and sublet space) for retail properties are summarized as follows:

	Average Vacancy Rates
General Retail Market	4.8%
Mall Market	4.0%
Power Center Market	4.1%
Shopping Center Market	9.1%
Specialty Center Market	10.5%
Total Retail Market	6.0%

The following charts include the historic retail market statistics for General Retail, Mall, Power Center, Shopping Center, and Specialty Center properties located throughout the Hartford retail market from 2008 to the third quarter 2012.

Historic General Retail Market Statistics
(2008 to Third Quarter 2012)

GENERAL RETAIL MARKET STATISTICS											Third Quarter 2012	
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates	
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA		
2012 3q	12,262	88,540,887	4,197,083	4,209,532	4.8%	191,496	2	15,757	8	102,891	\$11.38	
2012 2q	12,261	88,529,630	4,344,422	4,389,771	5.0%	88,317	6	58,345	9	99,551	\$11.21	
2012 1q	12,258	88,482,007	4,377,593	4,430,465	5.0%	120,456	6	54,886	13	134,996	\$11.38	
2011 4q	12,252	88,427,121	4,446,246	4,496,035	5.1%	23,161	7	42,022	14	135,631	\$11.30	
2011 3q	12,246	88,387,311	4,430,357	4,479,386	5.1%	122,359	6	16,026	15	123,014	\$11.35	
2011 2q	12,242	88,406,336	4,576,641	4,620,770	5.2%	(17,387)	2	14,226	15	72,774	\$11.08	
2011 1q	12,241	88,397,478	4,546,267	4,594,525	5.2%	(19,553)	4	56,689	7	30,457	\$11.17	
2010 4q	12,238	88,349,347	4,478,946	4,526,841	5.1%	118,078	5	40,917	6	70,915	\$11.26	
2010 3q	12,233	88,308,430	4,549,847	4,604,002	5.2%	181,054	3	41,168	9	97,606	\$11.51	
2010 2q	12,230	88,267,262	4,698,129	4,743,888	5.4%	116,977	1	155,000	7	78,677	\$11.79	
2010 1q	12,229	88,112,262	4,662,075	4,705,865	5.3%	99,241	10	77,688	5	203,760	\$11.88	
2009 4q	12,219	88,034,574	4,675,476	4,727,418	5.4%	201,820	4	32,908	13	255,100	\$12.14	
2009 3q	12,216	88,005,166	4,845,881	4,899,830	5.6%	544,414	12	202,813	17	288,008	\$12.29	
2009 2q	12,204	87,802,353	5,175,142	5,241,431	6.0%	(137,479)	8	43,062	17	390,721	\$12.33	
2009 1q	12,196	87,759,291	4,920,088	5,060,890	5.8%	(81,537)	13	96,047	19	385,773	\$12.42	
2008	12,184	87,665,078	4,815,611	4,885,140	5.6%	(124,079)	57	673,842	22	391,821	\$12.45	

Source: CoStar Property®

Historic Mall Market Statistics (2008 to Third Quarter 2012)

MALL MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2012 3q	11	8,557,517	341,160	341,160	4.0%	0	0	0	0	0	\$29.50
2012 2q	11	8,557,517	341,160	341,160	4.0%	(125,000)	0	0	0	0	\$21.82
2012 1q	11	8,557,517	216,160	216,160	2.5%	3,263	0	0	0	0	\$20.66
2011 4q	11	8,557,517	219,423	219,423	2.6%	(6,759)	0	0	0	0	\$21.18
2011 3q	11	8,557,517	212,664	212,664	2.5%	(15,090)	0	0	0	0	\$21.24
2011 2q	11	8,557,517	194,974	197,574	2.3%	(17,642)	0	0	0	0	\$24.94
2011 1q	11	8,557,517	179,932	179,932	2.1%	(49,104)	0	0	0	0	\$22.50
2010 4q	11	8,557,517	130,828	130,828	1.5%	1,081	0	0	0	0	\$28.15
2010 3q	11	8,557,517	131,909	131,909	1.5%	7,949	0	0	0	0	\$28.15
2010 2q	11	8,557,517	139,858	139,858	1.6%	(4,928)	0	0	0	0	\$28.15
2010 1q	11	8,557,517	134,930	134,930	1.6%	(8,147)	0	0	0	0	\$27.57
2009 4q	11	8,557,517	126,783	126,783	1.5%	(1,743)	0	0	0	0	\$30.01
2009 3q	11	8,557,517	125,040	125,040	1.5%	(620)	0	0	0	0	\$30.01
2009 2q	11	8,557,517	89,420	124,420	1.5%	10,550	0	0	0	0	\$30.01
2009 1q	11	8,557,517	93,794	134,970	1.6%	2,729	0	0	0	0	\$30.01
2008	11	8,557,517	100,465	137,699	1.6%	201,543	2	105,236	0	0	\$30.01

Source: CoStar Property®

Historic Power Center Market Statistics (2008 to Third Quarter 2012)

POWER CENTER MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2012 3q	15	5,739,296	237,084	237,084	4.1%	(24,725)	0	0	0	0	\$11.58
2012 2q	15	5,739,296	212,359	212,359	3.7%	17,565	0	0	0	0	\$11.58
2012 1q	15	5,739,296	229,924	229,924	4.0%	22,824	0	0	0	0	\$11.74
2011 4q	15	5,739,296	252,748	252,748	4.4%	(14,747)	0	0	0	0	\$11.71
2011 3q	15	5,739,296	238,001	238,001	4.1%	(4,654)	0	0	0	0	\$11.71
2011 2q	15	5,739,296	206,552	233,347	4.1%	19,361	0	0	0	0	\$11.71
2011 1q	15	5,739,296	225,913	252,708	4.4%	(7,953)	0	0	0	0	\$11.71
2010 4q	15	5,739,296	217,960	244,755	4.3%	17,050	0	0	0	0	\$12.71
2010 3q	15	5,739,296	235,010	261,805	4.6%	56,903	0	0	0	0	\$12.96
2010 2q	15	5,739,296	287,113	318,708	5.6%	72,104	0	0	0	0	\$15.24
2010 1q	15	5,739,296	359,217	390,812	6.8%	5,400	0	0	0	0	\$15.24
2009 4q	15	5,739,296	364,617	396,212	6.9%	83,376	0	0	0	0	\$16.05
2009 3q	15	5,739,296	442,973	479,588	8.4%	(12,285)	0	0	0	0	\$16.12
2009 2q	15	5,739,296	430,688	467,303	8.1%	2,501	0	0	0	0	\$14.24
2009 1q	15	5,739,296	433,189	469,804	8.2%	(92,903)	1	7,200	0	0	\$15.39
2008	15	5,732,096	238,645	369,701	6.4%	468,045	6	666,395	1	7,200	\$12.09

Source: CoStar Property®

Historic Shopping Center Market Statistics (2008 to Third Quarter 2012)

SHOPPING CENTER MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Bids	Total GLA	# Bids	Total GLA	
2012 3q	957	42,826,149	3,729,902	3,890,532	9.1%	129,703	0	0	5	51,556	\$13.21
2012 2q	957	42,826,149	3,802,325	4,020,235	9.4%	(131,682)	4	27,473	4	48,056	\$13.25
2012 1q	956	42,798,676	3,751,921	3,861,080	9.0%	30,213	1	6,052	5	62,673	\$13.30
2011 4q	956	42,792,624	3,768,918	3,885,241	9.1%	61,845	1	9,690	5	60,252	\$13.35
2011 3q	956	42,782,934	3,824,173	3,937,396	9.2%	11,147	1	17,917	5	56,942	\$13.53
2011 2q	956	42,765,017	3,839,223	3,930,626	9.2%	(91,145)	1	6,600	3	30,607	\$13.52
2011 1q	955	42,758,417	3,732,674	3,832,881	9.0%	14,628	4	123,700	4	37,207	\$13.79
2010 4q	955	42,634,717	3,626,949	3,723,809	8.7%	(112,218)	0	0	7	142,990	\$13.67
2010 3q	955	42,634,717	3,521,560	3,611,591	8.5%	123,404	2	4,454	5	108,690	\$13.61
2010 2q	954	42,630,263	3,647,609	3,730,541	8.8%	(26,623)	2	64,676	6	108,144	\$13.94
2010 1q	954	42,565,587	3,542,611	3,639,242	8.5%	474,581	5	390,910	7	169,820	\$14.10
2009 4q	952	42,174,677	3,638,562	3,722,913	8.8%	277,425	5	212,184	9	469,256	\$14.05
2009 3q	950	41,962,493	3,687,930	3,788,154	9.0%	53,550	3	221,907	12	616,764	\$14.29
2009 2q	949	41,740,586	3,574,317	3,619,797	8.7%	(64,292)	1	2,613	13	832,191	\$14.34
2009 1q	949	41,737,973	3,474,354	3,552,892	8.5%	125,059	5	314,908	9	398,231	\$14.55
2008	948	41,423,065	3,326,549	3,363,043	8.1%	184,877	18	613,649	12	562,612	\$14.56

Source: CoStar Property®

Historic Specialty Center Market Statistics (2008 to Third Quarter 2012)

SPECIALTY CENTER MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Ctrs	Total GLA	Direct SF	Total SF	Vac %		# Bids	Total GLA	# Bids	Total GLA	
2012 3q	5	947,361	99,500	99,500	10.5%	0	0	0	0	0	\$6.00
2012 2q	5	947,361	99,500	99,500	10.5%	0	0	0	0	0	\$6.00
2012 1q	5	947,361	99,500	99,500	10.5%	2,500	0	0	0	0	\$6.00
2011 4q	5	947,361	102,000	102,000	10.8%	0	0	0	0	0	\$6.00
2011 3q	5	947,361	102,000	102,000	10.8%	2,000	0	0	0	0	\$6.00
2011 2q	5	947,361	104,000	104,000	11.0%	1,000	0	0	0	0	\$6.00
2011 1q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$0.00
2010 4q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$0.00
2010 3q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$0.00
2010 2q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$0.00
2010 1q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$0.00
2009 4q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$6.00
2009 3q	5	947,361	105,000	105,000	11.1%	0	0	0	0	0	\$6.00
2009 2q	5	947,361	94,055	105,000	11.1%	0	0	0	0	0	\$6.00
2009 1q	5	947,361	94,055	105,000	11.1%	0	0	0	0	0	\$6.00
2008	5	947,361	94,055	105,000	11.1%	(89,282)	0	0	0	0	\$6.00

Source: CoStar Property®

Historic Total Retail Market Statistics
(2008 to Third Quarter 2012)

TOTAL RETAIL MARKET STATISTICS											Third Quarter 2012
Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Bldgs	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Bldgs	Total GLA	# Bldgs	Total GLA	Rates
2012 3q	14,048	146,611,210	8,604,729	8,777,808	6.0%	296,474	2	15,757	13	154,447	\$12.22
2012 2q	14,047	146,599,953	8,799,766	9,063,025	6.2%	(150,800)	10	85,818	13	147,607	\$12.24
2012 1q	14,040	146,524,857	8,675,098	8,837,129	6.0%	179,256	7	60,938	18	197,669	\$12.35
2011 4q	14,033	146,463,919	8,789,335	8,955,447	6.1%	63,500	8	51,712	19	195,883	\$12.36
2011 3q	14,026	146,414,419	8,807,195	8,969,447	6.1%	115,762	7	33,943	20	179,956	\$12.46
2011 2q	14,021	146,415,527	8,921,390	9,086,317	6.2%	(105,813)	3	20,826	18	103,381	\$12.31
2011 1q	14,019	146,400,069	8,789,786	8,965,046	6.1%	(61,982)	8	180,389	11	67,664	\$12.59
2010 4q	14,012	146,228,238	8,559,683	8,731,233	6.0%	23,991	5	40,917	13	213,905	\$12.53
2010 3q	14,007	146,187,321	8,543,326	8,714,307	6.0%	369,310	5	45,622	14	206,296	\$12.63
2010 2q	14,002	146,141,699	8,877,709	9,037,995	6.2%	157,530	3	219,676	13	186,821	\$12.97
2010 1q	13,999	145,922,023	8,803,833	8,975,849	6.2%	571,075	15	468,598	12	373,580	\$13.14
2009 4q	13,984	145,453,425	8,910,438	9,078,326	6.2%	560,878	9	245,092	22	724,356	\$13.29
2009 3q	13,976	145,211,833	9,206,824	9,397,612	6.5%	585,059	15	424,720	29	904,772	\$13.46
2009 2q	13,961	144,787,113	9,363,622	9,557,951	6.6%	(188,720)	9	45,675	30	1,222,912	\$13.50
2009 1q	13,952	144,741,438	9,015,480	9,323,556	6.4%	(46,652)	19	418,155	28	784,004	\$13.66
2008	13,934	144,325,117	8,575,325	8,860,583	6.1%	641,104	83	2,059,122	35	961,633	\$13.58

Source: CoStar Property®

Historic Southwest Outlying Retail Market Statistics
(2008 to Third Quarter 2012)

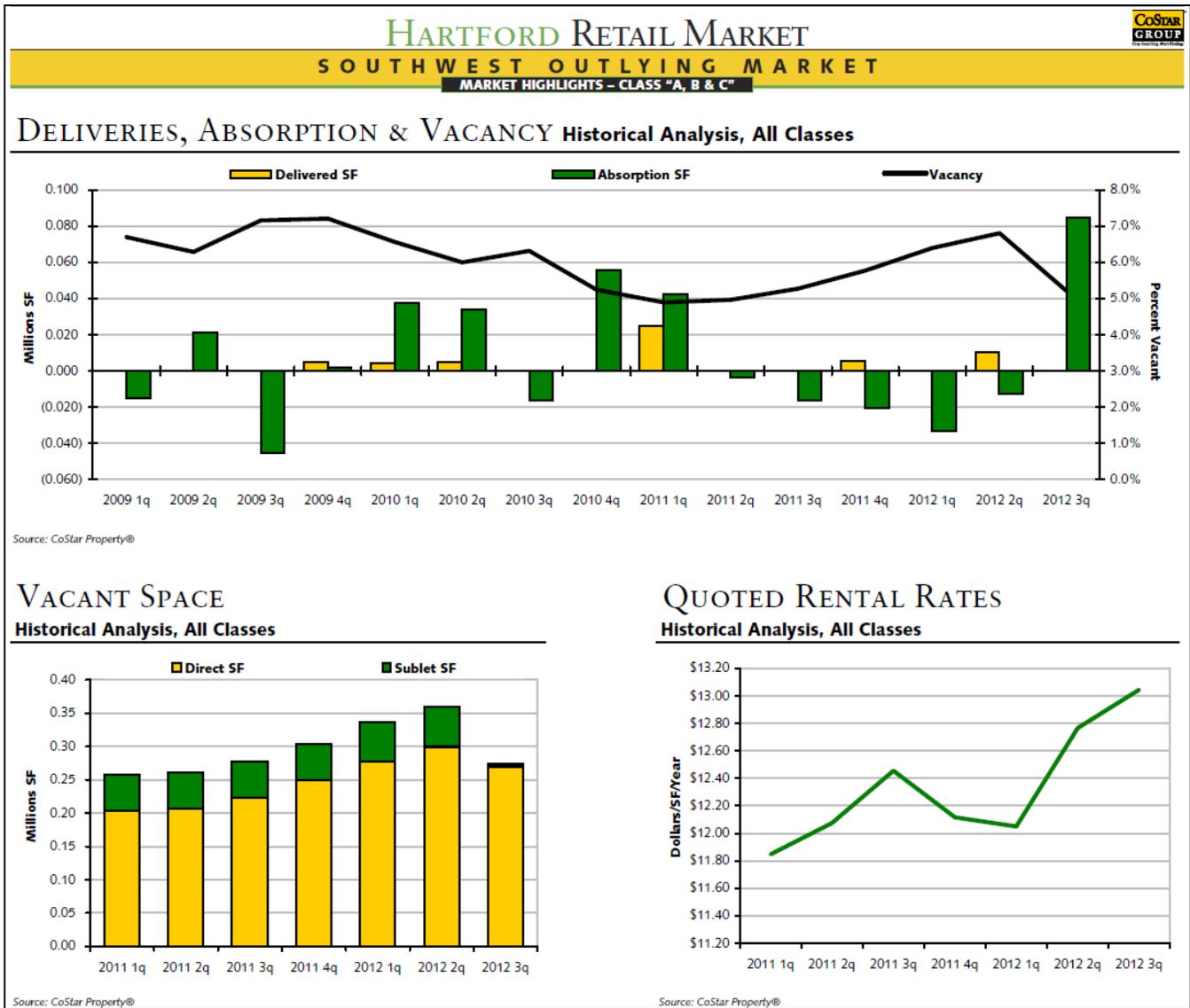
Period	Existing Inventory		Vacancy		Net	Delivered Inventory		UC Inventory		Quoted
	# Bldgs	Total RBA	Vacant SF	Vacancy %	Absorption	# Bldgs	Total RBA	# Bldgs	Total RBA	Rates
2012 3q	637	5,282,928	274,785	5.2%	84,535	0	0	0	0	\$13.04
2012 2q	637	5,282,928	359,320	6.8%	(12,386)	1	10,035	0	0	\$12.77
2012 1q	636	5,272,893	336,899	6.4%	(33,076)	0	0	1	10,035	\$12.05
2011 4q	636	5,272,893	303,823	5.8%	(20,391)	1	5,739	1	10,035	\$12.12
2011 3q	635	5,267,154	277,693	5.3%	(16,629)	0	0	1	5,739	\$12.46
2011 2q	635	5,267,154	261,064	5.0%	(3,556)	0	0	1	5,739	\$12.08
2011 1q	635	5,267,154	257,508	4.9%	42,284	1	25,000	0	0	\$11.85
2010 4q	634	5,242,154	274,792	5.2%	55,892	0	0	1	25,000	\$11.97
2010 3q	634	5,242,154	330,684	6.3%	(16,483)	0	0	1	25,000	\$12.44
2010 2q	634	5,242,154	314,201	6.0%	33,816	1	4,676	0	0	\$12.72
2010 1q	633	5,237,478	343,341	6.6%	37,763	2	4,242	1	4,676	\$13.56
2009 4q	631	5,233,236	376,862	7.2%	1,564	1	4,484	3	8,918	\$13.70
2009 3q	630	5,228,752	373,942	7.2%	(45,387)	0	0	3	8,726	\$13.25
2009 2q	630	5,228,752	328,555	6.3%	21,369	0	0	1	4,484	\$13.80
2009 1q	630	5,228,752	349,924	6.7%	(15,079)	0	0	1	4,484	\$14.22
2008 4q	630	5,228,752	334,845	6.4%	23,089	2	49,824	1	4,484	\$14.89

Source: CoStar Property®

As indicated in the preceding charts, the average rental rates have decreased between 2008 and the third quarter 2011, with historic vacancy rates fluctuating over this time period, but remaining relatively stable. The average vacancy rate for the total retail market was 6.1% in 2008 and 6.0% in the third quarter 2012. There was an actually a decrease in vacancy in the Southwest Outlying market over this time period.

In addition, the quoted rental rates in the Southwest Outlying market are showing signs of improvement as they have increased from the low of \$11.85 in the first quarter 2011 to \$13.04 in the third quarter 2012.

The following graphs represent the trends of absorption rates, vacant space and quoted rental rates for the Southwest Outlying market.



The following table includes the most recent retail lease transactions that have occurred throughout the Hartford County submarket as presented by CoStar Property.

LIST OF MOST RECENT TOP RETAIL LEASE TRANSACTIONS

SELECT TOP RETAIL LEASES Based on Leased Square Footage For Deals Signed in 2012							
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	Max's Place - Boston Post Rd	SW Midlxs/Old Saybrk/Rt9	55,600	2nd	Kohls	N/A	Lyman Real Estate
2	Max's Place - Boston Post Rd	SW Midlxs/Old Saybrk/Rt9	54,000	3rd	Big Y	N/A	Lyman Real Estate
3	25 Hazard Ave	Enfield	24,725	3rd	DSW	N/A	Paramount Realty Services, Inc.
4	1522-1534 Boston Rd	Hampden County	23,755	2nd	N/A	N/A	New England Retail Properties, Inc.
5	530 Bushy Hill Rd	Simsbury	23,500	1st	HomeGoods	Charter Realty & Development Corp	Edens
6	1029 North Rd	Hampden County	22,400	2nd	N/A	N/A	The Gem Trust
7	209-239 South St	Hampden County	20,000	1st	N/A	N/A	Oxford Real Estate Services Group,
8	404 Talcottville Rd	Tolland County	19,097	3rd	Tractor Supply	N/A	New England Retail Properties, Inc.
9	871 Farmington Ave	Southwest Outlying	17,028	3rd	N/A	N/A	Colliers International
10	101 Hale Rd	Manchester	15,600	1st	PETCO	N/A	The Pollock Company
11	480 Queen St	Southington	14,667	1st	N/A	N/A	Litsky Associates
12	26 Davis St	SE Litchfield County	12,900	1st	CVS	N/A	N/A
13	1525 State St	Hampden County	11,808	1st	Family Dollar	N/A	State Street N Dev Llc
14	5 National Dr	Windsor Locks	10,000	3rd	N/A	N/A	Universal Real Estate Services
15	902 Wethersfield Ave	Hartford	10,000	2nd	Czako Automotive	NAI Elite, LLC	NAI Elite, LLC
16	232 Exchange St	Hampden County	9,800	1st	N/A	N/A	Chicopee Provision Co
17	14-37 Wintonbury Mall	Bloomfield	9,118	3rd	Carbone Hospitality	N/A	Litsky Associates
18	150-174 Columbus Blvd	New Britain	9,000	1st	N/A	N/A	RHYS Commercial
19	624-640 W Main St	NE New London/Norwich	8,800	1st	Dollar Tree	REA Realty	Konover Commercial Corporation
20	336 Russell St	Hampshire County	8,473	3rd	Firestone Tires	N/A	New England Retail Properties, Inc.
21	1001-1003 Albany Ave	Hartford	7,800	3rd	N/A	N/A	Mr Taylor
22	720 Newfield St	NW Middlesex/Middletown	7,500	3rd	N/A	N/A	Colliers International
23	100-104 Memorial Ave	Hampden County	7,500	2nd	N/A	N/A	NAI Plotkin
24	315-321 W Main St	Avon	7,160	2nd	N/A	N/A	The Dartmouth Company
25	4 Ridge Rd	Windham County	7,160	3rd	N/A	N/A	Prudential Connecticut Realty
26	75-87 W Stafford Rd	Tolland County	7,000	2nd	N/A	N/A	Big Y Foods, Inc.
27	300-384 Cooley St	Hampden County	6,840	2nd	Rainbow Apparel	N/A	Northeast Retail Leasing & Manageme
28	40 Glastonbury Blvd	Glastonbury	6,830	3rd	N/A	N/A	Midwood Investment & Development
29	62 Memorial Rd	West Hartford	6,797	2nd	The Burgess Group	Cushman & Wakefield Inc.	Goman+York Property Advisors, LLC
30	65 University Dr	Hampshire County	6,777	2nd	N/A	N/A	Slobody Development Corporation
31	850 Hartford Tpke	New London	6,213	1st	N/A	N/A	Simon Property Group, Inc.
32	366 Memorial Ave	Hampden County	6,200	1st	N/A	N/A	King & Newton
33	42-58 Ocean Ave	New London	6,118	3rd	Oral Care Dental	Direct Deal	Heyman Properties
34	1329 Main St	Windham County	6,038	2nd	Aaron's	Great Dane Properties	The Colvest Group
35	352 Main St	NW Middlesex/Middletown	6,000	1st	N/A	N/A	Adams Commons LLC
36	189-191 Middlesex Ave	SW Midlxs/Old Saybrk/Rt9	6,000	1st	N/A	N/A	CENTURY 21 Heritage Company
37	40-56 East St	Hampden County	6,000	2nd	N/A	N/A	NAI Plotkin
38	343 Route 6	Farmington	6,000	2nd	N/A	N/A	C. Nelson Construction
39	1954 Norwich New London Tpke	NE New London/Norwich	6,000	3rd	N/A	N/A	CRS Associates, Inc.
40	364 Albany Tpke	Northwest Outlying	6,000	3rd	N/A	N/A	Colliers International

Source: CoStar Property®
* Renewal

The retail buildings located in the preceding survey are mostly older retail buildings with a relatively stable occupancy. The subject's retail components will consist of a new building with modern features and amenities located in a community that does not have an active retail market.

However, upon completion of the overall development of the subject site, with the addition of 991 residential units, a hotel and an office building; the subject retail and restaurant components will attract retail/restaurant tenants to the local area. The proposed retail and restaurant components will be able to generate income levels at the upper end of the currently attainable retail rental rates in the Harford market submarket.

Therefore, based on the analytic survey produced by CoStar Property, we have projected the initial rental rate of the subject's proposed retail and restaurant components at \$15.00 per square foot on a gross rental basis. The vacancy rate for the proposed subject retail and restaurant components is projected at 5.0% of the potential gross income.

The projected retail/restaurant rental rate is an initial rate in effect as of October 1, 2012. In the discounted cash flow analysis the estimated rental rate is projected to increase at a compounded rate of 3.0% per annum.

LODGING MARKET SUPPLY AND DEMAND ANALYSIS

Existing Competitive Supply

The proposed development plan includes a 125-room upscale hotel with amenities, conference rooms and restaurants. The proposed subject hotel will consist of a nine-story, steel framed, upscale hotel building. Many of the hotels in the local market consists of three- to five-story, wood-framed, full-service hotel buildings.

This valuation analysis is based on the assumption that the proposed hotel facility will be a upscale hotel that competes, to varying degrees, with numerous independent and chain-affiliated hotels in Hartford County.

We have been provided with a hotel study compiled by Smith Travel Research (STR) for the competitive set of properties located proximate to the subject property. As indicated in this study, the competitive set is summarized in the following table:

Hotel Competitive Set*

<u>Name of Establishment</u>	<u>City & State</u>	<u>Zip Code</u>	<u>Open Date</u>	<u>Rooms</u>
Extended Stay Deluxe Hartford	Farmington, CT	06032	Dec 1998	91
Hampton Inn Suites Hartford	Farmington, CT	06032	Oct 2009	124
Courtyard Hartford	Farmington, CT	06032	Oct 2005	119
Homewood Suites Farmington	Farmington, CT	06032	Jan 1999	121
La Quinta Inns & Suites New Britain	New Britain, CT	06051	Jun 1972	135
Fairfield Inn & Suites Plainville	Plainville, CT	06062	Jun 1974	107
Holiday Inn Express Southington	Southington, CT	06489	May 1987	122
Comfort Suites Southington	Southington, CT	06489	Dec 2007	79
Residence Inn Southington	Southington, CT	06489	Jul 2002	94
Total Properties:			9	992

* Source: Smith Travel Research (STR).

Smith Travel Research (STR), an independent research firm that is recognized by the lodging industry as the standard source of reliable data, provides operating statistics on the local market as a whole. In reviewing the data compiled by STR, it is important to note some of its limitations. We have found that because hotels are occasionally dropped in and out of

STR samples and not every property reports data in a consistent and timely manner, the overall quality of this information may be affected. These variables can sometimes skew the data for a particular market. However, we find that STR data is generally relied upon by typical hotel investors, and thus used it in this valuation analysis.

The following table illustrates the historic supply and demand trends among the above listed hotels.

HISTORIC OCCUPANCY LEVEL TRENDS – COMPETITIVE SET (2006-2012)

Occupancy (%)															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD	
2006	55.8	60.2	61.6	64.0	71.6	75.2	71.7	79.5	71.4	76.7	68.3	55.1	67.6	68.0	
2007	49.3	51.1	54.9	56.6	65.0	69.5	65.4	70.1	63.5	74.1	62.3	50.9	60.8	60.4	
2008	53.4	62.9	57.6	67.8	66.8	69.5	71.7	73.3	65.6	70.3	59.1	47.9	63.8	65.4	
2009	45.4	52.4	59.4	63.6	63.7	63.2	63.0	68.2	62.6	58.1	49.7	43.5	57.2	60.2	
2010	42.1	50.1	53.3	51.7	61.1	70.5	69.4	72.0	62.8	73.9	62.0	52.6	60.2	59.3	
2011	52.8	64.4	63.1	62.3	69.0	71.5	70.6	74.0	74.0	78.8	76.0	57.6	67.8	66.8	
2012	54.1	59.6	63.8	63.3	69.4	74.5	70.8	73.4	69.1					66.5	
Avg	50.2	57.2	59.1	61.0	66.5	70.7	69.1	72.8	67.2	71.9	62.7	51.2	62.9	63.8	

HISTORIC AVERAGE DAILY RATE (ADR) TRENDS – COMPETITIVE SET (2006-2012)

ADR (\$)															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD	
2006	90.46	92.24	95.41	93.60	97.53	97.15	95.97	97.08	98.73	99.11	96.55	94.43	95.94	95.61	
2007	92.87	95.91	96.30	95.87	98.86	99.69	100.50	102.40	102.88	101.55	98.85	96.69	98.72	98.55	
2008	97.08	97.83	98.43	99.54	101.74	100.63	100.52	102.27	103.67	101.67	97.70	96.55	100.02	100.34	
2009	97.00	95.73	91.27	91.11	94.42	97.15	95.57	95.40	93.04	95.38	91.51	90.66	93.97	94.44	
2010	90.73	89.35	89.62	90.16	91.52	89.70	88.21	92.20	92.97	91.66	90.73	86.39	90.36	90.53	
2011	88.06	91.09	94.17	93.97	94.90	96.06	95.44	99.35	97.76	97.35	97.08	94.23	95.25	94.85	
2012	97.12	98.94	98.49	98.63	102.30	100.15	99.80	101.58	100.57					99.86	
Avg	93.25	94.40	94.83	94.84	97.31	97.02	96.29	98.50	98.35	97.39	95.24	92.80	95.47	96.26	

HISTORIC REVENUE PER AVAILABLE ROOM (RevPAR) TRENDS – COMPETITIVE SET (2006-2012)

RevPAR (\$)															
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD	
2006	50.51	55.49	58.78	59.93	69.87	73.09	68.80	77.17	70.50	76.00	65.93	52.08	64.90	64.98	
2007	45.74	49.01	52.84	54.23	64.25	69.32	65.70	71.77	65.31	75.24	61.63	49.26	60.01	59.51	
2008	51.84	61.50	56.65	67.48	67.97	69.97	72.03	74.94	68.04	71.44	57.71	46.27	63.82	65.62	
2009	43.99	50.19	54.20	57.97	60.10	61.41	60.17	65.03	58.24	55.38	45.44	39.44	53.76	56.86	
2010	38.20	44.77	47.73	46.57	55.95	63.24	61.20	66.39	58.43	67.72	56.22	45.46	54.38	53.68	
2011	46.45	58.63	59.38	58.58	65.49	68.69	67.38	73.50	72.34	76.76	73.75	54.25	64.61	63.40	
2012	52.56	58.92	62.82	62.40	70.95	74.62	70.69	74.51	69.51					66.38	
Avg	46.82	54.03	56.06	57.85	64.75	68.57	66.52	71.75	66.07	70.02	59.74	47.51	60.01	61.39	

Source: Custom Trend Report (created October 29, 2012), Smith Travel Research, Inc.

Competitive Set includes: Extended Stay Deluxe Hartford, Hampton Inn Suites Hartford, Courtyard Hartford, Homewood Suites Farmington, La Quinta Inns & Suites New Britain, Fairfield Inn & Suites Plainville, Holiday Inn Express Southington, Comfort Suites Southington, and Residence Inn Southington.

The preceding tables indicate that occupancy levels for the competitive set decreased in 2009 and 2010 and stabilized thereafter. The occupancy rate from year-to-date between October 2011 and September 2012 of 66.5% has increased from the low of 59.3% (YTD October 2009 to September 2010). The current occupancy rate is approaching the historic levels, with the highest reported occupancy rate of 68.0%, indicated in the YTD October 2005 to September 2006.

The average ADR has also fluctuated over the surveyed time period. The survey indicates the highest ADR was reported in 2008, with a total year average ADR of \$100.02. This decreased to a low ADR of \$90.36 for the total year of 2010. The YTD ADR for the period between October 2011 and September 2012 showed signs of improvement and was reported at \$99.86.

The average RevPAR has also fluctuated over the surveyed time period. The survey indicates the highest RevPAR was reported in 2006, with a total year average RevPAR of \$64.90. This decreased to a low RevPAR of \$53.76 for the total year of 2009. The YTD RevPAR for the period between October 2011 and September 2012 showed signs of improvement and was reported at \$66.38. The period between October 2011 and September 2012 indicated the highest reported RevPAR as indicated over the entire surveyed period.

The above hotel statistics indicate that although there had been a decline in occupancy rates, ADR and RevPAR, the recent increase in occupancy rates and ADR resulted in an overall increase in the RevPAR.

This valuation analysis is based on the assumption that the occupancy rates and the average daily rates will continue to increase in the foreseeable future.

ANALYSIS OF INCOME – HOTEL FACILITY

In our analysis of the subject's income and expenses, we researched market data for hotel properties and compared them to the subject's historic and proposed income statements. We utilized the *2011 Host Study* (based on 2010 statistics) in order to determine whether the proposed income and expense for the subject's 125-room hotel facility are reasonable. A summary of this report is presented on the following pages and includes percentage of sales, income per available room (PAR) and income per occupied room (POR).

2011 HOST STUDY STATISTICS

	Independent			New England			Suburban			Under 150 Rooms			Luxury			Upscale		
Occupancy (of Sample)	58.8%			67.8%			62.9%			62.8%			66.9%			64.1%		
Average Size Of Property (Rooms)	233			245			216			120			341			228		
Average Daily Rate	\$170.40			\$164.73			\$121.33			\$117.65			\$165.14			\$132.46		
	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night	Ratio to Sales	Per Available Room	Per Occupied Room Night
REVENUE																		
Rooms	55.8%	\$36,154	\$170.40	64.3%	\$ 40,238	\$ 164.73	65.6%	\$ 27,616	\$ 121.33	72.0%	\$ 26,619	\$ 117.65	61.9%	\$ 40,092	\$ 165.13	67.3%	\$ 30,710	\$ 132.46
Food	20.2%	\$13,115	\$61.82	19.3%	\$ 12,064	\$ 49.39	18.5%	\$ 7,793	\$ 34.24	14.1%	\$ 5,210	\$ 23.03	19.7%	\$ 12,781	\$ 52.65	16.9%	\$ 7,722	\$ 33.31
Beverage	7.6%	\$4,949	\$23.33	5.4%	\$ 3,357	\$ 13.75	4.7%	\$ 1,998	\$ 8.78	5.1%	\$ 1,887	\$ 8.34	5.8%	\$ 3,727	\$ 15.35	4.6%	\$ 2,110	\$ 9.10
Other Food & Beverage	4.1%	\$2,673	\$12.60	4.4%	\$ 2,768	\$ 11.33	5.7%	\$ 2,396	\$ 10.53	2.9%	\$ 1,055	\$ 4.66	5.1%	\$ 3,274	\$ 13.48	4.3%	\$ 1,978	\$ 8.53
Telecommunications	0.3%	\$204	\$0.96	0.4%	\$ 261	\$ 1.07	0.5%	\$ 203	\$ 0.89	0.2%	\$ 61	\$ 0.27	0.6%	\$ 388	\$ 1.60	0.4%	\$ 191	\$ 0.82
Other Operated Departments	8.7%	\$5,673	\$26.74	4.9%	\$ 3,078	\$ 12.60	3.2%	\$ 1,341	\$ 5.89	4.4%	\$ 1,633	\$ 7.22	4.7%	\$ 3,033	\$ 12.49	4.3%	\$ 1,952	\$ 8.42
Rentals & Other Income	3.0%	\$1,952	\$9.20	1.2%	\$ 755	\$ 3.09	1.6%	\$ 669	\$ 2.94	1.3%	\$ 475	\$ 2.10	2.0%	\$ 1,283	\$ 5.28	1.9%	\$ 887	\$ 3.83
Cancellation Fee	0.2%	\$119	\$0.56	0.1%	\$ 91	\$ 0.37	0.1%	\$ 61	\$ 0.27	0.1%	\$ 43	\$ 0.19	0.3%	\$ 181	\$ 0.74	0.2%	\$ 76	\$ 0.33
Total Revenue	100.0%	\$64,839	\$305.61	100.0%	\$ 62,612	\$ 256.33	100.0%	\$ 42,077	\$ 184.87	100.0%	\$ 36,983	\$ 163.46	100.0%	\$ 64,759	\$ 266.72	100.0%	\$ 45,626	\$ 196.80
DEPARTMENTAL EXPENSES																		
Rooms	29.6%	\$10,705	\$50.46	27.4%	\$ 11,020	\$ 45.12	26.7%	\$ 7,375	\$ 32.40	27.0%	\$ 7,191	\$ 31.78	28.1%	\$ 11,273	\$ 46.43	28.0%	\$ 8,594	\$ 37.07
Food & Beverage	78.4%	\$16,261	\$76.64	76.1%	\$ 13,844	\$ 56.67	73.3%	\$ 8,933	\$ 39.25	83.8%	\$ 6,832	\$ 30.19	75.6%	\$ 14,951	\$ 61.58	78.8%	\$ 9,301	\$ 40.12
Telecommunications	174.5%	\$357	\$1.68	152.8%	\$ 399	\$ 1.63	153.5%	\$ 311	\$ 1.37	341.5%	\$ 207	\$ 0.91	126.3%	\$ 490	\$ 2.02	169.4%	\$ 323	\$ 1.39
Other Operated Depts & Rentals	6.7%	\$4,386	\$20.67	3.2%	\$ 2,061	\$ 8.44	3.0%	\$ 1,257	\$ 5.53	3.8%	\$ 1,416	\$ 6.26	3.7%	\$ 2,415	\$ 9.95	3.5%	\$ 1,577	\$ 6.80
Total Departmental Expenses	48.9%	\$31,709	\$149.45	43.6%	\$ 27,324	\$ 111.86	42.5%	\$ 17,876	\$ 78.55	42.3%	\$ 15,646	\$ 69.14	45.0%	\$ 29,129	\$ 119.98	43.4%	\$ 19,795	\$ 85.38
Total Departmental Profit	51.1%	\$33,130	\$156.16	56.4%	\$ 35,288	\$ 144.47	57.5%	\$ 24,201	\$ 106.32	57.7%	\$ 21,337	\$ 94.32	55.0%	\$ 35,630	\$ 146.74	56.6%	\$ 25,831	\$ 111.42
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	10.3%	\$6,658	\$31.38	9.0%	\$ 5,623	\$ 23.02	9.5%	\$ 3,993	\$ 17.54	10.6%	\$ 3,920	\$ 17.32	8.9%	\$ 5,762	\$ 23.73	9.0%	\$ 4,103	\$ 17.70
Marketing	6.2%	\$4,005	\$18.88	7.1%	\$ 4,439	\$ 18.17	8.0%	\$ 3,382	\$ 14.86	7.2%	\$ 2,654	\$ 11.73	7.2%	\$ 4,647	\$ 19.14	7.3%	\$ 3,338	\$ 14.40
Utility Costs	4.3%	\$2,780	\$13.10	4.8%	\$ 3,031	\$ 12.41	4.7%	\$ 1,998	\$ 8.78	4.9%	\$ 1,820	\$ 8.04	4.1%	\$ 2,670	\$ 11.00	4.9%	\$ 2,246	\$ 9.69
Property Operations & Maintenance	5.4%	\$3,487	\$16.43	4.8%	\$ 2,984	\$ 12.22	5.3%	\$ 2,226	\$ 9.78	5.5%	\$ 2,018	\$ 8.92	4.9%	\$ 3,159	\$ 13.01	5.2%	\$ 2,386	\$ 10.29
Total Undistributed Operating Expenses	26.1%	\$16,930	\$79.79	25.7%	\$ 16,077	\$ 65.82	27.6%	\$ 11,599	\$ 50.96	28.2%	\$ 10,412	\$ 46.01	25.1%	\$ 16,238	\$ 66.88	26.5%	\$ 12,073	\$ 52.08
GROSS OPERATING PROFIT	25.0%	\$16,200	\$76.37	30.7%	\$ 19,211	\$ 78.65	29.9%	\$ 12,602	\$ 55.36	29.5%	\$ 10,925	\$ 48.31	29.9%	\$ 19,392	\$ 79.86	30.1%	\$ 13,758	\$ 59.34
Franchise Fees (Royalty)	0.0%	\$32	\$0.15	0.8%	\$ 510	\$ 2.09	1.6%	\$ 654	\$ 2.87	1.3%	\$ 463	\$ 2.05	0.7%	\$ 452	\$ 1.86	1.2%	\$ 548	\$ 2.36
Management Fees	2.4%	\$1,567	\$7.39	2.9%	\$ 1,816	\$ 7.43	3.1%	\$ 1,300	\$ 5.71	3.4%	\$ 1,250	\$ 5.53	3.0%	\$ 1,945	\$ 8.01	3.2%	\$ 1,443	\$ 6.22
INCOME BEFORE FIXED CHARGES	22.5%	\$14,601	\$68.83	27.0%	\$ 16,885	\$ 69.13	25.3%	\$ 10,648	\$ 46.78	24.9%	\$ 9,212	\$ 40.73	26.2%	\$ 16,995	\$ 69.99	25.8%	\$ 11,767	\$ 50.76
Selected Fixed Charges																		
Property Taxes	3.4%	\$2,179	\$10.27	4.4%	\$ 2,740	\$ 11.22	3.5%	\$ 1,463	\$ 6.43	3.5%	\$ 1,282	\$ 5.67	3.6%	\$ 2,326	\$ 9.58	3.4%	\$ 1,542	\$ 6.65
Insurance	1.5%	\$984	\$4.64	0.7%	\$ 441	\$ 1.80	1.1%	\$ 444	\$ 1.95	1.1%	\$ 402	\$ 1.78	1.2%	\$ 750	\$ 3.09	1.1%	\$ 522	\$ 2.25
Reserve For Capital Replacement	1.5%	\$990	\$4.66	1.8%	\$ 1,107	\$ 4.53	2.1%	\$ 885	\$ 3.89	1.8%	\$ 681	\$ 3.01	2.2%	\$ 1,403	\$ 5.78	2.0%	\$ 906	\$ 3.91
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	16.1%	\$10,448	\$49.26	20.1%	\$ 12,597	\$ 51.58	18.6%	\$ 7,856	\$ 34.51	18.5%	\$ 6,847	\$ 30.27	19.2%	\$ 12,516	\$ 51.54	19.3%	\$ 8,797	\$ 37.95
PAYROLL & RELATED EXPENSES**																		
Rooms	21.7%	\$6,992	\$34.13	17.5%	\$ 6,461	\$ 28.03	17.2%	\$ 4,593	\$ 20.29	18.5%	\$ 5,037	\$ 23.34	17.2%	\$ 6,702	\$ 27.79	17.8%	\$ 4,848	\$ 22.28
Food & Beverage	47.2%	\$9,272	\$46.77	44.3%	\$ 7,514	\$ 34.38	42.9%	\$ 4,538	\$ 20.62	45.6%	\$ 4,347	\$ 21.46	44.5%	\$ 8,200	\$ 34.73	45.5%	\$ 4,533	\$ 21.90
Telecommunications	871.4%	\$344	\$1.52	318.3%	\$ 400	\$ 1.62	222.0%	\$ 345	\$ 1.48	480.9%	\$ 508	\$ 2.46	279.0%	\$ 448	\$ 1.85	345.1%	\$ 336	\$ 1.54
Other Operated Departments	5.3%	\$4,027	\$21.96	3.0%	\$ 3,166	\$ 17.19	2.7%	\$ 2,605	\$ 12.67	5.6%	\$ 4,416	\$ 24.61	2.4%	\$ 2,425	\$ 10.89	4.1%	\$ 2,852	\$ 16.13
Administrative & General	6.2%	\$3,538	\$18.06	5.2%	\$ 2,935	\$ 13.49	5.2%	\$ 2,053	\$ 9.26	5.6%	\$ 2,266	\$ 11.03	5.0%	\$ 2,984	\$ 12.67	5.3%	\$ 2,087	\$ 10.19
Marketing	3.7%	\$2,152	\$10.86	2.9%	\$ 1,737	\$ 8.16	3.3%	\$ 1,337	\$ 6.01	2.7%	\$ 1,179	\$ 5.56	3.1%	\$ 1,820	\$ 7.70	3.1%	\$ 1,236	\$ 5.85
Property Operations & Maintenance	3.7%	\$1,991	\$10.44	2.4%	\$ 1,426	\$ 6.63	2.6%	\$ 999	\$ 4.53	2.7%	\$ 1,095	\$ 5.46	2.5%	\$ 1,536	\$ 6.51	2.9%	\$ 1,138	\$ 5.57
Total Payroll & Related Expenses	42.7%	\$26,041	\$131.71	34.4%	\$ 21,393	\$ 97.91	32.9%	\$ 13,878	\$ 62.51	33.3%	\$ 14,575	\$ 70.68	34.7%	\$ 22,379	\$ 94.49	34.5%	\$ 14,525	\$ 69.76

2011 HOST STUDY STATISTICS*(continued)*

	Averages		
Occupancy (of Sample)	64.1%		
Average Size Of Property (Rooms)	228		
Average Daily Rate	\$132.46		
	Ratio to Sales	Per Available Room	Per Occupied Room Night
REVENUE			
Rooms	64.5%	\$ 33,572	\$ 145.28
Food	18.1%	\$ 9,781	\$ 42.41
Beverage	5.5%	\$ 3,005	\$ 13.11
Other Food & Beverage	4.4%	\$ 2,357	\$ 10.19
Telecommunications	0.4%	\$ 218	\$ 0.94
Other Operated Departments	5.0%	\$ 2,785	\$ 12.23
Rentals & Other Income	1.8%	\$ 1,004	\$ 4.41
Cancellation Fee	0.2%	\$ 95	\$ 0.41
Total Revenue	100.0%	\$ 52,816	\$ 228.97
DEPARTMENTAL EXPENSES			
Rooms	27.8%	\$ 9,360	\$ 40.54
Food & Beverage	77.7%	\$ 11,687	\$ 50.74
Telecommunications	186.3%	\$ 348	\$ 1.50
Other Operated Depts & Rentals	4.0%	\$ 2,185	\$ 9.61
Total Departmental Expenses	44.3%	\$ 23,580	\$ 102.39
Total Departmental Profit	55.7%	\$ 29,236	\$ 126.57
UNDISTRIBUTED OPERATING EXPENSES			
Administrative & General	9.6%	\$ 5,010	\$ 21.78
Marketing	7.2%	\$ 3,744	\$ 16.20
Utility Costs	4.6%	\$ 2,424	\$ 10.50
Property Operations & Maintenance	5.2%	\$ 2,710	\$ 11.78
Total Undistributed Operating Expenses	26.5%	\$ 13,888	\$ 60.26
GROSS OPERATING PROFIT	29.2%	\$ 15,348	\$ 66.32
Franchise Fees (Royalty)	0.9%	\$ 443	\$ 1.90
Management Fees	3.0%	\$ 1,554	\$ 6.72
INCOME BEFORE FIXED CHARGES	25.3%	\$ 13,351	\$ 57.70
Selected Fixed Charges			
Property Taxes	3.6%	\$ 1,922	\$ 8.30
Insurance	1.1%	\$ 591	\$ 2.59
Reserve For Capital Replacement	1.9%	\$ 995	\$ 4.30
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	18.6%	\$ 9,844	\$ 42.52
PAYROLL & RELATED EXPENSES**			
Rooms	18.3%	\$ 5,772	\$ 25.98
Food & Beverage	45.0%	\$ 6,401	\$ 29.98
Telecommunications	419.5%	\$ 397	\$ 1.75
Other Operated Departments	3.9%	\$ 3,249	\$ 17.24
Administrative & General	5.4%	\$ 2,644	\$ 12.45
Marketing	3.1%	\$ 1,577	\$ 7.36
Property Operations & Maintenance	2.8%	\$ 1,364	\$ 6.52
Total Payroll & Related Expenses	35.4%	\$ 18,799	\$ 87.84

* The averages include the operating statements for the Independent, New England, Suburban Under 150 Rooms, Luxury and Upscale categories

ROOMS REVENUE**Average Daily Rate (ADR) / Occupancy Levels / RevPAR**

The subject development plan consists of a full-service, upscale hotel facility. The projected gross income of the hotel facility is a result of rooms and other revenue, including food, beverages, telephone and miscellaneous income. Based on information provided in the Smith Travel Research Custom Trend Report, the average daily rate for the subject facility is estimated as follows. This includes the assumption that the occupancy rates and average daily rates will continue to increase in the subject hotel market.

Projected Occupancy Levels, ADRs & RevPARs – Discounted Cash Flow Analysis

ADR	\$140.00	Increasing 3.0% per annum thereafter
Occupancy Rate	70%	
RevPAR	\$ 98.00	

DEPARTMENTAL REVENUE**Food and Beverage Revenue**

The proposed hotel facility will contain upscale amenities such as a spa, catering facility, conference center, a restaurant and a ground floor retail. The food revenue for the subject's proposed hotel is projected at \$50.00 per occupied room per day and the beverage revenue is projected at \$20.00 per occupied room per day. This projected rate is supported by the food and beverage income from the New England hotel category, which indicates an average food revenue of \$49.39 per occupied room per day and an average beverage revenue of \$13.75 per occupied room per day, for a total food and beverage revenue of \$63.14 per occupied room per day. All revenue is projected to increase at an rate of 3.0% per annum throughout the cash flow model.

Other Food and Beverage Revenue

The other food and beverage revenue for the subject's proposed hotel is projected at \$15.00 per occupied room per day. The projected income for this category is above the other

food and beverage revenue as indicated in the Host Study, but is assumed to be reasonable for the subject's proposed hotel facility, since it will be of new construction. All revenue is projected to increase at an rate of 3.0% per annum throughout the cash flow model.

Telephone Revenue

The telephone revenue for the subject's proposed hotel is projected at \$1.00 per occupied room per day. This projected rate is supported by the telephone income of most of the categories within the Host Study, which indicate a telephone revenue range between \$0.27 and \$1.60 per occupied room per day. All revenue is projected to increase at an rate of 3.0% per annum throughout the cash flow model.

Other Operating Departments Revenue

The other operated departments revenue for the subject's proposed hotel is projected at \$13.00 per occupied room per day. This projected rate is supported by the other operated departments income from the New England and Luxury hotel categories, which indicates average other operating departments revenues of \$12.60 and \$12.49 per occupied room per day respectively. All revenue is projected to increase at a rate of 3.0% per annum throughout the cash flow model.

Rentals and Other Income

The rentals and other income for the subject's proposed hotel is projected at \$5.00 per occupied room per day. This projected rate is supported by the rentals and other income of most of the categories within the Host Study, which indicate a rentals and other income revenue range between \$2.10 and \$9.20 per occupied room per day. All revenue is projected to increase at a rate of 3.0% per annum throughout the cash flow model.

ANALYSIS OF EXPENSES– HOTEL FACILITY

DEPARTMENTAL EXPENSES

Room Expenses

Room expenses cover such items as expenses for the front office, cleaning supplies, cleaning of the linens, payroll, departmental benefits and payroll taxes. According to the *2011 Host Study*, room expenses for comparable facilities were 29.6% (Independent), 27.4% (New England), 26.7% (Suburban), 27.0% (Under 150 rooms), 28.1% (Luxury), and 28.0% (Upscale) of room revenue.

The room expense for the proposed subject hotel facility is estimated at 28.0% of the total room revenue.

Food & Beverage Expense

According to the *2011 Host Study*, combined food and beverage expenses were 78.4% (Independent), 76.1% (New England), 73.3% (Suburban), 83.8% (Under 150 rooms), 75.6% (Luxury), and 78.8% (Upscale) of food and beverage departmental revenues.

The food and beverage expense is estimated at 75.0% of food and beverage revenue, which is within the *2011 Host Study* ranges.

Telephone Expenses

According to the *2011 Host Study*, telephone expenses were 174.5% (Independent), 152.8% (New England), 153.5% (Suburban), 341.5% (Under 150 rooms), 126.3% (Luxury), and 169.4% (Upscale) of telephone departmental revenues.

The subject's telephone expense is projected at a ratio of 150% of telephone departmental revenues, which is consistent with *2011 Host Study*.

Other Operating Departments & Rentals Expenses

The subject shall incur expenses for other revenue gained, included in the other operating departments and rentals and other income categories. According to the *2011 Host Study*, other expenses were 6.7% (Independent), 3.2% (New England), 3.0% (Suburban),

3.8% (Under 150 rooms), 3.7% (Luxury), 3.5% (Upscale) of other departments and rentals revenues, which is consistent with *2011 Host Study*.

The other expense ratio is estimated at 3.5% of other departmental revenues.

UNDISTRIBUTED EXPENSES

Administrative & General

Included in this category are the general manager, human resources and training, security, clerical staff, controller and accounting staff, office supplies, computer services, etc. According to the *2011 Host Study*, administrative and general expenses for comparable facilities were 10.3% (Independent), 9.0% (New England), 9.5% (Suburban), 10.6% (Under 150 rooms), 8.9% (Luxury), and 9.0% (Upscale) of gross revenue.

The administrative and general costs are estimated at 9.5% of total revenue, which is consistent with *2011 Host Study*.

Marketing

According to the *2011 Host Study*, marketing expenses for comparable facilities averaged 6.2% (Independent), 7.1% (New England), 8.0% (Suburban), 7.2% (Under 150 rooms), 7.2% (Luxury), and 7.3% (Upscale) of gross revenue.

The marketing costs are estimated at 7.5% of gross revenue, which is consistent with *2011 Host Study*.

Energy/Utility Costs

This expense category includes heating, fuel, electric and water and sewer charges. According to the *2011 Host Study*, energy (utility) expenses for comparable facilities averaged 4.3% (Independent), 4.8% (New England), 4.7% (Suburban), 4.9% (Under 150 rooms), 4.1% (Luxury), and 4.9% (Upscale) of gross revenue.

The energy/utility costs are estimated at 4.5% of gross revenue, which is consistent with *2011 Host Study*.

Property Operations & Maintenance Expense

According to the *2011 Host Study*, property operations and maintenance expenses for comparable facilities averaged 5.4% (Independent), 4.8% (New England), 5.3% (Suburban), 5.5% (Under 150 rooms), 4.9% (Luxury), and 5.2% (Upscale) of gross revenue.

The property operations and maintenance expense is estimated at 5.5% of gross revenue, which is consistent with *2011 Host Study*.

Franchise Fees (Royalty)

The *2011 Host Study* states that franchise fees for comparable facilities averaged 0.0% (Independent), 0.8% (New England), 1.6% (Suburban), 1.3% (Under 150 rooms), 0.7% (Luxury), and 1.2% (Upscale) of gross revenue.

The franchise fee is estimated at 2.0% of total revenue for the subject property.

Management Fees/Entrepreneurial Profit

Generally, a management firm manages the entire hotel operation for the owner. The *2011 Host Study* states that management fees, when paid to third-party operators, for comparable facilities averaged 2.4% (Independent), 2.9% (New England), 3.1% (Suburban), 3.4% (Under 150 rooms), 3.0% (Luxury), and 3.2% (Upscale) of gross revenue.

The management fee is estimated at 3.0% of total revenue for the subject property.

FIXED EXPENSESReal Estate Taxes

The *2011 Host Study* states that real estate taxes for comparable facilities averaged 3.4% (Independent), 4.4% (New England), 3.5% (Suburban), 3.5% (Under 150 rooms), 3.6% (Luxury), and 3.4% (Upscale) of gross revenue.

The real estate taxes for the proposed subject hotel development are based on the current land assessment as well as an assessment equivalent to 70% of the total cost to construct the hotel. The real estate taxes upon achieving a stabilized occupancy are 4.6% of the total revenue for the proposed subject development. Although slightly above the comparable range, the projected real estate taxes are reasonable for the proposed development.

Insurance

Insurance expenses were listed in the *2011 Host Study* of comparable expenses at 1.5% (Independent), 0.7% (New England), 1.1% (Suburban), 1.1% (Under 150 rooms), 1.2% (Luxury), and 1.1% (Upscale) of gross revenue.

The insurance expense is estimated at 1.5% of gross revenue, which is consistent with *2011 Host Study*.

Reserve for Capital Replacement

This expense is necessary for the replacement of such items as roof coverings, mechanical systems, FF&E, parking lot and structural repairs. According to the *2011 Host Study*, reserves for capital replacement for comparable facilities averaged 1.5% (Independent), 1.8% (New England), 2.1% (Suburban), 1.8% (Under 150 rooms), 2.2% (Luxury), and 2.0% (Upscale) of gross revenue.

The reserve for capital replacement is estimated at 2.0% of gross revenue, which is consistent with *2011 Host Study*.

Parking Maintenance

As indicated by the proposed development plan, the subject hotel facility will be provided with on-site parking as well as parking in the structured parking garage P2. Based on the development plan, structured parking is being constructed in order to meet the density permissible on the subject property. The parking structure will be available for use by the hotel facility at no additional rent. However, the users of the parking structure will be responsible for the maintenance of the parking structure. The parking maintenance fee is estimated at 3.0% of the total proposed hotel revenues.

The following is a summary of the income and expense assumptions for the projected discounted cash flow analysis of proposed hotel building.

PROJECTIONS FOR DEVELOPMENT OF THE HOTEL BUILDING

	Ratio to Sales	Per Occupied Room Night
REVENUE		
Rooms	57.4%	\$ 117.69
Food	20.5%	\$ 50.00
Beverage	8.2%	\$ 20.00
Other Food & Beverage	6.2%	\$ 15.00
Telecommunications	0.4%	\$ 1.00
Other Operated Departments	5.3%	\$ 13.00
Rentals & Other Income	2.1%	\$ 5.00
Cancellation Fee		
Total Revenue	100.0%	\$ 284.48
DEPARTMENTAL EXPENSES		
Rooms	28.0%	
Food & Beverage	75.0%	
Telecommunications	150.0%	
Other Operated Depts & Rentals	3.5%	
Total Departmental Expenses	43.1%	
Total Departmental Profit	56.9%	
UNDISTRIBUTED OPERATING EXPENSES		
Administrative & General	9.5%	
Marketing	7.5%	
Utility Costs	4.5%	
Property Operations & Maintenance	5.5%	
Total Undistributed Operating Expenses	27.0%	
GROSS OPERATING PROFIT	29.9%	
Franchise Fees (Royalty)	2.0%	
Management Fees	3.5%	
INCOME BEFORE FIXED CHARGES	24.4%	
Selected Fixed Charges		
Property Taxes	4.6%	
Insurance	1.5%	
Reserve For Capital Replacement	2.0%	
Parking Maintenance	3.0%	
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	13.3%	

ANALYSIS OF INCOME & EXPENSES– RENTAL COMPONENTS

POTENTIAL GROSS INCOME

The following is a summary of the projected income potential of each of the subject's rental components.

PROPOSED SUBJECT DEVELOPMENT PLAN

Building	Description	Total Units	Total NSF	NSF/ Unit	Hotel ADR	Average Monthly Rent/Unit	Monthly Rental Rate/ Sq. Ft.	Annual Rental Rate/ Sq. Ft.
<u>PHASE 1</u>								
A	Multi-Family - Rental	104	66,800	642		\$1,150	\$1.79	\$21.48
B	Ground Floor - Retail / Restaurant Multi-Family - Rental	138	20,089 85,566	620		\$1,141	\$1.84	\$15.00 \$22.08
C	Hotel - Rooms Hotel - Amenities Ground Floor Retail	125	59,375 21,505 6,080	475	\$140			
<u>PHASE 2</u>								
E	Ground Floor - Retail / Restaurant Multi-Family - Rental	76	5,201 47,700	628		\$1,149	\$1.83	\$15.00 \$21.96
F	Office Building		112,770					\$19.00
G	Multi-Family - Rental	93	58,800	632		\$1,157	\$1.83	\$21.96
H	Ground Floor - Retail / Restaurant Multi-Family - Rental	66	4,617 41,472	628		\$1,144	\$1.82	\$15.00 \$21.84
I	Commercial - Retail / Restaurant Multi-Family - Rental	40	5,814 25,344	634		\$1,159	\$1.83	\$15.00 \$21.96
<u>PHASE 3</u>								
J	Parking Deck (P3) Commercial - Retail / Restaurant Multi-Family - Rental	187	57,000 14,725 117,940	445 631		\$1,154	\$1.83	\$15.00 \$21.96
K	Ground Floor - Retail / Restaurant Multi-Family - Rental	71	10,640 44,560	628		\$1,149	\$1.83	\$15.00 \$21.96
L	Parking Deck (P4) Multi-Family - Rental	76	48,000 47,680	375 627		\$1,148	\$1.83	\$21.96
<u>PHASE 4</u>								
O	Ground Floor - Retail / Restaurant Multi-Family - Condominium	52	2,138 57,600	1,108				\$15.00
Q	Basement Parking Ground Floor - Retail / Restaurant Multi-Family - Condominium	28	16,200 3,848 30,780	405 1,099				\$15.00

Vacancy & Collection Loss Allowance

A vacancy and collection loss allowance has been considered within our analysis to account for lease rollover and any future vacancies, as well as bad debt and delinquent collections. The rental components of the subject property consist of the apartment units, the office building and the retail/restaurant component. The vacancy and collection loss factor is estimated at 5.0% of the potential gross income of all the rental components.

The following is a summary of the projected vacancy rates for the subject rental components.

	<u>Vacancy Rate</u>
Rental Apartments	5.0%
Office	5.0%
Retail/Restaurant	5.0%

Effective Gross Income

The difference between the potential gross income (PGI) and the vacancy and credit loss allowances provides an estimate of collected, or effective gross income (EGI). From the EGI, we deducted any operating expenses to arrive at a net operating income (NOI).

OPERATING EXPENSES

The rental components of the subject property consist of the rental apartment units, the office building and the retail/restaurant components.

Real Estate Tax Projections

According to the real estate tax assessor of the City of Bristol, the real estate taxes for new construction can be calculated based on the income approach, sales comparison approach or cost estimated using the *Marshall Valuation Service* cost estimating manual. In this analysis we have used the cost estimates to determine the assessor's market value of the subject buildings as constructed. The assessed value of each of the buildings is estimated at 70% of the

total assessor's market value. The real estate tax rate for all class properties is \$28.75 per \$100.00 of assessed value.

The real estate taxes for each of the proposed buildings are estimated in the discounted cash flow analysis for each building. The real estate taxes are projected to increase at a compounded rate of 2.0% per annum.

The City of Bristol offers an Enterprise Zone tax freeze to all new construction projects. The Enterprise zone calls for a freeze of any additional assessed value attributed to the new development, on a seven year scale. The freeze in assessed value can be taken at any time during the construction period or upon construction completion. Since the City offers a developer the option on when a freeze can be taken, the developer would receive the most benefit if the freeze is taken after the property achieves full assessment and receives a certificate of occupancy.

The Enterprise Zone benefits new residential developments and commercial developments. However, there is a minimum cost investment for commercial development in order to receive the abatement. As indicated by the City's assessor, The subject's proposed development exceeds that cost threshold and the entire subject development is eligible for the freeze.

Other Operating Expense Projections

In addition to the real estate taxes imposed on the development project, other operating expense will be required to operate and maintain the new buildings. Operating expenses include and are not limited to, utilities (electric, gas, fuel, water/sewer, etc.), repairs and maintenance, property insurance, payroll, leasing commissions, administrative fees, legal fees, management fees, reserves for replacement, etc.

A well-maintained and adequately managed property would typically operate with an operating expense ratio between 30% and 40% of the potential gross income of a property. The total operating expense ratio includes all expenses, including real estate taxes and all other operating expenses.

Upon achieving a stabilized occupancy, the real estate taxes for the subject's proposed rental components ranges between 13% and 16% of effective gross income for the residential apartment buildings, and between 17% and 20% of the effective gross income for the office and retail components.

This valuation analysis is based on the assumption that the subject property will be constructed with modern materials and design and will be more efficient than existing rental properties and will be adequately managed. Therefore, the all other operating expenses (excluding real estate taxes) are estimated at 15% of the potential gross income of the rental properties.

The proposed development plan will include on-site parking as well as parking in the structured parking garages. Based on the development plan, structured parking is required to meet the density proposed on the subject property. The parking structures will be available for use by the subject buildings at no additional rent. However, the users of the parking structure will be responsible for the maintenance of the parking structure. The parking maintenance fee is estimated at 3.0% of the total proposed effective gross income.

The total operating expenses are estimated at 18% of effective gross income, as outline below.

<u>Expenses</u>	<u>% of EGI</u>
Building Operating Expenses (excl. RETX)	15.0%
Parking Maintenance	<u>3.0%</u>
Total Operating Expenses (excl. RETX)	18.0%

ESTIMATED CONSTRUCTION COSTS

HARD COSTS

Building Construction Costs

In order to confirm the development costs provided by VJ Associates, a cost analysis was performed to obtain the proper perspective of current construction costs, adjusted for current and local costs and other refinements. The unit costs used were based on figures using the *Marshall Valuation Service* cost manual. Construction costs include both direct and indirect costs for the total physical gross buildable areas of a new development.

Direct costs are defined as follows:

“Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*.”²⁹

Indirect costs are defined as:

“Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and the builder’s or developer’s all-risk insurance during construction; and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*.”³⁰

The following table presents the hard cost estimates for subject’s development plan as derived from the *Marshall Valuation Service* cost manual:

²⁹ *The Dictionary of Real Estate Appraisal – Fifth Edition*, Appraisal Institute, Chicago, IL, 2010, p. 58.

³⁰ *Ibid*, p. 100.

ESTIMATED BUILDING COSTS PER SQUARE FOOT – USING MARSHALL VALUATION SERVICE COST MANUAL

<i>Marshall Valuation Service:</i>	Apartments (Masonry Veneer)	Hotel - Full Service	Office	Urban Row Town Houses	Condominium Apt.
<i>Section/Page:</i>	11/18	11/25	15/17	(Masonry Veneer)	(Masonry Veneer)
<i>Type/Construction Class:</i>	Good - Class D	Good - Class B	Good - Class C	Good - Class D	Good - Class D
<i>Date:</i>	November 2012	November 2012	November 2011	August 2012	November 2012
Base Cost/Sq. Ft.:	\$107.39	\$177.84	\$138.59	\$107.59	\$107.39
Sprinkler Adjustment:	+ \$ 2.00	+ \$ 2.00	+ \$ 2.00	+ \$ 2.00	+ \$ 2.00
Built-In Appliances					+ \$ 4.37
Multi-Story Adjustment:	+ \$ <u>0.54</u>	+ \$ <u>5.34</u>	+ \$ <u>4.16</u>	+ \$ <u>0.00</u>	+ \$ <u>1.07</u>
Total Base Cost/Sq. Ft.:	\$109.93	\$185.18	\$144.75	\$109.59	\$114.83
<u>Adjustments</u>					
Current Cost Multiplier:	x 1.0200	x 1.0400	x 1.0600	x 1.0400	x 1.0200
Local Cost Multiplier:	x <u>1.1400</u>	x <u>1.1300</u>	x <u>1.1400</u>	x <u>1.1400</u>	x <u>1.1400</u>
Composite:	x <u>1.1628</u>	x <u>1.1752</u>	x <u>1.2084</u>	x <u>1.1856</u>	x <u>1.1628</u>
Adjusted Base Cost/Sq. Ft.:	\$127.83	\$217.62	\$174.92	\$129.93	\$133.52

<i>Marshall Valuation Service:</i>	Condominium Apt. (Steel)	Retail Stores	Parking Structure	Underground Parking Structures
<i>Section/Page:</i>	11/18	13/26	14/34	14/34
<i>Type/Construction Class:</i>	Average - Class B	Good - Class B	Good - Class B	A-B
<i>Date:</i>	November 2012	May 2012	February 2012	February 2012
Base Cost/Sq. Ft.:	\$110.90	\$118.44	\$61.67	\$84.82
Sprinkler Adjustment:	+ \$ 2.00	+ \$ 2.00	+ \$ 2.00	+ \$ 2.00
Built-In Appliances	+ \$ 4.40			
Multi-Story Adjustment:	+ \$ <u>2.77</u>	+ \$ <u>0.00</u>	+ \$ <u>0.62</u>	+ \$ <u>0.00</u>
Total Base Cost/Sq. Ft.:	\$120.07	\$120.44	\$64.29	\$ 86.82
<u>Adjustments</u>				
Current Cost Multiplier:	x 1.0200	x 1.0000	x 1.0400	x 1.0400
Local Cost Multiplier:	x <u>1.1400</u>	x <u>1.1300</u>	x <u>1.1300</u>	x <u>1.1300</u>
Composite:	x <u>1.1628</u>	x <u>1.1300</u>	x <u>1.1752</u>	x <u>1.1752</u>
Adjusted Base Cost/Sq. Ft.:	\$139.62	\$136.10	\$75.55	\$102.03

The City of Bristol and the developer have hired a third party cost estimator to estimate development costs for the proposed improvements, which has been agreed upon by both parties to include in our analysis. VJ Associates provided the cost estimates for the development of the subject property on November 10, 2012.

VJ Associates indicated that the developer may be able to achieve a buy-out savings for all costs and may be able to complete the project at a 12% reduction in the costs they estimated.

The following is a summary of the detailed cost estimates as provided by VJ Associates.

VJ ASSOCIATES COST ESTIMATES – PHASE 1

BUILDINGS AND ABOVE-GROUND PARKING INCLUDING SITE IMPROVEMENTS						
PHASE #1						
DESCRIPTION	TYPE OF CONSTRUCTION	TOTAL BUILDING AMOUNT	TOTAL SITE IMPROVEMENT AMOUNT	TOTAL PARKING / ROAD AMOUNT	TOTAL AMOUNT	
PHASE #1						
1 BUILDING 'A'	Multi-Family - Rental	Stick	10,730,028	N/A	N/A	10,730,028
2 BUILDING 'B'	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	16,290,387	96,090	N/A	16,386,477
3 BUILDING 'C'	Hotel - Rooms Hotel - Amenities Ground Floor Retail	Steel	20,704,500	109,610	N/A	20,814,110
4 SITE DEVELOPMENT	Site Improvements Temporary Lawn Area Depot Street		N/A N/A N/A	365,500 53,000 137,866	N/A N/A N/A	365,500 53,000 137,866
5 PIAZZA / PEDETRIAN MUSE			N/A	702,225	N/A	702,225
6 PARKING	Permanent Parking Area Temporary Parking Area		N/A N/A	N/A N/A	90,600 260,700	90,600 260,700
7 ROAD INFRASTRUCTURE	Main Street Riverside Avenue		N/A N/A	N/A N/A	131,800 67,870	131,800 67,870
8 ON-SITE UTILITIES	Storm main Sanitary main Water main Electric service Natural gas service Telephone service Street lighting TV / Cable		N/A N/A N/A N/A N/A N/A N/A N/A	199,645 176,603 133,746 492,750 109,660 102,250 48,590 64,450	N/A N/A N/A N/A N/A N/A N/A N/A	199,645 176,603 133,746 492,750 109,660 102,250 48,590 64,450
9 SITE PLATFORM	Site Demolition / Clearing Site Earthwork Roadways on Grade Paver Sidewalks Site Amenities		N/A N/A N/A N/A N/A	36,902 265,986 N/A N/A 14,500	N/A N/A N/A N/A N/A	36,902 265,986 0 0 14,500
SUBTOTAL			47,724,915	3,109,372	550,970	51,385,257
ASSUMED BUY-OUT SAVINGS		-12.0%	-5,726,990	-373,125	-66,116	-6,166,231
SUB TOTAL			41,997,925	2,736,248	484,854	45,219,026
GENERAL CONDITIONS		8.0%	3,359,834	218,900	38,788	3,617,522
C.M. FEE		2.5%	1,049,948	68,406	12,121	1,130,476
DESIGN CONTINGENCY		5.0%	2,099,896	136,812	24,243	2,260,951
CONSTRUCTION CONTINGENCY		5.0%	2,099,896	136,812	24,243	2,260,951
PERFORMANCE BOND		0.5%	209,990	13,681	2,424	226,095
LEGAL, ARCHITECTURAL & ENGINEERING FEES		4.0%	1,679,917	109,450	19,394	1,808,761
ESCALATION		0%	0	0	0	0
TOTAL			\$52,497,407	\$3,420,310	\$606,067	\$56,523,783

VJ ASSOCIATES COST ESTIMATES – PHASE 2

BUILDINGS AND ABOVE-GROUND PARKING INCLUDING SITE IMPROVEMENTS						
PHASE #2						
DESCRIPTION	TYPE OF CONSTRUCTION	TOTAL BUILDING AMOUNT	TOTAL SITE IMPROVEMENT AMOUNT	TOTAL PARKING / ROAD AMOUNT	TOTAL AMOUNT	
PHASE #2						
1 BUILDING 'E'	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	7,974,450	N.A	N.A	7,974,450
2 BUILDING 'F'	Office Building Site Development	Steel	20,643,750	N.A 116,213	N.A	20,643,750 116,213
3 BUILDING 'G'	Multi-Family - Rental	Stick	9,040,500	N.A	N.A	9,040,500
4 BUILDING 'H'	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	6,944,940	N.A	N.A	6,944,940
5 BUILDING 'I'	Commercial - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	4,612,680	N.A	N.A	4,612,680
6 BUILDING 'T'	Train Station	Stick	85,800	N.A	N.A	85,800
7 SITE DEVELOPMENT	Site Demolition		N.A	N.A	102,800	102,800
	Site Improvements		N.A	243,928	N.A	243,928
	Depot Street		N.A	N.A	186,007	186,007
	Laurel Street		N.A	N.A	153,412	153,412
	Courtyard		N.A	78,600	N.A	78,600
	Entry Road		N.A	N.A	52,608	52,608
8 PARKING	Parking Garage 'P1'	Steel/Concrete	9,605,100	N.A	N.A	9,605,100
	Permanent Parking - east of Bldg 'E'		N.A	N.A	41,560	41,560
	Permanent Parking - west of Temp. Lot 'A'		N.A	N.A	100,676	100,676
	Permanent Parking - west of Bldg 'H'		N.A	N.A	96,310	96,310
	Temporary Parking 'A'		N.A	N.A	129,705	129,705
	Temporary Parking 'B'		N.A	N.A	100,698	100,698
9 ROAD INFRASTRUCTURE	North Main Street		N.A	N.A	117,310	117,310
	Riverside Avenue		N.A	N.A	34,790	34,790
10 ON-SITE UTILITIES	Storm main		N.A	136,955	N.A	136,955
	Sanitary main		N.A	121,348	N.A	121,348
	Water main		N.A	100,539	N.A	100,539
	Electric service		N.A	336,900	N.A	336,900
	Natural gas service		N.A	80,240	N.A	80,240
	Telephone service		N.A	72,750	N.A	72,750
	Street lighting		N.A	36,860	N.A	36,860
	TV / Cable		N.A	44,050	N.A	44,050
11 SITE PLATFORM	Site Demolition / Clearing		N.A	41,616	N.A	41,616
	Site Earthwork		N.A	299,280	N.A	299,280
	Roadways on Grade		N.A	N.A	N.A	0
	Paver Sidewalks		N.A	N.A	N.A	0
	Site Amenities		N.A	2,100	N.A	2,100
SUBTOTAL			58,907,220	1,711,379	1,115,875	61,734,474
ASSUMED BUY-OUT SAVINGS			-12.0%	-7,068,866	-205,365	-7,408,137
SUBTOTAL			51,838,354	1,506,014	981,970	54,326,337
GENERAL CONDITIONS			8.0%	4,147,068	120,481	4,346,107
C.M. FEE			2.5%	1,295,959	37,650	1,358,158
DESIGN CONTINGENCY			5.0%	2,591,918	75,301	2,716,317
CONSTRUCTION CONTINGENCY			5.0%	2,591,918	75,301	2,716,317
PERFORMANCE BOND			0.5%	259,192	7,530	271,632
LEGAL, ARCHITECTURAL & ENGINEERING FEES			4.0%	2,073,534	60,241	2,173,053
ESCALATION			0%	0	0	0
TOTAL			\$64,797,942	\$1,882,517	\$1,227,463	\$67,907,921

VJ ASSOCIATES COST ESTIMATES – PHASE 3

BUILDINGS AND ABOVE-GROUND PARKING INCLUDING SITE IMPROVEMENTS						
PHASE #3						
DESCRIPTION	TYPE OF CONSTRUCTION	TOTAL BUILDING AMOUNT	TOTAL SITE IMPROVEMENT AMOUNT	TOTAL PARKING / ROAD AMOUNT	TOTAL AMOUNT	TOTAL AMOUNT
PHASE #3						
1 BUILDING 'J'	Commercial - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Parking Podium	19,946,775	N.A	N.A	19,946,775
2 BUILDING 'K'	Ground Floor - Retail / Restaurant Multi-Family - Rental	Stick over Commercial Podium	8,161,500	N.A	N.A	8,161,500
3 BUILDING 'L'	Multi-Family - Rental	Stick over Parking Podium	7,330,800	N.A	N.A	7,330,800
4 SITE DEVELOPMENT	Site Demolition		N.A	N.A	32,935	32,935
	Site Improvements		N.A	146,200	N.A	146,200
	Depot Street		N.A	N.A	186,040	186,040
	Entry Road - eastern section		N.A	N.A	71,720	71,720
5 PARKING	Parking Deck 'P3' - Building 'J'	Parking Podium	N.A	N.A	4,289,250	4,289,250
	Parking Deck 'P4' - Building 'L'	Parking Podium	N.A	N.A	3,516,000	3,516,000
	Permanent Parking - east of Bldg 'L'		N.A	N.A	72,720	72,720
	Temporary Parking 'A'		N.A	N.A	74,640	74,640
6 ROAD INFRASTRUCTURE	North Main Street		N.A	N.A	31,500	31,500
7 ON-SITE UTILITIES	Storm main		N.A	127,195	N.A	127,195
	Sanitary main		N.A	112,578	N.A	112,578
	Water main		N.A	89,399	N.A	89,399
	Electric service		N.A	310,600	N.A	310,600
	Natural gas service		N.A	74,360	N.A	74,360
	Telephone service		N.A	63,250	N.A	63,250
	Street lighting		N.A	31,740	N.A	31,740
	TV / Cable		N.A	41,450	N.A	41,450
8 SITE PLATFORM	Site Demolition / Clearing		N.A	28,006	N.A	28,006
	Site Earthwork		N.A	143,134	N.A	143,134
	Roadways on Grade		N.A	N.A	N.A	0
	Paver Sidewalks		N.A	N.A	N.A	0
	Site Amenities		N.A	2,100	N.A	2,100
SUBTOTAL			35,439,075	1,170,011	8,274,805	44,883,891
ASSUMED BUY-OUT SAVINGS			-12.0%	-4,252,689	-140,401	-5,386,067
SUBTOTAL			31,186,386	1,029,610	7,281,828	39,497,824
GENERAL CONDITIONS			8.0%	2,494,911	82,369	3,159,826
C.M. FEE			2.5%	779,660	25,740	987,446
DESIGN CONTINGENCY			5.0%	1,559,319	51,480	1,974,891
CONSTRUCTION CONTINGENCY			5.0%	1,559,319	51,480	1,974,891
PERFORMANCE BOND			0.5%	155,932	5,148	197,489
LEGAL, ARCHITECTURAL & ENGINEERING FEES			4.0%	1,247,455	41,184	1,579,913
ESCALATION			0%	0	0	0
TOTAL			\$38,982,983	\$1,287,012	\$9,102,286	\$49,372,280

VJ ASSOCIATES COST ESTIMATES – PHASE 4

BUILDINGS AND ABOVE-GROUND PARKING INCLUDING SITE IMPROVEMENTS						
PHASE #4						
DESCRIPTION	TYPE OF CONSTRUCTION	TOTAL BUILDING AMOUNT	TOTAL SITE IMPROVEMENT AMOUNT	TOTAL PARKING / ROAD AMOUNT	TOTAL AMOUNT	TOTAL AMOUNT
PHASE #4						
1 BUILDING 'M'	Stacked Townhouse - For Sale	Stick, includes 3-car garage at grade	3,062,400	N.A.	included in Building Amount	3,062,400
2 BUILDING 'N'	Multi-Family - Condominium	Stick	4,914,000	N.A.	N.A.	4,914,000
3 BUILDING 'O'	Ground Floor - Retail / Restaurant Multi-Family - Condominium	Steel	10,377,000	N.A.	N.A.	10,377,000
4 BUILDING 'Q'	Ground Floor - Retail / Restaurant Multi-Family - Condominium	Stick over Parking Podium	5,556,600	N.A.	N.A.	5,556,600
5 BUILDING 'R'	Stacked Townhouse - For Sale	Stick, includes 3-car garage at grade	1,531,200	N.A.	included in Building Amount	1,531,200
6 BUILDING 'S'	Stacked Townhouse - For Sale	Stick, includes 3-car garage at grade	1,531,200	N.A.	included in Building Amount	1,531,200
7 SITE DEVELOPMENT	Site Demolition - Phase 2 Temporary Parking 'A'		N.A.	N.A.	75,450	75,450
	Site Demolition - Phase 3 Temporary Parking 'A'		N.A.	N.A.	46,300	46,300
	Site Improvements		N.A.	240,894	N.A.	240,894
8 PARKING	Parking Garage 'P2'	Steel/Concrete	11,253,500	N.A.	N.A.	11,253,500
	Basement Parking - Building 'Q'	Parking Podium	N.A.	N.A.	1,652,400	1,652,400
9 SITE PLATFORM	Site Demolition / Clearing		N.A.	23,361	N.A.	23,361
	Site Earthwork		N.A.	97,423	N.A.	97,423
	Roadways on Grade		N.A.	N.A.	N.A.	0
	Paver Sidewalks		N.A.	N.A.	N.A.	0
	Site Amenities		N.A.	2,100	N.A.	2,100
SUBTOTAL			38,225,900	363,778	1,774,150	40,363,828
ASSUMED BUY-OUT SAVINGS			-12.0%	-4,587,108	-43,653	-4,843,659
SUBTOTAL			33,638,792	320,125	1,561,252	35,520,169
GENERAL CONDITIONS			8.0%	2,691,103	25,610	2,841,613
C.M. FEE			2.5%	840,970	8,003	888,004
DESIGN CONTINGENCY			5.0%	1,681,940	16,006	1,776,008
CONSTRUCTION CONTINGENCY			5.0%	1,681,940	16,006	1,776,008
PERFORMANCE BOND			0.5%	168,194	1,601	177,601
LEGAL, ARCHITECTURAL & ENGINEERING FEES			4.0%	1,345,552	12,805	1,420,807
ESCALATION			0%	0	0	0
TOTAL			\$42,048,490	\$400,156	\$1,951,565	\$44,400,211

The following is a summary of the hard cost estimates per unit of comparison for the proposed Buildings A thru T (excluding Building D) and parking structures P1 and P2 as provided by VJ Associates.

SUMMARY OF VJ ASSOCIATES BUILDING HARD COST ESTIMATES
(INCLUDING 12% BUY-OUT SAVINGS)

Building	# of Stories	Building Area (Sq. Ft. ±)	# of Parking Spaces	Developer's Cost/Sq. Ft.	w/ 12% Buy-Out Cost/Sq. Ft.	Developer's Cost/ Pkg. Space	w/ 12% Buy-Out Cost/ Pkg. Space
A Rental Apartment	4.00	87,236		\$123.00	\$108.24		
B Rental Apartment with Ground Floor Retail	6.00	111,210 22,321		\$122.72	\$107.99		
C Hotel	9.00	107,500		\$193.62	\$170.39		
P2 Structured Parking Garage	5.00		430			\$26,171	\$23,030
E Rental Apartment with Ground Floor Retail	6.00	59,625 5,475		\$122.50	\$107.80		
F Office Building	9.00	112,500		\$184.53	\$162.39		
G Rental Apartment	5.25	73,500		\$123.00	\$108.24		
H Rental Apartment with Ground Floor Retail	5.00	51,840 4,860		\$122.49	\$107.79		
I Rental Apartment with Ground Floor Retail	5.25	31,680 6,120		\$122.03	\$107.39		
P1 Structured Parking Garage	4.00		380			\$25,277	\$22,243
J Rental Apartment with Ground Floor Retail	5.25	147,425 15,500		\$122.43	\$107.74		
			128			\$33,510	\$29,489
K Rental Apartment with Ground Floor Retail	5.25	55,700 11,200		\$122.00	\$107.36		
L Rental Apartment with Ground Floor Retail	4.00	59,600	128	\$123.00	\$108.24	\$27,469	\$24,173
M Stacked Townhomes	4.00	23,200		\$132.00	\$116.16		
N Condominium Apartment	5.25	37,800		\$130.00	\$114.40		
O Condominium Apartment with Ground Floor Retail	8.25	72,000 2,250		\$139.76	\$122.99		
Q Condominium Apartment with Ground Floor Retail	5.25	38,475 4,050		\$130.67	\$114.99		
			40			\$41,310	\$36,353
R Stacked Townhomes	4.00	11,600		\$132.00	\$116.16		
S Stacked Townhomes	4.00	11,600		\$132.00	\$116.16		
T Train Station	1.00	600		\$143.00	\$125.84		

The following is a summary of the hard cost estimates derived from the *Marshall Valuation Service* cost estimating manual in relation to the subject's proposed buildings, also assuming a 12% buy-out savings.

SUMMARY OF MARSHALL VALUATION SERVICE HARD COST ESTIMATES
(INCLUDING 12% BUY-OUT SAVINGS)

Building	# of Stories	Building Area (Sq. Ft. ±)	# of Parking Spaces	MVS Cost/Sq. Ft.	w/ 12% Buy-Out Cost/Sq. Ft.	Blended Cost/Sq. Ft. For Bldg. w/ 12%	MVS Cost/Pkg. Space	w/ 12% Buy-Out Cost/Pkg. Space
A Rental Apartment	4.00	87,236		\$127.83	\$112.49	\$112.49		
B Rental Apartment with Ground Floor Retail	6.00	111,210 22,321		\$127.83 \$136.10	\$112.49 \$119.77	\$113.71		
C Hotel	9.00	107,500		\$217.62	\$191.51	\$191.51		
P2 Structured Parking Garage	5.00		430				\$25,037	\$22,031
E Rental Apartment with Ground Floor Retail	6.00	59,625 5,475		\$127.83 \$136.10	\$112.49 \$119.77	\$113.10		
F Office Building	9.00	112,500		\$174.92	\$153.93	\$153.93		
G Rental Apartment	5.25	73,500		\$127.83	\$112.49	\$112.49		
H Rental Apartment with Ground Floor Retail	5.00	51,840 4,860		\$127.83 \$136.10	\$112.49 \$119.77	\$113.11		
I Rental Apartment with Ground Floor Retail	5.25	31,680 6,120		\$127.83 \$136.10	\$112.49 \$119.77	\$113.67		
P1 Structured Parking Garage	4.00		380				\$24,096	\$21,204
J Rental Apartment with Ground Floor Retail	5.25	147,425 15,500		\$127.83 \$136.10	\$112.49 \$119.77	\$113.18		
			128				\$45,435	\$39,985
K Rental Apartment with Ground Floor Retail	5.25	55,700 11,200		\$127.83 \$136.10	\$112.49 \$119.77	\$113.71		
L Rental Apartment with Ground Floor Retail	4.00	59,600		\$127.83	\$112.49	\$112.49		
			128				\$38,261	\$33,671
M Stacked Townhomes	4.00	23,200		\$129.93	\$114.34	\$114.34		
N Condominium Apartment	5.25	37,800		\$133.52	\$117.50	\$117.50		
O Condominium Apartment with Ground Floor Retail	8.25	72,000 2,250		\$139.62 \$136.10	\$122.87 \$119.77	\$122.78		
Q Condominium Apartment with Ground Floor Retail	5.25	38,475 4,050		\$133.52 \$136.10	\$117.50 \$119.77	\$117.72		
			40				\$41,322	\$36,365
R Stacked Townhomes	4.00	11,600		\$129.93	\$114.34	\$114.34		
S Stacked Townhomes	4.00	11,600		\$129.93	\$114.34	\$114.34		
T Train Station	1.00	600		N/A	N/A	N/A		

The following is a side-by-side comparison of the hard costs as provided by VJ Associates and as estimated using the *Marshall Valuation Service* cost estimating manual, assuming a 12% buy-out savings.

**SIDE-BY-SIDE COMPARISON
BETWEEN VJ ASSOCIATES COSTS ESTIMATES AND
COST ESTIMATES DERIVED FROM MARSHALL VALUATION SERVICE
(INCLUDING 12% BUY-OUT SAVINGS)**

Building	# of Stories	Building Area (Sq. Ft. ±)	# of Parking Spaces	Developer's Bldg. Costs w/12% Buy-Out	Estimated MVS Bldg. Costs w/12% Buy-Out.	% Diff. Between Estimates
A Rental Apartment	4.00	87,236		\$ 9,442,425	\$ 9,813,178	-3.9%
B Rental Apartment with Ground Floor Retail	6.00	111,210 22,321		\$ 14,420,100	\$ 15,183,399	-5.3%
C Hotel	9.00	107,500		\$ 18,316,417	\$ 20,587,325	-12.4%
P2 Structured Parking Garage	5.00		430	\$ 9,903,080	\$ 9,473,400	4.3%
E Rental Apartment with Ground Floor Retail	6.00	59,625 5,475		\$ 7,017,516	\$ 7,362,957	-4.9%
F Office Building	9.00	112,500		\$ 18,268,767	\$ 17,317,125	5.2%
G Rental Apartment	5.25	73,500		\$ 7,955,640	\$ 8,268,015	-3.9%
H Rental Apartment with Ground Floor Retail	5.00	51,840 4,860		\$ 6,111,547	\$ 6,413,564	-4.9%
I Rental Apartment with Ground Floor Retail	5.25	31,680 6,120		\$ 4,059,158	\$ 4,296,676	-5.9%
P1 Structured Parking Garage	4.00		380	\$ 8,452,488	\$ 8,057,376	4.7%
J Rental Apartment with Ground Floor Retail	5.25	147,425 15,500		\$ 17,553,162	\$ 18,440,273	-5.1%
K Rental Apartment with Ground Floor Retail	5.25	55,700 11,200	128	\$ 7,182,120	\$ 7,607,117	-5.9%
L Rental Apartment with Ground Floor Retail	4.00	59,600	128	\$ 6,451,104 \$ 3,094,080	\$ 6,704,404 \$ 4,309,920	-3.9% -39.3%
M Stacked Townhomes	4.00	23,200		\$ 2,694,912	\$ 2,652,688	1.6%
N Condominium Apartment	5.25	37,800		\$ 4,324,320	\$ 4,441,500	-2.7%
O Condominium Apartment with Ground Floor Retail	8.25	72,000 2,250		\$ 9,131,760	\$ 9,116,123	0.2%
Q Condominium Apartment with Ground Floor Retail	5.25	38,475 4,050		\$ 4,889,808	\$ 5,005,881	-2.4%
R Stacked Townhomes	4.00	11,600	40	\$ 1,454,112	\$ 1,454,598	0.0%
S Stacked Townhomes	4.00	11,600		\$ 1,347,456	\$ 1,326,344	1.6%
T Train Station	1.00	600		\$ 75,504	N/A	N/A
TOTALS				\$167,267,472	\$174,276,236	-4.2%

As indicated in the preceding table, the building cost estimates provided by VJ Associates, including the estimated 12% buy-out savings are supported by the cost estimates derived using the *Marshall Valuation Service* cost estimating manual, with an overall difference in costs of only 4.2%.

However, the preceding analysis did not include the cost of the site work, road infrastructure, on-site utilities, site platform, site development, piazza/pedestrian muse, surface parking and temporary parking. The information provided to us did not include detailed information pertaining to road frontage, utility connections, size of piazza/pedestrian muse, land area allocated to surface and temporary parking, etc. Therefore, it would be speculative for us to use a cost estimating manual to estimate the cost of such items.

Since the building hard costs provided to us by VJ Associates are supported by the *Marshall Valuation Service* cost estimates, including an estimated 12% buy-out savings; therefore, we have accepted all other costs associated with this development plan, as provided by VJ Associates, and have incorporated these costs into the discounted cash flow analyses presented herein.

SOFT COSTS

VJ Associates provided soft cost estimates in their overall development costs. These soft costs estimates are presented in the following table and incorporated into the analysis of the subject’s proposed development plan. This valuation analysis is based on the assumption that these soft costs are reasonable for the proposed subject development.

Appraiser’s Projected Soft Costs

General Conditions	8.00%	of total hard costs
CM Fees	2.50%	of total hard costs
Design Contingency	5.00%	of total hard costs
Construction Contingency	5.00%	of total hard costs
Performance Bond	0.50%	of total hard costs
Legal, Architect & Engineering	<u>4.00%</u>	of total hard costs
Total Project Soft Costs	25.00%	of total hard costs

PRE-DEVELOPMENT SOFT COSTS

The client of this appraisal report indicated that the developer of the subject property has invested \$1,650,000.00 of pre-development soft costs into the project. These costs include

predevelopment costs expended prior to the appraisal process and are not included in the 25% development soft costs. In this valuation analysis, the pre-development soft costs are allocated to each proposed building component on a cost per square foot of land area. This cost is incorporated in the discounted cash flow analysis of each of the subject buildings, parking structures and train station. The breakdown of the allocation of these costs is presented in the following table.

Breakdown of Pre-Development Soft Costs per Building

Building	Land Area (± Sq. Ft.)	Allocated Pre-Development Soft Cost
A	65,079	\$ 163,626
B	56,646	\$ 142,423
C	46,926	\$ 117,985
P2	40,514	\$ 101,863
E	27,012	\$ 67,915
F	30,172	\$ 75,861
G	24,511	\$ 61,627
H	31,451	\$ 79,076
I	21,265	\$ 53,466
P1	31,007	\$ 77,960
J	94,433	\$ 237,430
K	18,323	\$ 46,069
L	56,626	\$ 142,373
M	25,403	\$ 63,870
N	17,146	\$ 43,110
O	24,873	\$ 62,537
Q	23,663	\$ 59,495
R	10,066	\$ 25,309
S	8,036	\$ 20,205
T	3,102	\$ 7,799
Totals	656,254	\$1,650,000
	(15.0655± acres)	

CONSTRUCTION AND ABSORPTION TIMETABLE

The valuation analysis is performed on an average pre-construction period of one (1) year, a typical construction period of two (2) years and a typical absorption period of two (2) years, with a total average holding period per building type between five (5) and six (6) years., depending on whether a building type is available for sale or for rent.

The subject property is projected to be developed in four (4) phases. This valuation analysis is based on the assumption that the buildings in Phase 1 will be constructed and construction of each subsequent phase will commence upon construction completion of the previous phase.

The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phases. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.

The rental and for sale absorption periods will vary by use. The reversionary value of the rental components is realized subsequent to each building achieving a stabilized occupancy, which will vary between phases and use.

This valuation analysis is based on the assumption that upon transfer of the subject property to the developer, a one-year pre-construction period is required for the planning stage and approval process.

A discounted cash flow model was created for each Buildings (A thru T, and Parking Structures P1 and P2) and Street Parking structured on an annual basis. Building D is not included in this analysis, as it is the McDonald's property that is currently under a swap agreement between the City of Bristol and McDonald's.

The total time period is an average term and takes into consideration that the subject property will be developed in stages and future conditions may be different than those projected in this analysis. The reversion for the rental components of the proposed development will occur in the sixth (6th) year of each cash flow period, which is the year subsequent to achieving a stabilized occupancy.

CHOICE OF RESIDUAL CAPITALIZATION RATE – RENTAL COMPONENTS

Upon achieving a stabilized occupancy, the rental components of the development model will be available for sale or for refinancing by the developer. The rental components of the subject property consist of the apartment buildings, the office building and the ground floor retail/restaurant component located throughout the proposed development.

Rental Apartment – Investor Indices and Investment Parameters

According to the *PwC Real Estate Investor Survey* of the National Apartment Market for the Third Quarter of 2012, the national apartment market remains firmly planted in the expansion phase of the real estate cycle, characterized by strong demand, robust rent growth, and new supply. The PwC Real Estate Barometer shows that 90.4% of the total apartment stock will be in the expansion phase with the balance in the recovery phase by year-end 2012.

Due to superior asset performance, many investors are still looking to place capital in the apartment sector. In the second quarter of 2012, total sales reached \$16.2 billion, the highest level since 2007, as per Real Capital Analytics. At the same time, the average overall capitalization (cap) rate in the Survey has fallen to a level seen in 2007. In fact, the current average overall cap rate is just below the average of 5.76% from five years ago.

Despite what seems like insatiable demand for apartment assets, steady overall cap rates signal that this market maybe approaching its pricing peak. Although 73.3% of surveyed investors expect overall cap rates to hold steady in this market over the next six months, the remainder is divided between capitalization rates rising and cap rates falling.

Please see *PwC National Apartment Market Report, Third Quarter 2012*, as follows:

NATIONAL APARTMENT MARKET
(Third Quarter 2012)

Table 27					
NATIONAL APARTMENT MARKET					
Third Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)*					
Range	5.25% - 14.00%	5.25% - 14.00%	4.75% - 14.00%	6.00% - 14.00%	6.00% - 10.50%
Average	8.28%	8.30%	8.34%	9.40%	8.23%
Change (Basis Points)		- 2	- 6	- 112	+ 5
OVERALL CAP RATE (OAR)*					
Range	3.75% - 10.00%	3.75% - 10.00%	3.75% - 10.00%	4.50% - 11.00%	3.50% - 8.00%
Average	5.74%	5.76%	5.98%	7.12%	5.86%
Change (Basis Points)		- 2	- 24	- 138	- 12
RESIDUAL CAP RATE					
Range	4.50% - 9.75%	4.50% - 9.75%	4.75% - 9.75%	5.25% - 11.00%	4.50% - 8.50%
Average	6.20%	6.15%	6.38%	7.54%	6.74%
Change (Basis Points)		+ 5	- 18	- 134	- 54
MARKET RENT CHANGE^b					
Range	(2.00%) - 10.00%	(2.00%) - 8.00%	(2.00%) - 8.00%	(10.00%) - 3.00%	0.00% - 8.00%
Average	2.73%	2.80%	2.00%	(0.12%)	3.13%
Change (Basis Points)		- 7	+ 73	+ 285	- 40
EXPENSE CHANGE^b					
Range	1.00% - 3.50%	1.00% - 4.00%	0.00% - 4.00%	0.00% - 4.00%	2.50% - 3.75%
Average	2.69%	2.65%	2.68%	2.42%	2.97%
Change (Basis Points)		+ 4	+ 1	+ 27	- 28
MARKETING TIME^c					
Range	0 - 18	0 - 18	0 - 18	1 - 18	1 - 12
Average	5.3	5.3	5.9	7.2	6.0
Change (▼, ▲, =)		=	▼	▼	▼
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

The PwC survey reports a residual capitalization rate range of 4.50% to 9.75%, with an average of 6.20%, for the third quarter of 2012. Based on the market survey, a residual capitalization rate of 6.25% is reasonable for the subject's rental apartment buildings that do not contain any retail component.

Retail/Restaurant – Investor Indices and Investment Parameters

According to the PwC Real Estate Investor Survey of the National Strip Shopping Center Market for the Third Quarter of 2012, a lack of supply growth continues to benefit the national strip shopping center market during a time when many retail merchants are

reluctant to expand and certain grocery chains struggle. In the second quarter of 2012, the national vacancy rate for this retail sector dipped ten basis points to 10.8%, marking the second consecutive quarterly decrease, according to Reis.

Overall, 35 of the metros tracked by Reis reported occupancy gains during the second quarter of 2012. Metros that outperformed the nation during the quarter include Miami with a vacancy rate of 7.2%, San Diego with a rate of 6.3%, and Boston with a vacancy of 7.1%. On the other hand, metros where supply was well ahead of demand include Tulsa with a vacancy rate of 16.7%; Columbus, Ohio with a rate of 15.7%; and Birmingham with a vacancy of 15.3%.

Even though underlying fundamentals are improving in a greater number of markets, raising rental rates remains difficult for many property owners. In turn, property value appreciation will remain muted for most assets in this sector over the next 12 months.

Please see *PwC National Strip Shopping Center Market, Third Quarter 2012*, as follows:

NATIONAL STRIP SHOPPING CENTER MARKET
(Third Quarter 2012)

Table 3					
NATIONAL STRIP SHOPPING CENTER MARKET					
Third Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.50% – 12.50%	6.50% – 12.50%	6.50% – 12.50%	6.00% – 12.50%	6.00% – 10.00%
Average	8.43%	8.41%	8.61%	9.19%	8.39%
Change (Basis Points)		+ 2	- 18	- 76	+ 4
OVERALL CAP RATE (OAR)^a					
Range	5.25% – 9.50%	5.50% – 9.50%	5.50% – 9.50%	5.50% – 11.40%	5.80% – 9.00%
Average	7.06%	7.18%	7.20%	8.09%	7.33%
Change (Basis Points)		- 12	- 14	- 103	- 27
RESIDUAL CAP RATE					
Range	6.00% – 12.00%	6.00% – 12.00%	6.00% – 12.00%	6.50% – 12.00%	6.00% – 10.00%
Average	7.69%	7.77%	7.93%	8.51%	7.89%
Change (Basis Points)		- 8	- 24	- 82	- 20
MARKET RENT CHANGE^b					
Range	0.00% – 4.00%	0.00% – 5.00%	0.00% – 4.00%	0.00% – 3.00%	0.00% – 3.50%
Average	1.73%	1.59%	1.41%	0.61%	2.70%
Change (Basis Points)		+ 14	+ 32	+ 112	- 97
EXPENSE CHANGE^b					
Range	2.50% – 4.00%	2.50% – 5.00%	2.00% – 4.00%	1.00% – 4.00%	3.00% – 4.00%
Average	3.03%	3.11%	2.98%	2.83%	3.10%
Change (Basis Points)		- 8	+ 5	+ 20	- 7
MARKETING TIME^c					
Range	2 – 18	2 – 18	2 – 18	2 – 18	2 – 12
Average	7.0	7.0	7.7	8.4	6.1
Change (▼, ▲, =)		=	▼	▼	▲
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

The PwC survey reports a residual capitalization rate range of 6.00% to 12.00%, with an average of 7.69%, for the third quarter of 2012.

As indicated previously, the PwC survey for the National Apartment market reports a residual capitalization rate range of 4.50% to 9.75%, with an average of 6.20%, for the third quarter of 2012.

Based on the market surveys, the residual capitalization rate for the rental apartment buildings with ground floor retail warrant a greater residual capitalization rate than the rental

apartment buildings that do not have a retail component. Therefore, a residual capitalization rate of 6.50% is reasonable for the subject's rental apartment buildings with ground floor retail.

Buildings O and Q consist of condominium apartment buildings with ground floor retail. Since the condominium units will be available for sale to individual owners, the ground floor retail is similar to a standalone retail center. Therefore, the residual capitalization rate for these buildings is estimated at 7.75%, which is supported by the PwC National Strip Shopping Center Market report.

Hotel – Investor Indices and Investment Parameters

According to the *PwC Real Estate Investor Survey* of the National Luxury/Upper-Upscale Lodging Segment for the Third Quarter of 2012, luxury hotel performances continues to rebound at an impressive pace. In the second quarter of 2012, the momentum of ADR gains strengthened, and occupancy continued to build. In fact, luxury hotels operated at an occupancy level in the second quarter that was equivalent to an annualized occupancy rate of 73.1% – ahead of the 72.5% annual average occupancy achieved in 2006 and 2007.

Though group demand accounts for a lower share of occupancy at luxury hotels than it did during the 2006 and 2007 peak years, group room nights are picking up. As a result, ADR growth is expected to strengthen in 2012 and 2013. For the upper-upscale segment, ADR growth is also anticipated for 2012, but at a lower rate.

Looking forward, upper-upscale hotels are expected to focus on rebuilding ADR as transient ADR year-to-date through July 2012 was still 5.5% below 2007 levels. Rebuilding a base group business at upper-upscale hotels will benefit its recovery.

Please see *PwC National Luxury/Upper-Upscale Lodging Segment, Third Quarter 2012*, as follows:

NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT*(Third Quarter 2012)*

Table 34					
NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT					
Third Quarter 2012					
	CURRENT	FIRST QUARTER 2012	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	8.50% – 13.00%	8.50% – 13.00%	9.00% – 14.00%	8.00% – 18.00%	8.00% – 13.00%
Average	10.54%	10.60%	10.56%	11.41%	10.64%
Change (Basis Points)		- 6	- 2	- 87	- 10
OVERALL CAP RATE (OAR)^a					
Range	6.00% – 10.00%	6.00% – 10.00%	5.00% – 10.00%	6.00% – 13.00%	4.00% – 10.50%
Average	8.18%	8.05%	8.05%	9.00%	7.67%
Change (Basis Points)		+ 13	+ 13	- 82	+ 51
RESIDUAL CAP RATE					
Range	6.00% – 12.00%	6.00% – 12.00%	6.00% – 12.00%	6.00% – 12.00%	5.00% – 11.00%
Average	8.73%	8.66%	8.88%	9.45%	8.71%
Change (Basis Points)		+ 7	- 15	- 72	+ 2
AVERAGE DAILY RATE^b					
Range	(2.00%) – 15.00%	(2.00%) – 15.00%	(2.00%) – 20.00%	(3.00%) – 20.00%	(2.00%) – 8.00%
Average	4.33%	4.46%	4.95%	3.69%	4.00%
Change (Basis Points)		- 13	- 62	+ 64	+ 33
OPERATING EXPENSE^b					
Range	0.00% – 6.00%	0.00% – 6.00%	0.00% – 6.00%	0.00% – 6.00%	2.00% – 4.00%
Average	2.98%	3.02%	2.80%	2.81%	3.33%
Change (Basis Points)		- 4	+ 18	+ 17	- 35
MARKETING TIME^c					
Range	2 – 20	2 – 20	2 – 20	2 – 20	4 – 8
Average	7.8	8.0	7.4	8.5	5.5
Change (▼, ▲, =)		▲	▲	▼	▲
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

The PwC survey reports a residual capitalization rate range of 6.00% to 12.00%, with an average of 8.73%, for the third quarter of 2012. Based on the market survey, a residual capitalization rate of 8.75% is reasonable for the subject's hotel component.

Office – Investor Indices and Investment Parameters

According to the *PwC Real Estate Investor Survey* of the National Suburban Office Market for the Third Quarter of 2012, retaining tenants and raising rental rates have become harder for many property owners in the national suburban office market over the past three months as the demand for space has waned.

As fewer tenants look to expand, even once-dominant suburban office markets, like Northern Virginia and Long Island, are struggling to keep overall vacancy rates from rising.

Even though there are a few “tech” suburban office markets that are outperforming the country as a whole, such as Silicon Valley and parts of San Francisco, property owners in these suburbs also report a slowdown in tenant leasing activity.

For now, tenants looking to lease space are finding favorable rental rates and are being offered generous concession packages. For a ten-year lease, surveyed investors report that free rent ranges up to 12 months. The average amount of free rent is 5.2 months. In addition, excessive tenant improvement (TI) allowances can be awarded, averaging about \$8.00 per square foot above the “normal” TI in the market.

Please see *PwC National Suburban Office Market, Third Quarter 2012*, as follows:

NATIONAL SUBURBAN OFFICE MARKET*(Third Quarter 2012)*

Table 5					
NATIONAL SUBURBAN OFFICE MARKET					
Third Quarter 2012					
	CURRENT	LAST QUARTER	1 YEAR AGO	2 YEARS AGO	4 YEARS AGO
DISCOUNT RATE (IRR)^a					
Range	6.00% – 12.50%	6.00% – 12.50%	5.75% – 12.50%	7.00% – 13.00%	7.00% – 12.50%
Average	8.60%	8.72%	8.56%	9.45%	8.93%
Change (Basis Points)		- 12	+ 4	- 85	- 33
OVERALL CAP RATE (OAR)^a					
Range	5.00% – 10.50%	5.00% – 10.50%	5.00% – 11.00%	6.00% – 11.50%	5.00% – 10.50%
Average	7.53%	7.57%	7.47%	8.40%	7.34%
Change (Basis Points)		- 4	+ 6	- 87	+ 19
RESIDUAL CAP RATE					
Range	6.00% – 11.00%	6.00% – 11.00%	5.75% – 11.50%	7.00% – 11.50%	6.00% – 11.00%
Average	7.98%	8.03%	7.90%	8.56%	7.93%
Change (Basis Points)		- 5	+ 8	- 58	+ 5
MARKET RENT CHANGE^b					
Range	(3.00%) – 4.00%	(3.00%) – 4.00%	(5.00%) – 5.00%	(10.00%) – 4.00%	(1.00%) – 8.00%
Average	1.42%	1.38%	1.27%	(0.63%)	2.44%
Change (Basis Points)		+ 4	+ 15	+ 205	- 102
EXPENSE CHANGE^b					
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%	3.00% – 3.30%
Average	2.75%	2.79%	2.82%	2.77%	3.02%
Change (Basis Points)		- 4	- 7	- 2	- 27
MARKETING TIME^c					
Range	2 – 18	2 – 18	2 – 24	2 – 24	2 – 12
Average	8.5	8.5	8.2	9.0	6.5
Change (▼, ▲, =)		=	▲	▼	▲
a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months					

The PwC survey reports a residual capitalization rate range of 6.00% to 11.00%, with an average of 7.98%, for the third quarter of 2012. Based on the market survey, a residual capitalization rate of 8.0% is reasonable for the subject's office component.

SUMMARY OF RESIDUAL CAPITALIZATION RATES

The following table is a summary of the projected residual capitalization rates for each of the subject's rental components.

Summary of Residual Capitalization Rates – Rental Components

Rental Apartment (Buildings A, G & L)	6.25%
Rental Apartment w/ Ground Floor Retail (Buildings B, E, H, I, J & K)	6.50%
Ground Floor Retail (Buildings O & Q)	7.75%
Hotel (Building C)	8.75%
Office (Building F)	8.00%

TRANSACTION FEE

The reversion of each rental component is calculated based on the net operating income in the year following the holding period (subsequent to achieving a stabilized occupancy). The net operating income for each rental component is capitalized using the appropriate market derived rate. A 3.5% cost was deducted from the estimated amount of the reversion for each rental component, since to realize this value, appropriate transaction costs, (mortgage refinancing, half of the brokerage costs, legal fees, etc.) would be incurred.

CHOICE OF DISCOUNT RATE

The discount rate reflects the sum of all the anticipated benefits and risks contained in the series of cash flows anticipated to be received by the property owner, inclusive of subject rents, miscellaneous income and the property reversion at the end of the projected investment holding period.

There are various methods of capitalizing income (i.e., discounting an income stream to a present value), and each method embodies its own strengths and weaknesses. However, the selection of an appropriate discount rate is heavily reliant on market-driven factors, including competitive interest rates, including money market rates. Among the factors considered in choosing the discount rate are risk, the cost of funds, the long-term yield on exempt, tax-sheltered and taxable, competing investments, the quality of the income stream and liquidity.

Short- and long-term economic indicators, as published in the *Federal Reserve Statistical Release H.15* on October 4, 2012, were as follows:

<u>Long-Term</u>	<u>Indicator</u>
Treasury Bonds (10-year)	1.70%
Treasury Bonds (20-year)	2.48%
Med. Qual. Corporate Bonds (Baa)	4.69%
Municipal Bonds	3.61%
<u>Short-Term</u>	
Federal Funds	0.16%
Treasury Bills (3-month)	0.10%
Reserve Bank Discount Rate	0.75%
Prime Rate (monthly average)	3.25%

The measure of risk inherent in a real estate investment is partly available in the bond market. The yields on corporate and municipal obligations are an indication of the market's measure of the worth of a given cash flow, providing an indication of the cost of funds within a liquid financial environment. Added to the basic yield indicated by the cost of funds are the risk, liquidity and entrepreneurial effort necessary to produce an appropriate discount for a real estate investment such as the subject property.

Investor Indices and Investment Parameters

(As excerpted from the PwC 2nd Quarter Real Estate Investor Survey for the 2nd Quarter 2012)

General

According to the *PwC Real Estate Investor Survey* for the Second Quarter of 2012, “the construction pipeline has started to slowly flow again for both residential and nonresidential projects as the U.S. economy continues its unhurried recovery. In April 2012, the U.S. Census Bureau reported that private nonresidential construction spending rose 17.4% on a year-over-year seasonally adjusted basis. Moreover, of the 11 nonresidential categories included in its report, all but two posted year-over-year spending gains (ranging from 27.5% in the education sector to 10.7% in health care).

In the residential sector, year-over-year construction spending rose 7.5% with new multifamily private construction spending surging 31.4%. Just a year ago, spending in this category was down 7.6%. As demand for multifamily housing has accelerated, many development land investors are racing to meet pent-up demand. While some are working off of existing inventory, others are searching for land opportunities in what 100.0% of surveyed investors view as a "buyers' market."

On the commercial side, development land opportunities remain challenged since excess supply exists in most sectors, such as office and retail. However, land investors continue to have "long-term optimism," focusing on the continued recovery of the commercial real estate industry. Also limiting acquisitions for development land investors is an inability to secure financing.

Growth Rate Assumptions

Growth rates for development expenses, such as amenities, real estate taxes, advertising, and administration, typically range from 1.0% to 15.0% and average 3.5%. For lot pricing, investors indicate a range up to 5.0%; the average growth rate for lot pricing is 2.0%.

Absorption Period

The absorption period required to sell units within a project varies significantly depending on such factors as location, size, and property type. This quarter, preferred

absorption periods for participants range from 12 to 240 months. The mean absorption period is 122 months (just over ten years), about one year longer than the absorption period reported six months ago.

Forecast Value Change

Over the next 12 months, all investor participants except one expect development land values to increase. Appreciation ranges up to 20.0% (as reported by a commercial land developer in the Midwest) and averages 5.8%. The one Survey participant that expects property values to decline over the next six months focuses on industrial land development in suburban Chicago. "There really is no market for any land at this time, no financing or any market need," states the investor.

Marketing Period

The typical time that a property is on the market prior to selling ranges from 12 to 240 months and averages 52 months.

Discount Rates

Free-and-clear discount rates including developer's profit range from 15.0% to 30.0% and averaged 20.42% for this quarter. This average is down 58 basis points from the second quarter of 2011 and assumes that entitlements are in place. Without entitlements in place, certain investors increase the discount rate between 300 and 1,500 basis points (an average increase of 833 basis points)."

Please see *PwC National Development Land Market Report, Second Quarter 2012*, as follows:

NATIONAL DEVELOPMENT LAND MARKET*(Second Quarter 2012)*

Exhibit DL-1		
DISCOUNT RATES (IRRS)^a		
Second Quarter 2012		
	CURRENT QUARTER	SECOND QUARTER 2011
FREE & CLEAR		
Range	15.00% – 30.00%	15.00% – 30.00%
Average	20.42%	21.00%
Change		- 58
a. Rate on unleveraged, all-cash transactions; including developer's profit		

Based on the above *PwC Survey* the discount rate for the proposed development of the subject property, including entrepreneurial incentive, is estimated at 25%, which is supported by the midrange of the market survey.

The 25% discount rate is reasonable for the analysis of the proposed development plan of the subject property, as predicated by the hypothetical conditions and extraordinary assumptions defined within the body of this report, and takes into consideration that all of the project costs are included in the development model. The development model includes all building hard costs, all site improvement costs, the creation of public amenities including a piazza and pedestrian muse, as well as other public amenities and open spaces. This discount rate takes into consideration the added risk associated with creating a true mixed-used development in a suburban downtown area. The surveyed discount rates consider typical land developments for single-use type projects or smaller scale developments. The proposed subject development consists of a mixed-use project in a suburban area which increases development risk.

RECAPITULATION OF ASSUMPTIONS

The following assumptions regarding income and expense projections were made in the valuation of the fee simple estate of the subject property under the development model as proposed by the developer, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

General

- 1) The calculations were made on a fiscal year basis, commencing in October 2012 and ending in September 2013.
- 2) The calculation of the cash flow, annual income and expenses in the projection period and adjustment of the sale and expense data across the fiscal years of the analysis was accomplished by using *Excel* Software.
- 3) Computer-generated output of the assumptions and results are contained on the following pages to this report.

Income

- 1) This valuation analysis is based on the assumption that upon transfer of the subject property to the developer, a one-year pre-construction period is required for the planning stage and approval process.
- 2) Typically, absorption of each new building cannot commence until the entire building is completed and a Certificate of Occupancy is issued for the operation of each building. The valuation analysis is performed on a typical absorption period of two years, with a total average holding period per building type between five (5) and six (6) years, depending on whether a building type is available for rent or for sale.
- 3) Market rental rates are projected to grow at 3.0% per annum over the projected holding period.

Expenses

- 1) Due to the magnitude of the proposed subject development plan, the developer has proposed the project will be developed in four (4) phases, which is incorporated into this valuation analysis. Each phase consists of a pre-construction period, a construction period and an absorption period. The rental and for sale absorption periods will vary by use. The reversionary value of the rental components is realized subsequent to each building achieving a stabilized occupancy, which will vary between phases and use.
- 2) The valuation analysis is performed on an average pre-construction period of one year, a typical construction period of two years and a typical absorption period of two years, with

a total average holding period per building type between five (5) and six (6) years., depending on whether a building type is available for rent or for sale.

- 3) The subject property is projected to be developed in four (4) phases. This valuation analysis is based on the assumption that the buildings in Phase 1 will be constructed and construction of each subsequent phase will commence upon construction completion of the previous phase.
- 4) The land apportioned to each phase will be taken down by the developer upon construction completion of the previous phases. Therefore, the developer will not be responsible for real estate taxes for a phase until it is taken down.
- 5) A discounted cash flow model was created for each Buildings (A thru T, and Parking Structures P1 and P2) and Street Parking structured on an annual basis. Building D is not included in this analysis, as it is the McDonald's property that is currently under a swap agreement between the City of Bristol and McDonald's.
- 6) The total time period is an average term and takes into consideration that the subject property will be developed in stages and future conditions may be different than those projected in this analysis. The reversion for the rental components of the proposed development will occur in the sixth (6th) year of each cash flow period, which is the year subsequent to achieving a stabilized occupancy.
- 7) All construction costs and operating expenses are projected to grow at an annual inflation rate of 2.0%.
- 8) Soft costs were estimated as a percentage of hard costs.

Cash Flow

- 1) The cash flow was discounted at an annual rate of 25.0%, using an end of period factor, including entrepreneurial incentive.
- 2) The reversion of each rental component is calculated based on the net operating income in the year following the holding period (subsequent to achieving a stabilized occupancy). The net operating income for each rental component is capitalized using the appropriate market derived rate. A 3.5% cost was deducted from the estimated amount of the reversion for each rental component, since to realize this value, appropriate transaction costs, (mortgage refinancing, half of the brokerage costs, legal fees, etc.) would be incurred.

The discounted cash flow analyses for the fee simple valuation of the subject property, under the residual land development model as proposed by the developer, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report, are presented on the following pages.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING – BUILDING A³¹

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18
Term			0	1	2	3	4	5	6
CONSTRUCTION									
87,236	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	43,618	43,618	0	0	0
87,236	Sq. Ft.	Total Residential Rental Constructed	0	0	43,618	87,236	87,236	87,236	87,236
104	Units	Total Residential Units Constructed	0	0	52	104	104	104	104
ABSORPTION									
104	Units	Residential Rental Units Absorbed	0	0	0	0	52	104	104
66,800	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	33,400	66,800	66,800
INCOME									
\$1.79	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$783,957	\$1,614,952	\$1,663,401
-5%		Vacancy Rate	\$0	\$0	\$0	\$0	(\$39,198)	(\$80,748)	(\$83,170)
EFFECTIVE GROSS INCOME			\$0	\$0	\$0	\$0	\$744,759	\$1,534,204	\$1,580,231
OPERATING EXPENSES									
0.02875	Current Amount of Cost	Real Estate Taxes - Land Portion	\$0	(\$4,643)	(\$4,736)	(\$4,831)	(\$4,927)	(\$5,026)	(\$5,126)
70%	of PGI	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	(\$102,317)	(\$206,681)	(\$210,814)	(\$215,031)
-18%		All Other Expenses	\$0	\$0	\$0	\$0	(\$141,112)	(\$290,691)	(\$299,412)
TOTAL OPERATING EXPENSES			\$0	(\$4,643)	(\$4,736)	(\$107,148)	(\$352,720)	(\$506,531)	(\$519,569)
NET OPERATING INCOME			\$0	(\$4,643)	(\$4,736)	(\$107,148)	\$392,039	\$1,027,673	\$1,060,662
HARD COSTS									
Building Construction									
Sq. Ft.		Residential Rental	\$0	\$0	(\$4,815,637)	(\$4,911,949)	\$0	\$0	\$0
87,236	(\$108.24)	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	(\$370,127)	(\$377,530)	\$0	\$0	\$0
87,236	(\$8.32)	Total Building Construction	\$0	\$0	(\$5,185,764)	(\$5,289,479)	\$0	\$0	\$0
Total Hard Costs for Building (for RETX Calculation only)			\$0	\$0	(\$5,185,764)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)
Total Hard Costs for Parking (for RETX Calculation only)			\$0	\$0	(\$5,185,764)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)
Total Project Hard Costs (for RETX Calculation only)			\$0	\$0	(\$5,185,764)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)	(\$10,475,243)
Project Soft Costs on Building Construction									
Pre-Development Soft Costs (Already Expended)			(\$163,626)	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	(\$414,861)	(\$423,158)	\$0	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	(\$129,644)	(\$132,237)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	(\$259,288)	(\$264,474)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	(\$259,288)	(\$264,474)	\$0	\$0	\$0	\$0
0.50%	% of hard costs	Performance Bond	\$0	(\$25,929)	(\$26,447)	\$0	\$0	\$0	\$0
4.00%	% of hard costs	Legal, Architect & Engineering	\$0	(\$207,431)	(\$211,579)	\$0	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$163,626)	(\$1,296,441)	(\$1,322,369)	\$0	\$0	\$0	\$0
TOTAL HARD COSTS AND DEVELOPERS COSTS			(\$163,626)	(\$1,296,441)	(\$6,508,133)	(\$5,289,479)	\$0	\$0	\$0
6.25%			Residual Capitalization Rate						\$16,970,595
-3.50%			Transaction Fees						(\$593,971)
			Proceeds from Sale						\$16,376,624
CASH FLOWS BEFORE DEBT SERVICE & TAXES			(\$163,626)	(\$1,301,084)	(\$6,512,869)	(\$5,396,627)	\$392,039	\$1,027,673	
25.00%			Yield Rate		1.00000	0.80000	0.64000	0.40960	0.32768
			Present Value Annual Cash Flows		(\$163,626)	(\$1,040,867)	(\$4,168,236)	\$160,579	\$336,748
			Net Present Value Cash Flow		(\$2,272,183)				
			Plus: Present Value of RETX Savings		\$550,000				
			Estimated Market Value		(\$1,722,183)				
			Rounded		(\$1,700,000)				

³¹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING WITH GROUND FLOOR RETAIL – BUILDING B³²

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18
Term			0	1	2	3	4	5	6
CONSTRUCTION									
111,210	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	55,605	55,605	0	0	0
111,210	Sq. Ft.	Total Residential Rental Constructed	0	0	55,605	111,210	111,210	111,210	111,210
138	Units	Total Residential Units Constructed	0	0	69	138	138	138	138
22,321	Sq. Ft.	Commercial - Sq. Ft.	0	0	11,161	11,160	0	0	0
22,321	Sq. Ft.	Total Commercial Constructed	0	0	11,161	22,321	22,321	22,321	22,321
ABSORPTION									
138	Units	Residential Rental Units Absorbed	0	0	0	0	69	138	138
85,566	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	42,783	85,566	85,566
20,089	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	10,045	20,089	20,089
INCOME									
\$1.79	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$1,004,193	\$2,068,638	\$2,130,697
\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$164,647	\$339,155	\$349,330
		Potential Gross Income	\$0	\$0	\$0	\$0	\$1,168,840	\$2,407,793	\$2,480,027
-5%		Vacancy Rate	\$0	\$0	\$0	\$0	(\$58,442)	(\$120,390)	(\$124,001)
		EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$1,110,398	\$2,287,403	\$2,356,026
OPERATING EXPENSES									
	Current Amount	Real Estate Taxes - Land Portion	\$0	(\$4,041)	(\$4,122)	(\$4,204)	(\$4,288)	(\$4,374)	(\$4,462)
0.02875	70% of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	(\$156,282)	(\$315,687)	(\$322,000)	(\$328,440)
	-18% of PGI	All Other Expenses	\$0	\$0	\$0	\$0	(\$210,391)	(\$433,403)	(\$446,405)
		TOTAL OPERATING EXPENSES	\$0	(\$4,041)	(\$4,122)	(\$160,486)	(\$530,366)	(\$759,777)	(\$779,307)
		NET OPERATING INCOME	\$0	(\$4,041)	(\$4,122)	(\$160,486)	\$580,032	\$1,527,626	\$1,576,719
-12.5%	1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	(\$20,581)	(\$21,814)	\$0
		CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	(\$4,041)	(\$4,122)	(\$160,486)	\$559,451	\$1,505,812	\$1,576,719
HARD COSTS									
Building Construction									
111,210	/Sq. Ft.	Residential Rental	\$0	\$0	(\$6,124,917)	(\$6,247,415)	\$0	\$0	\$0
22,321	/Sq. Ft.	Commercial	\$0	\$0	(\$1,229,389)	(\$1,253,865)	\$0	\$0	\$0
133,531	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	(\$566,553)	(\$577,876)	\$0	\$0	\$0
		Total Building Construction	\$0	\$0	(\$7,920,859)	(\$8,079,156)	\$0	\$0	\$0
		Total Hard Costs for Building (for RETX Calculation only)	\$0	\$0	(\$7,920,859)	(\$16,000,015)	(\$16,000,015)	(\$16,000,015)	(\$16,000,015)
		Total Hard Costs for Parking (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		Total Project Hard Costs (for RETX Calculation only)	\$0	\$0	(\$7,920,859)	(\$16,000,015)	(\$16,000,015)	(\$16,000,015)	(\$16,000,015)
Project Soft Costs on Building Construction									
		Pre-Development Soft Costs (Already Expended)	(\$142,423)	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	(\$633,669)	(\$646,332)	\$0	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	(\$198,021)	(\$201,979)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	(\$396,043)	(\$403,958)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	(\$396,043)	(\$403,958)	\$0	\$0	\$0	\$0
0.50%	% of all cost	Performance Bond	\$0	(\$39,604)	(\$40,396)	\$0	\$0	\$0	\$0
4.00%	of total hard costs	Legal, Architect & Engineering	\$0	(\$316,834)	(\$323,166)	\$0	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$142,423)	(\$1,980,214)	(\$2,019,789)	\$0	\$0	\$0	\$0
		TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$142,423)	(\$1,980,214)	(\$9,940,648)	(\$8,079,156)	\$0	\$0	\$0
	6.50%	Residual Capitalization Rate							\$24,257,217
	-3.50%	Transaction Fees							(\$849,003)
		Proceeds from Sale							\$23,408,214
		CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$142,423)	(\$1,984,255)	(\$9,944,770)	(\$8,239,642)	\$559,451	\$1,505,812	\$23,408,214
	25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.27668
		Present Value Annual Cash Flows	(\$142,423)	(\$1,587,404)	(\$6,364,653)	(\$4,218,697)	\$229,151	\$493,425	\$7,670,404
		Net Present Value Cash Flow	(\$3,920,197)						
		Plus: Present Value of RETX Savings	\$840,000						
		Estimated Market Value	(\$3,080,197)						
		Rounded	(\$3,100,000)						

³² Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – HOTEL – BUILDING C³³

			Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19
			Term	0	1	2	3	4	5	6	7
			CONSTRUCTION								
107,500	Sq. Ft.		Hotel Sq. Ft.	0	0	0	53,750	53,750	0	0	0
107,500	Sq. Ft.		Total Hotel Sq. Ft. Constructed - Gross	0	0	0	53,750	107,500	107,500	107,500	107,500
125	Rooms		Number of Hotel Rooms Constructed per Period	0	0	0	63	62	0	0	0
125	Rooms		Total Hotel Rooms Constructed	0	0	0	63	125	125	125	125
59,375	59,375	Sq. Ft.	Total Hotel Sq. Ft. Constructed - Net	0	0	0	29,925	59,375	59,375	59,375	59,375
			ABSORPTION								
125	Hotel Rooms		Hotel - Total Number of Rooms Available	0	0	0	0	0	63	125	125
70%	Average Occupancy Rate		Hotel - Average Daily Occupancy	0	0	0	0	0	44	88	88
365	Days per Year		Hotel - Average Annual Occupancy	0	0	0	0	0	16,060	32,120	32,120
% Of Total Revenue (As Stabilized)			REVENUE								
57.38%	\$140	ADR	Hotel Room Revenue	\$0	\$0	\$0	\$0	\$0	\$2,530,594	\$5,213,024	\$5,369,414
20.49%	\$50	/ Occupied Room	Food Revenue	\$0	\$0	\$0	\$0	\$0	\$903,784	\$1,861,794	\$1,917,648
8.20%	\$20	/ Occupied Room	Beverage Revenue	\$0	\$0	\$0	\$0	\$0	\$361,513	\$744,718	\$767,059
6.15%	\$15	/ Occupied Room	Other Food & Beverage Revenue	\$0	\$0	\$0	\$0	\$0	\$271,135	\$558,538	\$575,294
0.41%	\$1	/ Occupied Room	Telecommunications Revenue	\$0	\$0	\$0	\$0	\$0	\$18,076	\$37,236	\$38,353
5.33%	\$13	/ Occupied Room	Other Operated Departments Revenue	\$0	\$0	\$0	\$0	\$0	\$234,984	\$484,066	\$498,588
2.05%	\$5	/ Occupied Room	Rentals & Other Income Revenue	\$0	\$0	\$0	\$0	\$0	\$90,378	\$186,179	\$191,765
			TOTAL REVENUES	\$0	\$0	\$0	\$0	\$0	\$4,410,464	\$9,085,555	\$9,358,121
			DEPARTMENTAL EXPENSES								
-28.0%	of Departmental Revenue		Room Expense	\$0	\$0	\$0	\$0	\$0	(\$708,566)	(\$1,459,647)	(\$1,503,436)
-75.0%	of Departmental Revenue		Food & Beverage Expense	\$0	\$0	\$0	\$0	\$0	(\$1,152,324)	(\$2,373,788)	(\$2,445,001)
-150.0%	of Departmental Revenue		Telecommunications Expense	\$0	\$0	\$0	\$0	\$0	(\$27,114)	(\$55,854)	(\$57,530)
-3.5%	of Departmental Revenue		Other Operated Dept. & Rentals Expense	\$0	\$0	\$0	\$0	\$0	(\$11,388)	(\$23,459)	(\$24,162)
-43.1%			Total Departmental Expenses	\$0	\$0	\$0	\$0	\$0	(\$1,899,392)	(\$3,912,748)	(\$4,030,129)
			Total Departmental Expenses as % of Total Revenues						-43.1%	-43.1%	-43.1%
56.9%	of Total Revenue		TOTAL DEPARTMENTAL PROFIT	\$0	\$0	\$0	\$0	\$0	\$2,511,072	\$5,172,807	\$5,327,992
			UNDISTRIBUTED OPERATING EXPENSES								
-9.5%	of Total Revenue		Administrative & General	\$0	\$0	\$0	\$0	\$0	(\$418,994)	(\$863,128)	(\$889,021)
-7.5%	of Total Revenue		Marketing	\$0	\$0	\$0	\$0	\$0	(\$330,785)	(\$681,417)	(\$701,859)
-4.5%	of Total Revenue		Utility Costs	\$0	\$0	\$0	\$0	\$0	(\$198,471)	(\$408,850)	(\$421,115)
-5.5%	of Total Revenue		Property Operations & Maintenance	\$0	\$0	\$0	\$0	\$0	(\$242,576)	(\$499,706)	(\$514,697)
-27.0%			Total Undistributed Operating Expenses	\$0	\$0	\$0	\$0	\$0	(\$1,190,826)	(\$2,453,101)	(\$2,526,692)
29.9%	of Total Revenue		GROSS OPERATING PROFIT	\$0	\$0	\$0	\$0	\$0	\$1,320,246	\$2,719,706	\$2,801,300
-2.0%	of Total Revenue		Franchise Fees (Royalty)	\$0	\$0	\$0	\$0	\$0	(\$88,209)	(\$181,711)	(\$187,162)
-3.5%	of Total Revenue		Management Fees	\$0	\$0	\$0	\$0	\$0	(\$154,366)	(\$317,994)	(\$327,534)
24.4%	of Total Revenue		INCOME BEFORE FIXED CHARGES	\$0	\$0	\$0	\$0	\$0	\$1,077,671	\$2,220,001	\$2,286,604

³³ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – HOTEL – BUILDING C³⁴
(continued)

			Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19
			Term	0	1	2	3	4	5	6	7
			FIXED CHARGES								
0.02875	(\$3,348)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	(\$3,348)	(\$3,415)	(\$3,483)	(\$3,553)	(\$3,624)	(\$3,696)
	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	(\$197,174)	(\$406,258)	(\$414,383)	(\$422,671)
	-1.5%	of Total Revenue	Insurance	\$0	\$0	\$0	\$0	\$0	(\$66,157)	(\$136,283)	(\$140,372)
	-2.0%	of Total Revenue	Reserves for Replacement	\$0	\$0	\$0	\$0	\$0	(\$88,209)	(\$181,711)	(\$187,162)
	-3.0%	of Total Revenue	Parking Maintenance	\$0	\$0	\$0	\$0	\$0	(\$132,314)	(\$272,567)	(\$280,744)
			Total Fixed Charges	\$0	\$0	(\$3,348)	(\$3,415)	(\$200,657)	(\$696,491)	(\$1,008,568)	(\$1,034,645)
	13.3%	of Total Revenue	NET OPERATING INCOME	\$0	\$0	(\$3,348)	(\$3,415)	(\$200,657)	\$381,180	\$1,211,433	\$1,251,959
			NOI/Room	\$0	\$0	(\$27)	(\$27)	(\$1,605)	\$3,049	\$9,691	\$10,016
			HARD COSTS								
<u>Sq. Ft.</u>	<u>\$ Amount</u>		Building Construction								
107,500	(\$170.39)	/Sq. Ft.	Hotel Construction	\$0	\$0	\$0	(\$9,528,200)	(\$9,718,764)	\$0	\$0	\$0
107,500	(\$8.32)	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	(\$465,226)	(\$474,530)	\$0	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	(\$9,993,426)	(\$10,193,294)	\$0	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	(\$9,993,426)	(\$20,186,720)	(\$20,186,720)	(\$20,186,720)	(\$20,186,720)
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	(\$9,993,426)	(\$20,186,720)	(\$20,186,720)	(\$20,186,720)	(\$20,186,720)
			Project Soft Costs on Building Construction								
			Pre-Development Soft Costs (Already Expended)	(\$117,985)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	8.00%	% of hard costs	General Conditions	\$0	\$0	(\$799,474)	(\$815,464)	\$0	\$0	\$0	\$0
	2.50%	% of hard costs	CM Fees	\$0	\$0	(\$249,836)	(\$254,832)	\$0	\$0	\$0	\$0
	5.00%	% of hard costs	Design Contingency	\$0	\$0	(\$499,671)	(\$509,665)	\$0	\$0	\$0	\$0
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	(\$499,671)	(\$509,665)	\$0	\$0	\$0	\$0
	0.50%	% of all cost	Performance Bond	\$0	\$0	(\$49,967)	(\$50,966)	\$0	\$0	\$0	\$0
	4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	(\$399,737)	(\$407,732)	\$0	\$0	\$0	\$0
	25.00%		Total Project Soft Costs	(\$117,985)	\$0	(\$2,498,356)	(\$2,548,324)	\$0	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$117,985)	\$0	(\$2,498,356)	(\$12,541,750)	(\$10,193,294)	\$0	\$0	\$0
			8.75% Residual Capitalization Rate								\$14,308,103
			-3.50% Transaction Fees								(\$500,784)
			Proceeds from Sale								\$13,807,319
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$117,985)	\$0	(\$2,501,704)	(\$12,545,165)	(\$10,393,951)	\$381,180	\$1,211,433	
			25.00% Yield Rate	<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>	<u>0.26214</u>	<u>0.26214</u>
			Present Value Annual Cash Flows	(\$117,985)	\$0	(\$1,601,091)	(\$6,423,124)	(\$4,257,363)	\$124,905	\$317,570	\$3,619,506
			Net Present Value Cash Flow	(\$8,337,582)							
			Plus: Present Value of RETX Savings	\$1,060,000							
			Estimated Market Value	(\$7,277,582)							
			Rounded	(\$7,300,000)							

³⁴ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS –PARKING STRUCTURE P2³⁵

		Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	
		Term	0	1	2	3	4	5	
		CONSTRUCTION							
	430	Spaces	Parking Garage (P2)	0	0	0	215	215	0
	435	Spaces	Total Parking Garage (P2) Constructed	0	0	0	215	430	430
	92	Spaces	Including ST1.1, ST2.1, ST3.1	0	0	0	46	46	0
	97	Spaces	Total ST1.1, ST2.1, ST3.1 Constructed	0	0	0	46	92	92
	355	Spaces	Temporary Parking TP1.1 & TP2.1	0	0	0	178	177	0
	360	Spaces	Total Temporary Parking TP1.1 & TP2.1 Constructed	0	0	0	178	355	355
		HARD COSTS							
		Parking Construction							
	430	(\$23,030) /Space	Parking Garage (P2)	\$0	\$0	\$0	(\$5,151,582)	(\$5,254,614)	\$0
	92	(\$867) /Space	Including ST1.1, ST2.1, ST3.1	\$0	\$0	\$0	(\$41,475)	(\$42,304)	\$0
	<u>355</u>	(\$646) /Space	Temporary Parking TP1.1 & TP2.1	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$119,678)</u>	<u>(\$121,386)</u>	<u>\$0</u>
	522	permanent spaces only	Total Parking Construction	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$5,312,735)</u>	<u>(\$5,418,304)</u>	<u>\$0</u>
			Total Hard Costs for Project (for RETX Calculation only)	\$0	\$0	\$0	(\$5,312,735)	(\$10,731,039)	(\$10,731,039)
			Project Soft Costs on Parking Construction						
			Pre-Development Soft Costs (Already Expended)	(\$101,863)	\$0	\$0	\$0	\$0	\$0
	8.00%	% of hard costs	General Conditions	\$0	\$0	(\$425,019)	(\$433,464)	\$0	\$0
	2.50%	% of hard costs	CM Fees	\$0	\$0	(\$132,818)	(\$135,458)	\$0	\$0
	5.00%	% of hard costs	Design Contingency	\$0	\$0	(\$265,637)	(\$270,915)	\$0	\$0
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	(\$265,637)	(\$270,915)	\$0	\$0
	0.50%	% of all cost	Performance Bond	\$0	\$0	(\$26,564)	(\$27,092)	\$0	\$0
	<u>4.00%</u>	of total hard costs	Legal, Architect & Engineering	<u>\$0</u>	<u>\$0</u>	<u>(\$212,509)</u>	<u>(\$216,732)</u>	<u>\$0</u>	<u>\$0</u>
	25.00%		Total Project Soft Costs	(\$101,863)	\$0	(\$1,328,184)	(\$1,354,576)	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$101,863)	\$0	(\$1,328,184)	(\$6,667,311)	(\$5,418,304)	\$0
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$101,863)	\$0	(\$1,328,184)	(\$6,667,311)	(\$5,418,304)	\$0
		25.00%	Yield Rate	<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>
			Present Value Annual Cash Flows	(\$101,863)	\$0	(\$850,038)	(\$3,413,663)	(\$2,219,337)	\$0
			Net Present Value Cash Flow	(\$6,584,901)					
			Rounded	(\$6,600,000)					
			\$/Space	(\$12,644)					

³⁵ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – OFFICE – BUILDING F³⁷

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20
Term			0	1	2	3	4	5	6	7	8
CONSTRUCTION											
	112,500	Sq. Ft.	Office - Sq. Ft.	0	0	0	0	56,250	56,250	0	0
	112,500	Sq. Ft.	Total Office Constructed	0	0	0	0	56,250	112,500	112,500	112,500
ABSORPTION											
112,770	112,770	Sq. Ft.	Office Sq. Ft. Absorbed	0	0	0	0	0	56,385	112,770	112,770
INCOME											
	\$19.00	/Sq. Ft./Annum	Gross Income - Office Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$1,241,948	\$2,558,412
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	(\$62,097)	(\$127,921)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$1,179,851	\$2,430,491
OPERATING EXPENSES											
			Real Estate Taxes - Land Portion	\$0	\$0	\$0	(\$2,284)	(\$2,329)	(\$2,376)	(\$2,424)	(\$2,472)
0.02875	70%	Current Amount of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	(\$197,980)	(\$407,918)	(\$416,077)
	-18%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	(\$223,551)	(\$460,514)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	(\$2,284)	(\$2,329)	(\$200,356)	(\$633,893)	(\$879,063)
			NET OPERATING INCOME	\$0	\$0	\$0	(\$2,284)	(\$2,329)	(\$200,356)	\$545,958	\$1,551,428
	-12.5%	1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	(\$155,244)	(\$164,558)
			CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	(\$2,284)	(\$2,329)	(\$200,356)	\$390,715	\$1,386,870
HARD COSTS											
Building Construction											
	112,500	/Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	(\$9,693,481)	(\$9,887,351)	\$0	\$0
	112,500	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	(\$340,789)	(\$347,605)	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	\$0	(\$10,034,270)	(\$10,234,956)	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$10,034,270)	(\$20,269,226)	(\$20,269,226)	(\$20,269,226)
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$10,034,270)	(\$20,269,226)	(\$20,269,226)	(\$20,269,226)
Project Soft Costs on Building Construction											
			Pre-Development Soft Costs (Already Expended)	(\$75,861)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	(\$802,742)	(\$818,796)	\$0	\$0	\$0
	2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	(\$250,857)	(\$255,874)	\$0	\$0	\$0
	5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	(\$501,714)	(\$511,748)	\$0	\$0	\$0
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	(\$501,714)	(\$511,748)	\$0	\$0	\$0
	0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	(\$50,171)	(\$51,175)	\$0	\$0	\$0
	4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	(\$401,371)	(\$409,398)	\$0	\$0	\$0
	25.00%		Total Project Soft Costs	(\$75,861)	\$0	\$0	(\$2,508,569)	(\$2,558,739)	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$75,861)	\$0	\$0	(\$2,508,569)	(\$12,593,009)	(\$10,234,956)	\$0	\$0
	8.00%		Residual Capitalization Rate								\$20,026,969
	-3.50%		Transaction Fees								(\$700,944)
			Proceeds from Sale								\$19,326,025
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$75,861)	\$0	\$0	(\$2,510,853)	(\$12,595,338)	(\$10,435,312)	\$390,715	\$1,386,870
	25.00%		Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972
			Present Value Annual Cash Flows	(\$75,861)	\$0	\$0	(\$1,285,557)	(\$5,159,051)	(\$3,419,443)	\$102,424	\$290,848
			Net Present Value Cash Flow	(\$5,493,679)							
			Plus: Present Value of RETX Savings	\$1,010,000							
			Estimated Market Value	(\$4,483,679)							
			Rounded	(\$4,500,000)							

³⁷ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING – BUILDING G³⁸

			Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20
			Term	0	1	2	3	4	5	6	7	8
			CONSTRUCTION									
	73,500	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	36,750	36,750	0	0	0
	73,500	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	36,750	73,500	73,500	73,500	73,500
	93	Units	Total Residential Units Constructed	0	0	0	0	47	93	93	93	93
			ABSORPTION									
	93	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	47	93	93
58,800	58,800	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	29,716	58,800	58,800
			INCOME									
\$1.83	\$21.96	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$756,500	\$1,541,818	\$1,588,072
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	(\$37,825)	(\$77,091)	(\$79,404)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$718,675	\$1,464,727	\$1,508,668
			OPERATING EXPENSES									
	(\$1,749)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	(\$1,820)	(\$1,856)	(\$1,893)	(\$1,931)	(\$1,970)	(\$2,009)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	(\$87,681)	(\$180,657)	(\$184,271)	(\$187,956)
	-18%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	(\$136,170)	(\$277,527)	(\$285,853)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	(\$1,820)	(\$1,856)	(\$89,574)	(\$318,758)	(\$463,767)	(\$475,818)
			NET OPERATING INCOME	\$0	\$0	\$0	(\$1,820)	(\$1,856)	(\$89,574)	\$399,917	\$1,000,960	\$1,032,850
			HARD COSTS									
			Building Construction									
<u>Sq. Ft.</u>			Residential Rental	\$0	\$0	\$0	\$0	(\$4,221,294)	(\$4,305,720)	\$0	\$0	\$0
73,500	(\$108.24)	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	(\$222,649)	(\$227,102)	\$0	\$0	\$0
73,500	(\$5.71)	/Sq. Ft.	Total Building Construction	\$0	\$0	\$0	\$0	(\$4,443,943)	(\$4,532,822)	\$0	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$4,443,943)	(\$8,976,765)	(\$8,976,765)	(\$8,976,765)	(\$8,976,765)
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$4,443,943)	(\$8,976,765)	(\$8,976,765)	(\$8,976,765)	(\$8,976,765)
			Project Soft Costs on Building Construction									
			Pre-Development Soft Costs (Already Expended)	(\$61,627)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	(\$355,515)	(\$362,626)	\$0	\$0	\$0	\$0
	2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	(\$111,099)	(\$113,321)	\$0	\$0	\$0	\$0
	5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	(\$222,197)	(\$226,641)	\$0	\$0	\$0	\$0
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	(\$222,197)	(\$226,641)	\$0	\$0	\$0	\$0
	0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	(\$22,220)	(\$22,664)	\$0	\$0	\$0	\$0
	4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	(\$177,758)	(\$181,313)	\$0	\$0	\$0	\$0
	25.00%		Total Project Soft Costs	(\$61,627)	\$0	\$0	(\$1,110,986)	(\$1,133,206)	\$0	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$61,627)	\$0	\$0	(\$1,110,986)	(\$5,577,149)	(\$4,532,822)	\$0	\$0	\$0
			Residual Capitalization Rate									\$16,525,600
			Transaction Fees									(\$578,396)
			Proceeds from Sale									\$15,947,204
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$61,627)	\$0	\$0	(\$1,112,806)	(\$5,579,005)	(\$4,622,396)	\$399,917	\$1,000,960	
	25.00%	Yield Rate	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.20972
			Present Value Annual Cash Flows	(\$61,627)	\$0	\$0	(\$569,756)	(\$2,285,160)	(\$1,514,667)	\$104,836	\$209,916	\$3,344,371
			Net Present Value Cash Flow	(\$772,087)								
			Plus: Present Value of RETX Savings	\$450,000								
			Estimated Market Value	(\$322,087)								
			Rounded	(\$300,000)								

³⁸ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING WITH GROUND FLOOR RETAIL – BUILDING H ³⁹

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	
Term			0	1	2	3	4	5	6	7	8	
CONSTRUCTION												
	51,840	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	25,920	25,920	0	0	0
	51,840	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	25,920	51,840	51,840	51,840	51,840
	66	Units	Total Residential Units Constructed	0	0	0	0	33	66	66	66	66
	4,860	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	2,430	2,430	0	0	0
	4,860	Sq. Ft.	Total Commercial Constructed	0	0	0	0	2,430	4,860	4,860	4,860	4,860
ABSORPTION												
	66	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	33	66	66
41,472	41,472	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	20,736	41,472	41,472
4,617	4,617	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	2,309	4,617	4,617
INCOME												
\$1.82	\$21.84	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$525,005	\$1,081,511	\$1,113,956
	\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$40,151	\$82,694	\$85,175
			Potential Gross Income	\$0	\$0	\$0	\$0	\$0	\$0	\$565,156	\$1,164,205	\$1,199,131
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	(\$28,258)	(\$58,210)	(\$59,957)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$536,898	\$1,105,995	\$1,139,174
OPERATING EXPENSES												
	(\$2,244)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	(\$2,335)	(\$2,381)	(\$2,429)	(\$2,478)	(\$2,527)	(\$2,578)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	(\$67,371)	(\$138,811)	(\$141,587)	(\$144,419)
	-18%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	(\$101,728)	(\$209,557)	(\$215,844)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	(\$2,335)	(\$2,381)	(\$69,800)	(\$243,016)	(\$353,671)	(\$362,840)
			NET OPERATING INCOME	\$0	\$0	\$0	(\$2,335)	(\$2,381)	(\$69,800)	\$293,882	\$752,324	\$776,334
	-12.5%	1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,019)	(\$5,318)	\$0
			CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	(\$2,335)	(\$2,381)	(\$69,800)	\$288,863	\$747,006	\$776,334
HARD COSTS												
Building Construction												
<u>Sq. Ft.</u>	51,840	/Sq. Ft.	Residential Rental	\$0	\$0	\$0	\$0	(\$2,964,856)	(\$3,024,153)	\$0	\$0	\$0
	4,860	/Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	(\$277,955)	(\$283,514)	\$0	\$0	\$0
	56,700	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	(\$171,758)	(\$175,193)	\$0	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	\$0	(\$3,414,569)	(\$3,482,860)	\$0	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$3,414,569)	(\$6,897,429)	(\$6,897,429)	(\$6,897,429)	(\$6,897,429)
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$3,414,569)	(\$6,897,429)	(\$6,897,429)	(\$6,897,429)	(\$6,897,429)
Project Soft Costs on Building Construction												
			Pre-Development Soft Costs (Already Expended)	(\$79,076)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs		General Conditions	\$0	\$0	\$0	(\$273,166)	(\$278,629)	\$0	\$0	\$0	\$0
2.50%	% of hard costs		CM Fees	\$0	\$0	\$0	(\$85,364)	(\$87,072)	\$0	\$0	\$0	\$0
5.00%	% of hard costs		Design Contingency	\$0	\$0	\$0	(\$170,728)	(\$174,143)	\$0	\$0	\$0	\$0
5.00%	% of hard costs		Construction Contingency	\$0	\$0	\$0	(\$170,728)	(\$174,143)	\$0	\$0	\$0	\$0
0.50%	% of all cost		Performance Bond	\$0	\$0	\$0	(\$17,073)	(\$17,414)	\$0	\$0	\$0	\$0
4.00%	of total hard costs		Legal, Architect & Engineering	\$0	\$0	\$0	(\$136,583)	(\$139,314)	\$0	\$0	\$0	\$0
25.00%			Total Project Soft Costs	(\$79,076)	\$0	\$0	(\$853,642)	(\$870,715)	\$0	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$79,076)	\$0	\$0	(\$853,642)	(\$4,285,284)	(\$3,482,860)	\$0	\$0	\$0
6.50%			Residual Capitalization Rate									\$11,943,594
-3.50%			Transaction Fees									(\$418,026)
			Proceeds from Sale									\$11,525,568
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$79,076)	\$0	\$0	(\$855,977)	(\$4,287,665)	(\$3,552,660)	\$288,863	\$747,006	\$11,525,568
25.00%			Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.20972
			Present Value Annual Cash Flows	(\$79,076)	\$0	\$0	(\$438,260)	(\$1,756,228)	(\$1,164,136)	\$75,724	\$156,659	\$2,417,087
			Net Present Value Cash Flow	(\$788,230)								
			Plus: Present Value of RETX Savings	\$350,000								
			Estimated Market Value	(\$438,230)								
			Rounded	(\$400,000)								

³⁹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING WITH GROUND FLOOR RETAIL – BUILDING I ⁴⁰

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	
Term			0	1	2	3	4	5	6	7	8	
CONSTRUCTION												
	31,680	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	15,840	15,840	0	0	0
	31,680	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	15,840	31,680	31,680	31,680	31,680
	40	Units	Total Residential Units Constructed	0	0	0	0	20	40	40	40	40
	6,120	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	3,060	3,060	0	0	0
	6,120	Sq. Ft.	Total Commercial Constructed	0	0	0	0	3,060	6,120	6,120	6,120	6,120
ABSORPTION												
	40	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	20	40	40
25,344	25,344	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	12,672	25,344	25,344
5,814	5,814	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	2,907	5,814	5,814
INCOME												
\$1.83	\$21.96	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$322,599	\$664,555	\$684,492
	\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$50,550	\$104,133	\$107,257
			Potential Gross Income	\$0	\$0	\$0	\$0	\$0	\$0	\$373,149	\$768,688	\$791,749
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,657)	(\$38,434)	(\$39,587)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$354,492	\$730,254	\$752,162
OPERATING EXPENSES												
	(\$1,517)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	(\$1,578)	(\$1,610)	(\$1,642)	(\$1,675)	(\$1,708)	(\$1,743)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	(\$44,755)	(\$92,212)	(\$94,057)	(\$95,938)
	-18%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	(\$67,167)	(\$138,364)	(\$142,515)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	(\$1,578)	(\$1,610)	(\$46,397)	(\$161,054)	(\$234,129)	(\$240,195)
			NET OPERATING INCOME	\$0	\$0	\$0	(\$1,578)	(\$1,610)	(\$46,397)	\$193,438	\$496,125	\$511,967
	-12.5%	1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,319)	(\$6,698)	\$0
			CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	(\$1,578)	(\$1,610)	(\$46,397)	\$187,119	\$489,427	\$511,967
HARD COSTS												
Building Construction												
<u>Sq. Ft.</u>			Residential Rental	\$0	\$0	\$0	\$0	(\$1,805,094)	(\$1,841,196)	\$0	\$0	\$0
31,680	(\$107.39)	/Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	(\$348,711)	(\$355,686)	\$0	\$0	\$0
<u>6,120</u>	(\$107.39)	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	(\$114,505)	(\$116,795)	\$0	\$0	\$0
37,800	(\$5.71)	/Sq. Ft.	Total Building Construction	\$0	\$0	\$0	\$0	(\$2,268,310)	(\$2,313,677)	\$0	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$2,268,310)	(\$4,581,987)	(\$4,581,987)	(\$4,581,987)	(\$4,581,987)
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	(\$2,268,310)	(\$4,581,987)	(\$4,581,987)	(\$4,581,987)	(\$4,581,987)
Project Soft Costs on Building Construction												
			Pre-Development Soft Costs (Already Expended)	(\$53,466)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs		General Conditions	\$0	\$0	\$0	(\$181,465)	(\$185,094)	\$0	\$0	\$0	\$0
2.50%	% of hard costs		CM Fees	\$0	\$0	\$0	(\$56,708)	(\$57,842)	\$0	\$0	\$0	\$0
5.00%	% of hard costs		Design Contingency	\$0	\$0	\$0	(\$113,416)	(\$115,684)	\$0	\$0	\$0	\$0
5.00%	% of hard costs		Construction Contingency	\$0	\$0	\$0	(\$113,416)	(\$115,684)	\$0	\$0	\$0	\$0
0.50%	% of all cost		Performance Bond	\$0	\$0	\$0	(\$11,342)	(\$11,568)	\$0	\$0	\$0	\$0
<u>4.00%</u>	of total hard costs		Legal, Architect & Engineering	\$0	\$0	\$0	(\$90,732)	(\$92,547)	\$0	\$0	\$0	\$0
25.00%			Total Project Soft Costs	(\$53,466)	\$0	\$0	(\$567,079)	(\$578,419)	\$0	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$53,466)	\$0	\$0	(\$567,079)	(\$2,846,729)	(\$2,313,677)	\$0	\$0	\$0
	6.50%	Residual Capitalization Rate										\$7,876,409
	-3.50%	Transaction Fees										(\$275,674)
		Proceeds from Sale										\$7,600,735
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$53,466)	\$0	\$0	(\$568,657)	(\$2,848,339)	(\$2,360,074)	\$187,119	\$489,427	\$7,600,735
	25.00%	Yield Rate		<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>	<u>0.26214</u>	<u>0.20972</u>	<u>0.20972</u>
		Present Value Annual Cash Flows		(\$53,466)	\$0	\$0	(\$291,153)	(\$1,166,680)	(\$773,349)	\$49,052	\$102,640	\$1,593,990
		Net Present Value Cash Flow		(\$538,966)								
		Plus: Present Value of RETX Savings		\$230,000								
		Estimated Market Value		(\$308,966)								
		Rounded		(\$300,000)								

⁴⁰ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS –PARKING STRUCTURE P1 ⁴¹

		Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17
		Term	0	1	2	3	4	5
		CONSTRUCTION						
	380 Spaces	Parking Garage (P1)	0	0	0	0	190	190
	380 Spaces	Total Parking Garage (P1) Constructed	0	0	0	0	190	380
	145 Spaces	Including ST1.2, ST3.2, ST4.1, ST5.1	0	0	0	0	73	72
	145 Spaces	Total ST1.2, ST3.2, ST4.1, ST5.1 Constructed	0	0	0	0	73	145
	231 Spaces	Temporary Parking TP1.2, TP2.2 & TP3.1	0	0	0	0	116	115
	231 Spaces	Total Temporary Parking TP1.2, TP2.2 & TP3.1 Constructed	0	0	0	0	116	231
		HARD COSTS						
		Parking Construction						
	380 (\$22,243) /Space	Parking Garage (P1)	\$0	\$0	\$0	\$0	(\$4,484,924)	(\$4,574,622)
	145 (\$1,448) /Space	Including ST1.2, ST3.2, ST4.1, ST5.1	\$0	\$0	\$0	\$0	(\$112,153)	(\$112,829)
	231 (\$646) /Space	Temporary Parking TP1.2, TP2.2 & TP3.1	\$0	\$0	\$0	\$0	(\$79,553)	(\$80,444)
	525 permanent spaces only	Total Parking Construction	\$0	\$0	\$0	\$0	(\$4,676,630)	(\$4,767,895)
		Total Hard Costs for Project (for RETX Calculation only)	\$0	\$0	\$0	\$0	(\$4,676,630)	(\$9,444,525)
		Project Soft Costs on Parking Construction						
		Pre-Development Soft Costs (Already Expended)	(\$77,960)	\$0	\$0	\$0	\$0	\$0
	8.00% % of hard costs	General Conditions	\$0	\$0	\$0	(\$374,130)	(\$381,432)	\$0
	2.50% % of hard costs	CM Fees	\$0	\$0	\$0	(\$116,916)	(\$119,197)	\$0
	5.00% % of hard costs	Design Contingency	\$0	\$0	\$0	(\$233,832)	(\$238,395)	\$0
	5.00% % of hard costs	Construction Contingency	\$0	\$0	\$0	(\$233,832)	(\$238,395)	\$0
	0.50% % of all cost	Performance Bond	\$0	\$0	\$0	(\$23,383)	(\$23,839)	\$0
	4.00% of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	(\$187,065)	(\$190,716)	\$0
	25.00%	Total Project Soft Costs	(\$77,960)	\$0	\$0	(\$1,169,158)	(\$1,191,974)	\$0
		TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$77,960)	\$0	\$0	(\$1,169,158)	(\$5,868,604)	(\$4,767,895)
		CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$77,960)	\$0	\$0	(\$1,169,158)	(\$5,868,604)	(\$4,767,895)
	25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768
		Present Value Annual Cash Flows	(\$77,960)	\$0	\$0	(\$598,609)	(\$2,403,780)	(\$1,562,344)
		Net Present Value Cash Flow	(\$4,642,693)					
		Rounded	(\$4,600,000)					
		\$/Space	(\$8,762)					

⁴¹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING WITH GROUND FLOOR RETAIL & PARKING GARAGE– BUILDING J⁴²

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22
Term			0	1	2	3	4	5	6	7	8	9	10
CONSTRUCTION													
147,425	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	0	0	73,713	73,712	0	0	0
147,425	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	0	0	73,713	147,425	147,425	147,425	147,425
187	Units	Total Residential Units Constructed	0	0	0	0	0	0	94	187	187	187	187
15,500	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	0	0	7,750	7,750	0	0	0
15,500	Sq. Ft.	Total Commercial Constructed	0	0	0	0	0	0	7,750	15,500	15,500	15,500	15,500
CONSTRUCTION													
128	Spaces	Parking Deck (P3)	0	0	0	0	0	0	64	64	0	0	0
128	Spaces	Total Parking Garage (P3) Constructed	0	0	0	0	0	0	64	128	128	128	128
ABSORPTION													
187	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	0	0	94	187	187
117,940	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	59,285	117,940	117,940
14,725	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	0	7,363	14,725	14,725	14,725
INCOME													
\$1.83	\$21.96 /Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,601,171	\$3,280,887	\$3,379,313
	\$15.00 /Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$131,877	\$271,648	\$279,798	\$288,192
		Potential Gross Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$131,877	\$1,872,819	\$3,560,685	\$3,667,505
	-5%	Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,594)	(\$93,641)	(\$178,034)	(\$183,375)
		EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,283	\$1,779,178	\$3,382,651	\$3,484,130
OPERATING EXPENSES													
		Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	(\$7,292)	(\$7,438)	(\$7,587)	(\$7,739)	(\$7,893)	(\$8,051)
0.02875	(\$6,737) Current Amount of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$240,353)	(\$495,222)	(\$505,126)	(\$515,229)
	-18% of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$23,738)	(\$337,107)	(\$640,923)	(\$660,151)
		TOTAL OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0	(\$7,292)	(\$7,438)	(\$271,678)	(\$840,067)	(\$1,153,942)	(\$1,183,431)
		NET OPERATING INCOME	\$0	\$0	\$0	\$0	\$0	(\$7,292)	(\$7,438)	(\$146,395)	\$939,111	\$2,228,709	\$2,300,699
	-12.5% 1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,485)	(\$17,471)	\$0	\$0
		CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	\$0	\$0	(\$7,292)	(\$7,438)	(\$162,880)	\$921,639	\$2,228,709	\$2,300,699
HARD COSTS													
Building Construction													
147,425	(\$107.74) /Sq. Ft.	Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,768,243)	(\$8,943,487)	\$0	\$0	\$0
15,500	(\$107.74) /Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	\$0	\$0	(\$921,871)	(\$940,309)	\$0	\$0	\$0
162,925	(\$4.54) /Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	(\$408,072)	(\$416,228)	\$0	\$0	\$0
		Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,098,186)	(\$10,300,024)	\$0	\$0	\$0
Parking Construction													
		Parking Deck (P3)	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,083,699)	(\$2,125,373)	\$0	\$0	\$0
		Total Parking Construction	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,083,699)	(\$2,125,373)	\$0	\$0	\$0
		TOTAL CONSTRUCTION HARD COSTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,181,885)	(\$12,425,397)	\$0	\$0	\$0
		<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,098,186)	(\$20,398,210)	(\$20,398,210)	(\$20,398,210)	(\$20,398,210)
		<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,083,699)	(\$4,209,072)	(\$4,209,072)	(\$4,209,072)	(\$4,209,072)
		<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,181,885)	(\$24,607,282)	(\$24,607,282)	(\$24,607,282)	(\$24,607,282)
Project Soft Costs on Building Construction													
		Pre-Development Soft Costs (Already Expended)	(\$237,430)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.0%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	(\$974,551)	(\$994,032)	\$0	\$0	\$0	\$0
2.5%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	(\$304,547)	(\$310,635)	\$0	\$0	\$0	\$0
5.0%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	(\$609,094)	(\$621,270)	\$0	\$0	\$0	\$0
5.0%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	(\$609,094)	(\$621,270)	\$0	\$0	\$0	\$0
0.5%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	(\$60,909)	(\$62,127)	\$0	\$0	\$0	\$0
4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	(\$487,275)	(\$497,016)	\$0	\$0	\$0	\$0
		Total Project Soft Costs	(\$237,430)	\$0	\$0	\$0	\$0	(\$3,045,470)	(\$3,106,350)	\$0	\$0	\$0	\$0
		TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$237,430)	\$0	\$0	\$0	\$0	(\$3,045,470)	(\$15,288,235)	(\$12,425,397)	\$0	\$0	\$0
	6.50%	Residual Capitalization Rate											\$35,395,372
	-3.50%	Transaction Fees											(\$1,238,838)
		Proceeds from Sale											\$34,156,534
		CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$237,430)	\$0	\$0	\$0	\$0	(\$3,052,762)	(\$15,295,673)	(\$12,588,277)	\$921,639	\$2,228,709	\$35,395,372
	25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.13422
		Present Value Annual Cash Flows	(\$237,430)	\$0	\$0	\$0	\$0	(\$1,000,329)	(\$4,009,669)	(\$2,639,953)	\$154,625	\$299,132	\$4,584,412
		Net Present Value Cash Flow	(\$2,849,212)										
		Plus: Present Value of RETX Savings	\$1,120,000										
		Estimated Market Value	(\$1,729,212)										
		Rounded	(\$1,700,000)										

⁴² Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING WITH GROUND FLOOR RETAIL – BUILDING K ⁴³

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22
Term			0	1	2	3	4	5	6	7	8	9	10
CONSTRUCTION													
	55,700	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	0	27,850	27,850	0	0	0
	55,700	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	0	27,850	55,700	55,700	55,700	55,700
	71	Units	Total Residential Units Constructed	0	0	0	0	0	36	71	71	71	71
	11,200	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	0	5,600	5,600	0	0	0
	11,200	Sq. Ft.	Total Commercial Constructed	0	0	0	0	0	5,600	11,200	11,200	11,200	11,200
ABSORPTION													
	71	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	0	36	71	71
44,560	44,560	Sq. Ft.	Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	0	22,594	44,560	44,560
10,640	10,640	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	5,320	10,640	10,640	10,640
INCOME													
\$1.83	\$21.96	/Sq. Ft./Annum	Gross Income - Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$610,219	\$1,239,582	\$1,276,770
	\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$95,285	\$196,288	\$202,177	\$208,242
			Potential Gross Income	\$0	\$0	\$0	\$0	\$0	\$0	\$95,285	\$806,507	\$1,441,759	\$1,485,012
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,764)	(\$40,325)	(\$72,088)	(\$74,251)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$90,521	\$766,182	\$1,369,671	\$1,410,761
OPERATING EXPENSES													
	(\$1,307)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	(\$1,415)	(\$1,443)	(\$1,472)	(\$1,501)	(\$1,531)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,730)	(\$207,544)	(\$211,695)
	-18%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$17,151)	(\$145,171)	(\$259,517)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0	(\$1,415)	(\$1,443)	(\$119,353)	(\$354,217)	(\$472,743)
			NET OPERATING INCOME	\$0	\$0	\$0	\$0	\$0	(\$1,415)	(\$1,443)	(\$28,832)	\$411,965	\$896,928
	-12.5%	1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$11,911)	(\$12,625)	\$0
			CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	\$0	\$0	(\$1,415)	(\$1,443)	(\$40,743)	\$399,340	\$896,928
HARD COSTS													
Building Construction													
	55,700	/Sq. Ft.	Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,301,054)	(\$3,367,075)	\$0	\$0
	11,200	/Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	\$0	\$0	(\$663,767)	(\$677,042)	\$0	\$0
	66,900	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	(\$167,561)	(\$170,912)	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,132,382)	(\$4,215,029)	\$0	\$0
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,132,382)	(\$8,347,411)	(\$8,347,411)	(\$8,347,411)
		(Pkg L & K)	<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$972,944)	(\$1,965,347)	(\$1,965,347)	(\$1,965,347)
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,105,326)	(\$10,312,758)	(\$10,312,758)	(\$10,312,758)
Project Soft Costs on Building Construction													
			Pre-Development Soft Costs (Already Expended)	(\$46,069)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	(\$330,591)	(\$337,202)	\$0	\$0	\$0
	2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	(\$103,310)	(\$105,376)	\$0	\$0	\$0
	5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	(\$206,619)	(\$210,751)	\$0	\$0	\$0
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	(\$206,619)	(\$210,751)	\$0	\$0	\$0
	0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	(\$20,662)	(\$21,075)	\$0	\$0	\$0
	4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	(\$165,295)	(\$168,601)	\$0	\$0	\$0
	25.00%		Total Project Soft Costs	(\$46,069)	\$0	\$0	\$0	\$0	(\$1,033,096)	(\$1,053,756)	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$46,069)	\$0	\$0	\$0	\$0	(\$1,033,096)	(\$5,186,138)	(\$4,215,029)	\$0	\$0
	6.50%	Residual Capitalization Rate											\$14,245,661
	-3.50%	Transaction Fees											(\$498,598)
		Proceeds from Sale											\$13,747,063
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$46,069)	\$0	\$0	\$0	\$0	(\$1,034,511)	(\$5,187,581)	(\$4,255,772)	\$399,340	\$896,928
	25.00%	Yield Rate		1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422
		Present Value Annual Cash Flows		(\$46,069)	\$0	\$0	\$0	\$0	(\$338,988)	(\$1,359,893)	(\$892,500)	\$66,998	\$120,384
		Net Present Value Cash Flow		(\$604,968)									
		Plus: Present Value of RETX Savings		\$470,000									
		Estimated Market Value		(\$134,968)									
		Rounded		(\$100,000)									

⁴³ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – RESIDENTIAL APARTMENT BUILDING & PARKING GARAGE – BUILDING L ⁴⁴

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22
Term			0	1	2	3	4	5	6	7	8	9	10
CONSTRUCTION													
59,600	Sq. Ft.	Residential Rental - Sq. Ft.	0	0	0	0	0	0	29,800	29,800	0	0	0
59,600	Sq. Ft.	Total Residential Rental Constructed	0	0	0	0	0	0	29,800	59,600	59,600	59,600	59,600
76	Units	Total Residential Units Constructed	0	0	0	0	0	0	38	76	76	76	76
CONSTRUCTION													
128	Spaces	Parking Deck (P4)	0	0	0	0	0	0	64	64	0	0	0
128	Spaces	Total Parking Garage (P4) Constructed	0	0	0	0	0	0	64	128	128	128	128
ABSORPTION													
76	Units	Residential Rental Units Absorbed	0	0	0	0	0	0	0	0	38	76	76
47,680	47,680	Sq. Ft. Residential Rental Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	23,840	47,680	47,680
INCOME													
\$1.83	\$21.96	/Sq. Ft./Annum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$643,871	\$1,326,375	\$1,366,166
	-5%	Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$32,194)	(\$66,319)	(\$68,308)
EFFECTIVE GROSS INCOME			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$611,677	\$1,260,056	\$1,297,858
OPERATING EXPENSES													
0.02875	(\$4,040)	Current Amount	\$0	\$0	\$0	\$0	\$0	(\$4,373)	(\$4,460)	(\$4,550)	(\$4,641)	(\$4,734)	(\$4,828)
	70%	of Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$87,715)	(\$180,727)	(\$184,342)	(\$188,029)
	-18%	of PGI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$115,897)	(\$238,748)	(\$245,910)
TOTAL OPERATING EXPENSES			\$0	\$0	\$0	\$0	\$0	(\$4,373)	(\$4,460)	(\$92,264)	(\$301,265)	(\$427,823)	(\$438,767)
NET OPERATING INCOME			\$0	\$0	\$0	\$0	\$0	(\$4,373)	(\$4,460)	(\$92,264)	\$310,412	\$832,233	\$859,091
HARD COSTS													
Building Construction													
Sq. Ft.		Residential Rental	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,561,270)	(\$3,632,495)	\$0	\$0	\$0
59,600	(\$108.24)	/Sq. Ft.	\$0	\$0	\$0	\$0	\$0	\$0	(\$149,277)	(\$152,262)	\$0	\$0	\$0
59,600	(\$4.54)	/Sq. Ft.	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,710,547)	(\$3,784,757)	\$0	\$0	\$0
Total Building Construction			\$0	\$0	\$0	\$0	\$0	\$0	(\$3,710,547)	(\$3,784,757)	\$0	\$0	\$0
Parking Construction													
# of Spaces		Parking Deck (P4)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,708,057)	(\$1,742,218)	\$0	\$0	\$0
128	(\$24,173)	/Space	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,708,057)	(\$1,742,218)	\$0	\$0	\$0
Total Parking Construction			\$0	\$0	\$0	\$0	\$0	\$0	(\$1,708,057)	(\$1,742,218)	\$0	\$0	\$0
TOTAL CONSTRUCTION HARD COSTS			\$0	\$0	\$0	\$0	\$0	\$0	(\$5,418,604)	(\$5,526,975)	\$0	\$0	\$0
Total Hard Costs for Building (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	(\$3,710,547)	(\$7,495,304)	(\$7,495,304)	(\$7,495,304)	(\$7,495,304)
Total Hard Costs for Parking (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	(\$735,113)	(\$1,484,928)	(\$1,484,928)	(\$1,484,928)	(\$1,484,928)
Total Project Hard Costs (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	(\$4,445,660)	(\$8,980,232)	(\$8,980,232)	(\$8,980,232)	(\$8,980,232)
Project Soft Costs on Building Construction													
Pre-Development Soft Costs (Already Expended)			(\$142,373)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	(\$433,488)	(\$442,158)	\$0	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	(\$135,465)	(\$138,174)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	(\$270,930)	(\$276,349)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	(\$270,930)	(\$276,349)	\$0	\$0	\$0	\$0
0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	(\$27,093)	(\$27,635)	\$0	\$0	\$0	\$0
4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	(\$216,744)	(\$221,079)	\$0	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$142,373)	\$0	\$0	\$0	\$0	(\$1,354,650)	(\$1,381,744)	\$0	\$0	\$0	\$0
TOTAL HARD COSTS AND DEVELOPERS COSTS			(\$142,373)	\$0	\$0	\$0	\$0	(\$1,354,650)	(\$6,800,348)	(\$5,526,975)	\$0	\$0	\$0
6.25%													\$13,745,460
-3.50%													(\$481,091)
Proceeds from Sale													\$13,264,369
CASH FLOWS BEFORE DEBT SERVICE & TAXES			(\$142,373)	\$0	\$0	\$0	\$0	(\$1,359,023)	(\$6,804,808)	(\$5,619,239)	\$310,412	\$832,233	
25.00%													
Yield Rate			1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.13422
Present Value Annual Cash Flows			(\$142,373)	\$0	\$0	\$0	\$0	(\$445,325)	(\$1,783,840)	(\$1,178,440)	\$52,079	\$111,700	\$1,780,313
Net Present Value Cash Flow			(\$1,605,886)										
Plus: Present Value of RETX Savings			\$410,000										
Estimated Market Value			(\$1,195,886)										
Rounded			(\$1,200,000)										

⁴⁴ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – STREET PARKING⁴⁵

			10/12 to	10/13 to	10/14 to	10/15 to	10/16 to	10/17 to	10/18 to	10/19 to	10/20 to
		Annual Period	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21
		Term	1	2	3	4	5	6	7	8	9
		CONSTRUCTION									
	79 Spaces	Including ST1.3, ST5.2, ST6.1	0	0	0	0	0	0	0	40	39
	79 Spaces	Total ST1, ST5.2, ST6.1 Constructed	0	0	0	0	0	0	0	40	79
	78 Spaces	Temporary Parking TP5.1	0	0	0	0	0	0	0	39	39
	78 Spaces	Total Temporary Parking TP5.1 Constructed	0	0	0	0	0	0	0	39	78
		HARD COSTS									
		Parking Construction									
	79 (\$810) /Space	Including ST1.3, ST5.2, ST6.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$37,220)	(\$37,015)
	78 (\$842) /Space	Temporary Parking TP5.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$37,725)	(\$38,479)
		Total Parking Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$74,945)	(\$75,494)
		Total Hard Costs for Project (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$74,945)	(\$150,439)
		Project Soft Costs on Parking Construction									
	8.00% % of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,996)	(\$6,040)	\$0
	2.50% % of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,874)	(\$1,887)	\$0
	5.00% % of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,747)	(\$3,775)	\$0
	5.00% % of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,747)	(\$3,775)	\$0
	0.50% % of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	(\$375)	(\$377)	\$0
	4.00% of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,998)	(\$3,020)	\$0
	25.00%	Total Project Soft Costs	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,737)	(\$18,874)	\$0
		TOTAL HARD COSTS AND DEVELOPERS COSTS	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,737)	(\$93,819)	(\$75,494)
		CASH FLOWS BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,737)	(\$93,819)	(\$75,494)
	25.00%	Yield Rate	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422
		Present Value Annual Cash Flows	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,929)	(\$15,740)	(\$10,133)
		Net Present Value Cash Flow	(\$29,802)								
		Rounded	\$0								
		\$/Space	\$0								

⁴⁵ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – STACKED TOWNHOMES FOR SALE – BUILDING M ⁴⁶

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Term			0	1	2	3	4	5	6	7	8	9	10	11
CONSTRUCTION														
	23,200	Sq. Ft.	Stacked Townhomes - Sq. Ft.	0	0	0	0	0	0	0	11,600	11,600	0	0
	23,200	Sq. Ft.	Total Stacked Townhomes Sq. Ft. Constructed	0	0	0	0	0	0	0	11,600	23,200	23,200	23,200
88%	20,300	Sq. Ft.	Total Stacked Townhomes Sellable Area Constructed	0	0	0	0	0	0	0	10,150	20,300	20,300	20,300
	16	Units	Total Stacked Townhomes Constructed	0	0	0	0	0	0	0	8	16	16	16
ABSORPTION														
	16	Units	Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	8	8
	16	Units	Stacked Townhomes Absorbed - Total	0	0	0	0	0	0	0	0	0	8	16
20,300	20,300	Sq. Ft.	Stacked Townhomes Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	10,150	10,150
			Total Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	10,150	20,300
SELL-OUT														
	\$220.00	/Sq. Ft.	Stacked Townhomes Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,913,559	\$3,000,965
	-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$87,407)	(\$90,029)
			NET SELL-OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,826,152	\$2,910,936
HARD COSTS														
Building Construction														
Sq. Ft.	23,200	(\$116.16)	/Sq. Ft.	Stacked Townhomes	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,547,803)	(\$1,578,759)	\$0	\$0
	23,200	(\$2.13)	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	(\$28,328)	(\$28,894)	\$0	\$0
				Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,576,131)	(\$1,607,653)	\$0	\$0
				<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,576,131)	(\$3,183,784)	(\$3,183,784)	(\$3,183,784)
Project Soft Costs on Building Construction														
			Pre-Development Soft Costs (Already Expended)	(\$63,870)	\$0	\$0	\$0	\$0	\$0	\$0				
8.00%	% of hard costs		General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	(\$126,090)	(\$128,612)	\$0	\$0	\$0
2.50%	% of hard costs		CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,403)	(\$40,191)	\$0	\$0	\$0
5.00%	% of hard costs		Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$78,807)	(\$80,383)	\$0	\$0	\$0
5.00%	% of hard costs		Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$78,807)	(\$80,383)	\$0	\$0	\$0
0.50%	% of all cost		Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,881)	(\$8,038)	\$0	\$0	\$0
4.00%	of total hard costs		Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	(\$63,045)	(\$64,306)	\$0	\$0	\$0
25.00%			Total Project Soft Costs	(\$63,870)	\$0	\$0	\$0	\$0	\$0	(\$394,033)	(\$401,913)	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$63,870)	\$0	\$0	\$0	\$0	\$0	(\$394,033)	(\$1,978,044)	(\$1,607,653)	\$0	\$0
	(\$1,812)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,081)	(\$2,123)	(\$2,166)	(\$2,209)	(\$2,253)
0.0287	5	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$31,098)	(\$64,074)	(\$65,355)
				Total Real Estate Taxes - Entire Project	\$0	\$0	\$0	\$0	\$0	(\$2,081)	(\$2,123)	(\$33,263)	(\$66,282)	(\$67,608)
				Real Estate Taxes - Carrying Charges - Unsold Units	\$0	\$0	\$0	\$0	\$0	(\$2,081)	(\$2,123)	(\$33,263)	(\$66,282)	(\$33,804)
				Hard & Soft Costs & Carrying Charges	(\$63,870)	\$0	\$0	\$0	\$0	(\$396,114)	(\$1,980,167)	(\$1,640,916)	(\$66,282)	(\$33,804)
				CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$63,870)	\$0	\$0	\$0	\$0	(\$396,114)	(\$1,980,167)	(\$1,640,916)	\$2,759,870	\$2,877,132
	25.00%	Yield Rate		<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>	<u>0.26214</u>	<u>0.20972</u>	<u>0.16777</u>	<u>0.13422</u>	<u>0.10737</u>
			Present Value Annual Cash Flows	(\$63,870)	\$0	\$0	\$0	\$0	\$0	(\$83,071)	(\$332,217)	(\$220,240)	\$296,339	\$247,144
			Net Present Value Cash Flow	(\$155,915)										
			Rounded	(\$200,000)										

⁴⁶ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – CONDOMINIUM APARTMENT BUILDING FOR SALE – BUILDING N ⁴⁷

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Term			0	1	2	3	4	5	6	7	8	9	10	11
CONSTRUCTION														
37,800	Sq. Ft.	Condominium - Sq. Ft.	0	0	0	0	0	0	0	0	18,900	18,900	0	0
37,800	Sq. Ft.	Total Condominium Sq. Ft. Constructed	0	0	0	0	0	0	0	0	18,900	37,800	37,800	37,800
80%	30,240	Sq. Ft.	Total Condominium Sellable Area Constructed	0	0	0	0	0	0	0	15,120	30,240	30,240	30,240
	28	Units	Total Condominium Units Constructed	0	0	0	0	0	0	0	14	28	28	28
ABSORPTION														
	28	Units	Condominium Units Absorbed	0	0	0	0	0	0	0	0	0	14	14
	28	Units	Condominiums Absorbed - Total	0	0	0	0	0	0	0	0	0	14	28
30,240	30,240	Sq. Ft.	Condominium Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	15,120	15,120
			Total Absorbed	0	0	0	0	0	0	0	0	0	15,120	30,240
SELL-OUT														
\$220.00	/Sq. Ft.	Condominium Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,340,198	\$4,470,403
-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$130,206)	(\$134,112)
NET SELL-OUT			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,209,992	\$4,336,291
HARD COSTS														
Building Construction														
Sq. Ft.			Condominium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,483,642)	(\$2,533,315)	\$0	\$0
37,800	(\$114.40)	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$46,155)	(\$47,078)	\$0	\$0
37,800	(\$2.13)	/Sq. Ft.	Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,529,797)	(\$2,580,393)	\$0	\$0
Total Hard Costs for Building (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,529,797)	(\$5,110,190)	(\$5,110,190)	(\$5,110,190)
Total Hard Costs for Parking (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Hard Costs (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,529,797)	(\$5,110,190)	(\$5,110,190)	(\$5,110,190)
Project Soft Costs on Building Construction														
Pre-Development Soft Costs (Already Expended)			(\$43,110)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$202,384)	(\$206,431)	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$63,245)	(\$64,510)	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$126,490)	(\$129,020)	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$126,490)	(\$129,020)	\$0	\$0	\$0
0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,649)	(\$12,902)	\$0	\$0	\$0
	of total hard													
4.00%	costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$101,192)	(\$103,216)	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$43,110)	\$0	\$0	\$0	\$0	\$0	\$0	(\$632,450)	(\$645,099)	\$0	\$0	\$0
TOTAL HARD COSTS AND DEVELOPERS COSTS			(\$43,110)	\$0	\$0	\$0	\$0	\$0	\$0	(\$632,450)	(\$3,174,896)	(\$2,580,393)	\$0	\$0
	(\$1,223)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,377)	(\$1,405)	(\$1,433)	(\$1,462)	(\$1,491)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,914)	(\$102,843)	(\$104,899)
			Total Real Estate Taxes - Entire Project	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,377)	(\$1,405)	(\$51,347)	(\$104,304)	(\$106,390)
			Real Estate Taxes - Carrying Charges - Unsold Units	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,377)	(\$1,405)	(\$51,347)	(\$104,304)	(\$53,195)
			Hard & Soft Costs & Carrying Charges	(\$43,110)	\$0	\$0	\$0	\$0	\$0	(\$633,827)	(\$3,176,301)	(\$2,631,740)	(\$104,304)	(\$53,195)
CASH FLOWS BEFORE DEBT SERVICE & TAXES			(\$43,110)	\$0	\$0	\$0	\$0	\$0	\$0	(\$633,827)	(\$3,176,301)	(\$2,631,740)	\$4,105,688	\$4,283,096
	25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.10737	0.08590
		Present Value Annual Cash Flows	(\$43,110)	\$0	\$0	\$0	\$0	\$0	\$0	(\$132,923)	(\$532,895)	(\$353,226)	\$440,845	\$367,915
Net Present Value Cash Flow			(\$253,394)											
Rounded			(\$300,000)											

⁴⁷ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – CONDOMINIUM APARTMENT BUILDING FOR SALE WITH GROUND FLOOR RETAIL – BUILDING O ⁴⁸

			Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
			Term	0	1	2	3	4	5	6	7	8	9	10	11	12
			CONSTRUCTION													
	72,000	Sq. Ft.	Condominium - Sq. Ft.	0	0	0	0	0	0	0	0	36,000	36,000	0	0	0
	72,000	Sq. Ft.	Total Condominium Sq. Ft. Constructed	0	0	0	0	0	0	0	0	36,000	72,000	72,000	72,000	72,000
80%	57,600	Sq. Ft.	Total Condominium Sellable Area Constructed	0	0	0	0	0	0	0	0	28,800	57,600	57,600	57,600	57,600
	52	Units	Total Condominium Units Constructed	0	0	0	0	0	0	0	0	26	52	52	52	52
	2,250	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	0	0	0	0	1,125	1,125	0	0	0
	2,250	Sq. Ft.	Total Commercial Constructed	0	0	0	0	0	0	0	0	1,125	2,250	2,250	2,250	2,250
			ABSORPTION													
	52	Units	Condominium Units Absorbed	0	0	0	0	0	0	0	0	0	0	26	26	0
	52	Units	Condominiums Absorbed - Total	0	0	0	0	0	0	0	0	0	0	26	52	52
57,600	57,600	Sq. Ft.	Condominium Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	0	28,800	28,800	0
			Total Absorbed	0	0	0	0	0	0	0	0	0	0	28,800	57,600	57,600
2,138	2,138	Sq. Ft.	Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	0	1,069	2,138	2,138
			SELL-OUT													
	\$220.00	/Sq. Ft.	Condominium Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,267,043	\$8,515,054	\$0
	-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$248,011)	(\$255,452)	\$0
			NET SELL-OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,019,032	\$8,259,602	\$0
			INCOME													
	\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,922	\$43,099	\$44,392
	-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,046)	(\$2,155)	(\$2,220)
			EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,876	\$40,944	\$42,172
			OPERATING EXPENSES													
	(\$2,212)	Current Amount	Real Estate Taxes - Land Portion - Commercial Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$77)	(\$79)	(\$80)	(\$82)	(\$83)
	70%	of Cost	Real Estate Taxes - Building & Parking Portion - Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,190)	(\$6,573)	(\$6,704)	(\$6,838)
	-15%	of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,138)	(\$6,465)	(\$6,659)
			TOTAL OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$77)	(\$3,269)	(\$9,791)	(\$13,251)	(\$13,581)
			NET OPERATING INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$77)	(\$3,269)	\$10,085	\$27,693	\$28,591
			ANNUAL INCOME - SELL-OUT & NOI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75)	(\$77)	(\$3,269)	\$8,029,117	\$8,287,295	\$28,591
			HARD COSTS													
			Building Construction													
Sq. Ft.	72,000	/Sq. Ft.	Condominium	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,085,829)	(\$5,187,545)	\$0	\$0	\$0
	2,250	/Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$158,932)	(\$162,111)	\$0	\$0	\$0
	74,250	/Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$90,661)	(\$92,475)	\$0	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,335,422)	(\$5,442,131)	\$0	\$0	\$0
			Total Hard Costs for Building (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,335,422)	(\$10,777,553)	(\$10,777,553)	(\$10,777,553)	(\$10,777,553)
			Total Hard Costs for Parking (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,335,422)	(\$10,777,553)	(\$10,777,553)	(\$10,777,553)	(\$10,777,553)
	3.0%	of Project	Project Hard Costs - Retained	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$161,679)	(\$326,593)	(\$326,593)	(\$326,593)	(\$326,593)
	97.0%	of Project	Project Hard Costs - Sold Off	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,173,743)	(\$10,450,960)	(\$10,450,960)	(\$10,450,960)	(\$10,450,960)
	100.0%															

⁴⁸ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – CONDOMINIUM APARTMENT BUILDING FOR SALE WITH GROUND FLOOR RETAIL – BUILDING O ⁴⁹

(continued)

Annual Period		Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Term		0	1	2	3	4	5	6	7	8	9	10	11	12
Project Soft Costs on Building Construction														
Pre-Development Soft Costs (Already Expended)		(\$62,537)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	(\$426,834)	(\$435,370)	\$0	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	(\$133,386)	(\$136,053)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$266,771)	(\$272,107)	\$0	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$266,771)	(\$272,107)	\$0	\$0	\$0	\$0
0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	(\$26,677)	(\$27,211)	\$0	\$0	\$0	\$0
of total hard costs														
4.00%	costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	(\$213,417)	(\$217,685)	\$0	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$62,537)	\$0	\$0	\$0	\$0	\$0	(\$1,333,856)	(\$1,360,533)	\$0	\$0	\$0	\$0
TOTAL HARD COSTS AND DEVELOPERS COSTS		(\$62,537)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,333,856)	(\$6,695,955)	(\$5,442,131)	\$0	\$0	\$0
(\$2,212)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$2,644)	(\$2,696)	(\$2,750)
0.02875	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$210,326)	(\$214,532)	(\$218,823)
Total Real Estate Taxes - Entire Project		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$212,969)	(\$217,228)	(\$221,573)
Real Estate Taxes - Carrying Charges - Unsold Units		\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$212,969)	(\$108,614)	\$0
Hard & Soft Costs & Carrying Charges		(\$62,537)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,336,347)	(\$6,698,496)	(\$5,444,723)	(\$212,969)	(\$108,614)	\$0
7.75%	Residual Capitalization Rate													\$368,922
-3.50%	Transaction Fees													(\$12,912)
Proceeds from Sale														\$356,010
CASH FLOWS BEFORE DEBT SERVICE & TAXES		(\$62,537)	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,336,422)	(\$6,698,573)	(\$5,447,992)	\$7,816,148	\$8,178,681	\$30,581
25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.10737	0.08590	0.08590
Present Value Annual Cash Flows		(\$62,537)	\$0	\$0	\$0	\$0	\$0	\$0	(\$280,268)	(\$1,123,834)	(\$731,217)	\$839,253	\$702,543	\$30,581
Net Present Value Cash Flow		(\$625,479)												
Plus: Present Value of RETX Savings		\$10,000												
Estimated Market Value		(\$615,479)												
Rounded		(\$600,000)												

⁴⁹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – CONDOMINIUM APARTMENT BUILDING FOR SALE WITH GROUND FLOOR RETAIL & PARKING GARAGE– BUILDING Q⁵⁰

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24
Term			0	1	2	3	4	5	6	7	8	9	10	11	12
CONSTRUCTION															
38,475	Sq. Ft.	Condominium - Sq. Ft.	0	0	0	0	0	0	0	0	19,238	19,237	0	0	0
38,475	Sq. Ft.	Total Condominium Sq. Ft. Constructed	0	0	0	0	0	0	0	0	19,238	38,475	38,475	38,475	38,475
80%	30,780	Sq. Ft. Total Condominium Sellable Area Constructed	0	0	0	0	0	0	0	0	15,390	30,780	30,780	30,780	30,780
	28	Units Total Condominium Units Constructed	0	0	0	0	0	0	0	0	14	28	28	28	28
4,050	Sq. Ft.	Commercial - Sq. Ft.	0	0	0	0	0	0	0	0	2,025	2,025	0	0	0
4,050	Sq. Ft.	Total Commercial Constructed	0	0	0	0	0	0	0	0	2,025	4,050	4,050	4,050	4,050
CONSTRUCTION															
40	Spaces	Basement Parking	0	0	0	0	0	0	0	0	20	20	0	0	0
40	Spaces	Total Parking Garage (P4) Constructed	0	0	0	0	0	0	0	0	20	40	40	40	40
ABSORPTION															
	28	Units Condominium Units Absorbed	0	0	0	0	0	0	0	0	0	0	14	14	0
	28	Units Condominiums Absorbed - Total	0	0	0	0	0	0	0	0	0	0	14	28	28
30,780	30,780	Sq. Ft. Condominium Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	0	15,390	15,390	0
		Total Absorbed	0	0	0	0	0	0	0	0	0	0	15,390	30,780	30,780
3,848	3,848	Sq. Ft. Commercial Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	1,924	3,848	3,848	3,848
SELL-OUT															
\$220.00	/Sq. Ft.	Condominium Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,417,701	\$4,550,232	\$0
-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$132,531)	(\$136,507)	\$0
		NET SELL-OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,285,170	\$4,413,725	\$0
INCOME															
\$15.00	/Sq. Ft./Annum	Gross Income - Commercial Rental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,559	\$75,312	\$77,571	\$79,898
-5%		Vacancy Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,828)	(\$3,766)	(\$3,879)	(\$3,995)
		EFFECTIVE GROSS INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,731	\$71,546	\$73,692	\$75,903
OPERATING EXPENSES															
(\$2,212)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$237)	(\$242)	(\$247)	(\$252)	(\$257)	(\$262)
0.02875	70% of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,944)	(\$14,308)	(\$14,594)	(\$14,886)
	-18% of PGI	All Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,581)	(\$13,556)	(\$13,963)	(\$14,382)
		TOTAL OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$237)	(\$242)	(\$13,772)	(\$28,116)	(\$28,814)	(\$29,530)
		NET OPERATING INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$237)	(\$242)	\$20,959	\$43,430	\$44,878	\$46,373
	-12.5% 1st Year Income	Less: Leasing Commissions - Commercial Space	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,570)	(\$4,844)	\$0	\$0
		CASH FLOW BEFORE DEBT SERVICE & TAXES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$237)	(\$242)	\$16,389	\$38,586	\$44,878	\$46,373
		ANNUAL INCOME - SELL-OUT & NOI	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$237)	(\$242)	\$16,389	\$4,323,756	\$4,458,603	\$46,373
HARD COSTS															
<u>Sq. Ft.</u>		Building Construction													
38,475	(\$114.99) /Sq. Ft.	Stacked Townhomes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,541,023)	(\$2,591,709)	\$0	\$0	\$0
4,050	(\$114.99) /Sq. Ft.	Commercial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$267,469)	(\$272,819)	\$0	\$0	\$0
42,525	(\$2.13) /Sq. Ft.	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$51,925)	(\$52,962)	\$0	\$0	\$0
		Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,860,417)	(\$2,917,490)	\$0	\$0	\$0

⁵⁰ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – CONDOMINIUM APARTMENT BUILDING FOR SALE WITH GROUND FLOOR RETAIL & PARKING GARAGE– BUILDING Q⁵¹

(continued)

			Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23	10/23 to 9/24	
			Term	0	1	2	3	4	5	6	7	8	9	10	11	12	
# of Spaces			Parking Construction														
40	(\$36,353)	/Space	Basement Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$835,159)	(\$851,862)	\$0	\$0	\$0	
			Total Parking Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$835,159)	(\$851,862)	\$0	\$0	\$0	
			TOTAL CONSTRUCTION HARD COSTS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,695,576)	(\$3,769,352)	\$0	\$0	\$0	
			<i>Total Hard Costs for Building (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,860,417)	(\$5,777,907)	(\$5,777,907)	(\$5,777,907)	(\$5,777,907)	
			<i>Total Hard Costs for Parking (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$835,159)	(\$1,687,021)	(\$1,687,021)	(\$1,687,021)	(\$1,687,021)	
			<i>Total Project Hard Costs (for RETX Calculation only)</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,695,576)	(\$7,464,928)	(\$7,464,928)	(\$7,464,928)	(\$7,464,928)	
	9.5%	of Project	<i>Project Hard Costs - Retained</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$351,960)	(\$710,946)	(\$710,946)	(\$710,946)	(\$710,946)	
	90.5%	of Project	<i>Project Hard Costs - Sold Off</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,343,616)	(\$6,753,982)	(\$6,753,982)	(\$6,753,982)	(\$6,753,982)	
	100.0%																
			Project Soft Costs on Building Construction														
			Pre-Development Soft Costs (Already Expended)	(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$295,646)	(\$301,548)	\$0	\$0	\$0	
	2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$92,389)	(\$94,234)	\$0	\$0	\$0	
	5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$184,779)	(\$188,468)	\$0	\$0	\$0	
	5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$184,779)	(\$188,468)	\$0	\$0	\$0	
	0.50%	% of all cost of total hard costs	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,478)	(\$18,847)	\$0	\$0	\$0	
	4.00%	costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$147,823)	(\$150,774)	\$0	\$0	\$0	
	25.00%		Total Project Soft Costs	(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$923,894)	(\$942,339)	\$0	\$0	\$0	
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$923,894)	(\$4,637,915)	(\$3,769,352)	\$0	\$0	
	(\$2,212)	Current Amount	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$2,644)	(\$2,696)	
	70%	of Cost	Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$135,924)	(\$138,642)	(\$141,415)	
			Total Real Estate Taxes - Entire Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$138,567)	(\$141,339)	
			Real Estate Taxes - Carrying Charges - Unsold Units	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,491)	(\$2,541)	(\$2,592)	(\$138,567)	(\$70,669)	
			Hard & Soft Costs & Carrying Charges	(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$926,385)	(\$4,640,456)	(\$3,771,944)	(\$138,567)	(\$70,669)	
	7.75%	Residual Capitalization Rate														\$598,364	
	-3.50%	Transaction Fees															(\$20,943)
		Proceeds from Sale															\$577,421
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$926,622)	(\$4,640,698)	(\$3,755,555)	\$4,185,189	\$4,387,934	
	25.00%	Yield Rate		<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>	<u>0.26214</u>	<u>0.20972</u>	<u>0.16777</u>	<u>0.13422</u>	<u>0.10737</u>	<u>0.08590</u>	<u>0.08590</u>	
		Present Value Annual Cash Flows		(\$59,495)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$194,327)	(\$778,580)	(\$504,062)	\$449,381	\$376,921	
		Net Present Value Cash Flow		(\$660,562)													
		Plus: Present Value of RETX Savings															
		Estimated Market Value															
		Rounded		(\$600,000)													

⁵¹ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – STACKED TOWNHOMES FOR SALE – BUILDING R ⁵²

Annual Period			Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21	10/21 to 9/22	10/22 to 9/23
Term			0	1	2	3	4	5	6	7	8	9	10	11
CONSTRUCTION														
	11,600	Sq. Ft.	Stacked Townhomes - Sq. Ft.	0	0	0	0	0	0	0	5,800	5,800	0	0
	11,600	Sq. Ft.	Total Stacked Townhomes Sq. Ft. Constructed	0	0	0	0	0	0	0	5,800	11,600	11,600	11,600
88%	10,150	Sq. Ft.	Total Stacked Townhomes Sellable Area Constructed	0	0	0	0	0	0	0	5,075	10,150	10,150	10,150
	8	Units	Total Stacked Townhomes Constructed	0	0	0	0	0	0	0	4	8	8	8
ABSORPTION														
	8	Units	Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	4	4
	8	Units	Stacked Townhomes Absorbed - Total	0	0	0	0	0	0	0	0	0	4	8
10,150	10,150	Sq. Ft.	Stacked Townhomes Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	5,075	5,075
			Total Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	5,075	10,150
SELL-OUT														
	\$220.00	/Sq. Ft.	Stacked Townhomes Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,456,779	\$1,500,483
	-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,703)	(\$45,014)
			NET SELL-OUT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,413,076	\$1,455,469
HARD COSTS														
Building Construction														
	11,600	(\$116.16)	Stacked Townhomes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$773,902)	(\$789,380)	\$0	\$0
	11,600	(\$2.13)	Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,164)	(\$14,447)	\$0	\$0
			Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$788,066)	(\$803,827)	\$0	\$0
			Total Hard Costs for Project (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$788,066)	(\$1,591,893)	(\$1,591,893)	(\$1,591,893)
Project Soft Costs on Building Construction														
			Pre-Development Soft Costs (Already Expended)	(\$25,309)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs		General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	(\$63,045)	(\$64,306)	\$0	\$0	\$0
2.50%	% of hard costs		CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,702)	(\$20,096)	\$0	\$0	\$0
5.00%	% of hard costs		Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,403)	(\$40,191)	\$0	\$0	\$0
5.00%	% of hard costs		Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,403)	(\$40,191)	\$0	\$0	\$0
0.50%	% of all cost		Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,940)	(\$4,019)	\$0	\$0	\$0
4.00%	of total hard costs		Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	(\$31,523)	(\$32,153)	\$0	\$0	\$0
25.00%			Total Project Soft Costs	(\$25,309)	\$0	\$0	\$0	\$0	\$0	(\$197,016)	(\$200,956)	\$0	\$0	\$0
			TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$25,309)	\$0	\$0	\$0	\$0	\$0	(\$197,016)	(\$989,022)	(\$803,827)	\$0	\$0
0.02875	(\$718)	Current Amount of Cost	Real Estate Taxes - Land Portion	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$858)	(\$875)	(\$893)
	70%		Real Estate Taxes - Building & Parking Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$15,549)	(\$32,037)	(\$32,678)
			Total Real Estate Taxes - Entire Project	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$16,407)	(\$32,912)	(\$33,570)
			Real Estate Taxes - Carrying Charges - Unsold Units	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$16,407)	(\$32,912)	(\$16,785)
			Hard & Soft Costs & Carrying Charges	(\$25,309)	\$0	\$0	\$0	\$0	\$0	(\$197,841)	(\$989,863)	(\$820,234)	(\$32,912)	(\$16,785)
			CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$25,309)	\$0	\$0	\$0	\$0	\$0	(\$197,841)	(\$989,863)	(\$820,234)	\$1,380,164	\$1,438,684
	25.00%	Yield Rate		1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.10737
		Present Value Annual Cash Flows		(\$25,309)	\$0	\$0	\$0	\$0	\$0	(\$41,490)	(\$166,071)	(\$110,090)	\$148,194	\$123,582
		Net Present Value Cash Flow Rounded		(\$71,184)										
				(\$100,000)										

⁵² Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – STACKED TOWNHOMES FOR SALE – BUILDING S ⁵³

Annual Period			Pre-Development	10/12 to	10/13 to	10/14 to	10/15 to	10/16 to	10/17 to	10/18 to	10/19 to	10/20 to	10/21 to	10/22 to
Term			0	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22	9/23
CONSTRUCTION														
		Stacked Townhomes - Sq. Ft.	0	0	0	0	0	0	0	0	5,800	5,800	0	0
		Total Stacked Townhomes Sq. Ft. Constructed	0	0	0	0	0	0	0	0	5,800	11,600	11,600	11,600
88%	10,150	Sq. Ft. Total Stacked Townhomes Sellable Area Constructed	0	0	0	0	0	0	0	0	5,075	10,150	10,150	10,150
	8	Units Total Stacked Townhomes Constructed	0	0	0	0	0	0	0	0	4	8	8	8
ABSORPTION														
	8	Units Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	0	4	4
	8	Units Stacked Townhomes Absorbed - Total	0	0	0	0	0	0	0	0	0	0	4	8
10,150	10,150	Sq. Ft. Stacked Townhomes Sq. Ft. Absorbed	0	0	0	0	0	0	0	0	0	0	5,075	5,075
		Total Stacked Townhomes Absorbed	0	0	0	0	0	0	0	0	0	0	5,075	10,150
SELL-OUT														
\$220.00	/Sq. Ft.	Stacked Townhomes Sell-Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,456,779	\$1,500,483
-3%	of Sale Price	Less: Commissions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,703)	(\$45,014)
NET SELL-OUT			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,413,076	\$1,455,469
HARD COSTS														
Building Construction														
<u>Sq. Ft.</u>		Stacked Townhomes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$773,902)	(\$789,380)	\$0	\$0
11,600	(\$116.16)	/Sq. Ft. Average Site Work, Parks & Open Space (inc. Soft Costs)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$14,164)	(\$14,447)	\$0	\$0
11,600	(\$2.13)	/Sq. Ft. Total Building Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$788,066)	(\$803,827)	\$0	\$0
Total Hard Costs for Project (for RETX Calculation only)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$788,066)	(\$1,591,893)	(\$1,591,893)	(\$1,591,893)
Project Soft Costs on Building Construction														
Pre-Development Soft Costs (Already Expended)			(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$63,045)	(\$64,306)	\$0	\$0	\$0
2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,702)	(\$20,096)	\$0	\$0	\$0
5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,403)	(\$40,191)	\$0	\$0	\$0
5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,403)	(\$40,191)	\$0	\$0	\$0
0.50%	% of all cost	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,940)	(\$4,019)	\$0	\$0	\$0
4.00%	of total hard costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$31,523)	(\$32,153)	\$0	\$0	\$0
25.00%		Total Project Soft Costs	(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	(\$197,016)	(\$200,956)	\$0	\$0	\$0
TOTAL HARD COSTS AND DEVELOPERS COSTS			(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	(\$197,016)	(\$989,022)	(\$803,827)	\$0	\$0
	(\$718)	Current Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$858)	(\$875)	(\$893)
0.02875	70%	of Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$15,549)	(\$32,037)	(\$32,678)
Real Estate Taxes - Building & Parking Portion			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$16,407)	(\$32,912)
Total Real Estate Taxes - Entire Project			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$16,407)
Real Estate Taxes - Carrying Charges - Unsold Units			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$825)	(\$841)	(\$16,407)
Hard & Soft Costs & Carrying Charges			(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$197,841)	(\$989,863)	(\$820,234)	(\$32,912)
CASH FLOWS BEFORE DEBT SERVICE & TAXES			(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$197,841)	(\$989,863)	(\$820,234)	\$1,380,164
	25.00%	Yield Rate	1.00000	0.80000	0.64000	0.51200	0.40960	0.32768	0.26214	0.20972	0.16777	0.13422	0.10737	0.08590
Present Value Annual Cash Flows			(\$20,205)	\$0	\$0	\$0	\$0	\$0	\$0	(\$41,490)	(\$166,071)	(\$110,090)	\$148,194	\$123,582
Net Present Value Cash Flow			(\$66,080)											
Rounded			(\$100,000)											

⁵³ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

DISCOUNTED CASH FLOW ANALYSIS – TRAIN STATION BUILDING – BUILDING T ⁵⁴

		Annual Period	Pre-Development	10/12 to 9/13	10/13 to 9/14	10/14 to 9/15	10/15 to 9/16	10/16 to 9/17	10/17 to 9/18	10/18 to 9/19	10/19 to 9/20	10/20 to 9/21
		Term	0	1	2	3	4	5	6	7	8	9
		CONSTRUCTION										
600	Sq. Ft.	Train Station	0	0	0	0	0	0	0	0	300	300
600	Sq. Ft.	Total Train Station	0	0	0	0	0	0	0	0	300	600
		HARD COSTS										
		Building Construction										
(\$125.84)	/Sq. Ft.	Train Station	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,365)	(\$44,232)
		Total Hard Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,365)	(\$44,232)
		Total Hard Costs for Project (for RETX Calculation only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$43,365)	(\$87,597)
		Project Soft Costs on Building Construction										
		Pre-Development Soft Costs (Already Expended)	(\$7,799)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.00%	% of hard costs	General Conditions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,469)	(\$3,539)	\$0
2.50%	% of hard costs	CM Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,084)	(\$1,106)	\$0
5.00%	% of hard costs	Design Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,168)	(\$2,212)	\$0
5.00%	% of hard costs	Construction Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,168)	(\$2,212)	\$0
0.50%	% of all cost of total hard costs	Performance Bond	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$217)	(\$221)	\$0
4.00%	costs	Legal, Architect & Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,735)	(\$1,769)	\$0
		Total Project Soft Costs	(\$7,799)	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,841)	(\$11,059)	\$0
		TOTAL HARD COSTS AND DEVELOPERS COSTS	(\$7,799)	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,841)	(\$54,424)	(\$44,232)
		CASH FLOWS BEFORE DEBT SERVICE & TAXES	(\$7,799)	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,841)	(\$54,424)	(\$44,232)
25.00%	Yield Rate		<u>1.00000</u>	<u>0.80000</u>	<u>0.64000</u>	<u>0.51200</u>	<u>0.40960</u>	<u>0.32768</u>	<u>0.26214</u>	<u>0.20972</u>	<u>0.16777</u>	<u>0.13422</u>
		Present Value Annual Cash Flows	(\$7,799)	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,274)	(\$9,131)	(\$5,937)
		Net Present Value Cash Flow	(\$25,141)									
		Rounded	\$0									

⁵⁴ Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

SUMMARY OF DISCOUNTED CASH FLOWS

The following is a summary of the net present value of the cash flows for each of the subject's proposed Buildings A thru T, Parking Structures P1 and P2 and Street Parking, with the resulting overall property value

Net Present Value of Discounted Cash Flows

-	<u>Type of Development</u>	<u>Net Present Value</u>
Phase 1		
Building A	Rental Apartment	(\$ 1,700,000)
Building B	Rental Apartment w/ Ground Floor Retail	(\$ 3,100,000)
Building C	Hotel	(\$ 7,300,000)
P2	Structured Parking Garage	(\$ 6,600,000)
Phase 2		
Building E	Rental Apartment w/ Ground Floor Retail	(\$ 500,000)
Building F	Office Building	(\$ 4,500,000)
Building G	Rental Apartment	(\$ 300,000)
Building H	Rental Apartment w/ Ground Floor Retail	(\$ 400,000)
Building I	Rental Apartment w/ Ground Floor Retail	(\$ 300,000)
P1	Structured Parking Garage	(\$ 4,600,000)
Phase 2		
Building J w/ Parking Garage	Rental Apartment w/ Ground Floor Retail	(\$ 1,700,000)
Building K	Rental Apartment w/ Ground Floor Retail	(\$ 100,000)
Building L w/ Parking Garage	Rental Apartment w/ Ground Floor Retail	(\$ 1,200,000)
Street Parking		\$ 0
Phase 4		
Building M	Stacked Townhomes	(\$ 200,000)
Building N	Condominium Apartment	(\$ 300,000)
Building O	Condominium Apartment w/ Ground Floor Retail	(\$ 600,000)
Building Q w/ Parking Garage	Condominium Apartment w/ Ground Floor Retail	(\$ 600,000)
Building R	Stacked Townhomes	(\$ 100,000)
Building S	Stacked Townhomes	(\$ 100,000)
Train Station		\$ 0
Market Value of the Fee Simple Estate of the Subject Property		(\$34,200,000)

* Predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

CORRELATION AND VALUE CHOICE

The subject property consists of a 15.0655±-acre parcel land that is available for development subject to the BD Downtown Business zoning district, which permits residential and commercial developments. We have been requested to estimate the market value of the fee simple estate of the subject property under the proposed development model as agreed upon by the seller and the developer, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report.

In appraising the subject property, the three traditional approaches to value were considered: the cost approach, the income capitalization approach and the sales comparison approach.

COST APPROACH

The cost approach is used to estimate the value of land and the depreciated replacement cost of any building improvements on a given site. This approach is most effective when the improvements are new and there are a sufficient number of area land sales from which to form an opinion of value. In valuing the subject property the traditional cost approach was not utilized because the subject consists of vacant land that is available for development. Although the cost approach was not used in this analysis, the construction costs provided by VJ Associates, for use in the land residual model, have been compared to costs utilizing cost estimating manuals. The developer's costs are supported by the *Marshall Valuation Service* cost estimating manual and have been used in the residual land development model of the income capitalization approach.

SALES COMPARISON APPROACH

The major premise of the sales comparison approach is the principle of substitution, which states that an informed and knowledgeable purchaser would pay no more for a property than the cost of acquiring an existing property of similar investment features.

There are no comparable vacant land sales to utilize the sales comparison approach to value the subject property. Recent land sales consist of much smaller parcels of land that are

available for development and do not contain a combination of public requirements and location. Therefore, the sales comparison approach to value is not applicable in estimating the market value of the fee simple estate of the subject property as available for development.

INCOME CAPITALIZATION APPROACH

The income capitalization approach values the future benefits (in the form of steady income) from an income-producing property by measuring the potential net income received. This approach is significant in determining the market value of a property where investors purchase the income-producing real estate for its earning power. For properties such as the subject, market value is primarily determined by the expected income-producing ability of the investment to an investor relative to other investments of similar risk and characteristics.

Under this approach, a residual land development model was created to arrive at a residual land value that appraises the proceeds and costs to be realized through the development of the subject property according to the uses and building characteristics as proposed by the developer and approved in the Unified Downtown Development Plan (UDDP).

The proposed development of the subject property will consist of a 1,164,867±-square-foot new construction project that will comprise 991 residential units, an office building, a 125-room hotel development, and retail uses. The development plan consists of dividing the subject site into four (4) phases to contain twenty (20) buildings, including all the uses available for rent and for sale (residential, hotel, office and retail), as well as two-parking structures, and a train station building. The buildings are identified as Buildings A thru T, and Parking Structures P1 and P2. Building D is not included in this analysis, as it is the McDonald's property that is currently under a swap agreement between the City of Bristol and McDonald's.

Specifically estimated in the residual land development model were the rental rates for the residential apartment units, sale prices for the condominium units, rental rates for the office, retail and hotel developments. The direct operating expenses and carrying costs for all phases of the development were also estimated. Due to the magnitude of the proposed subject

development plan, the developer has proposed the project will be developed in four (4) phases, which is incorporated into this valuation analysis. Each phase consists of a pre-construction period, a construction period and an absorption period. The rental and for sale absorption periods will vary by use. The reversionary value of the rental components is realized subsequent to each building achieving a stabilized occupancy, which will vary between phases and use.

Construction costs were provided by VJ Associates, cost estimators who are familiar with the development of similar types of products. The *Marshall Valuation Service* cost manual was used to determine if these costs were reasonable for the projected developments. The reconciled costs were used in the residual land analysis and deducted as costs against each particular use.

All of the proceeds, expenses and costs were factored into a discounted cash flow (DCF) model, which resulted in the “as is” market value of the fee simple estate of the subject land under the proposed development plan.

Based on the preceding analysis, the market value of the fee simple estate of the subject property, under the approved development plan, using a residual land development model, which results in a residual land value as estimated by the income capitalization approach to value, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report is,

Negative \$34,200,000.00

RECONCILIATION AND FINAL VALUE CHOICE

The strength of the income capitalization approach lies in the fact that it mirrors investor considerations and market conditions. Moreover, it most often provides details of the income stream that a project is able to generate and the value of these cash flows. As a result of the size, characteristics and location of the subject property, there were no comparable sales that provided a reasonable estimate of value. Therefore, sole reliance

was placed on the value indication estimated under the income capitalization approach to value using the residual land development model.

We have estimated that as of October 1, 2012, the market value of the fee simple estate of the subject property, under the approved development plan, using a residual land development model, which results in a residual land value, predicated upon the hypothetical conditions and extraordinary assumptions as defined within the body of this report is:

**NEGATIVE THIRTY-FOUR MILLION TWO HUNDRED THOUSAND DOLLARS
(-\$34,200,000.00)**

QUALIFICATIONS

The firm of Goodman-Marks Associates, Inc., with offices located at 170 Old Country Road, Mineola, New York, and 420 Lexington Avenue, New York, New York, is a licensed real estate broker in the State of New York. Members of the firm are licensed real estate appraisers in the States of New York and New Jersey.

The firm has furnished real estate appraisals to financial institutions for mortgage and sale purposes, and many of these valuation assignments have been performed throughout the country.

The types of assignments that we typically handle encompass all facets of the real estate appraisal/consultation spectrum. These have included office buildings (both urban and suburban), shopping centers (strip, neighborhood and regional mall), freestanding department stores, fast-food buildings, gas stations, apartment houses (both urban and suburban; high-rise and garden type), cooperative and condominium residential housing (to be developed as well as to be converted), mixed-use development, hotels and motels, industrial and warehouse facilities and vacant land. Special types have included banks, auto showrooms, theaters, schools, bowling alleys, golf courses, nursing homes, etc.

Members of the firm have testified as to the value of land and buildings before the Supreme Court of the State of New York, the Court of Claims of New York State and the United States Federal Court.

The above history, the additional personal experience, affiliations, numerous similar properties appraised and education of the appraisers, as outlined on this and the following pages, qualify them as competent to complete this assignment.

MATTHEW J. GUZOWSKI, MAI, PRINCIPAL
GOODMAN-MARKS ASSOCIATES, INC.

GENERAL EXPERIENCE

Over 29 years as a commercial real estate appraiser and consultant

Testified as an expert witness – New York State Supreme Court, New York County
New York State Supreme Court, Queens County
New York State Supreme Court, Kings County
New York State Supreme Court, Nassau County
New York State Supreme Court, Suffolk County
U. S. Bankruptcy Court, Kings County
Civil Court of the City of New York, Kings County
Zoning and Arbitration Testimony, Nassau County

EMPLOYMENT

4/91 to Date: *Goodman-Marks Associates, Inc.*

Principal preparing narrative appraisal reports of income-producing and other properties to determine market valuations. These reports are used for mortgage purposes, settlement of estates, real estate tax certiorari actions and condemnation cases.

1/83 to 4/91: *New York City Economic Development Corporation*
161 William Street
New York, New York

Vice President of appraisal services preparing narrative appraisal reports and reviewing fee appraisals to determine the market value of real estate for disposition, development and lease.

EDUCATION

College: St. John's University
Degree: MBA – Finance
December, 1989

Queens College, C.U.N.Y.
Degree: BA – English
January, 1981

Professional:

Appraisal Institute
Courses successfully completed:

1A1 - Real Estate Appraisal Principles
1A2 - Basic Valuation Procedures
SPP - Standards of Professional Practice
1BA - Capitalization Theory & Techniques - Part A
1BB - Capitalization Theory & Techniques - Part B
2-1 Case Studies in Real Estate Valuation
2-2 Report Writing and Valuation Analysis

Seminars attended:

Arbitration in Real Estate
Real Estate Financial Statement Analysis

MATTHEW J. GUZOWSKI, MAI, PRINCIPAL
GOODMAN-MARKS ASSOCIATES, INC. (continued)

PROFESSIONAL MEMBERSHIP

Appraisal Institute - MAI Designation #10114
Long Island, New York Chapter
Chairman – Admissions Committee, Long Island Chapter, 2000-2006
Chairman – Budget & Finance Committee, Long Island Chapter, 2007
Treasurer – Long Island Chapter, 2007
Secretary – Long Island Chapter, 2008
Vice President – Long Island Chapter, 2009
Senior Vice President – Long Island Chapter, 2010
President – Long Island Chapter, 2011
REBNY – Membership I.D. #49202
Community Bankers Mortgage Forum

GUEST LECTURER New York University – Real Estate Institute

LICENSES
Certified General Real Estate Appraiser
State of New York Certificate #468986
State of New Jersey Certificate #RG01461
State of Connecticut Certificate #RCG0001210
State of New Hampshire Certificate #NHCG-792
New York State Salesperson License #10401205644

***TONIA VAILAS, MAI, SENIOR VICE PRESIDENT
GOODMAN-MARKS ASSOCIATES, INC.***

EMPLOYMENT

12/11 to Present: *Goodman-Marks Associates, Inc.*
Senior Vice President
Senior Vice President preparing narrative appraisal reports of income-producing and other property to determine market valuations. These reports are used for mortgage purposes, settlement of estates, litigation, real estate tax certiorari actions and condemnation cases.

1/09 to 12/11: *Goodman-Marks Associates, Inc.,*
Vice President

10/06 to 12/08: *Goodman-Marks Associates, Inc.*
Assistant Vice President

9/05 to 9/06: *Goodman-Marks Associates, Inc.*
Senior Staff Appraiser

7/03 to 8/05: *Goodman-Marks Associates, Inc.*
Staff Appraiser

EDUCATION

Professional:

Appraisal Institute
Courses successfully completed:
Course 110 – Real Estate Appraisal Principles
Course 120 – Real Estate Appraisal Procedures
Course 410 – Standards of Professional Practice
Course 420 – Business Practices & Ethics
Course AQ1 – Fair Housing, Fair Lending & Environmental Issues
Course 310 – Basic Income Capitalization
Course 320 – General Applications
Course 510 – Advanced Income Capitalization
Course 520 – Highest and Best Use and Market Analysis
Course 530 – Advanced Sales Comparison & Cost Approaches
Course 540 – Report Writing and Valuation Analysis
Course 550 – Advanced Applications

College:

Queens College, Flushing, New York
Bachelor of Arts Degree – May 2003
Major: Economics
Minor: Business and Liberal Arts

Coursework:

Corporate & Intermediate Finance, Economics of the Internet, Introductory Accounting, Critical Thinking in Business, Analytical Problem Solving and Decision Making in Business, Oral Communication in the Workplace

Computer:

Argus, MS Word, Excel, Lotus, Access, PowerPoint, QuickBooks, Internet

PROFESSIONAL MEMBERSHIP

Appraisal Institute - MAI Designation #451838
Long Island, New York Chapter
Member – Special Events Committee, 2008, 2009, 2010
Member – General Liaison, 2010
Co-Chair – Attendance & Scholarship, 2011, 2012
Vice Chair – General Seminars, 2011, 2012

LICENSE

Certified General Real Estate Appraiser
State of New York Certificate #4646406