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FINANCIAL ANALYSIS REPORT

OG File No. 18040042

Flemington Center Urban Renewal, LLC

d/b/a Courthouse Square

Block 22, Lots 4-10, 12-14; Block 23, Lots

1 & 7; Block 24, Lots 1-3, 5

Borough of Flemington

Hunterdon County, New Jersey



PREPARED FOR

Flemington Center Urban Renewal, LLC c/o

McManimon, Scotland & Baumann, LLC

5 Bartles Corner Road

Flemington, New Jersey 08822



OTTEAU GROUP

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August 7, 2018

Flemington Center Urban Renewal, LLC
c/o McManimon, Scotland & Baumann, LLC
5 Bartles Corner Road
Flemington, New Jersey 08822

RE: OG File No. 18040042
Flemington Center Urban Renewal, LLC
d/b/a Courthouse Square
Block 22, Lots 4-10, 12-14; Block 23, Lots 1 & 7; Block 24, Lots 1-3, 5
Borough of Flemington
Hunterdon County, New Jersey

Dear Flemington Center Urban Renewal, LLC:

In accordance with your request, I submit my **financial analysis study** report for the proposed **Downtown Flemington Redevelopment** known as **Courthouse Square**. The purpose of our financial analysis is to provide professional assistance in determining the reasonableness of a proposed financial agreement related to a Payment-in-Lieu of Taxes (PILOT) agreement. The intended use of the report is to provide guidance on drafting a viable development or redevelopment plan which aligns with market demand, is financially viable and fills an unmet need in the local submarket area.

I have inspected the subject site and investigated relevant economic, demographic and real estate market factors within the context of the regional and local market area. This study has been developed and the report has been prepared in accordance with the Code of Professional Ethics (CPE) of the Appraisal Institute and the Standards of Professional Practice (SPP) of the Appraisal Institute.

This study summarizes the various processes employed in developing our conclusions, the relevant data which formed the basis of our analyses, various exhibit documents upon which I have relied and any assumptions upon which my conclusions have been based.

Conclusions: Based upon my investigation and analysis, I have concluded that the redevelopment of the subject property with a PILOT is reasonable based on the analysis in the report. In my opinion, the project could be expected to achieve a reasonable rate of return on investment with a PILOT, without it the project is not financially feasible. Furthermore, the proposed initial PILOT for a project of this scope as well as the incremental increases to the PILOT payments are also reasonable and were utilized in the analysis. As indicated in the PILOT analysis report on pages 69 & 70, the Borough of Flemington will expect to receive approximately an average of \$694,126 annually, or a total of \$20,823,786 over the 30-year period.

I further reviewed other PILOT agreements from other municipalities on similar development projects, which included Belmar Borough, Bordentown City, Elizabeth City, Fanwood Borough, Jersey City, Linden City, Long Branch City, New Brunswick City, West New York Town. The structure of these PILOTs vary greatly, but ultimately are designed to achieve financial feasibility without the developer obtaining above market returns. The typical unlevered return range for a feasible project is from 6.5% to 12%. It is further important note the subject has obtained a Redevelopment Area Bond (RAB), which eliminates any regulation on minimal service charges as percentage of total project costs or a percentage of gross income. Since the subject project is projecting returns rates to the lower end of the scale, this PILOT is successfully achieving financial feasibility and ensuring the borough is not in a disadvantageous position. Without a PILOT, the project does not pass the simple feasibility test until Year 17 of the project and has an unlevered return range of 0.6% to 6.10% over the 35-year period, which is below the acceptable standards.

Respectfully submitted,



Christopher J. Otteau, MAI, AI-GRS
Principal
New Jersey SCGREAs #42RG00219400
New York SCGREAs #46000049674
Pennsylvania SCGREAs #GA003794

CJO/td

Certification of the Consultant

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My 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 study.

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.

Christopher J. Otteau, MAI, AI-GRS has made a personal inspection of the property that is the subject of this report.

I have not performed a prior study, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Connor F. Montferrat has provided research and report writing assistance to the person(s) signing this report.

As of the date of this report, Christopher J. Otteau, MAI, AI-GRS has completed the continuing education requirements for designated Members of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

I have completed the continuing education requirements of my active appraisal license.



Christopher J. Otteau, MAI, AI-GRS
Principal
New Jersey SCGRE #42RG00219400
New York SCGRE #46000049674
Pennsylvania SCGRE #GA003794

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PART I – INTRODUCTION

Executive Summary

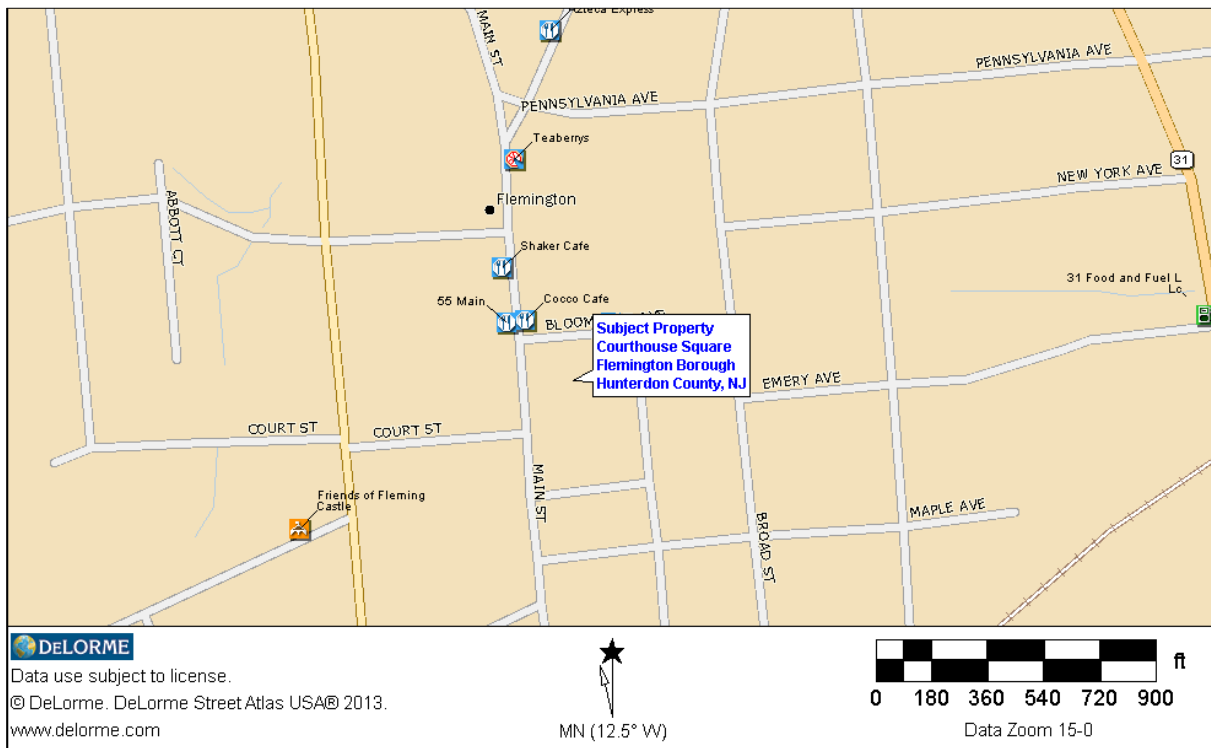
Effective Date of Report:	August 7, 2018
Date of Report:	August 7, 2018
Location:	Main Street, Bloomfield Avenue, Spring Street, & Chorister Place Flemington Borough Hunterdon County New Jersey
Block/Lot:	Block 22, Lots 4-10, 12-14; Block 23, Lots 1 & 7; Block 24, Lots 1-3, 5
Land Area:	4.28 acres / 186,419 square feet
Building Area:	Proposed Mixed-Use Redevelopment
Utilities:	Public Water, Public Sewer, Natural Gas
Current Zoning:	Union Hotel Redevelopment Area DB, Downtown Business Flemington Borough Historic District
Present Use:	Improved Structures
Proposed Use:	Proposed Redevelopment

Property Description: The site which is the subject of this report is a proposed mixed-use development in Flemington Borough, New Jersey, consisting of 222-unit multifamily units, of which 14 units will be affordable housing units. The property will also contain 100-room hotel, 45,000 square feet of educational/medical space, 32,250 square feet of retail space, 4,800 square feet of amenity space, 760 parking spaces, which will include 565 structured parking, 159 podium parking, and 26 surface parking spaces. The property is approximately 4.92 acres, or 186,419 square feet, located along Main Street, Bloomfield Avenue, Chorister Place and Spring Street in the Union Hotel Redevelopment Area. Presently, the subject property consists of several structures and a parking lot. Several buildings will be razed while the exteriors of the Union Hotel and Bank Building will be preserved to facilitate the redevelopment of the site.

Conclusions: Based upon my investigation and analysis, I have concluded that the redevelopment of the subject property with a PILOT is reasonable based on the analysis in the report. In my opinion, the project could be expected to achieve a reasonable rate of return on investment with a PILOT, without it the project is not financially feasible. Furthermore, the proposed initial PILOT for a project of this scope as well as the incremental increases to the PILOT payments are also reasonable and were utilized in the analysis. As indicated in the PILOT analysis report on pages 69 & 70, the Borough of Flemington will expect to receive approximately an average of \$694,126 annually, or a total of \$20,823,786 over the 30-year period.

The consultant also reviewed other PILOT agreements from other municipalities on similar development projects, which included Belmar Borough, Bordentown City, Elizabeth City, Fanwood Borough, Jersey City, Linden City, Long Branch City, New Brunswick City, West New York Town. The structure of these pilots vary greatly, but ultimately are designed to achieve financial feasibility without the developer obtaining above market returns. The typical unlevered return range for a feasible project is from 6.5% to 12%. Since the subject project is projecting returns rates to the lower end of the scale, this pilot is successfully achieving financial feasibility and ensuring the borough is not in a disadvantageous position. It is further important note the subject has obtained a Redevelopment Area Bond (RAB), which eliminates any regulation on minimal service charges as percentage of total project costs or a percentage of gross income. Without a PILOT, the project does not pass the simple feasibility test until Year 17 of the project and has an unlevered return range of 0.6% to 6.10% over the 35-year period, which is below the acceptable standards.

Subject Property Location Map



Date of Study

The effective date of the market study is **August 7, 2018**, which establishes the context for the analysis in terms of economic, demographic and real estate market conditions. The date of this market study report is **August 7, 2018**, which identifies when the analyses and report were prepared.

Identification of Property

The subject property is commonly known as Courthouse Square, Block 22, Lots 4-10, 12-14; Block 23, Lots 1 & 7; Block 24, Lots 1-3, 5, Borough of Flemington, Hunterdon County, New Jersey. The subject property is located along Main Street, Bloomfield Avenue, Spring Street, and Chorister Place.

The current owner of the records are as follows:

Address	Block	Lot	Owner Name
24 Bloomfield Avenue	18	17	Flemington Fur Company, LLC
26 Bloomfield Avenue	18	18	56 Main Street LLC
28 Bloomfield Avenue	18	19	Flemington Fur Company
70-74 Main Street	22	4	Flemington Union Hotel, LLC
80 Main Street	22	5	Flemington Revitalization
82 Main Street	22	6	Tweed Group LLC
90 Main St	22	7/X	Flemington Borough
96 Main St	22	7/C	Flemington Borough
104 Main St	22	8	Flemington Borough
6 Chorister Pl	22	9	Flemington Borough
19 Spring St	22	10	Flemington Borough
7 Spring Street	22	12	Flemington Revitalization
23 Bloomfield Avenue	22	13	Flemington Fur Company, LLC
21 Bloomfield Avenue	22	14	Flemington Fur Company, LLC
2 Spring Street	24	1	Flemington Fur Company, LLC
8 Spring Street	24	2	Flemington Fur Company, LLC
12 Spring Street	24	5	Flemington Fur Company, LLC

Purpose & Intended Use of the Study

The purpose of our financial analysis is to provide professional assistance in determining the reasonableness of a proposed financial agreement related to a Payment-in-Lieu of Taxes (PILOT) agreement. The intended use of the study is to provide guidance on drafting a viable development or redevelopment plan which aligns with market demand, is financially viable and fills an unmet need in the local submarket area.

Intended User of the Study

The intended user of the study is the client, **Flemington Center Urban Renewal, LLC c/o McManimon, Scotland & Baumann, LLC**, and **the Borough of Flemington**, which will be a third-party beneficiary to this agreement. Any reliance upon this report by anyone other than the client is unintended.

Scope of Work

The scope of work in developing this study included the following:

1. Scope of Work Determination: Identification of the study area, purpose and intended use of the study. The scope of work was determined by Borough of Flemington.
2. Document Review: Reviewed various documents that relate to the subject property that was provided by the client including but not limited to legal descriptions, surveys, municipal zoning and tax maps, financial agreement, deed, conceptual site plans and conceptual program mix.
3. Research & Verification: Collection of facts information and data points including but not limited to economic conditions, demographic trends, land use controls, existing infrastructure, real estate market data and other pertinent factors which are relevant to the assignment. Data sources include US Census Bureau, Bureau of Labor Statistics, Federal Reserve Bank(s), Environics Analytics, GIS and geographical mapping, municipal zoning ordinances, public records, recorded deeds, various national, local and regional subscribed information services, real estate brokers, property managers, the Internet and records maintained in the files of Otteau Group, Inc. Connor F. Montferrat has provided research assistance to the person(s) signing this report.
4. Market Analytics: The application of applicable analytical techniques to identify development use types which are suitable to the subject property and viable within the study area.
5. Performance Projections: The application of applicable analytical techniques to develop bulk quantities, performance projections and design guidelines for the project.
6. Other PILOTs: Included in the scope of work, the consultant reviewed pilot programs from other municipalities on similar development projects, which included Belmar Borough, Bordentown City, Elizabeth City, Fanwood Borough, Jersey City, Linden City, Long Branch City, New Brunswick City, West New York Town. The structure of these pilots vary greatly, but ultimately are designed to achieve financial feasibility without the developer obtaining above market returns. The typical unlevered return range for a feasible project is from 6.5% to 12%. Since the subject project is projecting returns rates to the lower end of the scale, this pilot is successfully achieving financial feasibility and ensuring the borough is not in a disadvantageous position. It is further important note the subject has obtained a Redevelopment Area Bond (RAB), which eliminates any regulation on minimal service charges as percentage of total project costs or a percentage of gross income.

The results of our study analysis are presented in this report which “summarizes” the study process, methodology and conclusions. Additional supporting documentation has therefore been retained in our work file.

PART II – FACTUAL DESCRIPTIONS

Tax and Assessment Analysis

According to the official records of the Hunterdon County Board of Taxation, the subject property is legally described as the following:

2017 Assessments:

Address	Block	Lot	Owner Name	Land Value	Improvement Value	Total Value	Tax Rate	2017 Taxes	EQ Ratio	EQ Tax Value
24 Bloomfield Avenue	18	17	Flemington Fur Company, LLC	\$114,200	\$11,300	\$125,500	\$3.246	\$4,073.73	98.76%	\$127,075.74
26 Bloomfield Avenue	18	18	56 Main Street LLC	\$120,100	\$13,400	\$133,500	\$3.246	\$4,333.41	98.76%	\$135,176.18
28 Bloomfield Avenue	18	19	Flemington Fur Company	\$124,700	\$142,600	\$267,300	\$3.086	\$8,248.88	98.76%	\$270,656.14
70-74 Main Street	22	4	Flemington Union Hotel, LLC	\$480,000	\$245,000	\$725,000	\$3.246	\$23,533.50	98.76%	\$734,102.88
80 Main Street	22	5	Flemington Revitalization	\$360,000	\$365,000	\$725,000	\$3.246	\$23,533.50	98.76%	\$734,102.88
82 Main Street	22	6	Tweed Group LLC	\$385,000	\$500,000	\$885,000	\$3.246	\$28,727.10	98.76%	\$896,111.79
90 Main St	22	7/X	Flemington Borough	\$485,000	\$220,000	\$705,000	\$0.000	\$0.00	98.76%	\$713,851.76
96 Main St	22	7/CI	Flemington Borough	\$25,000	\$40,000	\$65,000	\$0.000	\$0.00	98.76%	\$65,816.12
104 Main St	22	8	Flemington Borough	\$92,600	\$7,100	\$99,700	\$0.000	\$0.00	98.76%	\$100,951.80
6 Chorister Pl	22	9	Flemington Borough	\$86,000	\$100	\$86,100	\$0.000	\$0.00	98.76%	\$87,181.04
19 Spring St	22	10	Flemington Borough	\$80,500	\$100	\$80,600	\$0.000	\$0.00	98.76%	\$81,611.99
7 Spring Street	22	12	Flemington Revitalization	\$82,300	\$0	\$82,300	\$3.086	\$2,539.78	98.76%	\$83,333.33
23 Bloomfield Avenue	22	13	Flemington Fur Company, LLC	\$118,000	\$116,900	\$234,900	\$3.086	\$7,249.01	98.76%	\$237,849.33
21 Bloomfield Avenue	22	14	Flemington Fur Company, LLC	\$292,200	\$362,800	\$655,000	\$3.246	\$21,261.30	98.76%	\$663,223.98
2 Spring Street	24	1	Flemington Fur Company, LLC	\$158,200	\$354,800	\$513,000	\$3.246	\$16,651.98	98.76%	\$519,441.07
8 Spring Street	24	2	Flemington Fur Company, LLC	\$273,300	\$1,001,700	\$1,275,000	\$3.246	\$41,386.50	98.76%	\$1,291,008.51
12 Spring Street	24	5	Flemington Fur Company, LLC	\$29,500	\$0	\$29,500	\$3.086	\$910.37	98.76%	\$29,870.39
Total				\$3,306,600	\$3,380,800	\$6,687,400		\$182,449.06		\$6,771,364.93

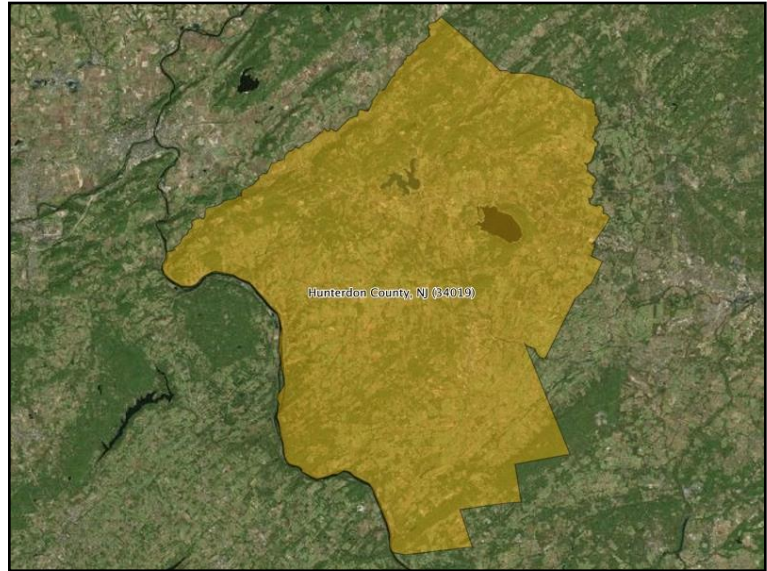
Utilizing the 2017 equalization ratio of 98.76%, the equalized tax value for the subject property was \$6,771,364.93. Based on the value estimate contained within this analysis, current assessments appear reasonable.

Tax Entity	\$	%
County	\$ 0.312	10%
County Library	\$ -	0%
County Open Space	\$ 0.031	1%
District School	\$ 1.351	44%
Regional School	\$ 0.435	14%
Municipal Purpose	\$ 0.924	30%
Municipal Open Space	\$ -	0%
Municipal Library	\$ 0.033	1%
Total General Tax Rate	\$ 3.086	100%
Business Improvement District	\$ 0.160	-
Total w/ BID	\$ 3.246	-

Given the scope of work in this assignment we have utilized the rate of \$3.246 for the analysis of projected taxes after the transfer of ownership of the remaining parcels. This rate includes the downtown business improvement district (BID) rate. The land value only projected taxes would be \$107,332.24, with an equalized 100% value for 2018 of \$3,306,600.

Area Analysis

The subject property is located within Hunterdon County, which is located on the western boundary of New Jersey. Hunterdon County is contiguous to Warren and Morris counties to the north, Somerset County to the east, Mercer County to the south and the Delaware River and Commonwealth of Pennsylvania on the west. Hunterdon County generally consists of small towns, villages and individual homes scattered amidst rolling farmland and foothills.



Many important roads pass through the county. They include state routes, such as Route 12, Route 29, Route 31, Route 165, Route 173 and Route 179. Two U.S. Routes that pass through are U.S. Route 22 and U.S. Route 202. The only limited access road that passes through is Interstate 78. Rail service to the northern part of the county from Newark Penn Station is provided to High Bridge, Annandale, Lebanon and Whitehouse Station by New Jersey Transit's Raritan Valley Line.

According to the Greater Raritan Workforce Development Board, the largest employer in Hunterdon County is Hunterdon Healthcare employing more than 1,000 people. Other major employers in the county with 500-2,499 employees include Foster Wheeler, Chubb Group and Johanna Foods. Also noteworthy, is that there are 2,479 state government employees located in Hunterdon County.

Population growth in Hunterdon County has declined over the past eight years (-3.48%), while the state saw an increase of 2.01%. Also noteworthy, is that the age of Hunterdon County resident's is greater than New Jersey overall, with a median age of 46.58 years, compared to 40.13 statewide.

POPULATION FACTS & TRENDS				
Population	Hunterdon County		New Jersey	
	%		%	
	121,993		8,414,361	
	128,349		8,791,894	
	123,886		8,968,348	
	5.21		4.49	
	-3.48		2.01	
	46.58		40.13	
	43.00		40.10	

Source: US Census Bureau; Environics Analytics; Otteau Group, Inc.

Consistent with the decline in population growth, household formation in Hunterdon County has also declined (-1.41%) since 2010. Approximately 65.11% of county households have no children under the age of 18 living at home, which is consistent with the statewide factor.

HOUSEHOLD FACTS & TRENDS				
Households	Hunterdon County		New Jersey	
		%		%
2000 Estimate	43,679		3,064,642	
2010 Census	47,169		3,214,360	
2018 Census	46,503		3,283,467	
Growth 2000 - 2010		7.99		4.88
Growth 2010 - 2018		-1.41		2.15
Households with 1 or More People under Age 18:	16,224	34.89	1,147,467	34.95
Households with No People under Age 18:	30,279	65.11	2,136,000	65.05
2018 Est. Households by Number of Vehicles	270,283		3,283,467	
No Vehicles	1,863	4.01	369,693	11.26
2018 Est. Households by Household Size	46,503		3,283,467	
1-person	10,724	23.06	840,588	25.60
2-person	15,669	33.70	969,133	29.52
3-person	8,106	17.43	574,259	17.49
4-person	7,743	16.65	504,518	15.37
5-person	3,060	6.58	238,090	7.25
6-person	882	1.90	92,912	2.83
7-or-more-person	319	0.69	63,967	1.95
2018 Est. Average Household Size	2.59		2.67	

Source: US Census Bureau; Environics Analytics; Otteau Group, Inc.

In terms of education attainment, approximately 50% of the county residents have a bachelor's degree or higher, which is greater than statewide figures. On average residents in the county have a 36-minute commute to work compared to the statewide average of 34 minutes.

EDUCATION & EMPLOYMENT				
	Hunterdon County		New Jersey	
		%		%
2018 Est. Pop Age 25+ by Edu. Attainment	88,132		6,198,293	
Bachelor's Degree	27,242	30.91	1,435,321	23.16
Master's Degree	11,813	13.40	638,910	10.31
Professional School Degree	2,441	2.77	150,864	2.43
Doctorate Degree	2,218	2.52	92,496	1.49
2018 Est. Pop 16+ by Occupation Classification	66,988		4,366,606	
White Collar	49,843	74.41	2,857,215	65.43
Blue Collar	7,765	11.59	769,006	17.61
Service and Farm	9,380	14.00	740,385	16.96
2018 Est. Workers Age 16+ by Transp. to Work	65,404		4,274,982	
Drove Alone	53,814	82.28	3,071,466	71.85
Car Pooled	3,573	5.46	326,508	7.64
Public Transportation	1,403	2.15	488,241	11.42
Walked	1,160	1.77	135,928	3.18
Bicycle	117	0.18	13,930	0.33
Other Means	343	0.52	64,012	1.50
Worked at Home	4,994	7.64	174,897	4.09
2018 Est. Avg Travel Time to Work in Minutes	36.00		34.00	
2018 Est. Average Number of Vehicles	2.20		1.70	

Source: US Census Bureau; Environics Analytics; Otteau Group, Inc.

Household income in Hunterdon County is greater than statewide figures, with an average household income of \$156,231, and median of \$111,405.

INCOME				
	Hunterdon County		New Jersey	
		%		%
2018 Est. Households by HH Income	46,503		3,283,467	
Income < \$15,000	2,281	4.91	282,134	8.59
Income \$15,000 - \$24,999	2,284	4.91	247,013	7.52
Income \$25,000 - \$34,999	1,964	4.22	235,878	7.18
Income \$35,000 - \$49,999	3,017	6.49	334,600	10.19
Income \$50,000 - \$74,999	5,999	12.90	489,727	14.91
Income \$75,000 - \$99,999	5,255	11.30	394,820	12.02
Income \$100,000 - \$124,999	5,219	11.22	327,067	9.96
Income \$125,000 - \$149,999	4,058	8.73	247,394	7.54
Income \$150,000 - \$199,999	5,812	12.50	297,768	9.07
Income \$200,000 - \$249,999	2,939	6.32	145,948	4.45
Income \$250,000 - \$499,999	4,395	9.45	177,176	5.40
Income \$500,000+	3,280	7.05	103,942	3.17
2018 Est. Average Household Income	\$156,231		\$112,273	
2018 Est. Median Household Income	\$111,405		\$78,026	
2018 Est. Families by Poverty Status	33,876		2,268,374	
2018 Families at or Above Poverty	32,905	97.13	2,084,580	91.90
2018 Families at or Above Poverty with Children	14,392	42.48	953,814	42.05
2018 Families Below Poverty	971	2.87	183,794	8.10
2018 Families Below Poverty with Children	657	1.94	139,468	6.15

Source: US Census Bureau; Environics Analytics; Otteau Group, Inc.

The median home price in Hunterdon County is \$412,407, which is 24% greater than the statewide median of \$333,253. The majority of the homes in the county are single family detached (74.98%), with an average age of 41 years.

HOUSING				
	Hunterdon County		New Jersey	
		%		%
2018 Est. Occupied Housing Units by Tenure	46,503		3,283,467	
Owner Occupied	39,037	83.94	2,132,497	64.95
Renter Occupied	7,466	16.05	1,150,970	35.05
2018 Owner Occ. HUs: Avg. Length of Residence	18		18	
2018 Renter Occ. HUs: Avg. Length of Residence	7		7	
2018 Est. Median All Owner-Occupied Housing Value	\$412,407		\$333,253	
2018 Est. Housing Units by Units in Structure	49,544		3,654,659	
1 Unit Attached	4,753	9.59	340,301	9.31
1 Unit Detached	37,150	74.98	1,946,394	53.26
2018 Est. Median Year Structure Built	1977		1968	

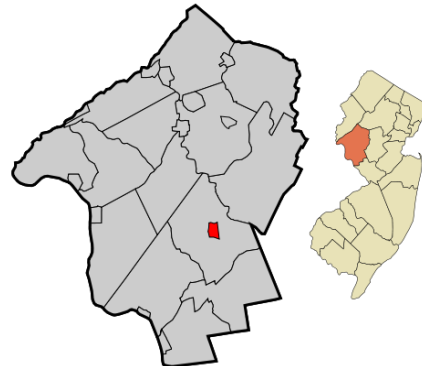
Source: US Census Bureau; Environics Analytics; Otteau Group, Inc.

U.S. Census Information: The subject property is

located within **Flemington**, a borough in Hunterdon County, New Jersey, United States. The borough has a total area of 1.077 square miles, all of which was land.

As of the 2010 United States Census, the borough's population was 4,581, reflecting an increase of 381 from the 4,200 counted in the 2000 Census, which had in turn increased by 153 from the 4,047 counted in the

1990 Census. The 2016 estimate is 4,621. Flemington is an independent municipality located entirely surrounded Raritan Township and is located near the geographic center of the township. It is the county seat of Hunterdon County. Most of the borough is in the Amwell Valley (a low-lying area of the Newark Basin), but northwest portions of the borough sit on the Hunterdon Plateau.



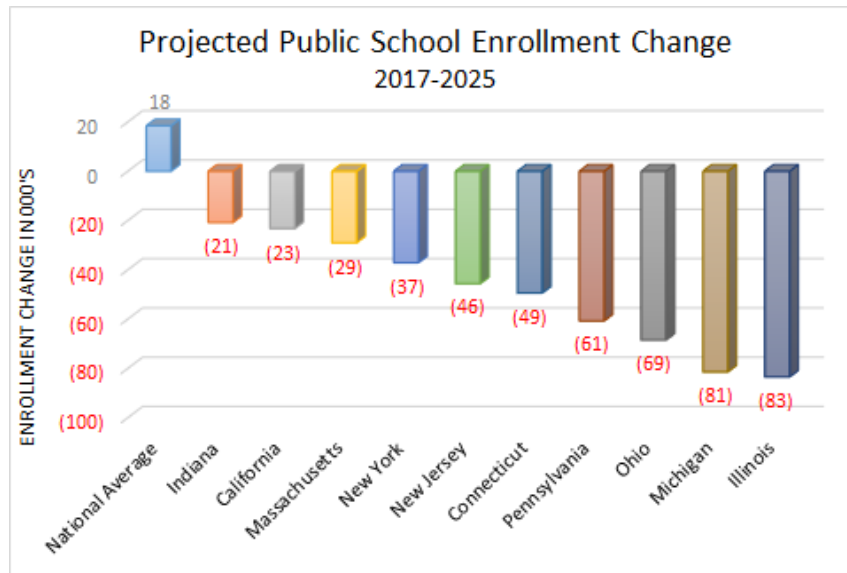
At the 2010 United States Census, there were 4,581 people, 1,815 households, and 996.4 families residing in the borough. The population density was 4,252.2 per square mile. There were 1,926 housing units at an average density of 1,787.8 per square mile. There were 1,815 households, of which 28.5% had children under the age of 18 living with them, 37.6% were married couples living together, 11.5% had a female householder with no husband present, and 45.1% were non-families. 37.1% of all households were made up of individuals, and 12.5% had

someone living alone who was 65 years of age or older. The average household size was 2.44 and the average family size was 3.20. In the borough, 22.3% of the population were under the age of 18, 9.1% from 18 to 24, 33.9% from 25 to 44, 24.3% from 45 to 64, and 10.3% who were 65 years of age or older. The median age was 35.3 years.

The Census Bureau's 2006-2010 American Community Survey showed that median household income was \$54,261 and the median family income was \$66,042. Males had a median income of \$45,934 versus \$47,917 for females. The per capita income for the borough was \$31,407. About 14.0% of families and 16.1% of the population were below the poverty line, including 30.0% of those under age 18 and 8.9% of those age 65 or over.

Education: Students in public school for pre-Kindergarten through eighth grade attend the Flemington-Raritan Regional School District, which also serves children from the neighboring community of Raritan Township. Schools in the district are four elementary schools — Barley Sheaf School - Flemington; Copper Hill School- Ringoes; Francis A. Desmares School- Flemington; and Robert Hunter School- Flemington — Reading-Fleming Intermediate School in Flemington and J. P. Case Middle School – Flemington. Public school students in ninth through twelfth grades attend Hunterdon Central Regional High School, part of the Hunterdon Central Regional High School District, which serves students in central Hunterdon County from Flemington and from Delaware Township, East Amwell Township, Raritan Township and Readington Township. High school students from Flemington, and from all of Hunterdon County, may also attend Hunterdon County Polytech Career Academy, a county-wide vocational school that offers career and technical education at two campuses in Raritan Township, New Jersey.

A 2017 report from the National Center for Education Statistics titled Projections of Education Statistics to 2025 – 44th Edition, which projects that New Jersey will experience the 6th highest decline in public school enrollment in the nation with a decline of 46,000 students from 2017-2025.



Source: US Department of Education

And there is evidence that these trends are beginning to affect the Flemington-Raritan Regional School District as well, where public school enrollment declined it's peak of 3,625 for the 2010-2011 school year to 3,055 for the current 2017-2018 school year. This reflects a decline of 570 students (grades Pre-K-12th), or an annual decline of 1.6%.

Flemington-Raritan Regional Public Schools Enrollment Totals	
2010-2011	3,625
2017-2018	3,055
Decline (# students)	-570
Decline (%)	-15.7%

Source: NJ Dept. of Education

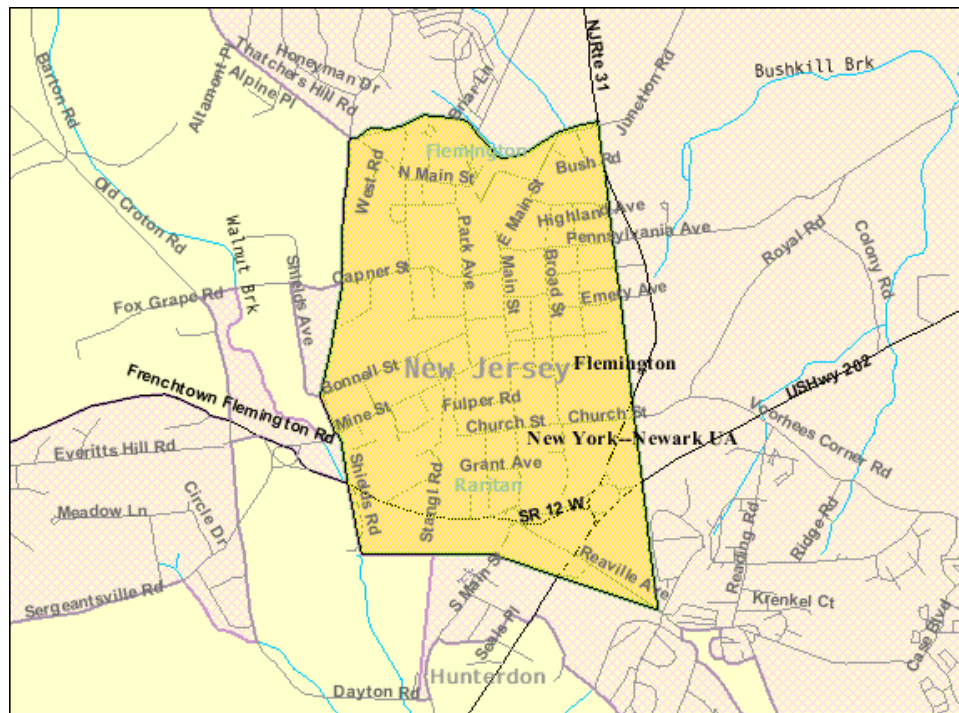
Public Transportation: As of May 2010, the borough had a total of 13.85 miles of roadways, of which 12.09 miles were maintained by the municipality, 0.17 miles by Hunterdon County and 1.59 miles by the New Jersey Department of Transportation. Flemington Circle is the largest of three traffic circles in the environs of Flemington and sits just to the southeast of Flemington's historic downtown. U.S. Route 202 and New Jersey Route 31 approach the circle separately from the north and continue south concurrently, and the circle is the eastern terminus of Route 12. It is one of only a handful of New Jersey's once-widespread traffic circles still extant according to its original design. The circle sees significant congestion on weekends because of the new developments and big-box retailers. Unlike most circles, traffic on US 202 does not

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yield on entry; US 202, being a main four-lane divided highway, gets the right of way. Two other traffic circles exist on Route 12 just west of the Flemington Circle. Both handle a much smaller volume of traffic; the first one, at South Main Street, named the Main Street Circle (old Route 31), is also in Flemington, and the other, at Flemington Road / Route 523 (old Route 12) and Mine Street, is in Raritan Township. This circle is known informally amongst residents as Dvoor Circle after the historic farm that surrounded parts of it. Route 12 traffic has the right of way in both of these circles, just as US 202 does in Flemington Circle.

Trans-Bridge Lines provides frequent daily bus service, west to Doylestown / Bethlehem, Pennsylvania and east to Newark Liberty International Airport, the Port Authority Bus Terminal in Midtown Manhattan and John F. Kennedy International Airport. Local routes are provided by Hunterdon County's "Flemington Shuffle" bus service, as well the Cross County Service, which offers demand-response service to all municipalities in Hunterdon County.



Neighborhood Analysis

The neighborhood is bound by Raritan Township to the north, Readington Township to the east, East Amwell Township to the south and Frenchtown Borough to the west. The subject property's neighborhood area is given over to retail, office, healthcare, residential, and public uses, which enhances its appeal.. The subject property's neighborhood is situated in the center of Flemington which is also near the Hunterdon Medical Center, HeathQuest Fitness, the Hunterdon Central High School and Hunterdon Medical. The commercial uses along Route 31, US Route 202, and Route 12 include Costco, BJ's Wholesale, the Flemington Mall, the Shoppes at Flemington, the Hunterdon Shopping Center, the Flemington Circle Shopping Center, the Flemington Department Store. Recently the New Jersey Department of Transportation reconfigured the Routes 12 & 31, and Route 202 Flemington Circle for to allow for easier traffic flow and safety. This will further improve safety, as well as a steadier traffic flow along Route 31 to the benefit of the subject property.

The subject property's proposed use is considered well suited for its neighborhood location. The properties in this neighborhood area are serviced by the availability of electricity, telephones, municipal water, municipal sewerage and natural gas lines. The costs to property owners for these utilities are competitive with those of surrounding communities.

The four stages of a neighborhood area's life cycle when analyzing the growth rate are as follows:

- Growth – period during which the market gains public favor and acceptance
- Stability – period of equilibrium without marked gains or losses
- Decline – period of diminishing demand
- Revitalization – period of renewal, redevelopment, modernization, and increasing demand

The subject property's neighborhood is considered to be in the Revitalization stage.

Zoning & Land Use Regulations

The subject property is located within the **Union Hotel Redevelopment Area** zoning district of the subject municipality. The Redevelopment Plan provides the policy and regulation for a revitalized downtown Flemington. The Redevelopment Area is envisioned as a mixed-use commercial place that includes a hotel, retail businesses, restaurants and multi-family residential uses within a vibrant and socially engaging atmosphere.

The following are mandatory uses within this zoning district:

1. Hotel with not less than 50 hotel rooms, and associated hotel operations. Hotel operations may include, but may not be limited to, a lobby, office, lounge, fitness facility, conference space, etc.
2. Multi-family and townhouse residential units of not less than 200 units.
3. Affordable housing, not less than 5% of the total housing units or 14 units, whichever is greater.
4. Affordable housing units, consisting of very low, low, and moderate income units shall comply with the Borough's affordable housing regulations and the Uniform Housing Affordability Control rules (N.J.A.C. 5:80-26.1 et. seq.).
5. Commercial use of not less than 20,000 square feet on the first floor located along Main Street and the pedestrian plaza. Said commercial space may consist of the following:
 - a. Retail sales and services,
 - b. Personal services,
 - c. Restaurant,
 - d. Brewery,
 - e. Fitness uses,
 - f. Museum,
 - g. Art studio (painting, sculpture, music, dance, etc.), and/or
 - h. Art gallery.
6. Restaurant with liquor license (this mandatory use may constitute a portion of the required 20,000 square feet of commercial space). Liquor licenses may be shared by multiple uses, subject to applicable state regulation.
7. Educational and training facilities. This use is defined to include higher education, vocational training or career training.
8. Pedestrian plaza connecting Main Street and Spring Street.
9. Visual landmark at the plaza terminus at Spring Street on Block 24, Lot 5. Block 24, Lot 3 may also contribute land toward the visual landmark.

The following are permitted uses within this zoning district:

1. Hotel in excess of 50 hotel rooms and associated hotel operations. Hotel operations may include, but may not be limited to, a lobby, office, lounge, fitness facility, conference space, etc.
2. Multi-family housing in excess of 200 units, up to a maximum of 260 units.
3. Commercial use in excess of 20,000 square feet composed of the following uses:
 - a. Retail sales and services,

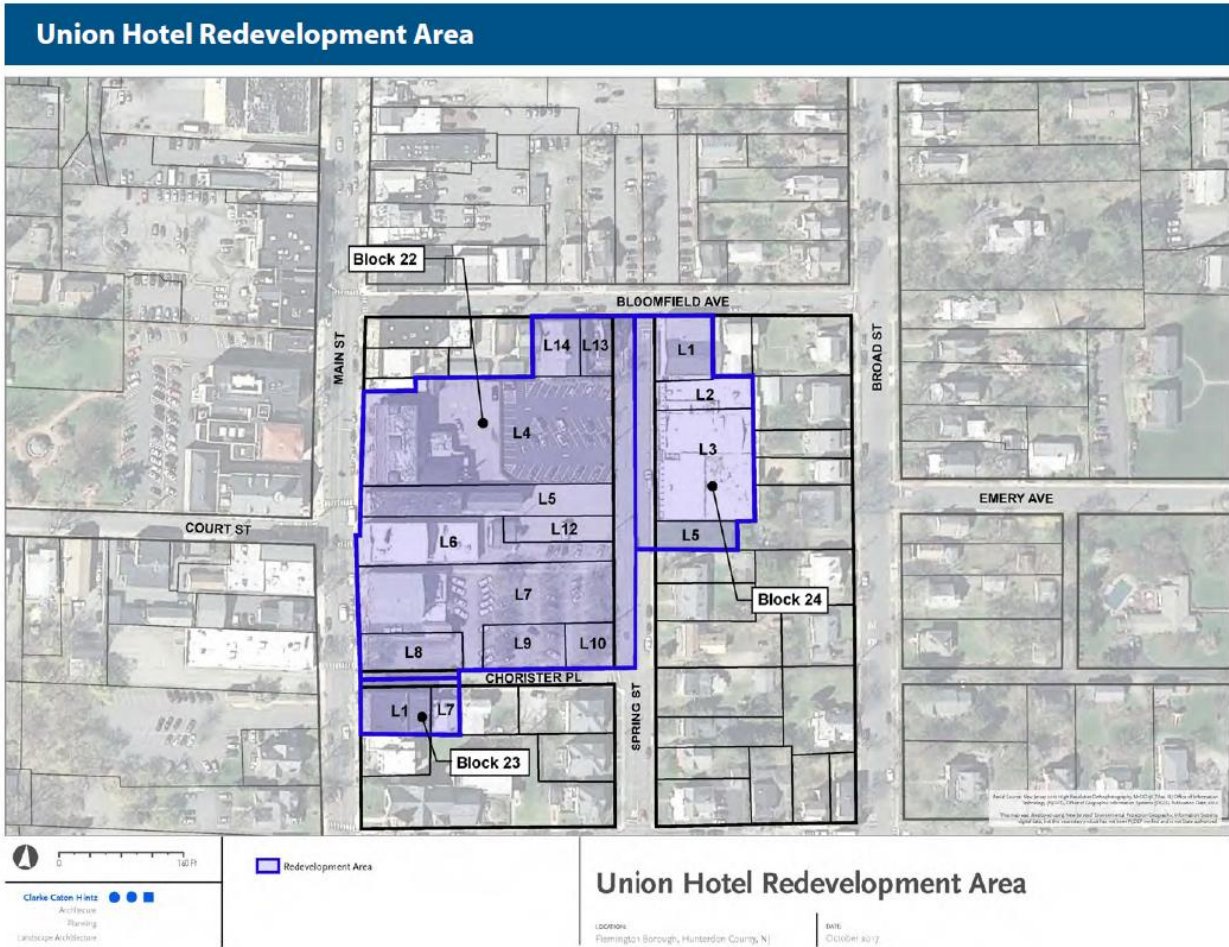
- b. Personal services,
- c. Restaurant,
- d. Brewery,
- e. Fitness uses,
- f. Museum,
- g. Art studio (painting, sculpture, music, dance, etc.), and/or
- h. Art gallery.
- 4. Medical and professional offices.
- 5. Parking structures.
- 6. Live/work housing units.
- 7. Parks and plazas.

The following are the area and yard requirements within this zoning district:

Minimum Lot Size	30,000 square feet
Minimum Lot Width	150 feet
Minimum Front Yard	0 feet on Main Street 7 feet on Bloomfield Avenue 2 feet on Spring Street 16 feet on Chorister Place
Minimum Side Yard	0 feet on lot lines interior to the Redevelopment Area 0 feet on lot lines abutting lots outside the Redevelopment Area on Block 22 10 feet on lot lines abutting lots outside the Redevelopment Area on Block 24
Impervious Surface Ratio	1.0
Maximum Building Height	7 stories or 100 feet on Block 22, not including garages 4 stories or 55 feet on Main Street 4 stories or 50 feet on Block 24

For a detailed description of the requirements for this zoning district, the reader is referred to the Union Hotel Redevelopment Plan and the Zoning Ordinance of the subject municipality. The subject property is considered a **permitted** use on a **conforming** lot as proposed. Flemington Center Urban Renewal, LLC is negotiating a 35-year **financial agreement** for a proposed 30-year PILOT with the Borough of Flemington, whereby the borough has named the entity as the redevelopment for the area in need of redevelopment.

Subject Property Zoning Map

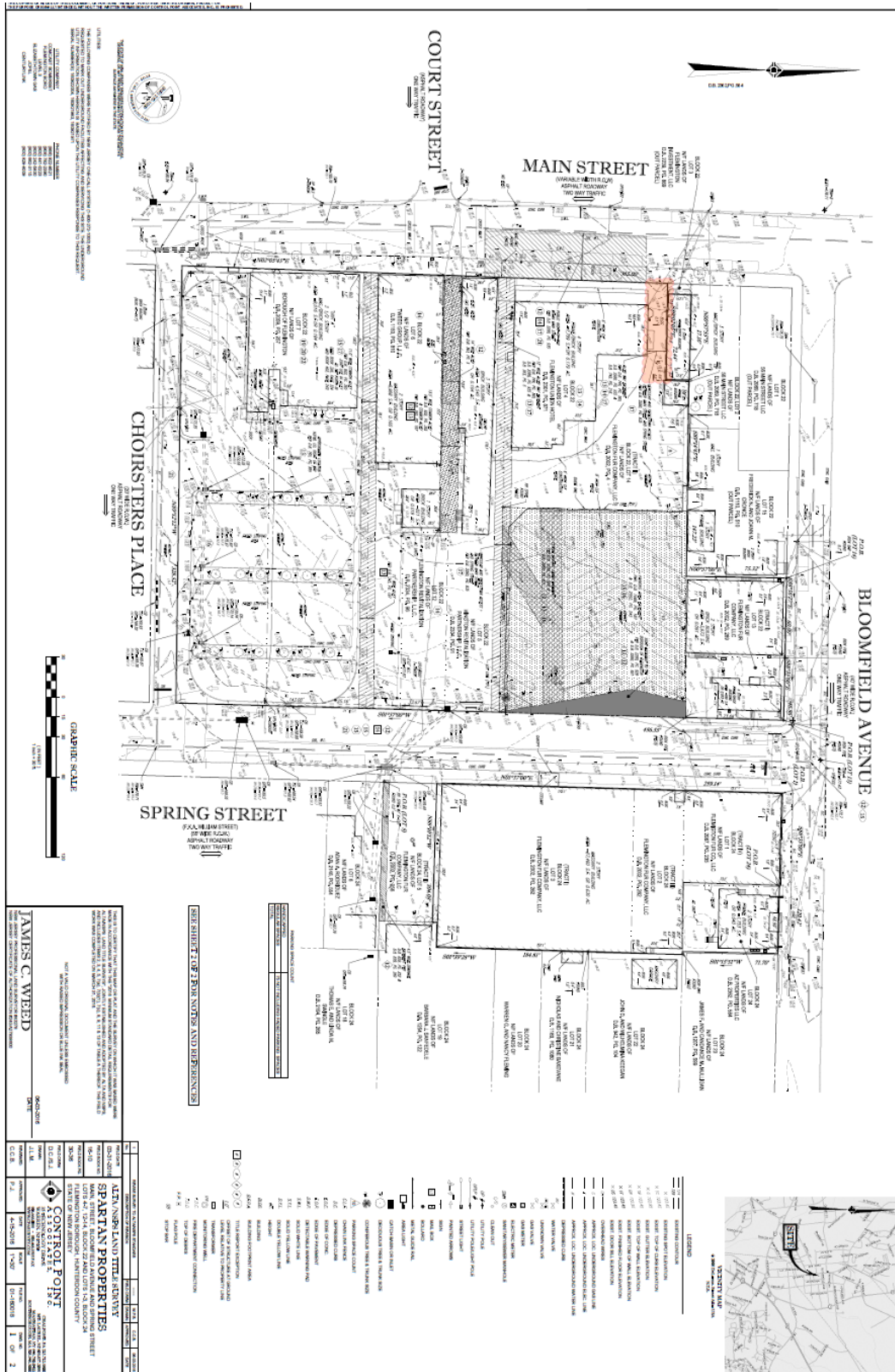


Site Analysis

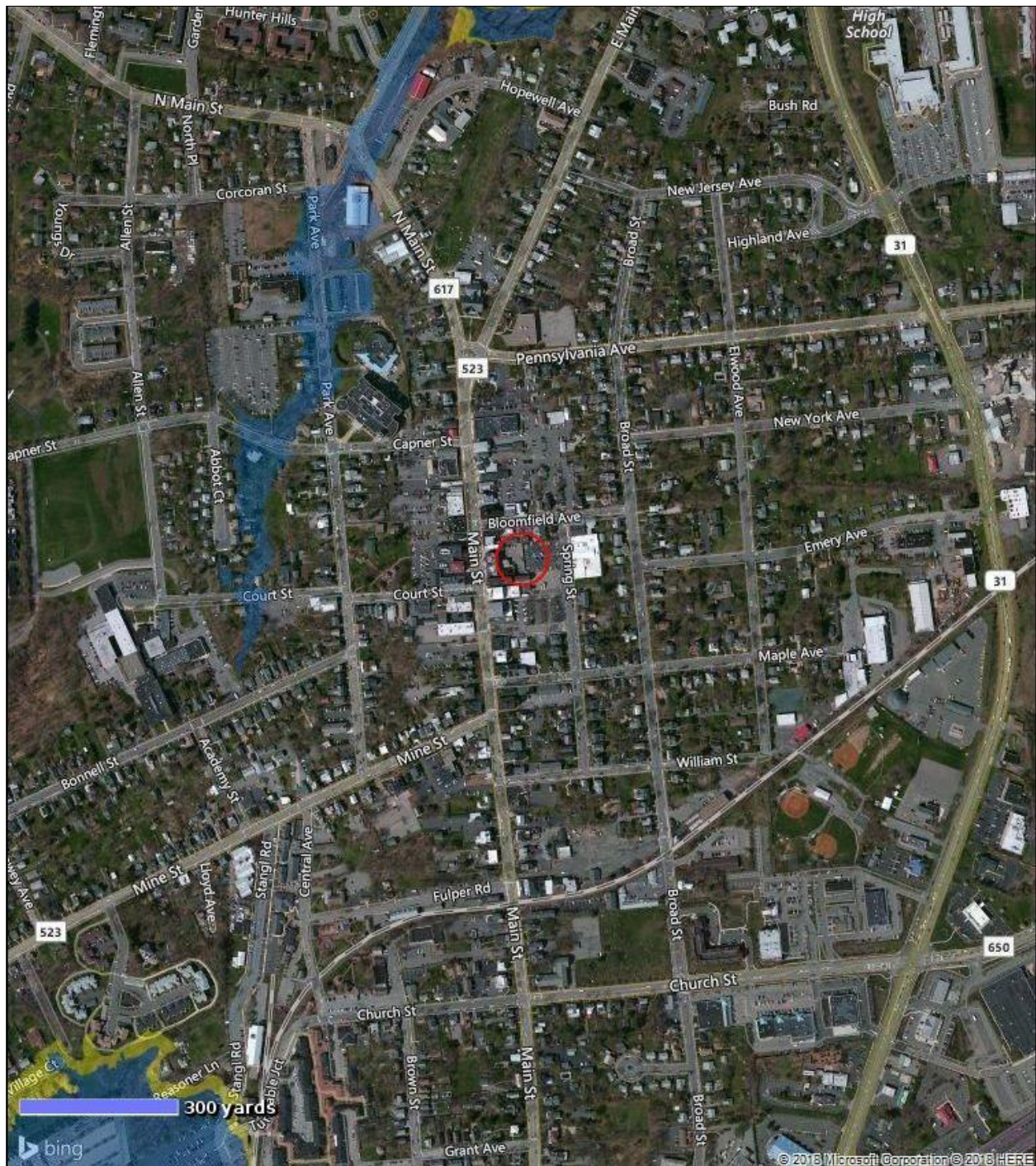
The following site description is based on the physical inspection of the subject, tax map, flood maps, survey and other public records.

General Data	
MSA/Census Tract:	35084 / 5015.0114.00
Block/Lot:	22 / 4-10, 12-14; 23 / 1 & 7; 24 / 1, 3, 5
Physical Description	
Site Area:	4.28 acres / 186,419 square feet
Frontage and Dimensions:	365' on Main Street 259.14' on Spring Street N 456.55' Spring Street S 95' on Bloomfield Avenue 325.52' on Chorister Place
Shape:	Assemblage of Irregular, Interior & Corner Parcels
Topography:	Mostly Level, Slightly negative sloping on Chorister Place
Vegetation:	Proposed Professional landscaping
Site Improvements	
On Site Improvements:	Paved parking lot, curbing, sidewalks, irrigation system, signage, fencing, subject building
Off Site Improvements:	Public paved roadway, curbing, sidewalks and street lighting.
Utilities:	Public Water, Public Sewer
Parking:	Proposed Garage & Surface Parking
Parking Rating:	Adequate for the subject's proposed use
Flood Zone	
Flood Zone Panel:	34019C0263F / Dated September 25, 2009
Flood Zone:	X
Site Conditions	
Easements:	Sight Easements, Parking Area Easement, Vehicular and Pedestrian Access Easement, Alley Way Easements, Public Right-of-Ways – The easements are not anticipated to have any negative effect on the subject's marketability or value.
Soils:	Assumed adequate based on existing and surrounding improvements.
Environmental:	An environmental assessment was not provided for review. Therefore, this report assumes no environmental issues exist.
Site Ratings	
Location:	Average
Access:	Average
Exposure:	Average
Site Improvement:	N/A – Improvements will be demolished for redevelopment
Comments	
The site is considered well suited for its proposed use.	

Subject Property Survey



Subject Property Flood Map



MAP DATA

FEMA Special Flood Hazard Area: **No**
 Map Number: **34019C0263F**
 Zone: **X**
 Map Date: **September 25, 2009**
 FIPS: **34019**

MAP LEGEND

- | | |
|--|--|
| Areas inundated by 500-year flooding | Protected Areas |
| Areas inundated by 100-year flooding | Floodway |
| Velocity Hazard | Subject Area |

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Proposed Improvement Analysis

The subject property represents the proposed mixed-use development known as Courthouse Square in Flemington Borough, New Jersey, consisting of 222-unit multifamily units, of which 14 units will be affordable housing units. The property will also contain 100-room hotel, 45,000 square feet of educational/medical space, 32,250 square feet of retail space, 4,800 square feet of amenity space, 760 parking spaces, which include 565 structured parking, 159 podium parking, and 26 surface parking spaces. The property is approximately 4.92 acres, or 186,419 square feet, located along Main Street, Bloomfield Avenue, Chorister Place and Spring Street in the Union Hotel Redevelopment Area. Presently, the subject property consists of several structures and a parking lot. Several buildings will be razed while the exteriors of the Union Hotel and Bank Building will be preserved to facilitate the redevelopment of the site.

The conceptual plans for the project will include 222 Rental Apartments (208 Market-Rate & 14 Affordable-Rate) as follows:

- (6) Studio/1 Bath units with an average unit size of 600 Ft²
- (82) 1-Bedroom/1 Bath units with an average unit size of 750 Ft²
- (125) 2-Bedroom/2 Bath units with an average unit size of 1,100 Ft²
- (9) 2-Bedroom/Duplex units with an average unit size of 1,400 Ft²

At the present time, construction plans and architectural specifications for the project have not been prepared as the purpose of this market study is to provide early reconnaissance to assess market demand. They are subject to change. Therefore, the analysis and conclusions set forth herein are based upon the extraordinary assumption that the eventual construction of the project would reflect construction designs, materials and finishing commensurate with development standards in the general submarket area. We have included recommendations for these design standards in this report for reference.

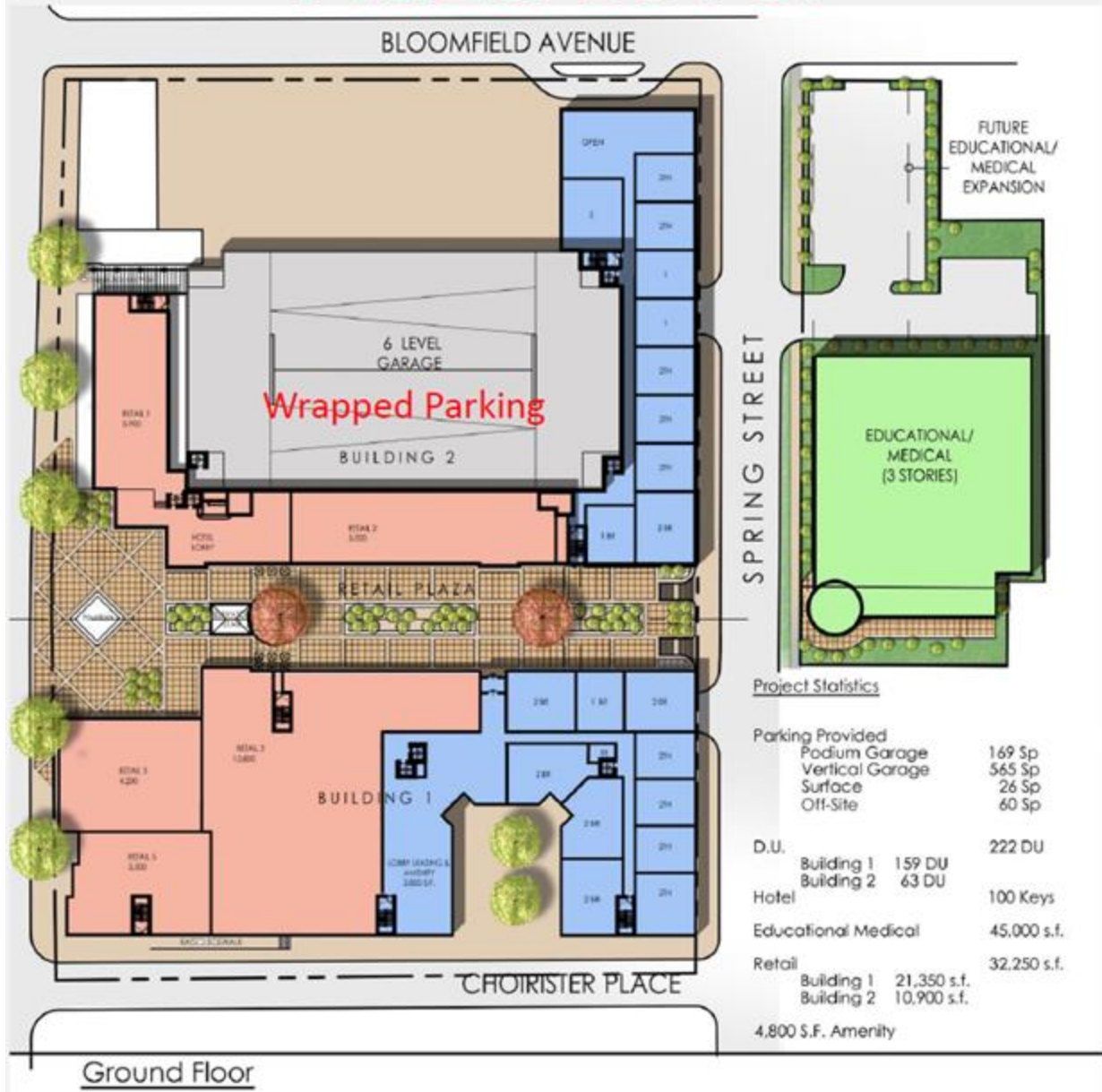
Various exhibits depicting initial conceptual plans for the project appear on the following pages:

Basement Level

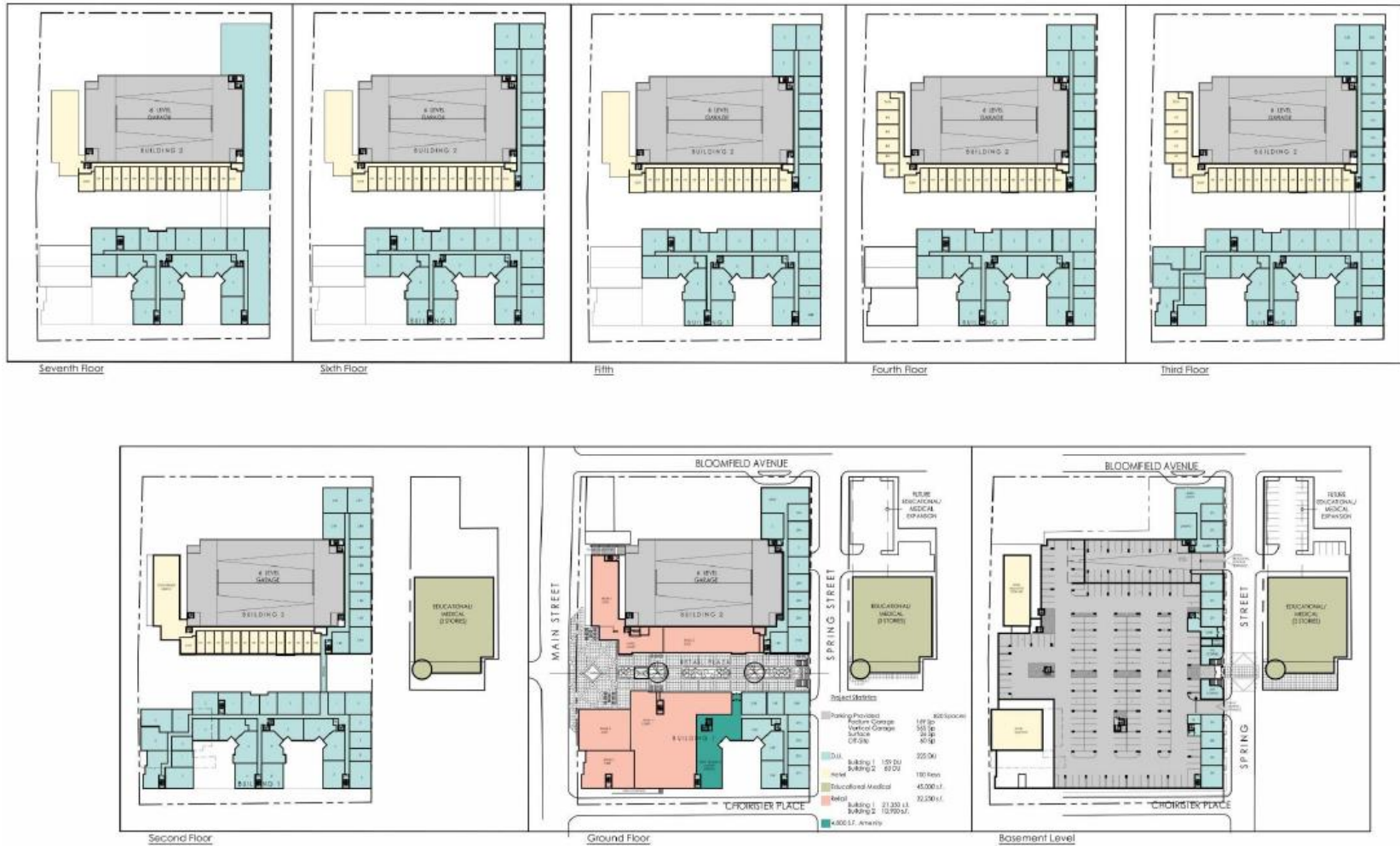


Basement Level

Plaza Level



Note: The project statistics have been updated since this architectural rendering.



DATE: 2017-08-13

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ALTERNATIVE IV - ADAPTIVE REUSE

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FLEMINGTON, NJ

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Renderings





MAIN STREET LOOKING DOWN PLAZA PERSPECTIVE



VIEW DOWN PLAZA



MAIN STREET VIEW OF HISTORIC HOTEL



VIEW SOUTH OF CHOIRSTER PL.



MAIN STREET VIEW OF BANK



VIEW OF COLLEGE FROM PLAZA



SPRING STREET & CHORISTER PLACE PERSPECTIVE



SPRING STREET & BLOOMFIELD AVE. PERSPECTIVE

PART III – PERFORMANCE PROJECTIONS

Competing Apartment Set

In developing our analysis, we have identified a competitive set of multi-family rental properties offering market-rate rental apartments as a basis for developing design recommendations and to forecast project performance. These projections are based upon the Principle of Substitution which holds that an informed purchaser would pay no more for a property than the cost of acquiring an alternative existing property offering the same utility.

In applying this approach, we have investigated competing projects within the local and regional submarket area which would represent direct competition to the subject study area. Accordingly, they are not all-inclusive listing of competing properties but rather reflect a subset that are relevant to the projection of market positioning for any housing product to be developed within the subject project.

This competitive set is described on the following pages:

COMPETING APARTMENT COMPLEX
HUNTERDON MEWS
 Flemington Borough - Hunterdon County

Proximity to Subject	1 Mile
Approx. Complex Age	53 Years
Proximity to Public Transportation	9 miles to Annadale Train Station & 1 mile to Flemington Park & Ride
Walk Score	47 - Car Dependent
Apartment Type	Garden Apartment
Total Units	60
Current Vacancy (units)	6
Current Vacancy (%)	10.0%
Marketing Period	Not Available
Lease-up Period (Months)	Not Available
Leases / Month	Not Available
Average Apt Size (SF)	767
Average Base Rent	\$1,179
Average Rent/SF	\$1.54
Minimum Lease Term	12 Months
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	Gas & Electric
Elevator	No
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	Yes
Laundry Facilities	On-site Laundry Facilities/Personal washer/dryer available
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Laundry facilities, balcony, patio, deck, trails for biking, hiking, and jogging
AMENITIES FEE:	None

PRICING MATRIX

Apartment Type	1BR	2BR
Unit Mix	40	20
Sq. Ft.	700	900
Monthly Rent	\$1,103	\$1,333
Monthly Rent / SF	\$1.58	\$1.48
Weighted Avg. base rent:	\$1,179	
Weighted Avg. apt size:	767	
Weighted Avg. rent per sf:	\$1.54	



COMPETING APARTMENT COMPLEX
PRESIDENTIAL PLACE
 Lebanon Borough - Hunterdon County

Proximity to Subject	9 miles
Approx. Complex Age	8 Years
Proximity to Public Transportation	1 miles to Lebanon Train Station
Walk Score	37 - Car Dependent
Apartment Type	Low Rise Loft-Style & Townhouse-Style Apartments
Total Units	120
Current Vacancy (units)	0
Current Vacancy (%)	0.0%
Marketing Period	Not available
Lease-up Period (Months)	Not available
Leases / Month	Not available
Average Apt Size (SF)	1,601
Average Base Rent	\$2,835
Average Rent/SF	\$1.77
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	Yes
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & Dryer in Unit
Parking Type	Garage & Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Clubhouse with fitness center and swimming pool, private balcony/patio

AMENITIES FEE: None

PRICING MATRIX

Apartment Type	2BR
Unit Mix	120
Sq. Ft.	1,601
Monthly Rent	\$2,835
Monthly Rent / SF	\$1.77

Weighted Avg. base rent:	\$2,835
Weighted Avg. apt size:	1,601
Weighted Avg. rent per sf:	\$1.77



COMPETING APARTMENT COMPLEX
TWIN PONDS AT CLINTON
Town of Clinton - Hunterdon County

Proximity to Subject	9.3 miles
Proximity to Public Transportation	2.70 miles to Annandale Train Station
Walk Score	27 - Car Dependent
Apartment Type	Low-Rise Apartments
Approx. Complex Age	3 Years
Total Units	47
Current Vacancy (units)	0
Current Vacancy (%)	0.0%
Marketing Period	December 2015 - Summer 2017
Lease-up Period (Months)	Not available
Leases / Month	Not available
Weighted Avg. Apt Size (SF)	898
Weighted Avg. Base Rent	\$1,721
Weighted Avg. Rent/SF	\$1.92
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	On-Site Storage Units Available
Laundry Facilities	Washer & Dryer in each unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Non-smoking, pet-friendly
AMENITIES FEE:	Not applicable

PRICING MATRIX

Apartment Type	1 BR	2 BR
Unit Mix	22	26
Sq. Ft.	729	1,007
Monthly Rent	\$1,550	\$1,800
Monthly Rent / SF	\$2.13	\$1.79
Weighted Avg. Base Rent:	\$1,721	
Weighted Avg. Apt. Size:	898	
Weighted Avg. Rent per SF:	\$1.92	



COMPETING APARTMENT COMPLEX HALSTEAD PLACE

Town of Clinton - Hunterdon County

Proximity to Subject	9.5 miles
Proximity to Public Transportation	1.73 miles to Annandale Train Station
Walk Score	45 - Car Dependent
Apartment Type	Low-Rise Apartments
Approx. Complex Age	1 Year
Total Units	28
Current Vacancy (units)	0
Current Vacancy (%)	0.0%
Marketing Period	October 2017 - December 2017
Lease-up Period (Months)	2
Leases / Month	14.0
Weighted Avg. Apt Size (SF)	1,158
Weighted Avg. Base Rent	\$1,846
Weighted Avg. Rent/SF	\$1.59
Minimum Lease Term	Annual
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	Yes
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & Dryer in each unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Fitness center, yoga room
AMENITIES FEE:	Included in rent

PRICING MATRIX

Apartment Type	1 BR	2 BR
Unit Mix	11	17
Sq. Ft.	927	1,308
Monthly Rent	\$1,654	\$1,970
Monthly Rent / SF	\$1.78	\$1.51

Weighted Avg. Base Rent:	\$1,846
Weighted Avg. Apt. Size:	1,158
Weighted Avg. Rent per SF:	\$1.59



COMPETING APARTMENT COMPLEX THE LENA

Raritan Borough - Somerset County

Proximity to Subject	12 miles
Approx. Complex Age	10 Years
Proximity to Public Transportation	0.25 miles to Raritan Train Station & 0.5 miles to Somerset St. & First Ave
Walk Score	37 - Car Dependent
Apartment Type	Mid-Rise & Apartments w/ Lofts
Total Units	220
Current Vacancy (units)	1
Current Vacancy (%)	0.5%
Marketing Period	June 2007 - December 2008
Lease-up Period (Months)	18
Leases / Month	12.44 / leases monthly
Average Apt Size (SF)	1,202
Average Base Rent	\$2,091
Average Rent/SF	\$1.74
Minimum Lease Term	12 Months
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	None
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & dryer in each unit
Parking Type	Assigned Garage & Surface Parking
Parking Fee	Garage: \$75/monthly; Surface: \$45/monthly
Current Incentives	None
RECREATIONAL AMENITIES:	Clubhouse with billiards room & piano, heated swimming pool w/ sundeck, fitness/cardio center, business & conference centers, tennis & basketball courts, clubroom w/ billiards, concierge & pet spa
AMENITIES FEE:	None



PRICING MATRIX			
Apartment Type	1BR	2BR	3BR
Unit Mix	69	147	4
Sq. Ft.	903	1,343	1,164
Monthly Rent	\$1,825	\$2,213	\$2,213
Monthly Rent / SF	\$2.02	\$1.65	\$1.90
Weighted Avg. base rent:	\$2,091		
Weighted Avg. apt size:	1,202		
Weighted Avg. rent per sf:	\$1.74		

COMPETING APARTMENT COMPLEX
THE EDGE AT MAIN
Somerville Borough - Somerset County

Proximity to Subject	13 miles
Approx. Complex Age	4 Years
Proximity to Public Transportation	1,500 feet from Somerville Train Station & to W. Main St. at Doughtry Ave Bus Stop
Walk Score	86 - Very Walkable
Apartment Type	Mid-Rise/Mixed-Use
Total Units	108
Current Vacancy (units)	1
Current Vacancy (%)	0.9%
Marketing Period	Not Available
Lease-up Period (Months)	Not Available
Leases / Month	Not Available
Average Apt Size (SF)	1,044
Average Base Rent	\$2,056
Average Rent/SF	\$1.97
Minimum Lease Term	12 Months
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	Yes
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & dryer in unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	None
RECREATIONAL AMENITIES:	Fitness center, coinchange services, ground-floor retail
AMENITIES FEE:	\$200/annually



PRICING MATRIX		
Apartment Type	1BR	2BR
Unit Mix	63	45
Sq. Ft.	919	1,218
Monthly Rent	\$1,910	\$2,260
Monthly Rent / SF	\$2.08	\$1.86
Weighted Avg. base rent:	\$2,056	
Weighted Avg. apt size:	1,044	
Weighted Avg. rent per sf:	\$1.97	

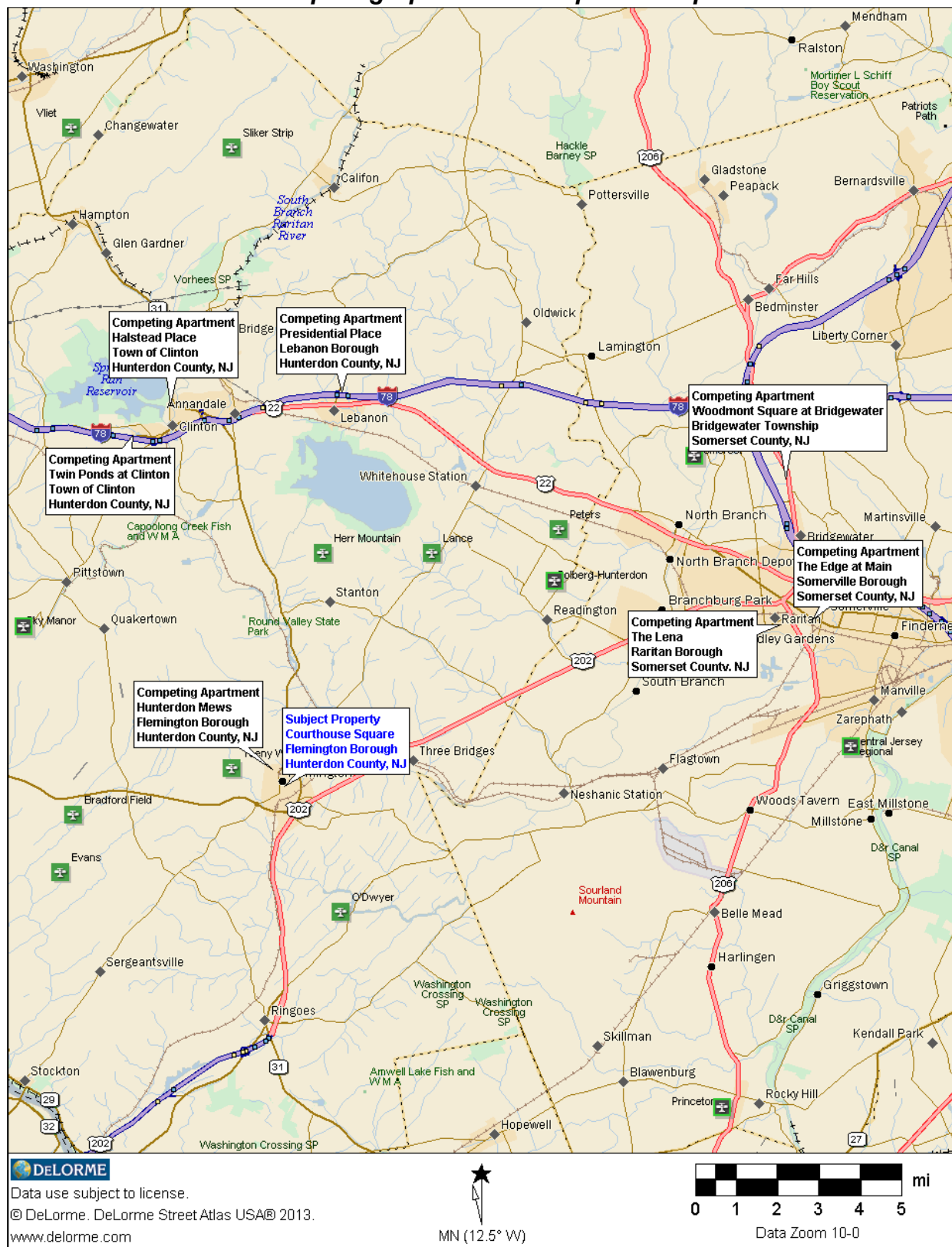
COMPETING APARTMENT COMPLEX
WOODMONT SQUARE AT BRIDGEWATER
 Bridgewater Township - Somerset County

Proximity to Subject	13 miles
Approx. Complex Age	6 Years
Proximity to Public Transportation	4 miles from Somerville Train Station & to W. Main St. at Doughtry Ave Bus Stop
Walk Score	15 - Car Dependent
Apartment Type	Mid-Rise
Total Units	100
Current Vacancy (units)	2
Current Vacancy (%)	2.0%
Marketing Period	Not Available
Lease-up Period (Months)	Not Available
Leases / Month	Not Available
Average Apt Size (SF)	1,156
Average Base Rent	\$2,299
Average Rent/SF	\$1.99
Minimum Lease Term	12 Months
On-Site Management	On-site
On-Site Maintenance	On-site
Utilities Included in Rent	None
Elevator	Yes
Air Conditioning	Yes
Dishwasher	Yes
Extra Storage	None
Laundry Facilities	Washer & dryer in unit
Parking Type	Surface Parking
Parking Fee	Included in rent
Current Incentives	Reduced \$1000 Security Deposit on All Apartments for Qualified Applicants
RECREATIONAL AMENITIES:	Clubhouse with fitness center, game room, business center, club room, playground, walking paths & half-court basketball court
AMENITIES FEE:	\$200/annually



PRICING MATRIX	
Apartment Type	2BR
Unit Mix	102
Sq. Ft.	1,133
Monthly Rent	\$2,254
Monthly Rent / SF	\$1.99
Weighted Avg. base rent:	\$2,299
Weighted Avg. apt size:	1,156
Weighted Avg. rent per sf:	\$1.99

Competing Apartment Complexes Map



Apartment Rent Conclusion

Careful consideration has been given to the above market rents with respect to their physical and locational components.

Downtown Flemington Redevelopment										
Recommended Projection of Average Market Rent for Market-Rate Units										
Unit Type	Apartment Type	Baths	Mix		Apt. Size (avg. SF)	Base Area (Median Deviation)	Base Rent (\$ per SF)	2nd Bath	Base Monthly Rent	
									2018	2020
Mid-Rise Apartment	Studio	0	3%	6	600	-38%	\$2.26	\$0.00	\$1,356	\$1,411
Mid-Rise Apartment	1-Bedroom	1	37%	82	750	-23%	\$2.15	\$0.00	\$1,613	\$1,678
Mid-Rise Apartment	2-Bedroom	1	56%	125	1,100	13%	\$1.90	\$0.00	\$2,090	\$2,174
Mid-Rise Apartment	2-Bedroom	2	4%	9	1,400	44%	\$1.68	\$0.05	\$2,423	\$2,521
Total Apartments									222	
Average Unit Size (weighted)									969	
Average Base Monthly Rent (weighted)									\$1,907	\$1,985
Average Base Rent-Per-Square Foot (weighted)									\$1.97	\$2.05

The base monthly rental price for the subject property is concluded by the consultant at a weighted average of **\$1,907 per month or \$1.97/Ft² in 2018 dollars**. Next, the consultant projected the rent for affordable rate units.

COAH - The Council on Affordable Housing (COAH), an agency of the state government within the Department of Community Affairs (DCA) has historically been responsible for ensuring that all 565 New Jersey municipalities provide their fair share of low and moderate-income housing. The COAH was created by the New Jersey Legislature in response to the Fair Housing Act of 1985 and a series of New Jersey Supreme Court rulings known as the Mount Laurel decisions. The council is made up of 12 members appointed by the Governor of New Jersey and approved by the New Jersey Senate. COAH defines housing regions, estimates the needs for low/moderate income housing, allocates fair share numbers by municipality and reviews plans to fulfill these obligations.

A recent decision by the New Jersey Supreme Court in March of 2015 declared the state's affordable housing process 'non-functioning' and transferred jurisdiction over low-income and moderate-income housing from the executive branch back to the courts. While the implications from this decision are not yet fully understood, most development projects are continuing to apply COAH guidelines in determining the allocation and rental rates for any affordable-rate housing units that are set aside within a project.

Those COAH guidelines, where were designed to implement the New Jersey Fair Housing Act (N.J.S.A. 52:27D-301 et seq.), were intended to assure that low- and moderate-income units created under the Act were occupied by low- and moderate-income households for an appropriate period of time. According to COAH guidelines, the inclusion of affordable rate apartments in a project was required to adhere to the following requirements:

- Median income limits for qualifying households are determined by the New Jersey Department of Community Affairs according to region. The Borough of Flemington is in DCA Region 3, which includes Hunterdon, Middlesex, and Somerset counties.
- In each affordable development, at least 50 percent of the restricted units within each bedroom distribution shall be low-income units and the remainder may be moderate income units.
- Affordable developments that are not age-restricted shall be structured in conjunction with realistic market demands such that:
 - The combined number of efficiency and one-bedroom units is no greater than 20 percent of the total low- and moderate-income units;
 - At least 30 percent of all low- and moderate-income units are two-bedroom units;
 - At least 20 percent of all low- and moderate-income units are three-bedroom units;
 - And the remainder, if any, may be allocated at the discretion of the developer.
- Municipalities shall establish by ordinance that the maximum rent for affordable units within each affordable development shall be affordable to households earning no more than 60 percent of median income. The municipal ordinance shall require that the average rent for low- and moderate-income units are affordable to households earning no more than 52 percent of median income. The developers and/or municipal sponsors of restricted rental units shall establish at least one rent for each bedroom type for both low income and moderate-income units, if at least 10 percent of all low- and moderate-income units shall be affordable to households earning no more than 35 percent of median income.
- Municipal ordinances regulating owner-occupied and rental units shall require that affordable units utilize the same type of heating source as market units within the affordable development.
- In determining the initial rents and initial sales prices for compliance with the affordability average requirements for restricted units other than assisted living facilities, the following standards shall be used:
 - A studio shall be affordable to a one-person household;
 - A one-bedroom unit shall be affordable to a one and one-half person household;
 - A two-bedroom unit shall be affordable to a three-person household;
 - A three-bedroom unit shall be affordable to a four and one-half person household;
 - And a four-bedroom unit shall be affordable to a six-person household.
- Low-income rental units shall be reserved for households with a gross household income less than or equal to 50 percent of median income. Moderate income rental units

shall be reserved for households with a gross household income less than 80 percent of median income.

- The administrative agent shall certify a household as eligible for a restricted rental unit when the household is a low-income household or a moderate-income household, as applicable to the unit, and the rent proposed for the unit does not exceed 35 percent (40 percent for age-restricted units) of the household's eligible monthly income as determined pursuant to N.J.A.C. 5:80-26.16; provided, however, that this limit may be exceeded if one or more of the following circumstances exists:
 - The household currently pays more than 35 percent (40 percent for households eligible for age-restricted units) of its gross household income for rent and the proposed rent will reduce its housing costs;
 - The household has consistently paid more than 35 percent (40 percent for households eligible for age-restricted units) of eligible monthly income for rent in the past and has proven its ability to pay;
 - The household is currently in substandard or overcrowded living conditions;
 - The household documents the existence of assets, with which the household proposes to supplement the rent payments; or
 - The household documents proposed third-party assistance from an outside source such as a family member in a form acceptable to the administrative agent and the owner of the unit.
- The applicant shall file documentation sufficient to establish the existence of the circumstances in (b) above with the administrative agent, who shall counsel the household on budgeting.

Based upon COAH guidelines for the mix of apartment types coupled with the 2018 HUD Utility allowance and 2018 income guidelines published by the Affordable Housing Professionals of New Jersey (AHPNJ), we have calculated the required mix of apartments and allowable rents as follows:

Calculation of Maximum Net Rent					
% of Median Unit Priced at	Efficiency	1BR	2BR	3BR	4BR
30%	N/A	\$ 475	\$ 561	\$ 637	N/A
50%	N/A	\$ 880	\$ 1,047	\$ 1,198	N/A
60%	N/A	\$ 1,082	\$ 1,290	\$ 1,478	N/A

The calculations resulted in 2 of the units being 1-bedroom, 5 being two-bedroom, and 7 3-bedroom units. Of the 14 units, 2 would be in tier 1 and 6 in tier 2 of the low income category and finally 6 in tier 1 of moderate income category. Therefore, the consultant has projected the average rent for the affordable housing units at **\$1,000/month**. The consultant will project the office and retail market rents next.

Office Market:

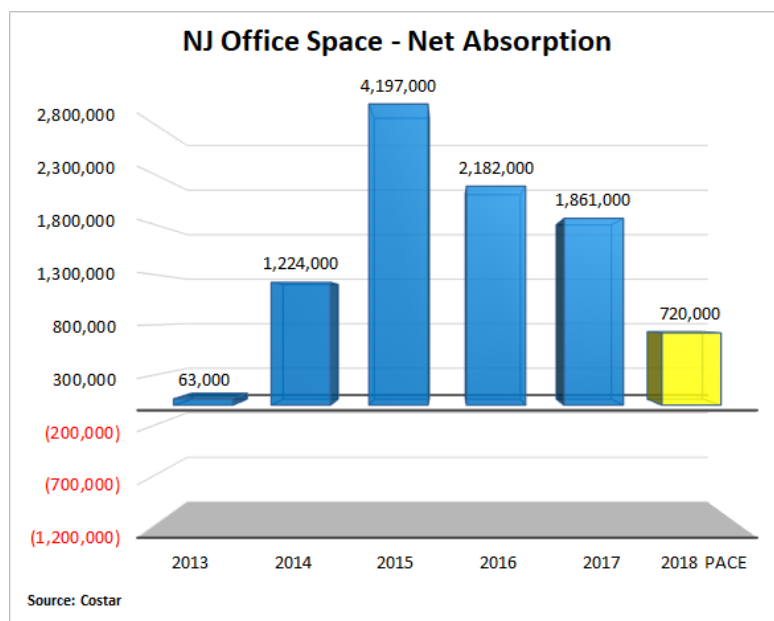
Demand for office space in New Jersey has weakened significantly with positive net absorption of just 294,000 Ft² year-to-date (January-May). Due to this reduced demand, occupancy in New Jersey's office buildings is on pace to increase by only 720,000 Ft² by year end, or about 39% of last year's 1.9-Million Ft² gain.

Regionally, the gain in occupancy has been exclusively concentrated in the northern part of the state, as the southern part of the state has experienced a decline. Vacancy in both the northern and southern regions declined by 10 basis points from the prior quarter, falling to 12.3% and 8.0%, respectively.

Despite reduced demand for office space, average asking rents in the state of \$22.11/Ft² are higher than one year ago when they were \$21.66/Ft².

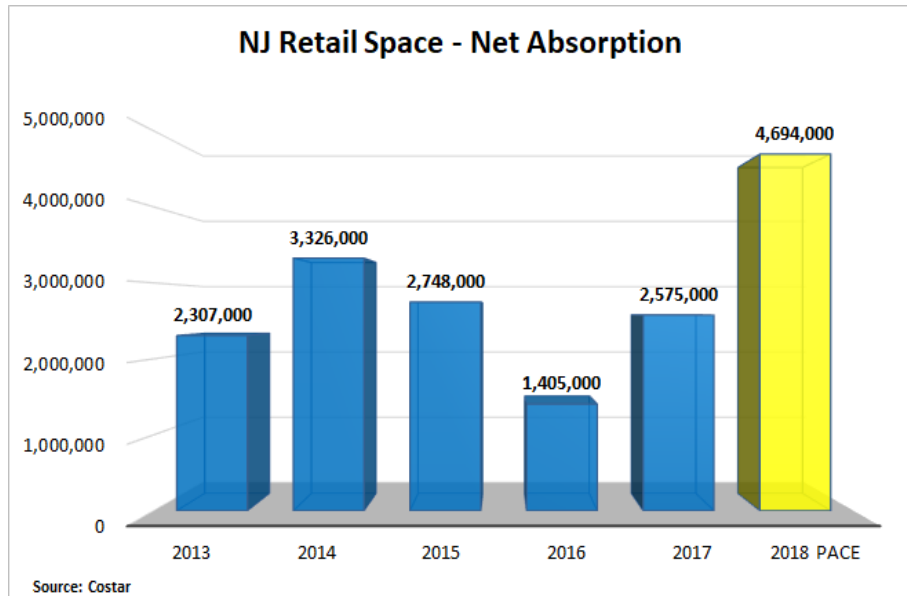
Office Rent Conclusion

The office space located within the Courthouse Square Mixed-Use Development has a letter of intent already in place for a tenant with a stated negotiated rent. The rent begins at **\$20/square foot Net**.



Retail Market Rent:

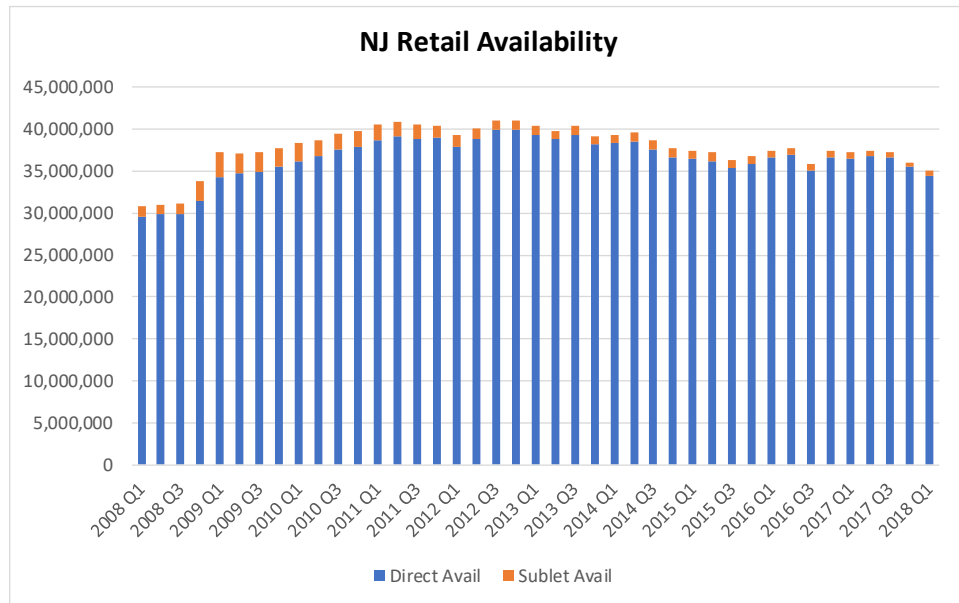
Leasing activity for retail space in New Jersey continues to occur at a rapid pace in 2018, with more than 1.9-Million Ft² of positive net absorption year-to-date. Should this pace continue, this sector is projected to see positive net absorption of 4.7-Million Ft², the largest gain of the past five years. As a



result of this increased demand, retail vacancy declined by 40 basis points from the prior year in both regions, falling to 4.5% in the northern part of the state and to 5.6% in the south. Statewide asking rents are also accelerating, rising to \$20.47/Ft², compared to \$19.34/Ft² one year ago.

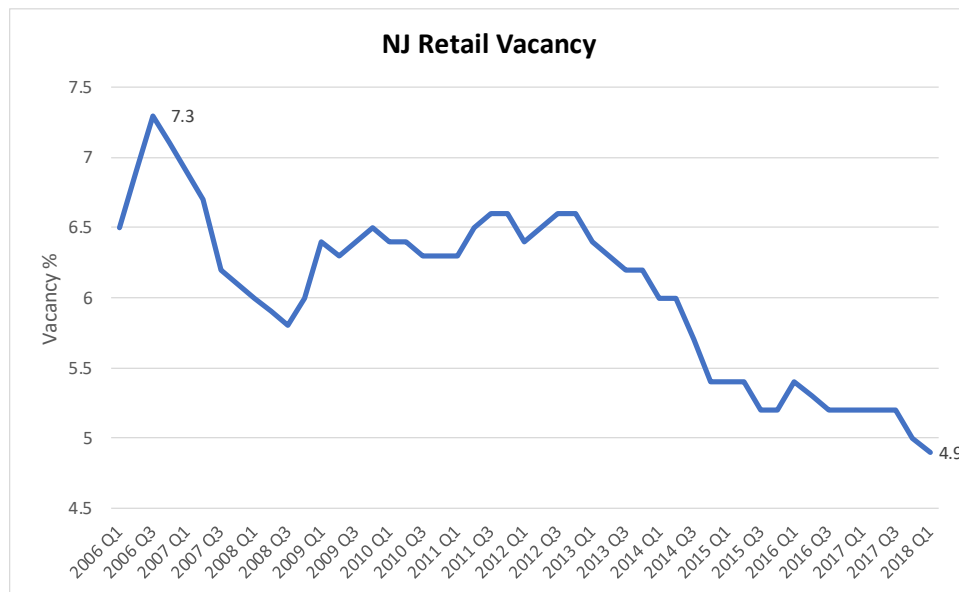
Despite the recent growth in demand for retail space in New Jersey, the rising popularity of online shopping, which accounted for \$465-Billion or 9.4% of retail sales nationally in the first quarter, is fueling store closures at an accelerating rate. There have been 3,992 major US store closure announcements nationwide, representing a 21% increase over last year. Among those retailers, Toys “R” Us and Walgreens account for the largest share, with 1,481 store closings, or 37%.

Presently, there is 23.2-Million ft² of vacant retail space and 35.2-Million ft² of available space currently being marketed.



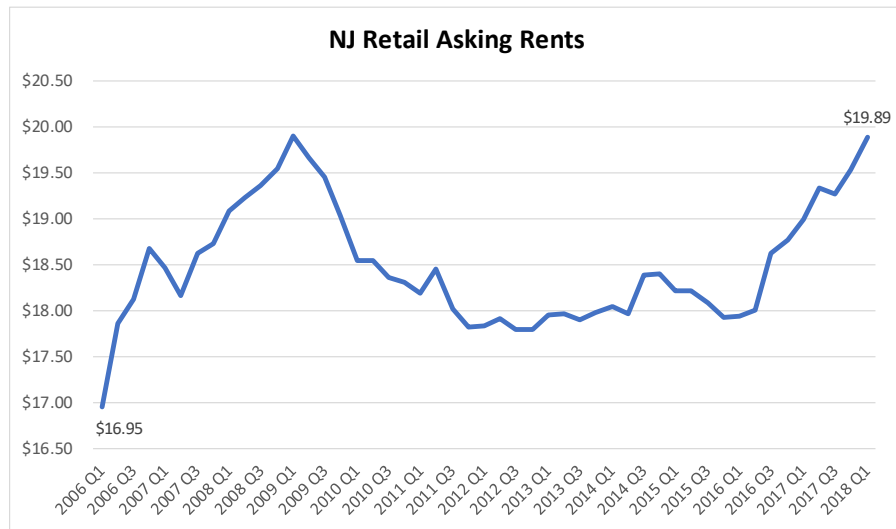
Source: Costar Group, Otteau Group, Inc.

As a result, retail vacancy in New Jersey has declined by 240 basis points from a cyclical high of 7.3% in Q3 2006 to 4.9% Q1 2018, the lowest over the past 12 years.



Source: Costar Group, Otteau Group, Inc.

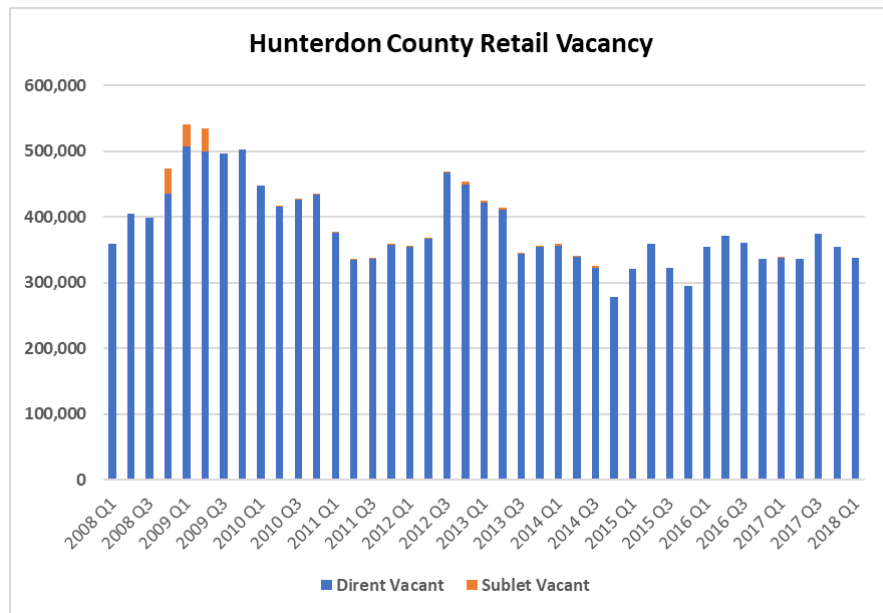
At the same time that vacancy and availability have been declining, asking rents have been trending higher, reaching \$19.89/ft² overall.



Source: Costar Group, Otteau Group, Inc.

Based upon these trends, we anticipate that retail sector construction spending in the State of New Jersey will increase in the current year and remain stable through 2022.

Hunterdon County Retail Trends - Focusing on Hunterdon County, both the vacancy and availability of retail space has been steady over the past year. Retail vacancy in the county currently stands at 5% based upon 6.7-Million Ft² while availability is 6.3% reflecting 420,652 Ft² being offered for lease. Both measurements reflect relatively stable market conditions in Hunterdon County with supply and demand being in balance.



Source: Costar Group, Otteau Group, Inc.

Local Submarket Retail Trends - Because demand for retail space is closely linked to local economic and demographic factors, we will next compare retail market conditions within the following geographic areas:

- Raritan Township & Flemington - defined by its municipal boundaries (given that Flemington Borough is completely surrounded by the township)
- 5-Mile Radius – with the subject study area at the center.
- 10-Mile Radius – with the subject study area at the center.
- 15-Mile Radius – with the subject study area at the center.
- Hunterdon County – defined by its county boundaries.
- New Jersey – defined by the state's boundaries.

The analysis presented in the table below provides a comparative analysis of retail market metrics, the most significant findings of which are:

- Average Asking Rents – the average retail rental rate for the local trade area is significantly higher than the other survey areas, which is favorable to underwriting the cost of new construction.
- Concentration of Existing Retail Space – the ratio of existing retail space in the local trade area is less than all of the other survey areas, suggesting an undersupply of existing retail space.
- Vacancy & Availability – vacancy & availability in the local trade area is the lowest of all survey areas, indicating a tight supply of available retail space, which is supportive of new construction.

Retail Market Analysis							
		Raritan Township	Radius (miles)			Hunterdon County	New Jersey
			5	10	15		
Average Asking Rent	\$/Ft ²	\$24.21	\$19.67	\$18.47	\$20.41	\$18.83	\$19.89
Existing Retail Space	Ft ²	2,028,856	3,668,466	5,884,685	16,452,500	6,724,494	473,167,381
Retail Space per-square-mile	Ft ²	53,830	46,708	18,732	23,276	15,372	54,246
Retail Space per-household	Ft ²	252	283	147	137	145	144
Vacant Retail Space	Ft ²	85,212	179,755	317,773	740,363	336,225	23,185,202
Vacancy Rate	%	4.2%	4.9%	5.4%	4.5%	5.0%	4.9%
Available Retail Space	Ft ²	97,512	222,923	370,322	1,143,825	420,652	34,455,558
Availability Rate	%	4.8%	6.1%	6.3%	7.0%	6.3%	7.3%
Occupied Retail Space	Ft ²	1,943,644	3,488,711	5,566,912	15,712,138	6,388,269	449,982,179
Occupancy Rate	%	95.8%	95.1%	94.6%	95.5%	95.0%	95.1%
Occupied Retail Space per-household	Ft ²	241	269	139	131	137	137

These market conditions indicate the local trade area is experiencing a healthy supply/demand balance which is supportive of constructing additional retail capacity.

The following lease data has been carefully considered and compared so as to provide an indication of the subject property's potential annual rent. A description of this data is as follows:

Market Rental Comparison Analysis														
	Item	Subject	Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5		Comparable 6	
Property	Address	Courthouse Square	440 Elizabeth Avenue		127 Main Street		284 US Route 206		46-56 East Main Street		27 Center Street		7 North Main Street	
	City / Township / Borough	Flemington Borough	Franklin Township		Flemington Borough		Hillsborough Township		Somerville Borough		Clinton Town		Lambertville City	
	County	Hunterdon County	Somerset County		Hunterdon County		Somerset County		Somerset County		Hunterdon County		Hunterdon County	
	Block/Lot	See Report	523.03 / 35.07		36 / 18		152.02 / 13		63 / 34		14 / 2		1038 / 4	
	Tenant	To Be Determined	Fruitables		Confidential		Tiled Expressions		Turf, Surf & Earth		Healy Realtros		Center for the Arts/Music	
Transaction	Annual Lease Price	Solve For		\$45,000		\$9,000		\$33,420		\$71,280		\$12,069		\$19,797
	Leased Area (Square Feet)	32,250		1,875		500		1,500		2,700		585		790
	Leasing Concessions	Not Applicable	None Discovered	0%	None Discovered	0%	None Discovered	0%	None Discovered	0%	None Discovered	0%	None Discovered	0%
	Leasing Terms	Net	Net	0%	Modified Gross	-15%	Modified Gross	-15%	Net	0%	Modified Gross	-15%	Modified Gross	-15%
	Lease Date / Time Adjustment	1/1/2018	10/1/2017	0%	11/1/2017	0%	1/1/2018	0%	3/1/2018	0%	5/1/2018	0%	5/1/2018	0%
Site	Lease Price Per Square Foot			\$24.00		\$15.30		\$18.94		\$26.40		\$17.54		\$21.30
Building	Location	Average	Average		Average		Average		Average		Average		Average	
	Leased Area (Square Feet)	32,250	1,875	0%	500	0%	1,500	0%	2,700	0%	585	0%	790	0%
	Unit Type	Retail	Retail		Retail		Retail		Retail		Retail		Retail	
	Property Condition	Average	Average		Average		Average		Average		Average		Average	
	Functional Utility	Average	Average		Average		Average		Average		Average		Average	
Value	Other													
	Net Adj. (Site)			0%		0%		0%		0%		0%		0%
	Net Adj. (Building)			0%		0%		0%		0%		0%		0%
	Net Adj. (Total)			0%		0%		0%		0%		0%		0%
	Indicated Unit Value			\$24		\$15		\$19		\$26		\$18		\$21

Explanation of Market Rent Adjustments

Transaction

Leasing Commissions: No leasing commissions were found to present therefore no adjustment was warranted.

Leasing Terms: The structure of leases has a significant impact on rental rates. Generally, there are three types of leases in the market place: a full-service (Gross) lease, a partial net (Modified Gross) lease and a triple net (Net) lease. Within these lease structures, there are various modifications that can be made. A typical Gross lease is structured so that the landlord incurs all of the operating expenses for the term of the lease. A typical Modified Gross lease is structured so that the tenant is required only a portion of the operating expenses. Lastly, a Net lease is structured so that the tenant is required to pay all of the property's operating expenses, such as real estate taxes, insurance, maintenance and repairs, contract services/janitorial, utilities, administrative, and management. In the case of the subject comparable rents 2, 3, 5, & 6 were adjusted due to the subject's proposed Net rent.

Market Change: Due to stable economic conditions for retail use in this submarket, the comparable rents did not require adjustments for market change.

Site

Location: All comparable rents are located within the subject's general market area and considered comparable locations compared to the subject property therefore no adjustments were warranted.

Building

Leased Area: All comparable rents are considered relatively similar in leased area and therefore no adjustments were warranted.

Unit Type: This category addresses the physical design (use) and exterior appeal. In this case the comparable rents were considered similar enough that an adjustment was not warranted.

Condition: These categories address physical condition and quality of the comparable rental compared to the subject property. Since superior condition and quality typically command higher rents and lower maintenance expenses, this item of comparison can have a significant impact on value. In this case the comparable rents were considered similar enough that an adjustment was not warranted.

Functional Utility: The comparable rents were considered similar enough that an adjustment was not warranted.

Rent 1 Photo



Rent 2 Photo



Rent 3 Photo



Rent 4 Photo



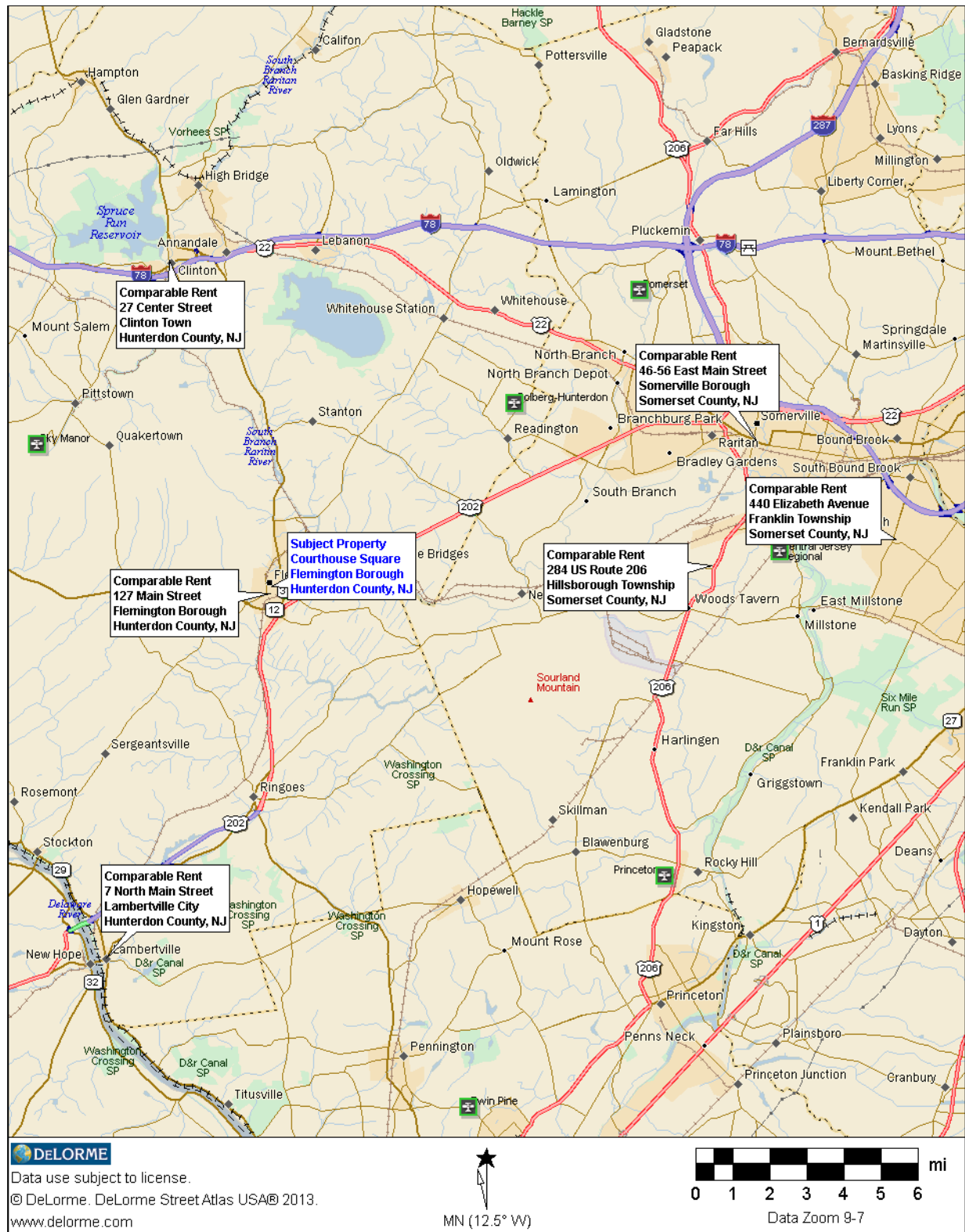
Rent 5 Photo



Rent 6 Photo



Comparable Rental Location Map



Commercial Retail Market Rent Conclusion

Careful consideration has been given to the above market rents with respect to their physical/locational components and market conditions at the time of their lease. An analysis of this data yields the following value ranges:

	Market Rental Value Indication Range			
	Low	High	Average	Median
Unadjusted	\$15	\$26	\$21	\$20
Adjusted	\$15	\$26	\$21	\$20

Within this range, the appraiser has selected **\$20/square foot Net** as the best indicator of rental value for the subject property.

Capitalization Conclusion

In order to determine an annual internal rate of return for the subject property, the appraiser has looked at competitive yield rates for various types of investments, as well as the national market indicators published by the Appraisal Institute in its quarterly magazine *Valuation Insights and Perspectives*.

Market conditions for commercial real estate are currently considered to be fair. Stalled transaction activity is inhibiting the market's ability to establish reliable property values, and vice versa. Occupancies, absorption, rents and other property fundamentals are weakening in tandem with the declining job market and shaky consumer confidence.

There has been literature written and empirical evidence developed relating returns in the bond market to real estate returns. The closest relationship with real estate has been found to be long-term bonds.¹ Returns being received in various segments of the capital markets are shown below.

AVERAGE BOND YIELDS			
May 2018			
	Prior Year	Prior Month	Current Month
U.S. 5-Year Bonds – Taxable	1.84%	2.70%	2.82%
U.S. 10-Year Bonds – Taxable	2.30%	2.87%	2.98%
U.S. 30-Year Bonds – Taxable	2.96%	3.07%	3.13%

The returns on the investments vary due to factors like differing degrees of risk, term to maturity, the coupon interest rate, and the current level of interest rates. Since funds for real estate investment are competing with these alternative investments, it is believed that real estate investors desire at least a return in this range, and usually higher due to the greater liquidity of real estate investments.

In some instances, rates of return desired by lenders can provide a benchmark for desired yields in the real estate market. However, it must be remembered that lenders have a different risk position than the equity investor.

¹For a discussions and analysis of the correlation between these yields, see C.F. Sirmans and J.R. Webb, "Yields for Selected Types of Real Property vs. the Money and Capital Markets," *The Appraisal Journal*, April 1982, p. 241.

The best source of current yield expectations of typical equity investors is based on surveys of these investors. One such survey, which provides a broad indication of investor yield expectations, is the PwC Real Estate Investor Survey, a summary of which appears below indicating a broad range of national overall capitalization rates for apartment properties ranging from 3.75% to 8.50% averaging 5.33%, office properties in central business districts at 3% to 7.50% averaging 5.48%, and retail properties power center at 5.25% to 9.00% averaging at 6.66%. These rates reflect the annualized yield rate or rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership.

MARKET CAPITALIZATION RATES									
	Discount (IRR)			Overall Cap Rate (OAR)			Residual Cap Rate		
	Low	High	Average	Low	High	Average	Low	High	Average
Apartment	5.25%	10.00%	7.23%	3.75%	8.50%	5.33%	4.00%	8.50%	5.66%
Student Housing	6.00%	10.00%	8.05%	4.50%	7.50%	5.86%	4.75%	7.50%	6.30%
Industrial-Flex/R&D	6.75%	10.00%	8.08%	5.50%	9.50%	7.10%	6.00%	9.50%	7.38%
Industrial-Self Storage	5.00%	9.00%	6.91%	4.50%	7.00%	5.65%	5.00%	7.50%	6.04%
Industrial-Warehouse	5.50%	9.00%	6.55%	3.00%	6.50%	4.95%	4.60%	7.25%	5.83%
Lodging-Full-Service	8.00%	13.50%	10.33%	6.00%	10.00%	7.73%	7.00%	10.00%	8.35%
Lodging-Limited-Service Midscale & Economy	8.50%	13.00%	11.00%	7.75%	11.00%	9.15%	7.75%	11.00%	9.78%
Lodging-Luxury/Upper-Upscale	6.50%	12.00%	9.50%	4.00%	9.00%	7.05%	5.50%	9.50%	7.23%
Lodging-Select Service	7.50%	12.00%	9.90%	6.50%	10.00%	8.56%	7.00%	10.75%	8.93%
Net Lease	6.00%	10.00%	8.13%	5.00%	8.50%	6.60%	6.00%	9.00%	7.53%
Office-CBD	5.25%	9.00%	6.95%	3.00%	7.50%	5.48%	4.75%	8.00%	6.13%
Office-Medical	5.50%	11.00%	7.73%	4.50%	10.00%	6.69%	5.00%	10.25%	6.84%
Office-Secondary	6.50%	13.00%	9.05%	5.00%	9.50%	7.51%	6.50%	9.50%	7.80%
Office-Suburban	6.00%	12.00%	8.32%	4.35%	10.00%	6.61%	6.00%	11.50%	7.59%
Retail-Power Center	6.00%	10.00%	7.45%	5.25%	9.00%	6.66%	5.50%	9.00%	6.91%
Retail-Regional Mall	5.00%	11.50%	7.60%	4.00%	10.00%	6.25%	4.25%	10.00%	6.70%
Retail-Strip Shopping Center	5.50%	10.50%	7.46%	4.00%	9.50%	6.36%	4.75%	9.75%	6.84%

Since the subject property is considered an institutional grade property these rates are very applicable. Therefore, utilizing this survey a 6.40% overall capitalization rate is considered applicable.

INSTITUTIONAL-GRADE VS. NONINSTITUTIONAL-GRADE PROPERTY RATES: OFFICE MARKETS First Quarter 2018								
MARKET	INSTITUTIONAL IRR _s		OAR _s		NONINSTITUTIONAL (BASIS-POINT SPREAD TO INSTITUTIONAL RATES) IRR _s OAR _s			
	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE
National CBD Office	5.25% – 9.00%	6.95%	3.00% – 7.50%	5.48%	(a)	(a)	(a)	(a)
National Suburban Office	6.00% – 12.00%	8.34%	4.35% – 10.00%	6.61%	(a)	(a)	(a)	(a)
National Secondary Office	6.50% – 13.00%	9.05%	5.00% – 9.50%	7.51%	50 – 400	188	50 – 250	127
Atlanta Office	6.00% – 10.75%	8.25%	5.00% – 8.75%	7.00%	(a)	(a)	(a)	(a)
Austin Office	5.50% – 10.00%	7.83%	4.30% – 8.50%	5.94%	(a)	(a)	(a)	(a)
Boston Office	5.75% – 10.00%	7.44%	4.00% – 9.50%	6.01%	100 – 500	225	100 – 250	194
Charlotte Office	6.50% – 10.00%	8.05%	5.00% – 8.00%	6.56%	50 – 400	238	100 – 250	167
Chicago Office	6.00% – 12.00%	8.66%	4.75% – 10.00%	7.33%	50 – 800	263	50 – 600	169
Dallas Office	6.00% – 9.00%	7.71%	5.00% – 8.50%	6.38%	(a)	(a)	(a)	(a)
Denver Office	6.50% – 11.00%	8.10%	5.00% – 9.00%	6.56%	(a)	(a)	(a)	(a)
Houston Office	6.50% – 13.00%	8.65%	5.75% – 10.00%	7.26%	75 – 500	204	50 – 300	146
Los Angeles Office	5.00% – 11.00%	7.70%	4.00% – 8.00%	5.88%	25 – 300	128	25 – 150	88
Manhattan Office	5.50% – 9.00%	6.81%	3.00% – 6.00%	4.60%	(a)	(a)	(a)	(a)
Northern Virginia Office	6.00% – 9.50%	7.71%	5.00% – 8.50%	6.77%	(a)	(a)	(a)	(a)
Pacific Northwest Office	5.25% – 10.00%	7.35%	4.10% – 8.00%	5.93%	75 – 500	246	50 – 300	121
Philadelphia Office	7.00% – 11.00%	8.68%	5.00% – 10.00%	7.18%	(a)	(a)	(a)	(a)
Phoenix Office	7.00% – 11.00%	8.69%	5.00% – 8.00%	6.45%	(a)	(a)	(a)	(a)
San Diego Office	6.50% – 12.00%	8.26%	5.25% – 8.50%	6.51%	(a)	(a)	(a)	(a)
San Francisco Office	5.00% – 9.50%	6.86%	3.50% – 8.00%	5.47%	(a)	(a)	(a)	(a)
Seattle Office	5.25% – 9.00%	7.04%	4.10% – 8.00%	5.72%	(a)	(a)	(a)	(a)
Southeast Florida Office	6.00% – 10.50%	8.31%	5.00% – 9.50%	6.93%	(a)	(a)	(a)	(a)
Washington, DC Office	5.00% – 7.00%	6.19%	4.25% – 6.50%	5.08%	75 – 200	108	50 – 200	125

INSTITUTIONAL-GRADE VS. NONINSTITUTIONAL-GRADE PROPERTY RATES: NATIONAL AND REGIONAL MARKETS First Quarter 2018								
	INSTITUTIONAL IRR _s		OAR _s		NONINSTITUTIONAL (BASIS-POINT SPREAD TO INSTITUTIONAL RATES) IRR _s OAR _s			
MARKET	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE	RANGE	AVERAGE
National Regional Mall	5.00% – 11.50%	7.60%	4.00% – 10.00%	6.25%	(a)	(a)	(a)	(a)
National Power Center	6.00% – 10.00%	7.45%	5.25% – 9.00%	6.66%	50 – 300	154	50 – 150	100
National Strip Shopping Center	5.50% – 10.50%	7.46%	4.00% – 9.50%	6.36%	50 – 800	229	25 – 500	154
Warehouse (National)	5.50% – 9.00%	6.55%	3.00% – 6.50%	4.95%	50 – 400	225	50 – 250	133
Warehouse (ENC Region)	5.50% – 7.25%	6.38%	4.25% – 6.25%	5.44%	(a)	(a)	(a)	(a)
Warehouse (Pacific Region)	5.50% – 8.50%	6.48%	3.75% – 7.25%	4.93%	(a)	(a)	(a)	(a)
National Apartment	5.25% – 10.00%	7.23%	3.75% – 8.50%	5.33%	25 – 400	175	25 – 400	131
Apartment (Mid-Atlantic Region)	5.25% – 10.00%	7.23%	3.90% – 6.75%	5.24%	25 – 400	204	25 – 400	171
Apartment (Pacific Region)	5.00% – 10.00%	6.65%	3.50% – 6.00%	4.48%	(a)	(a)	(a)	(a)
Apartment (Southeast Region)	5.00% – 10.00%	7.38%	3.75% – 6.50%	5.15%	(a)	(a)	(a)	(a)
National Medical Office Buildings	5.50% – 11.00%	7.73%	4.50% – 10.00%	6.69%	(a)	(a)	(a)	(a)

Capitalization Rate Development:

The appraiser will utilize the Band of Investment technique to develop a capitalization rate for the subject property. This technique is primarily used to calculate the value of an investment, where some of the funds used to acquire the investment are borrowed; taking into consideration the investor's required return on investment and the cost of the borrowed funds. In developing a capitalization rate for the subject property, the appraiser has developed the following assumptions:

Interest Rate: Based upon the RealtyRates.com 2nd quarter 2018 survey, Interest Rates ranged from 3.61% to 8.79% averaging 5.52% for apartments, 3.75% to 8.50% averaging 5.63% for office, 3.66% to 9.87% averaging 5.96% for retail properties. Considering the appraiser's knowledge of local financing trends coupled with the previously described location and physical components a 5.50% is considered applicable.

Loan-to-Value Ratio: Based upon the RealtyRates.com 2nd quarter 2018 survey, Loan-To-Value Ratios ranged from 50% to 90% averaging 73% for apartments, 50% to 90% averaging 73% for office, 50% to 90% averaging 71% for retail properties. Considering the appraiser's knowledge of local financing trends coupled with the previously described location and physical components a 65% is considered applicable.

Amortization: Based upon the RealtyRates.com 2nd quarter 2018 survey, Amortization ranged from 15 to 40 averaging 26 years for apartments, 15 to 40 averaging 30 years for office, 15 to 40 averaging 25 years for retail properties. Considering the appraiser's knowledge of local financing trends coupled with the previously described location and physical components a 30-year Amortization is considered applicable.

Term: Based upon the RealtyRates.com 2nd quarter 2018 survey, the Term ranged from 3 to 40 averaging 20.50 years for apartments, 3 to 30 averaging 8 years for office, 3 to 10 averaging 6.20 years for retail properties. Considering the appraiser's knowledge of local financing trends coupled with the previously described location and physical components a 10-year Term is considered applicable.

Equity Dividend Rate: An Equity Dividend Rates is considered the annual rate investors expect to receive on their equity investment. Based upon the RealtyRates.com 2nd quarter 2018 survey Equity Dividend Rates ranged 6.41% to 15.59% averaging 11.46% for apartments, 7.56% to 16.04% averaging 12.22% for office, 7.95% to 17.97% averaging 13.46% for retail properties. Considering the appraiser's knowledge of local financing trends coupled with the previously described location and physical components an 8% is considered applicable.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2018*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.70%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.75%	0.84%	1.24%
Maximum	5.88%	11.95%	6.96%	5.85%	11.58%	8.80%	5.59%	11.04%	6.96%	5.96%	12.00%
Average	2.61%	5.15%	3.22%	2.93%	3.52%	3.88%	2.72%	4.33%	3.05%	4.03%	4.73%
Interest Rate											
Minimum	3.61%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.66%	3.75%	4.15%
Maximum	8.79%	14.86%	9.87%	8.76%	14.49%	11.71%	8.50%	13.95%	9.87%	8.87%	14.91%
Average	5.52%	8.06%	6.13%	5.84%	6.43%	6.79%	5.63%	7.24%	5.96%	6.94%	7.64%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.10	1.15	1.00	1.10	1.15	1.10	1.05	1.15	1.15
Maximum	1.86	2.15	2.25	2.05	2.85	2.05	2.15	2.15	2.15	2.50	2.15
Average	1.43	1.56	1.50	1.46	1.53	1.36	1.65	1.58	1.39	1.62	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	80%	90%	50%	80%
Average	73%	67%	71%	70%	67%	70%	73%	66%	71%	70%	67%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	26	22	25	25	22	25	30	22	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*1st Quarter 2018 Data

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RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2018*			
EQUITY DIVIDEND RATES			
Property Type	Min.	Max.	Avg.
Apartments	6.41%	15.59%	11.46%
Garden/Suburban TH	6.41%	14.39%	10.00%
Hi-Rise/Urban TH	6.41%	15.59%	10.54%
Student Housing	6.41%	14.99%	10.27%
Golf	9.40%	22.06%	16.36%
Public Daily Fee Courses	9.40%	21.46%	14.83%
Semi-Private Clubs	9.40%	22.06%	15.10%
Private Clubs	9.40%	20.86%	14.56%
Health Care/Senior Housing	7.60%	17.52%	13.06%
Acute Care Facilities	7.80%	17.52%	12.18%
Out-Patient Care Facilities	7.60%	16.32%	11.53%
Congregate Care Facilities	7.70%	16.92%	11.85%
Assisted Living Facilities	7.65%	16.62%	11.69%
Industrial	7.33%	16.49%	12.37%
Warehouse/Distribution	7.33%	15.29%	10.91%
R&D/Flex	7.53%	16.49%	11.56%
Climate Controlled/Manufacturing	7.43%	15.89%	11.24%
Lodging	8.10%	19.91%	14.59%
Full Service Facilities	8.10%	18.71%	12.87%
Limited Service Facilities	8.30%	19.91%	13.52%
Golf/Gaming/Resort	8.20%	19.31%	13.20%
Mobile Home/RV Park/Camping	7.92%	18.42%	13.69%
Manufactured Housing	7.92%	17.22%	12.10%
Mobile Home Parks	8.02%	17.82%	12.43%
RV Parks/Campgrounds	8.12%	18.42%	12.75%
Office	7.56%	16.04%	12.22%
Suburban	7.56%	14.84%	10.84%
CBD	7.76%	16.04%	11.49%
Medical	7.66%	15.44%	11.16%
Restaurants	10.33%	20.16%	15.74%
Full Service	10.53%	20.16%	14.87%
Fast Food	10.33%	18.96%	14.22%
Retail	7.95%	17.97%	13.46%
Anchored	7.95%	16.77%	11.92%
Un-Anchored	8.15%	17.97%	12.57%
Convenience/Gas	8.05%	17.37%	12.25%
Free Standing	7.90%	17.22%	12.10%
Self-Storage	7.97%	15.53%	12.13%
Climate Controlled	8.17%	15.53%	11.56%
Mini Storage	7.97%	14.33%	10.83%
Special Purpose	9.58%	20.95%	15.84%
Schools/Day Care Centers	9.58%	19.75%	14.16%
Churches/Temples/Synagogues	9.78%	20.95%	14.81%
All Properties	6.41%	22.06%	12.72%

*1st Quarter 2018 Data

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Therefore, the following capitalization rate for the subject property was developed accordingly:

Band of Investment Capitalization Rate Development									
Investor Variables									
Holding Period				10					
Equity Dividend				8.0%					
Equity Ratio				35%					
Loan Variables									
Loan Ratio				65%					
Interest Rate				5.5%					
Amortization (yrs)				30					
Basic Rate Calculation by Band of Investment									
Equity Ratio	X	Required Yield	(35%	X	0.080000)	2.80000%	
Loan Ratio	X	Annual Constant	(65%	X	0.068135)	4.42875%	
Basic Overall Rate								7.22875%	
Less Credit Adjustment for Equity Build-Up									
Term (yrs)		Annual Constant	-	Int Rate	=	Amortization Rate			
30		0.068135	-	0.0550	=	0.013135			
10		0.130232	-	0.0550	=	0.075232			
<u>Percent Paid Off</u>									
0.013135	/	0.075232	=	0.174590					
<u>Sinking Fund Factor</u>									
8.00%	@	10 Years	=	0.069029					
<u>Final Adjustment for Equity Build-Up</u>									
0.174590	x	0.069029	x	65%	=	-0.78337%			
Final Overall Rate								6.44538%	
OVERALL CAPITALIZATION RATE (rounded)								6.40%	

PART IV – PILOT PROFORMA & ROI

Given the conclusions set forth so far, there were additional assumptions that were needed to complete the analysis, some of which that were provided by the developer as well as the financial agreement.

▪ PILOT Agreement and Approvals

- Our analysis presumed the negotiated financial agreement with the municipality is finalized and signed by both parties, with approvals for the project.
- The project will consist of 222-unit multifamily units, of which 14 units will be affordable housing units. The property will also contain 100-room hotel, 45,000 square feet of educational/medical/office space, 32,250 square feet of retail space, 4,800 square feet of amenity space, 760 parking spaces, which will include 565 structured parking, 159 podium parking, and 26 surface parking spaces.
- This agreement includes the annual service charges, which have been determined to be \$1,200 per hotel room, \$1,600 per apartment, \$1.50 per square foot of retail space, and \$1.50 per square foot of educational/medical/office. The annual service charges will increase by 5% every 5 years beginning in year 6. Note, the county receives 5% of the annual service charge. Additionally, there will be a 2% municipal administrative fee due to the agreement and a 3% municipal hotel tax (after vacancy factor) on the project. Finally, the project is subject to the BID tax rate in accordance with the local ordinance.
- Furthermore, the subject property has obtained a Redevelopment Area Bond (RAB), which eliminates any regulation on minimal service charges as percentage of total project costs or a percentage of gross income.
- The Municipal Matrix shows the current tax payments to the Borough of Flemington. Additionally, it calculates the annual and cumulative tax revenues to the Borough over the 30-year period.

▪ Income

- Leasing Revenue & Potential Gross Income – These projections reflect leasing revenue and absorption pace for the project based upon our preceding conclusions which analyzed the performance of competing properties in the submarket area. These revenues have been inflated at a rate of 2.0% annually. We project average monthly rents of \$1,907 with an average size of 969 square feet and affordable housing rates at an average rent of \$1,000 per month with an average size of 1,000 square feet. Note, there are no garage rents or miscellaneous income for the project. Next, there is 45,000 square feet of educational/medical/office space as well as 32,250 square feet of retail space available to rent, which has been determined by the consultant to be \$20 per square foot net. The educational/medical/office space is projected to have 10% increases every 5 years starting year 6. The provided hotel rent of \$125 per night for 100 rooms, or 36,500 room night, will be utilized for the 100 rooms within the project. Finally, there is 4,360 square feet of hotel conference space determined to collect approximately \$26,000 annually.

- Less Vacancy & Credit Loss – These numbers reflect current and forecasted vacancy rates in this subject area. We have allowed for a project vacancy rates of 5% over the life of the project for retail and office space. Based upon the leasing velocity of similar hotel properties, we have projected a stabilized occupancy level of 70% (30% vacancy) can be achieved for the hotel portion. We have therefore applied a factor of 100% vacancy during the construction phase in year 1 and 2 vacancy. Construction completion is projected to require 2 years.
- Expenses
 - Operating & Leasing Expenses – The consultant utilized analyses published by the Institute for Real Estate Management (IREM) for retail, office, and apartments and Smith Travel Research (STR) for hotel market data. Given the efficiencies attributable to newly constructed properties which benefit from lower operating expenses, multi-family apartment projects served by elevators have a median overall operating expense equivalent to 23% of Potential Gross Income (PGI) exclusive of property taxes. These analyses also indicated that existing office/retail projects have a median overall operating expense equivalent to 30% of PGI exclusive of property taxes. Additionally, data from STR shows that hotel projects have a higher median overall operating expense of 45% of PGI. Finally, the reimbursements are calculated on a pass-through basis, in which the tenants will pay their proportionate share of the operating expenses. The reimbursement is made to the owner for expenses paid by the owner, charged back to the tenant, and results in additional rent for the tenant and income to the owner.
 - Reserves for Replacement – These reserves represent funds that provide for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's economic life such as heating/cooling systems, appliances, carpeting, or roofing. Costs have been applied at a rate of \$300 per hotel room and apartment and inflated at a rate of 2% annually. Additionally, reserves for replacement for the retail and office space is estimated to be \$0.15 per square foot.
 - Property Taxes – In years 1 & 2, property taxes will be based upon the current land tax of \$107,332 using the BID tax rate of \$3.246. The projected taxes are not calculated as they will be paid and credited with the borough.
- Capital Investment
 - A budget has been prepared by the developer at this time. The hard and soft costs should be updated however once proposals have been obtained from the respective professionals.
 - Land Value Allocation – \$7,233,830 is the provided acquisition cost budget. Our analysis presumes that the land allocation will incurred in year 1 of the project, subsequent to securing development approvals and prior to commencement of site development and construction.
 - Hard, Soft, & Related Costs – Represents the estimated cost to construct site infrastructure for the project to include, but are not limited to demolition, rubbish removal, fill, grading, roadways, surface parking sidewalks, curbing, bringing utilities to the site, off-site improvements and recreational amenities as well as hotel furniture, fixtures, and equipment. This is estimated to be \$82,109,110, which was provided. The costs are split over the two years during construction.

- Cumulative Capital Investment – This represents the total hard, soft, and related costs as well as the acquisition of the existing building, which is \$89,342,940.
- Return on Investment
 - Net Cash Flow Before Debt Service & Reversion – represents the mathematical result of subtracting Total Expenses from Effective Gross Revenue over the life of the project. This figure does not include the lump sum income from the sale of the property or debt servicing expenses.
 - Capitalization Rate – The consultant has determined the capitalization rate to be 6.40%.
 - Reversionary Value – The lump sum benefit to be realized by the investor when the property is sold at the end of the holding period. The projected selling price has been based upon the net operating income in the final year before sale, which has been capitalized at a terminal cap rate of 6.65%.
 - Less Selling Expense – This 4% cost represents a deduction from the reversionary value attributable to legal and brokerage expenses.
 - Net Cash Flow After Reversion but Before Debt Service – The net cash flow represents the adjusted net cash flow after adding in the net proceeds from the sale of the property at the end of the holding period, but prior to debt servicing costs.

PROFORMA ANALYSIS – Courthouse Square Mixed-Use Redevelopment Project

				Year Beginning Investment Periods PILOT Periods	1/1/2018 -1	1/1/2019 1	1/1/2020 2	12/31/2020 3	1/1/2022 4	1/1/2023 5	1/1/2024 6	12/31/2024 7	1/1/2026 8	1/1/2027 9	1/1/2028 10	12/31/2028 11
				Rent Inflation	-	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
INCOME																
Potential Gross Income (PGI)	Factor	Avg. Ft	# Units	Avg. \$/Month												
Market Rate Apartments	n/a	969	208	\$1,907	\$ 4,761,053	\$ 4,856,274	\$ 4,953,399	\$ 5,052,467	\$ 5,153,516	\$ 5,256,587	\$ 5,361,718	\$ 5,468,953	\$ 5,578,332	\$ 5,689,899	\$ 5,803,698	\$ 5,919,770
Affordable Housing Apartments	n/a	1,000	14	\$1,000	\$ 168,000	\$ 171,360	\$ 174,787	\$ 178,283	\$ 181,849	\$ 185,486	\$ 189,195	\$ 192,979	\$ 196,839	\$ 200,776	\$ 204,791	\$ 208,887
Total Apartments	n/a	-	222	-	-	-	-	-	-	-	-	-	-	-	-	-
Garage/Surface Parking Rents	n/a	-	760	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income (E.g. Amenities)	n/a	-	-	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel at \$125/night	n/a	-	100	\$380,208	\$ 4,562,500	\$ 4,653,750	\$ 4,746,825	\$ 4,841,762	\$ 4,938,597	\$ 5,037,369	\$ 5,138,116	\$ 5,240,878	\$ 5,345,696	\$ 5,452,610	\$ 5,561,662	\$ 5,672,895
Hotel at 3% Tax	n/a	-	-	\$11,408	\$ 136,875	\$ 139,613	\$ 142,405	\$ 145,253	\$ 148,158	\$ 151,121	\$ 154,143	\$ 157,226	\$ 160,371	\$ 163,578	\$ 166,850	\$ 170,187
Hotel Conference Space	n/a	4,360	-	\$0.50	\$ 26,160	\$ 26,683	\$ 27,217	\$ 27,761	\$ 28,316	\$ 28,883	\$ 29,460	\$ 30,050	\$ 30,651	\$ 31,264	\$ 31,889	\$ 32,527
Office/Ed/Medical Space at \$20 Net w/ 10% Increases Every 5 Yrs (beg.Yr 0)	n/a	45,000	-	\$1.67	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Retail Space (2 Buildings) at \$20 Net w/ 2% Annual Increases	n/a	32,250	-	\$1.67	\$ 645,000	\$ 657,900	\$ 671,058	\$ 684,479	\$ 698,169	\$ 712,132	\$ 726,375	\$ 740,902	\$ 755,720	\$ 770,835	\$ 786,251	\$ 801,976
Potential Gross Income (PGI)					\$ 11,199,588	\$ 11,405,579	\$ 11,615,691	\$ 11,830,005	\$ 12,048,605	\$ 12,271,577	\$ 12,499,008	\$ 12,730,989	\$ 13,057,608	\$ 13,298,961	\$ 13,545,140	\$ 13,796,243
Reimbursements																
Median Office/Retail/Medical Pass Thru					\$0	\$0	\$556,456	\$560,563	\$564,752	\$569,025	\$573,383	\$577,829	\$582,363	\$586,983	\$591,688	\$596,475
Pass Thru Vacancy					\$0	\$0	(\$27,823)	(\$28,028)	(\$28,238)	(\$28,451)	(\$28,669)	(\$28,889)	(\$29,111)	(\$29,335)	(\$29,561)	(\$29,788)
Less Vacancy & Credit Loss																
Vacancy/Credit Loss- Apartments							-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Vacancy - Retail/Educational/Medical							-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Vacancy - Hotel							-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Overall Vacancy & Credit Loss (%)							-15.6%	-15.6%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%
Overall Vacancy & Credit Loss (\$)					\$ (11,405,579)	\$ (11,615,691)	(\$1,845,194)	(\$1,881,198)	(\$1,917,922)	(\$1,955,380)	(\$1,993,688)	(\$2,037,980)	(\$2,078,811)	(\$2,117,357)	(\$2,158,714)	(\$2,199,999)
Effective Gross Income (EGI)					\$ -	\$ -	\$ 9,984,811	\$ 10,167,407	\$ 10,353,655	\$ 10,543,628	\$ 10,737,401	\$ 11,020,549	\$ 11,222,150	\$ 11,427,783	\$ 11,637,528	\$ 11,847,277
EXPENSES																
Operating Expenses				Source	Basis	% PGI										
Median Office/Retail/Medical Expense Ratio				IEM	Calculated	-30.0%										
Apartment Expense Ratio				IEM	Calculated	-23.0%										
Hotel Expense Ratio				STR	Calculated	-45.0%										
Hotel & Apartment Reserves for Replacement				PwC	-\$300	-0.80%										
Retail/Office Reserves for Replacement				IEM	\$0.15											
Subtotal																
Net Operating Income (Before Taxes)							\$ 6,662,519	\$ 6,784,446	\$ 6,908,810	\$ 7,035,662	\$ 7,165,051	\$ 7,298,978	\$ 7,437,619	\$ 7,581,013	\$ 7,729,241	\$ 7,882,755
Property Taxes																
				Total Taxes		Allocation										
Annual Service Charge Rates				1. Hotel @ \$1,200 Per Room; 2. Apartment @ \$1,800 Per Apartment; 3. Retail @ \$1.50 Per Square Foot; 4. Educational/Medical/Office @ \$1.50 Per Square Foot			\$0	\$0	(\$91,075)	(\$91,075)	(\$91,075)	(\$91,075)	(\$91,075)	(\$91,075)	(\$91,075)	(\$91,075)
Land Taxes - Paid and Credited Therefore Not Calculated							(\$107,332)	100.00%	(\$109,479)	(\$111,668)	(\$113,902)	(\$116,180)	(\$118,503)	(\$120,874)	(\$123,291)	(\$125,757)
Total PILOT/Tax Payments							(\$109,479)	(\$111,668)	(\$113,902)	(\$116,180)	(\$118,503)	(\$120,874)	(\$123,291)	(\$125,757)	(\$128,272)	(\$130,837)
Total Expenses (including PILOT Payments)							(\$109,479)	(\$111,668)	(\$113,902)	(\$116,180)	(\$118,503)	(\$120,874)	(\$123,291)	(\$125,757)	(\$128,272)	(\$130,837)
Municipal Admin Fee (max 2%)				2%			(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)
Municipal Hotel Tax (3%)				3%			(\$101,677)	(\$103,711)	(\$105,785)	(\$107,900)	(\$110,058)	(\$112,260)	(\$114,509)	(\$116,795)	(\$119,121)	(\$121,495)
Net Operating Income (After Taxes)							(\$109,479)	(\$111,668)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897
Less Debt Service (Interest Only)							\$0	\$0	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)
Net Operating Income (After Debt Service)							(\$109,479)	(\$111,668)	\$2,885,133	\$3,005,025	\$3,127,316	\$3,252,052	\$3,379,283	\$3,536,694	\$3,669,065	\$3,804,084
MUNICIPAL MATRIX																
Profit Rate (Unlevered Annual Yield on Project Cost)				n/a			n/a	3.2%	3.4%	3.5%	3.6%	3.8%	4.0%	4.1%	4.3%	4.4%
Internal Rate of Return				-			-	-	-	-	-	7.3%	-	-	-	-
PILOT/Tax Payments (less 5% and Land Tax Credit) - Annual	\$0	\$0	\$0	\$453,315	\$451,150	\$448,943	\$446,691	\$444,395	\$442,054	\$439,668	\$437,236	\$434,758	\$432,234	\$429,664	\$427,050	\$424,387
PILOT/Tax Payments (less 5%) - Cumulative	\$0	\$0	\$0	\$453,315	\$904,465	\$1,353,408	\$1,800,099	\$2,244,494	\$2,687,588	\$3,129,282	\$3,569,576	\$4,008,470	\$4,445,964	\$4,882,058	\$5,316,752	\$5,750,046
Municipal Land Tax Portion (34.4%)				\$39,182	\$39,968	\$40,765	\$41,560	\$42,362	\$43,171	\$43,986	\$44,806	\$45,631	\$46,461	\$47,296	\$48,136	\$48,980
Municipal Admin Fee (2% Max)	\$0	\$0	\$0	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822	\$11,822
Municipal Hotel Tax (3%) - After Vacancy	\$0	\$0	\$0	\$101,677	\$103,711	\$105,785	\$107,900	\$110,058	\$112,260	\$114,509	\$116,795	\$119,121	\$121,495	\$123,917	\$126,378	\$128,878
PILOT Tax Revenue - Annual	n/a	n/a	n/a	\$605,995	\$606,048	\$606,101	\$606,154	\$606,207	\$606,260	\$606,313	\$606,366	\$606,419	\$606,472	\$606,525	\$606,578	\$606,631
PILOT Tax Revenue - Cumulative	n/a	n/a	n/a	\$605,995	\$1,212,644	\$1,819,958	\$2,427,952	\$3,036,639	\$3,645,952	\$4,255,871	\$4,866,404	\$5,477,553	\$6,089,317	\$6,701,696	\$7,314,690	\$7,928,299

PROFORMA ANALYSIS – (continued)

1/1/2030	1/1/2031	1/1/2032	12/31/2032	1/1/2034	1/1/2035	1/1/2036	12/31/2036	1/1/2038	1/1/2039	1/1/2040	12/31/2040	1/1/2042	1/1/2043	1/1/2044	12/31/2044	1/1/2046	1/1/2047	1/1/2048	12/31/2048	1/1/2050
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
\$ 6,038,166	\$ 6,158,929	\$ 6,282,108	\$ 6,407,750	\$ 6,535,905	\$ 6,666,623	\$ 6,799,955	\$ 6,935,955	\$ 7,074,674	\$ 7,216,167	\$ 7,360,490	\$ 7,507,700	\$ 7,657,854	\$ 7,811,011	\$ 7,967,232	\$ 8,126,576	\$ 8,289,108	\$ 8,454,890	\$ 8,623,988	\$ 8,796,467	\$ 8,972,397
\$ 213,065	\$ 217,326	\$ 221,672	\$ 226,106	\$ 230,628	\$ 235,241	\$ 239,945	\$ 244,744	\$ 249,639	\$ 254,632	\$ 259,725	\$ 264,919	\$ 270,217	\$ 275,622	\$ 281,134	\$ 286,767	\$ 292,492	\$ 298,342	\$ 304,309	\$ 310,395	\$ 316,603
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,786,353	\$ 5,902,080	\$ 6,020,122	\$ 6,140,524	\$ 6,263,335	\$ 6,388,601	\$ 6,516,374	\$ 6,646,701	\$ 6,779,635	\$ 6,915,228	\$ 7,053,532	\$ 7,194,603	\$ 7,338,495	\$ 7,485,265	\$ 7,634,970	\$ 7,787,670	\$ 7,943,423	\$ 8,102,291	\$ 8,264,337	\$ 8,429,624	\$ 8,598,216
\$ 173,591	\$ 177,062	\$ 180,604	\$ 184,216	\$ 187,900	\$ 191,658	\$ 195,491	\$ 199,401	\$ 203,389	\$ 207,457	\$ 211,606	\$ 215,838	\$ 220,155	\$ 224,558	\$ 229,049	\$ 233,630	\$ 238,303	\$ 243,069	\$ 247,930	\$ 252,889	\$ 257,946
\$ 33,177	\$ 33,841	\$ 34,518	\$ 35,208	\$ 35,912	\$ 36,630	\$ 37,363	\$ 38,110	\$ 38,872	\$ 39,650	\$ 40,443	\$ 41,252	\$ 42,077	\$ 42,918	\$ 43,777	\$ 44,652	\$ 45,545	\$ 46,456	\$ 47,385	\$ 48,333	\$ 49,300
\$ 990,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,317,690	\$ 1,317,690	\$ 1,317,690	\$ 1,317,690	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459
\$ 819,016	\$ 834,376	\$ 851,064	\$ 868,085	\$ 885,447	\$ 903,156	\$ 921,219	\$ 939,643	\$ 958,436	\$ 977,605	\$ 997,157	\$ 1,017,100	\$ 1,037,442	\$ 1,058,191	\$ 1,079,355	\$ 1,100,942	\$ 1,122,961	\$ 1,145,420	\$ 1,168,328	\$ 1,191,695	\$ 1,215,529
\$ 14,052,367	\$ 14,412,615	\$ 14,679,087	\$ 14,950,889	\$ 15,228,127	\$ 15,510,909	\$ 15,808,247	\$ 16,202,454	\$ 16,502,545	\$ 16,808,638	\$ 17,120,853	\$ 17,559,102	\$ 17,883,930	\$ 18,215,255	\$ 18,553,206	\$ 18,897,917	\$ 19,381,290	\$ 19,739,927	\$ 20,105,736	\$ 20,478,862	\$ 20,859,450
\$623,517	\$658,125	\$663,132	\$668,238	\$673,447	\$678,759	\$716,848	\$722,375	\$728,013	\$733,764	\$739,630	\$781,550	\$787,652	\$793,877	\$800,226	\$806,702	\$852,838	\$859,576	\$866,449	\$873,459	\$880,609
(\$31,176)	(\$32,906)	(\$33,157)	(\$33,412)	(\$33,672)	(\$33,939)	(\$35,842)	(\$36,119)	(\$36,401)	(\$36,688)	(\$36,981)	(\$39,077)	(\$39,383)	(\$39,694)	(\$40,011)	(\$40,335)	(\$42,642)	(\$42,979)	(\$43,322)	(\$43,673)	(\$44,030)
-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.6%	-15.7%	-15.6%	-15.7%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.7%
(\$2,200,899)	(\$2,248,877)	(\$2,292,755)	(\$2,337,531)	(\$2,383,193)	(\$2,429,788)	(\$2,482,719)	(\$2,531,175)	(\$2,580,601)	(\$2,631,015)	(\$2,682,438)	(\$2,740,878)	(\$2,794,378)	(\$2,848,948)	(\$2,904,608)	(\$2,961,384)	(\$3,025,882)	(\$3,094,650)	(\$3,145,200)	(\$3,206,654)	(\$3,269,338)
\$ 11,851,469	\$ 12,163,738	\$ 12,386,322	\$ 12,613,357	\$ 12,844,933	\$ 13,081,141	\$ 13,425,528	\$ 13,671,278	\$ 13,921,944	\$ 14,177,623	\$ 14,438,415	\$ 14,818,224	\$ 15,089,552	\$ 15,366,307	\$ 15,648,597	\$ 15,936,533	\$ 16,355,408	\$ 16,654,976	\$ 16,960,536	\$ 17,272,207	\$ 17,590,112
(\$542,405)	(\$577,013)	(\$582,019)	(\$587,126)	(\$592,334)	(\$597,647)	(\$635,736)	(\$641,263)	(\$646,901)	(\$652,651)	(\$658,517)	(\$700,437)	(\$706,540)	(\$712,764)	(\$719,113)	(\$725,590)	(\$771,726)	(\$778,464)	(\$785,336)	(\$792,346)	(\$799,468)
(\$1,437,783)	(\$1,466,539)	(\$1,495,869)	(\$1,525,787)	(\$1,556,303)	(\$1,587,429)	(\$1,619,177)	(\$1,651,561)	(\$1,684,592)	(\$1,718,284)	(\$1,752,649)	(\$1,787,702)	(\$1,823,456)	(\$1,859,926)	(\$1,897,124)	(\$1,935,067)	(\$1,973,768)	(\$2,013,243)	(\$2,053,508)	(\$2,094,578)	(\$2,136,470)
(\$1,837,631)	(\$1,874,384)	(\$1,911,871)	(\$1,950,109)	(\$1,989,111)	(\$2,028,893)	(\$2,069,471)	(\$2,110,860)	(\$2,153,078)	(\$2,196,139)	(\$2,240,062)	(\$2,284,883)	(\$2,330,560)	(\$2,377,172)	(\$2,424,715)	(\$2,473,209)	(\$2,522,674)	(\$2,573,127)	(\$2,624,590)	(\$2,677,081)	(\$2,730,623)
(\$112,419)	(\$115,301)	(\$117,433)	(\$119,607)	(\$121,825)	(\$124,087)	(\$127,266)	(\$129,620)	(\$132,020)	(\$134,469)	(\$136,967)	(\$140,473)	(\$143,071)	(\$145,722)	(\$148,428)	(\$151,183)	(\$155,050)	(\$157,919)	(\$160,846)	(\$163,831)	(\$166,876)
(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)
(\$3,941,825)	(\$4,044,824)	(\$4,118,780)	(\$4,194,216)	(\$4,271,160)	(\$4,349,643)	(\$4,463,237)	(\$4,544,891)	(\$4,628,179)	(\$4,713,131)	(\$4,799,783)	(\$4,925,063)	(\$5,015,215)	(\$5,107,171)	(\$5,200,966)	(\$5,296,636)	(\$5,434,805)	(\$5,534,341)	(\$5,635,867)	(\$5,739,424)	(\$5,845,052)
\$ 7,909,644	\$ 8,118,915	\$ 8,267,542	\$ 8,419,142	\$ 8,573,773	\$ 8,731,498	\$ 8,962,291	\$ 9,126,387	\$ 9,293,766	\$ 9,464,492	\$ 9,638,632	\$ 9,893,161	\$ 10,074,337	\$ 10,259,136	\$ 10,447,631	\$ 10,639,897	\$ 10,920,603	\$ 11,120,636	\$ 11,324,669	\$ 11,532,783	\$ 11,745,059
(\$620,629)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$754,378)	(\$754,378)	(\$754,378)	(\$754,378)	(\$754,378)
(\$138,123)	(\$138,846)	(\$141,623)	(\$144,455)	(\$147,344)	(\$150,291)	(\$153,297)	(\$156,363)	(\$159,490)	(\$162,680)	(\$165,933)	(\$169,252)	(\$172,637)	(\$176,090)	(\$179,612)	(\$183,204)	(\$186,868)	(\$190,605)	(\$194,417)	(\$198,306)	(\$202,272)
(\$620,629)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$754,378)	(\$754,378)	(\$754,378)	(\$754,378)	(\$754,378)
(\$4,562,454)	(\$4,696,484)	(\$4,770,440)	(\$4,845,876)	(\$4,922,820)	(\$5,001,303)	(\$5,147,480)	(\$5,229,134)	(\$5,312,421)	(\$5,397,374)	(\$5,484,026)	(\$5,643,518)	(\$5,733,671)	(\$5,825,626)	(\$5,919,421)	(\$6,015,092)	(\$6,189,183)	(\$6,288,719)	(\$6,390,245)	(\$6,493,802)	(\$6,599,430)
(\$12,413)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,685)	(\$13,685)	(\$13,685)	(\$13,685)	(\$13,685)	(\$14,369)	(\$14,369)	(\$14,369)	(\$14,369)	(\$14,369)	(\$15,088)	(\$15,088)	(\$15,088)	(\$15,088)	(\$15,088)
(\$121,513)	(\$123,944)	(\$126,423)	(\$128,951)	(\$131,530)	(\$134,161)	(\$136,844)	(\$139,581)	(\$142,372)	(\$145,220)	(\$148,124)	(\$151,087)	(\$154,108)	(\$157,191)	(\$160,334)	(\$163,541)	(\$166,812)	(\$170,148)	(\$173,551)	(\$177,022)	(\$180,563)
\$ 7,155,089	\$ 7,330,277	\$ 7,476,426	\$ 7,625,497	\$ 7,777,550	\$ 7,932,644	\$ 8,127,519	\$ 8,288,878	\$ 8,453,465	\$ 8,621,344	\$ 8,792,580	\$ 9,009,250	\$ 9,187,404	\$ 9,369,121	\$ 9,554,472	\$ 9,743,531	\$ 9,984,325	\$ 10,181,022	\$ 10,381,652	\$ 10,586,295	\$ 10,795,031
(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)
\$ 4,082,276	\$ 4,257,464	\$ 4,403,613	\$ 4,552,684	\$ 4,704,737	\$ 4,859,831	\$ 5,054,706	\$ 5,216,065	\$ 5,380,652	\$ 5,548,531	\$ 5,719,767	\$ 5,936,437	\$ 6,114,591	\$ 6,296,308	\$ 6,481,659	\$ 6,670,718	\$ 6,911,512	\$ 7,108,209	\$ 7,308,839	\$ 7,513,482	\$ 7,722,218
4.6%	4.8%	4.0%	5.1%	5.3%	5.4%	5.7%	5.8%	6.0%	6.2%	6.4%	6.6%	6.8%	7.0%	7.3%	7.5%	7.7%	8.0%	8.2%	8.4%	8.6%
7.9%	-	-	-	-	-	-	-	-	-	8.3%	-	-	-	-	-	-	-	-	-	8.4%
\$480,280	\$487,174	\$484,536	\$481,845	\$479,100	\$476,301	\$504,309	\$501,486	\$498,515	\$495,485	\$492,394	\$521,743	\$518,527	\$515,247	\$511,901	\$508,489	\$539,135	\$535,584	\$531,963	\$528,269	\$524,501
\$4,570,759	\$5,057,933	\$5,542,469	\$6,024,314	\$6,503,414	\$6,979,715	\$7,484,114	\$7,985,000	\$8,484,115	\$8,979,601	\$9,471,995	\$9,993,738	\$10,512,265	\$11,027,512	\$11,539,414	\$12,047,903	\$12,587,037	\$13,122,621	\$13,654,584	\$14,182,853	\$14,707,353
\$46,826	\$47,763	\$48,718	\$49,693	\$50,686	\$51,700	\$52,734	\$53,789	\$54,865	\$55,962	\$57,081	\$58,223	\$59,387	\$60,575	\$61,786	\$63,022	\$64,283	\$65,568	\$66,880	\$68,217	\$69,582
\$12,413	\$13,033	\$13,033	\$13,033	\$13,033	\$13,033	\$13,685	\$13,685	\$13,685	\$13,685	\$13,685	\$14,369	\$14,369	\$14,369	\$14,369	\$14,369	\$15,088	\$15,088	\$15,088	\$15,088	\$15,088
\$121,513	\$123,944	\$126,423	\$128,951	\$131,530	\$134,161	\$136,844	\$139,581	\$142,372	\$145,220	\$148,124	\$151,087	\$154,108	\$157,191	\$160,334	\$163,541	\$166,812	\$170,148	\$173,551	\$177,022	\$180,563
\$641,033	\$671,914	\$672,710	\$673,522	\$674,350	\$675,195	\$707,662	\$708,541	\$709,437	\$710,352	\$711,284	\$745,422	\$746,392	\$747,382	\$748,391	\$749,421	\$785,317	\$786,388	\$787,481	\$788,596	\$789,733
\$6,234,299	\$6,906,212	\$7,578,922	\$8,252,444	\$8,926,793	\$9,601,988	\$10,309,650	\$11,018,191	\$11,727,628	\$12,437,980	\$13,149,264	\$13,894,686	\$14,6								

RETURN ON INVESTMENT ANALYSIS – Courthouse Square Mixed-Use Redevelopment Project

Year Beginning Investment Periods				1/1/2019	1/1/2020	12/31/2020	1/1/2022	1/1/2023	1/1/2024	12/31/2024	1/1/2026	1/1/2027	1/1/2028	12/31/2028	1/1/2030
PILOT Periods				1	2	3	4	5	6	7	8	9	10	11	12
				-	-	1	2	3	4	5	6	7	8	9	10
CAPITAL INVESTMENT															
	Basis	\$/Unit	\$/SF												
Land Acquisition	(7,233,830)	(32,585)	n/a	(7,233,830)	0	0	0	0	0	0	0	0	0	0	0
Hard, Soft & Related Costs	(82,109,110)	(369,861)	n/a	(41,054,555)	(41,054,555)	0	0	0	0	0	0	0	0	0	0
Total Capital Investment	(89,342,940)	(402,446)	n/a	(48,288,385)	(41,054,555)	0	0	0	0	0	0	0	0	0	0
Cumulative Capital Investment				(48,288,385)	(69,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)
RETURN ON INVESTMENT															
Recap															
Gross Rental Potential Income (GPI)				\$11,199,588	\$11,405,579	\$11,615,691	\$11,830,005	\$12,048,605	\$12,271,577	\$12,499,008	\$12,730,989	\$13,057,608	\$13,298,961	\$13,545,140	\$13,796,243
Effective Gross Income (EGI)				\$0	\$0	\$9,984,811	\$10,167,407	\$10,353,855	\$10,543,628	\$10,737,401	\$11,020,549	\$11,222,150	\$11,427,783	\$11,637,528	\$11,851,469
Operating Expenses & Reserves				\$0	\$0	(\$3,322,291)	(\$3,382,961)	(\$3,444,845)	(\$3,507,966)	(\$3,572,349)	(\$3,665,741)	(\$3,732,725)	(\$3,801,050)	(\$3,870,741)	(\$3,941,825)
Property Taxes/PILOT Payments				(\$109,479)	(\$111,668)	(\$591,075)	(\$591,075)	(\$591,075)	(\$591,075)	(\$591,075)	(\$620,629)	(\$620,629)	(\$620,629)	(\$620,629)	(\$620,629)
Municipal Admin Fee				\$0	\$0	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$11,822)	(\$12,413)	(\$12,413)	(\$12,413)	(\$12,413)	(\$12,413)
Net Operating Income (After Taxes)				(\$109,479)	(\$111,668)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
Net Operating Income (After Debt Service)				(\$109,479)	(\$111,668)	\$2,885,133	\$3,005,025	\$3,127,316	\$3,252,052	\$3,379,283	\$3,536,694	\$3,669,065	\$3,804,084	\$3,941,803	\$4,082,276
Project Cost - Annual				(\$48,288,385)	(\$41,054,555)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cost + NOI (Before Debt Service)				(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
Reversion (Future Sale of Property)	Cap Rate	Residual Rate													
Projected Market Value (Using Cap Rate)	6.40%	6.65%		n/a	n/a	\$93,092,904	\$94,966,226	\$96,877,015	\$98,826,019	\$100,814,003	\$103,273,546	\$105,341,845	\$107,451,509	\$109,603,367	\$111,798,263
Projected Unit Value (incl. Retail)				n/a	n/a	\$419,337	\$427,776	\$436,383	\$445,162	\$454,117	\$465,196	\$474,513	\$484,016	\$493,709	\$503,596
Less Selling Costs @	n/a	-4.00%		n/a	n/a	(\$3,723,716)	(\$3,798,649)	(\$3,875,081)	(\$3,953,041)	(\$4,032,560)	(\$4,130,942)	(\$4,213,674)	(\$4,298,060)	(\$4,384,135)	(\$4,471,931)
Net Sale Proceeds				n/a	n/a	\$89,369,188	\$91,167,577	\$93,001,934	\$94,872,978	\$96,781,443	\$99,142,604	\$101,128,171	\$103,153,449	\$105,219,233	\$107,326,332
Simple Feasibility Test (Capital Investment vs. Market Value)				n/a	n/a	\$3,749,964	\$5,623,286	\$7,534,074	\$9,483,079	\$11,471,063	\$13,930,606	\$15,998,905	\$18,108,569	\$20,260,427	\$22,456,322
Profit Rate (Annual Yield on Project Cost)				n/a	n/a	3.2%	3.4%	3.5%	3.6%	3.8%	4.0%	4.1%	4.3%	4.4%	4.6%
Internal Rate of Return				-	-	-	-	-	-	7.30%	-	-	-	-	7.9%
REVERSION CALCS															
Sale in PILOT Year 5	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096					
	Proceeds from Sale of Property										\$96,781,443				
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$103,233,539				
	Internal Rate of Return										IRR	7.30%			
Sale in PILOT Year 10	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
	Proceeds from Sale of Property														\$107,326,332
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$114,481,421
	Internal Rate of Return													IRR	7.90%
Sale in PILOT Year 20	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
	Proceeds from Sale of Property														
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
	Internal Rate of Return					\$0									
Sale in PILOT Year 30	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
	Proceeds from Sale of Property														
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$5,957,946	\$6,077,838	\$6,200,129	\$6,324,865	\$6,452,096	\$6,609,507	\$6,741,878	\$6,876,897	\$7,014,616	\$7,155,089
	Internal Rate of Return														

RETURN ON INVESTMENT ANALYSIS – (continued)

1/1/2031	1/1/2032	12/31/2032	1/1/2034	1/1/2035	1/1/2036	12/31/2036	1/1/2038	1/1/2039	1/1/2040	12/31/2040	1/1/2042	1/1/2043	1/1/2044	12/31/2044	1/1/2046	1/1/2047	1/1/2048	12/31/2048	1/1/2050	
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	
11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	
\$14,052,367	\$14,412,615	\$14,679,087	\$14,950,889	\$15,228,127	\$15,510,909	\$15,908,247	\$16,202,454	\$16,502,545	\$16,808,638	\$17,120,853	\$17,559,102	\$17,883,930	\$18,215,255	\$18,553,206	\$18,897,917	\$19,381,290	\$19,739,927	\$20,105,736	\$20,478,862	
\$12,163,738	\$12,386,322	\$12,613,357	\$12,844,933	\$13,081,141	\$13,425,528	\$13,671,278	\$13,921,944	\$14,177,623	\$14,438,415	\$14,818,224	\$15,089,552	\$15,366,307	\$15,648,597	\$15,936,533	\$16,355,408	\$16,654,976	\$16,960,536	\$17,272,207	\$17,590,112	
(\$4,044,824)	(\$4,118,780)	(\$4,194,216)	(\$4,271,160)	(\$4,349,643)	(\$4,463,237)	(\$4,544,891)	(\$4,628,178)	(\$4,713,131)	(\$4,799,783)	(\$4,925,063)	(\$5,015,215)	(\$5,107,171)	(\$5,200,966)	(\$5,296,636)	(\$5,434,805)	(\$5,534,341)	(\$5,635,867)	(\$5,739,424)	(\$5,845,052)	
(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$651,660)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$684,243)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$718,455)	(\$754,378)	(\$754,378)	(\$754,378)	(\$754,378)	
(\$13,033)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,033)	(\$13,685)	(\$13,685)	(\$13,685)	(\$13,685)	(\$13,685)	(\$14,369)	(\$14,369)	(\$14,369)	(\$14,369)	(\$14,369)	(\$15,088)	(\$15,088)	(\$15,088)	(\$15,088)	
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$8,792,580	\$9,009,250	\$9,187,404	\$9,369,121	\$9,554,472	\$9,743,531	\$9,984,325	\$10,181,022	\$10,381,652	\$10,586,295	\$10,795,031	
\$4,257,464	\$4,403,613	\$4,552,684	\$4,704,737	\$4,859,831	\$5,054,706	\$5,216,065	\$5,380,652	\$5,548,531	\$5,719,767	\$5,936,437	\$6,114,591	\$6,296,308	\$6,481,659	\$6,670,718	\$6,911,512	\$7,108,209	\$7,308,839	\$7,513,482	\$7,722,218	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$8,792,580	\$9,009,250	\$9,187,404	\$9,369,121	\$9,554,472	\$9,743,531	\$9,984,325	\$10,181,022	\$10,381,652	\$10,586,295	\$10,795,031	
\$114,535,586	\$116,819,155	\$119,148,395	\$121,524,220	\$123,947,561	\$126,992,481	\$129,513,726	\$132,085,395	\$134,708,498	\$137,384,063	\$140,769,526	\$143,553,184	\$146,392,515	\$149,288,632	\$152,242,672	\$156,005,082	\$159,078,465	\$162,213,315	\$165,410,863	\$168,672,362	
\$515,926	\$526,212	\$536,704	\$547,406	\$558,322	\$572,038	\$583,395	\$594,979	\$606,795	\$618,847	\$634,097	\$646,636	\$659,426	\$672,471	\$685,778	\$702,726	\$716,570	\$730,691	\$745,094	\$759,785	
(\$4,581,423)	(\$4,672,766)	(\$4,765,936)	(\$4,860,969)	(\$4,957,902)	(\$5,079,699)	(\$5,180,549)	(\$5,283,416)	(\$5,388,340)	(\$5,495,363)	(\$5,630,781)	(\$5,742,127)	(\$5,855,701)	(\$5,971,545)	(\$6,089,707)	(\$6,240,203)	(\$6,363,139)	(\$6,488,533)	(\$6,616,435)	(\$6,746,894)	
\$109,954,162	\$112,146,388	\$114,382,459	\$116,663,251	\$118,989,659	\$121,912,782	\$124,333,177	\$126,801,979	\$129,320,158	\$131,888,700	\$135,138,745	\$137,811,057	\$140,536,814	\$143,317,087	\$146,152,965	\$149,764,878	\$152,715,326	\$155,724,783	\$158,794,428	\$161,925,467	
\$25,192,646	\$27,476,215	\$29,805,455	\$32,181,280	\$34,604,621	\$37,649,541	\$40,170,786	\$42,742,455	\$45,365,558	\$48,041,123	\$51,426,586	\$54,210,244	\$57,049,575	\$59,945,692	\$62,899,732	\$66,662,141	\$69,735,524	\$72,870,375	\$76,067,923	\$79,329,422	
4.8%	4.9%	5.1%	5.3%	5.4%	5.7%	5.8%	6.0%	6.2%	6.4%	6.6%	6.8%	7.0%	7.3%	7.5%	7.7%	8.0%	8.2%	8.4%	8.6%	
-	-	-	-	-	-	-	-	-	8.3%	-	-	-	-	-	-	-	-	-	8.4%	
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$8,792,580											
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$140,681,281											
									IRR	8.30%										
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$8,792,580	\$9,009,250	\$9,187,404	\$9,369,121	\$9,554,472	\$9,743,531	\$9,984,325	\$10,181,022	\$10,381,652	\$10,586,295	\$10,795,031	
\$7,330,277	\$7,476,426	\$7,625,497	\$7,777,550	\$7,932,644	\$8,127,519	\$8,288,878	\$8,453,465	\$8,621,344	\$8,792,580	\$9,009,250	\$9,187,404	\$9,369,121	\$9,554,472	\$9,743,531	\$9,984,325	\$10,181,022	\$10,381,652	\$10,586,295	\$172,720,498	
																		IRR	8.40%	

The last portion of the report will analyze the project without a PILOT using a loaded capitalization rate.

A loaded capitalization rate is based on the effective tax rate, property's net operating income, the reconciled overall capitalization rate, and projected market value. After the loaded rate is calculated, the projected market taxes (without a PILOT) are applied to the cash flows.

The projected market value and taxes based on the loaded capitalization rate is below:

LOADED Tax Calculations	
Subject's Expenses (less taxes)	
Calculated NOI Less Hotel Tax	\$6,560,842
Municipal Tax Rate	3.246%
Municipal Equalization Ratio	100.00%
Effective Tax Rate	0.032460%
Loaded Cap Rate	0.09646
Value	\$68,016,197
Equalized value	\$68,016,197
Projected Taxes	\$2,208,000

The projected taxes are based upon the market value of the completed project are \$2,208,000. The borough collects \$861,229, or approximately 34.4% of these total projected taxes as well as the 3% municipal hotel tax. Now, these taxes will be inflated by 2% each year and used to calculate the profit rate and unlevered internal rate of return for the project.

Note: The following analysis is for demonstrative purposes only and results in a profit rate and internal rate of return that is not considered financially feasible without the proposed PILOT plan.

PROFORMA ANALYSIS WITHOUT A PILOT

		Year Beginning		1/1/2018	1/1/2019	1/1/2020	12/31/2020	1/1/2022	1/1/2023	1/1/2024	12/31/2024	1/1/2026	1/1/2027	1/1/2028	12/31/2028		
		Investment Periods		-1	1	2	3	4	5	6	7	8	9	10	11		
		PILOT Periods		-	-	-	1	2	3	4	5	6	7	8	9		
		Rent Inflation		2.0%		2.0%		2.0%		2.0%		2.0%		2.0%			
INCOME		Factor	Avg Ft ²	# Units	Avg \$/Month												
Potential Gross Income (PGI)		n/a	969	208	\$1,907	\$ 4,761,053	\$ 4,856,274	\$ 4,953,399	\$ 5,052,467	\$ 5,153,516	\$ 5,256,587	\$ 5,361,718	\$ 5,468,953	\$ 5,578,332	\$ 5,689,899	\$ 5,803,696	\$ 5,919,770
Market Rate Apartments		n/a	1,000	14	\$1,000	\$ 168,000	\$ 171,360	\$ 174,787	\$ 178,283	\$ 181,849	\$ 185,486	\$ 189,195	\$ 192,979	\$ 196,839	\$ 200,776	\$ 204,791	\$ 208,887
Affordable Housing Apartments		n/a	-	222	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Apartments		n/a	-	760	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Garage/Surface Parking Rents		n/a	-	-	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income (E.g. Amenities)		n/a	-	-	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel at \$125/night		n/a	-	100	\$380,208	\$ 4,562,500	\$ 4,653,750	\$ 4,746,825	\$ 4,841,762	\$ 4,938,597	\$ 5,037,369	\$ 5,138,116	\$ 5,240,878	\$ 5,345,696	\$ 5,452,610	\$ 5,561,662	\$ 5,672,985
Hotel at 3% Tax		n/a	-	-	\$11,406	\$ 136,875	\$ 139,613	\$ 142,405	\$ 145,253	\$ 148,158	\$ 151,121	\$ 154,143	\$ 157,226	\$ 160,371	\$ 163,578	\$ 166,850	\$ 170,187
Hotel Conference Space		n/a	4,360	-	\$0.50	\$ 26,160	\$ 26,683	\$ 27,217	\$ 27,761	\$ 28,316	\$ 28,883	\$ 29,460	\$ 30,050	\$ 30,651	\$ 31,264	\$ 31,888	\$ 32,527
Office/Ed/Medical Space at \$20 Net w/ 10% Increases Every 5 Yrs (beg.Yr 6)		n/a	45,000	-	\$1.67	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000
Retail Space (2 Buildings) at \$20 Net w/ 2% Annual Increases		n/a	32,250	-	\$1.67	\$ 645,000	\$ 657,900	\$ 671,058	\$ 684,479	\$ 698,169	\$ 712,132	\$ 726,375	\$ 740,902	\$ 755,720	\$ 770,835	\$ 786,251	\$ 801,978
Potential Gross Income (PGI)						\$ 11,199,588	\$ 11,405,579	\$ 11,615,691	\$ 11,830,005	\$ 12,048,605	\$ 12,271,577	\$ 12,499,008	\$ 12,730,989	\$ 13,057,608	\$ 13,298,961	\$ 13,545,140	\$ 13,796,243
Reimbursements																	
Median Office/Retail/Medical Pass Thru						\$0	\$0	\$556,456	\$560,563	\$564,752	\$569,025	\$573,383	\$604,829	\$609,363	\$613,988	\$618,705	
Pass Thru Vacancy						\$0	\$0	(\$27,823)	(\$28,028)	(\$28,238)	(\$28,451)	(\$28,669)	(\$30,241)	(\$30,468)	(\$30,699)	(\$30,935)	
Less Vacancy & Credit Loss																	
Vacancy/Credit Loss- Apartments								-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Vacancy - Retail/Educational/Medical								-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
Vacancy - Hotel								-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
Overall Vacancy & Credit Loss (%)						-100.0%	-100.0%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%
Overall Vacancy & Credit Loss (\$)						\$ (11,405,579)	\$ (11,615,691)	(\$1,845,194)	(\$1,881,198)	(\$1,917,922)	(\$1,955,380)	(\$1,993,588)	(\$2,037,060)	(\$2,076,811)	(\$2,117,357)	(\$2,158,714)	
Effective Gross Income (EGI)						\$ -	\$ -	\$ 9,984,811	\$ 10,167,407	\$ 10,353,655	\$ 10,543,628	\$ 10,737,401	\$ 11,020,549	\$ 11,222,150	\$ 11,427,783	\$ 11,637,528	
EXPENSES																	
Operating Expenses																	
Median Office/Retail/Medical Expense Ratio		Source	Basis	% PGI													
Apartment Expense Ratio		IREM	Calculated	-30.0%													
Hotel Expense Ratio		IREM	Calculated	-23.0%													
Hotel & Apartment Reserves for Replacement		STR	Calculated	-45.0%													
Retail/Office Reserves for Replacement		PwC	-\$300	-0.80%													
Subtotal		IREM	\$0.15														
Net Operating Income (Before Taxes)						\$ -	\$ -	\$ 6,662,519	\$ 6,784,446	\$ 6,908,810	\$ 7,035,662	\$ 7,165,051	\$ 7,354,808	\$ 7,489,424	\$ 7,626,733	\$ 7,766,788	
Property Taxes																	
Projected Taxes					Total Taxes	Allocation											
Municipal Hotel Tax (3%)		3%															
Total Taxes																	
Net Operating Income (After Taxes)																	
Less Debt Service (Interest Only)																	
Net Operating Income (After Debt Service)																	

PROFORMA ANALYSIS WITHOUT A PILOT – (continued)

1/1/2030	1/1/2031	1/1/2032	12/31/2032	1/1/2034	1/1/2035	1/1/2036	12/31/2036	1/1/2038	1/1/2039	1/1/2040	12/31/2040	1/1/2042	1/1/2043	1/1/2044	12/31/2044	1/1/2046	1/1/2047	1/1/2048	12/31/2048	1/1/2050
12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
\$ 6,038,166	\$ 6,158,929	\$ 6,282,108	\$ 6,407,750	\$ 6,535,905	\$ 6,666,623	\$ 6,799,955	\$ 6,935,955	\$ 7,074,674	\$ 7,216,167	\$ 7,360,490	\$ 7,507,700	\$ 7,657,854	\$ 7,811,011	\$ 7,967,232	\$ 8,126,576	\$ 8,289,108	\$ 8,454,890	\$ 8,623,988	\$ 8,796,467	\$ 8,972,397
\$ 213,065	\$ 217,326	\$ 221,672	\$ 226,106	\$ 230,628	\$ 235,241	\$ 239,945	\$ 244,744	\$ 249,639	\$ 254,632	\$ 259,725	\$ 264,919	\$ 270,217	\$ 275,622	\$ 281,134	\$ 286,757	\$ 292,492	\$ 298,342	\$ 304,309	\$ 310,395	\$ 316,603
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,786,353	\$ 5,902,080	\$ 6,020,122	\$ 6,140,524	\$ 6,263,335	\$ 6,388,801	\$ 6,516,374	\$ 6,646,701	\$ 6,779,635	\$ 6,915,228	\$ 7,053,532	\$ 7,194,603	\$ 7,338,495	\$ 7,485,265	\$ 7,634,970	\$ 7,787,670	\$ 7,943,423	\$ 8,102,291	\$ 8,264,337	\$ 8,429,624	\$ 8,598,216
\$ 173,591	\$ 177,062	\$ 180,604	\$ 184,216	\$ 187,900	\$ 191,658	\$ 195,491	\$ 199,401	\$ 203,389	\$ 207,457	\$ 211,606	\$ 215,838	\$ 220,155	\$ 224,558	\$ 229,049	\$ 233,630	\$ 238,303	\$ 243,069	\$ 247,930	\$ 252,889	\$ 257,946
\$ 33,177	\$ 33,841	\$ 34,518	\$ 35,208	\$ 35,912	\$ 36,630	\$ 37,363	\$ 38,110	\$ 38,872	\$ 39,650	\$ 40,443	\$ 41,252	\$ 42,077	\$ 42,918	\$ 43,777	\$ 44,652	\$ 45,545	\$ 46,456	\$ 47,385	\$ 48,333	\$ 49,300
\$ 990,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,089,000	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,197,900	\$ 1,317,690	\$ 1,317,690	\$ 1,317,690	\$ 1,317,690	\$ 1,317,690	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459	\$ 1,449,459
\$ 818,018	\$ 834,378	\$ 851,064	\$ 868,085	\$ 885,447	\$ 903,156	\$ 921,219	\$ 939,643	\$ 958,436	\$ 977,605	\$ 997,157	\$ 1,017,100	\$ 1,037,442	\$ 1,058,191	\$ 1,079,355	\$ 1,100,942	\$ 1,122,961	\$ 1,145,420	\$ 1,168,328	\$ 1,191,695	\$ 1,215,529
\$ 14,052,367	\$ 14,412,615	\$ 14,679,087	\$ 14,950,889	\$ 15,228,127	\$ 15,510,909	\$ 15,908,247	\$ 16,202,454	\$ 16,502,545	\$ 16,808,638	\$ 17,120,853	\$ 17,559,102	\$ 17,883,930	\$ 18,215,255	\$ 18,553,206	\$ 18,897,917	\$ 19,381,290	\$ 19,739,927	\$ 20,105,736	\$ 20,478,862	\$ 20,859,450
\$623,517	\$658,125	\$683,132	\$668,238	\$673,447	\$678,759	\$716,848	\$722,375	\$728,013	\$733,764	\$739,630	\$781,550	\$787,652	\$793,877	\$800,226	\$806,702	\$852,838	\$859,576	\$866,449	\$873,459	\$880,609
(\$31,176)	(\$32,906)	(\$33,157)	(\$33,412)	(\$33,672)	(\$33,938)	(\$35,842)	(\$36,119)	(\$36,401)	(\$36,688)	(\$36,981)	(\$39,077)	(\$39,383)	(\$39,694)	(\$40,011)	(\$40,335)	(\$42,642)	(\$42,979)	(\$43,322)	(\$43,673)	(\$44,030)
-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%	-30.0%
-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.7%	-15.6%	-15.6%	-15.6%	-15.6%	-15.7%	-15.7%
(\$2,200,899)	(\$2,248,877)	(\$2,292,765)	(\$2,337,531)	(\$2,383,193)	(\$2,429,768)	(\$2,482,719)	(\$2,531,176)	(\$2,580,601)	(\$2,631,015)	(\$2,682,438)	(\$2,740,878)	(\$2,794,378)	(\$2,848,948)	(\$2,904,609)	(\$2,961,384)	(\$3,025,882)	(\$3,084,950)	(\$3,145,200)	(\$3,206,654)	(\$3,269,338)
\$ 11,851,469	\$ 12,163,738	\$ 12,386,322	\$ 12,613,357	\$ 12,844,933	\$ 13,081,141	\$ 13,425,528	\$ 13,671,278	\$ 13,921,944	\$ 14,177,623	\$ 14,438,415	\$ 14,818,224	\$ 15,089,552	\$ 15,366,307	\$ 15,648,597	\$ 15,936,533	\$ 16,355,408	\$ 16,654,976	\$ 16,960,536	\$ 17,272,207	\$ 17,590,112
(\$542,405)	(\$577,013)	(\$582,019)	(\$587,126)	(\$592,334)	(\$597,647)	(\$635,736)	(\$641,263)	(\$646,901)	(\$652,651)	(\$658,517)	(\$700,437)	(\$706,540)	(\$712,764)	(\$719,113)	(\$725,590)	(\$771,726)	(\$778,464)	(\$785,336)	(\$792,346)	(\$799,496)
(\$1,437,783)	(\$1,466,539)	(\$1,495,869)	(\$1,525,787)	(\$1,556,303)	(\$1,587,429)	(\$1,619,177)	(\$1,651,561)	(\$1,684,592)	(\$1,718,284)	(\$1,752,649)	(\$1,787,702)	(\$1,823,456)	(\$1,859,926)	(\$1,897,124)	(\$1,935,067)	(\$1,973,768)	(\$2,013,243)	(\$2,053,508)	(\$2,094,578)	(\$2,136,470)
(\$1,837,631)	(\$1,874,384)	(\$1,911,871)	(\$1,950,109)	(\$1,989,111)	(\$2,028,893)	(\$2,069,471)	(\$2,110,860)	(\$2,153,078)	(\$2,196,139)	(\$2,240,062)	(\$2,284,863)	(\$2,330,560)	(\$2,377,172)	(\$2,424,715)	(\$2,473,209)	(\$2,522,674)	(\$2,573,127)	(\$2,624,590)	(\$2,677,081)	(\$2,730,623)
(\$112,419)	(\$115,301)	(\$117,433)	(\$119,607)	(\$121,825)	(\$124,087)	(\$127,266)	(\$129,620)	(\$132,020)	(\$134,469)	(\$136,967)	(\$140,473)	(\$143,071)	(\$145,722)	(\$148,426)	(\$151,183)	(\$155,050)	(\$157,919)	(\$160,846)	(\$163,831)	(\$166,876)
(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)	(\$11,588)
(\$3,941,825)	(\$4,044,824)	(\$4,118,780)	(\$4,194,216)	(\$4,271,160)	(\$4,349,643)	(\$4,463,237)	(\$4,544,891)	(\$4,628,178)	(\$4,713,131)	(\$4,799,783)	(\$4,925,063)	(\$5,015,215)	(\$5,107,171)	(\$5,200,966)	(\$5,296,636)	(\$5,434,805)	(\$5,534,341)	(\$5,635,867)	(\$5,739,424)	(\$5,845,052)
\$ 7,909,644	\$ 8,118,915	\$ 8,267,542	\$ 8,419,142	\$ 8,573,773	\$ 8,731,498	\$ 8,962,291	\$ 9,126,387	\$ 9,293,766	\$ 9,464,492	\$ 9,638,632	\$ 9,893,161	\$ 10,074,337	\$ 10,259,136	\$ 10,447,631	\$ 10,639,897	\$ 10,820,603	\$ 11,120,636	\$ 11,324,669	\$ 11,532,783	\$ 11,745,059
(\$2,638,764)	(\$2,691,540)	(\$2,745,370)	(\$2,800,278)	(\$2,856,283)	(\$2,913,409)	(\$2,971,677)	(\$3,031,111)	(\$3,091,733)	(\$3,153,568)	(\$3,216,639)	(\$3,280,972)	(\$3,346,591)	(\$3,413,523)	(\$3,481,794)	(\$3,551,429)	(\$3,622,458)	(\$3,694,907)	(\$3,768,805)	(\$3,844,181)	(\$3,921,065)
(\$121,513)	(\$123,944)	(\$126,423)	(\$128,951)	(\$131,530)	(\$134,161)	(\$136,844)	(\$139,581)	(\$142,372)	(\$145,220)	(\$148,124)	(\$151,087)	(\$154,108)	(\$157,191)	(\$160,334)	(\$163,541)	(\$166,812)	(\$170,148)	(\$173,551)	(\$177,022)	(\$180,563)
(\$2,760,278)	(\$2,815,483)	(\$2,871,793)	(\$2,929,229)	(\$2,987,813)	(\$3,047,570)	(\$3,108,621)	(\$3,170,692)	(\$3,234,105)	(\$3,298,787)	(\$3,364,763)	(\$3,432,059)	(\$3,500,700)	(\$3,570,714)	(\$3,642,128)	(\$3,714,971)	(\$3,789,270)	(\$3,865,055)	(\$3,942,356)	(\$4,021,204)	(\$4,101,628)
\$ 5,149,366	\$ 5,303,431	\$ 5,395,749	\$ 5,489,913	\$ 5,585,960	\$ 5,683,928	\$ 5,853,770	\$ 5,955,696	\$ 6,059,660	\$ 6,165,704	\$ 6,273,869	\$ 6,461,102	\$ 6,573,637	\$ 6,688,422	\$ 6,805,603	\$ 6,924,926	\$ 7,131,333	\$ 7,255,580	\$ 7,382,313	\$ 7,511,579	\$ 7,643,432
(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)	(\$3,072,813)
\$2,076,553	\$2,230,618	\$2,322,936	\$2,417,100	\$2,513,147	\$2,611,115	\$2,780,957	\$2,882,883	\$2,986,847	\$3,092,891	\$3,201,056	\$3,388,289	\$3,500,824	\$3,615,609	\$3,732,690	\$3,852,113	\$4,058,520	\$4,182,767	\$4,309,500	\$4,438,766	\$4,570,619

RETURN ON INVESTMENT ANALYSIS WITHOUT A PILOT

Year Beginning Investment Periods PILOT Periods		1/1/2019 1	1/1/2020 2	12/31/2020 3	1/1/2022 4	1/1/2023 5	1/1/2024 6	12/31/2024 7	1/1/2026 8	1/1/2027 9	1/1/2028 10	12/31/2028 11	1/1/2030 12
		-	-	1	2	3	4	5	6	7	8	9	10
CAPITAL INVESTMENT													
	Basis	\$/Unit	\$/SP										
Land Acquisition	(7,233,830)	(32,585)	n/a	(7,233,830)	0	0	0	0	0	0	0	0	0
Hard, Soft & Related Costs	(82,109,110)	(369,861)	n/a	(41,054,555)	(41,054,555)	0	0	0	0	0	0	0	0
Total Capital Investment	(89,342,940)	(402,446)	n/a	(48,288,385)	(41,054,555)	0	0	0	0	0	0	0	0
Cumulative Capital Investment				(48,288,385)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)
RETURN ON INVESTMENT													
Recap													
Gross Rental Potential Income (GPI)				\$11,199,588	\$11,405,579	\$11,615,691	\$11,830,005	\$12,048,605	\$12,271,577	\$12,499,008	\$12,730,989	\$13,057,608	\$13,298,961
Effective Gross Income (EGI)				\$0	\$0	\$9,984,811	\$10,167,407	\$10,353,655	\$10,543,628	\$10,737,401	\$11,020,549	\$11,222,150	\$11,427,783
Operating Expenses & Reserves				\$0	\$0	(\$3,322,291)	(\$3,382,961)	(\$3,444,845)	(\$3,507,966)	(\$3,572,349)	(\$3,665,741)	(\$3,732,725)	(\$3,801,050)
Property Taxes/PILOT Payments				(\$109,479)	(\$111,668)	(\$2,309,677)	(\$2,355,871)	(\$2,402,988)	(\$2,451,048)	(\$2,500,069)	(\$2,550,070)	(\$2,601,071)	(\$2,653,093)
Municipal Admin Fee													
Net Operating Income (After Taxes)				(\$109,479)	(\$111,668)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
Net Operating Income (After Debt Service)				(\$109,479)	(\$111,668)	\$1,280,029	\$1,355,762	\$1,433,009	\$1,511,801	\$1,592,169	\$1,731,925	\$1,815,540	\$1,900,827
Project Cost - Annual				(\$48,288,385)	(\$41,054,555)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Cost + NOI (Before Debt Service)				(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
Reversion (Future Sale of Property)													
Projected Market Value (Using Cap Rate)	Cap Rate	Residual Rate		n/a	n/a	\$68,013,162	\$69,196,484	\$70,403,472	\$71,634,600	\$72,890,351	\$75,074,029	\$76,380,512	\$77,713,125
Projected Unit Value (incl. Retail)	6.40%	6.65%		n/a	n/a	\$306,366	\$311,996	\$317,133	\$322,678	\$328,335	\$338,171	\$344,056	\$350,059
Less Selling Costs @	n/a	-4.00%		n/a	n/a	(\$2,720,526)	(\$2,767,859)	(\$2,816,139)	(\$2,865,384)	(\$2,915,614)	(\$3,002,961)	(\$3,055,220)	(\$3,108,525)
Net Sale Proceeds				n/a	n/a	\$65,292,636	\$66,428,625	\$67,587,333	\$68,769,216	\$69,974,737	\$72,071,068	\$73,325,292	\$74,604,600
Simple Feasibility Test (Capital Investment vs. Market Value)				n/a	n/a	(\$21,329,778)	(\$20,146,456)	(\$18,939,468)	(\$17,708,340)	(\$16,452,589)	(\$14,268,911)	(\$12,962,428)	(\$11,629,815)
Profit Rate (Annual Yield on Project Cost)				n/a	n/a	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%	2.1%
Internal Rate of Return				-	-	-	-	-	-	0.60%	-	-	-
REVERSION CALCS													
Sale in NO PILOT Year 5	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982			
	Proceeds from Sale of Property									\$69,974,737			
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,639,719			
	Internal Rate of Return									IRR	0.60%		
Sale in NO PILOT Year 10	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Proceeds from Sale of Property											\$5,060,633	\$5,149,366
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Internal Rate of Return											IRR	3.90%
Sale in NO PILOT Year 20	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Proceeds from Sale of Property												\$5,149,366
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Internal Rate of Return												\$5,149,366
Sale in NO PILOT Year 30	Project Cost + NOI (Before Debt Service)			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Proceeds from Sale of Property												\$5,149,366
	Net Use of Cash After Reversion			(\$48,397,864)	(\$41,166,223)	\$4,352,842	\$4,428,575	\$4,505,822	\$4,584,614	\$4,664,982	\$4,804,738	\$4,888,353	\$4,973,640
	Internal Rate of Return												\$5,149,366

RETURN ON INVESTMENT ANALYSIS WITHOUT A PILOT – (continued)

1/1/2031	1/1/2032	12/31/2032	1/1/2034	1/1/2035	1/1/2036	12/31/2036	1/1/2038	1/1/2039	1/1/2040	12/31/2040	1/1/2042	1/1/2043	1/1/2044	12/31/2044	1/1/2046	1/1/2047	1/1/2048	12/31/2048	1/1/2050
13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)	(89,342,940)
\$14,052,367	\$14,412,615	\$14,679,087	\$14,950,889	\$15,228,127	\$15,510,909	\$15,808,247	\$16,202,454	\$16,502,545	\$16,808,638	\$17,120,853	\$17,550,102	\$17,883,930	\$18,215,255	\$18,553,206	\$18,897,917	\$19,381,290	\$19,739,927	\$20,105,736	\$20,478,862
\$12,163,738	\$12,386,322	\$12,613,357	\$12,844,933	\$13,081,141	\$13,425,528	\$13,671,278	\$13,921,944	\$14,177,623	\$14,438,415	\$14,818,224	\$15,089,552	\$15,366,307	\$15,648,597	\$15,936,533	\$16,355,408	\$16,654,976	\$16,960,536	\$17,272,207	\$17,590,112
(\$4,044,824)	(\$4,118,780)	(\$4,194,216)	(\$4,271,160)	(\$4,349,643)	(\$4,463,237)	(\$4,544,591)	(\$4,628,178)	(\$4,713,131)	(\$4,799,783)	(\$4,925,063)	(\$5,015,215)	(\$5,107,171)	(\$5,200,966)	(\$5,296,636)	(\$5,434,805)	(\$5,534,341)	(\$5,635,867)	(\$5,739,424)	(\$5,845,052)
(\$2,815,483)	(\$2,871,793)	(\$2,929,229)	(\$2,987,813)	(\$3,047,570)	(\$3,108,521)	(\$3,170,692)	(\$3,234,105)	(\$3,298,787)	(\$3,364,763)	(\$3,432,059)	(\$3,500,700)	(\$3,570,714)	(\$3,642,128)	(\$3,714,971)	(\$3,789,270)	(\$3,865,055)	(\$3,942,356)	(\$4,021,204)	(\$4,101,628)
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
\$2,230,618	\$2,322,936	\$2,417,100	\$2,513,147	\$2,611,115	\$2,780,957	\$2,882,883	\$2,986,847	\$3,092,891	\$3,201,056	\$3,388,289	\$3,500,824	\$3,615,609	\$3,732,690	\$3,852,113	\$4,058,520	\$4,182,767	\$4,309,500	\$4,438,766	\$4,570,819
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
\$82,866,113	\$84,308,575	\$85,779,887	\$87,280,625	\$88,811,378	\$91,465,150	\$93,057,745	\$94,682,192	\$96,339,129	\$98,029,204	\$100,954,723	\$102,713,077	\$104,506,599	\$106,335,990	\$108,201,969	\$111,427,076	\$113,368,441	\$115,348,633	\$117,368,429	\$119,428,621
\$373,271	\$379,768	\$386,396	\$393,156	\$400,051	\$412,005	\$419,179	\$426,496	\$433,960	\$441,573	\$454,751	\$462,672	\$470,750	\$478,991	\$487,396	\$501,924	\$510,669	\$519,588	\$528,667	\$537,967
(\$3,314,645)	(\$3,372,343)	(\$3,431,195)	(\$3,491,225)	(\$3,552,455)	(\$3,658,606)	(\$3,722,310)	(\$3,787,288)	(\$3,853,565)	(\$3,921,168)	(\$4,038,189)	(\$4,108,523)	(\$4,180,264)	(\$4,253,440)	(\$4,328,079)	(\$4,457,083)	(\$4,534,738)	(\$4,613,945)	(\$4,694,737)	(\$4,777,145)
\$79,551,468	\$80,936,232	\$82,348,692	\$83,789,400	\$85,268,923	\$87,806,544	\$89,335,435	\$90,894,905	\$92,485,563	\$94,108,035	\$96,916,534	\$98,604,554	\$100,326,335	\$102,082,550	\$103,873,891	\$106,969,993	\$108,833,703	\$110,734,688	\$112,673,992	\$114,651,476
(\$6,476,828)	(\$5,034,365)	(\$3,563,053)	(\$2,062,315)	(\$531,562)	\$2,122,209	\$3,714,805	\$5,339,252	\$6,996,188	\$8,686,263	\$11,611,783	\$13,370,137	\$15,163,658	\$16,993,050	\$18,859,029	\$22,084,136	\$24,025,501	\$26,005,693	\$28,025,489	\$30,085,681
2.5%	2.6%	2.7%	2.8%	2.9%	3.1%	3.2%	3.3%	3.5%	3.6%	3.8%	3.9%	4.0%	4.2%	4.3%	4.5%	4.7%	4.8%	5.0%	5.1%
-	-	-	-	-	-	-	-	-	5.6%	-	-	-	-	-	-	-	-	-	6.1%
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
								IRR	5.60%										
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
\$5,303,431	\$5,395,749	\$5,489,913	\$5,585,960	\$5,683,928	\$5,853,770	\$5,955,696	\$6,059,660	\$6,165,704	\$6,273,869	\$6,461,102	\$6,573,637	\$6,688,422	\$6,805,503	\$6,924,926	\$7,131,333	\$7,255,580	\$7,382,313	\$7,511,579	\$7,643,432
																		IRR	6.10%

PART V – ADDENDUM

Limiting Conditions, Assumptions and Hypothetical Conditions

This study is subject to the following Limiting Conditions

- All statements in this market study that are not historical facts should be considered as forward-looking projections. Although we believe that the expectations reflected in or suggested by such forward-looking projections are reasonable, we can give no assurance that they will be achieved. Known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements expressed or implied by these forward-looking projections to be different from these projections. Such risks, uncertainties and other factors include, but are not limited to, changes in general and local economic and industry and business conditions; adverse weather and other environmental conditions and natural disasters; changes in market conditions; changes in market pricing; government regulation, including regulations concerning development of land, tax laws and the environment; fluctuations in interest rates and the availability of mortgage financing; shortages in and price fluctuations of raw materials and labor; levels of competition; utility shortages and outages or rate fluctuations; changes in tax laws; and geopolitical risks, terrorist acts and other acts of war. We undertake no obligation to update or revise any forward-looking projections, whether as a result of new information, future events, changed circumstances or any other reason.
- The legal description furnished to us is assumed to be correct. I assume no responsibility for the matters legal in character nor do I render any opinion as to the title, which is assumed to be held in fee simple. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.
- Title is assumed to be held in fee simple, unless otherwise noted, and no liens or encumbrances, except those noted, were considered.
- I have made no survey of the property and any sketches in this report are for illustrative purposes only.
- I believe to be reliable the information which was furnished to us by others, but I assume no responsibility for its accuracy.

- Unless otherwise noted herein, it is assumed that there are no detrimental encroachments, easements, zoning violations, use restrictions, or other conditions not evident upon surface inspection of the property. Description of the physical condition of the improvements is based on a visual inspection only. No liability is assumed for the soundness of structural members since no engineering tests were made by the appraiser.
- Testimony and court appearances in connection with this appraisal are limited to those situations for which prior arrangements have been made.
- I reserve the right to recall this report and make any amendments, corrections, or changes that I deem necessary.
- This report must not be used in conjunction with any other valuation analysis or report.
- On January 26, 1992, federal legislation entitled, The Americans with Disabilities Act (ADA) became effective. The appraiser has not been provided with a compliance survey nor has any analysis been made to determine whether or not the subject is in conformity with the requirements of the ADA. It is possible that compliance with the act will require expenditures for barrier removal construction. Such expense, if required, could have a negative impact on the value of the subject. This study is expressly made under the assumption that the subject is in compliance with ADA, or that there are no significant measurable required expenditures for compliance with ADA that would have a negative impact on the value or marketability of the subject.
- The appraiser is not qualified to test for the presence of Hazardous substances. The presence of such hazardous substances or environmental conditions may affect the value of the property. The valuation contained in this appraisal assumed that the property is not polluted or otherwise contaminated and does not reflect any diminution of value as a result of environmental conditions. This study is subject to change depending on the availability of information concerning the environmental condition of the property in question.
- The Freshwater Wetlands Protection Act restricts the use and development of freshwater wetlands. Effective July 1, 1988 the DEP was established as the reviewing and approving authority for all development within or adjacent to freshwater wetlands. This legislation established certain development criteria including, but not limited to, variable buffers around authorized development adjacent to freshwater wetlands. The

identification and delineation of freshwater wetlands on the subject property, if any, has not been brought to our attention nor did we become aware of any such delineations during our inspection of the subject nor during our investigations for this report; however, the appraisers are not qualified to render a professional opinion as to the presence or extent of freshwater wetlands. The reader is advised to seek competent, professional advice in identifying any such potential freshwater wetlands since identification and delineation of any freshwater wetlands within the subject boundaries could have significant impact upon values thereby requiring study revision.

- The subject site may have underground fuel storage tank(s). The underground tank(s) could be a liability. Neither the composition nor the conditions of such tanks, to the extent they exist, are known to the appraiser. The typical life expectancy of an underground tank is 15 to 20 years; (federal guidelines suggest a 10-year life span). Soil contamination could occur if a tank leaks and would be costly to clean up. Without a detailed physical inspection of the tanks and the surrounding soil, it is impossible to estimate potential clean-up costs. Therefore, this analysis does not cover such contingencies.

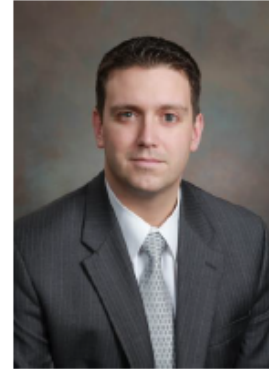
Professional Qualifications

Curriculum Vitae for Christopher J. Otteau, MAI, AI-GRS, SCGRE



PROFESSIONAL EXPERIENCE & LICENSING

Actively engaged in real estate valuation and consultation since 2001 with broad based experience in all property types including residential, commercial, industrial, land, subdivision development analysis, hospitality and special purpose properties. He also has extensive experience in urban redevelopment, abstraction analysis, feasibility study and stigma analysis. Christopher is a Rutgers University graduate, holds the State Certified General Real Estate Appraiser license, the MAI and AI-GRS Designation from the Appraisal Institute and has obtained a Graduate Certificate in Hotel Real Estate Investments and Asset Management from Cornell University. Christopher was recently appointed by the New Jersey Supreme Court to serve on the Office of Attorneys Ethics District VIII Committee and is an Adjunct Professor at Monmouth University in Real Estate & Analysis. Christopher has been quoted and featured in publications such as the New York Times and BBC World News.



Adjunct Professor at Monmouth University of Real Estate Valuation & Analysis

MAI Designated Appraiser – Appraisal Institute

AI-GRS Designated Appraiser – Appraisal Institute

State Certified General Real Estate Appraiser in the State of NJ (#42RG00219400)

State Certified General Real Estate Appraiser in the State of NY (#46000049674)

State Certified General Real Estate Appraiser in the State of PA (#GA003794)

Principal - Otteau Group, Inc.

Principal - Otteau Realty Advisors, Inc.

Licensed Real Estate Sales Person in the State of New Jersey

PRIMARY EDUCATION



Rutgers University, 2002

Public Relations, Communications

Bachelor of Arts Degree



Cornell University, 2017

Hotel Real Estate Investments & Asset Management

Graduate Certificate

AFFILIATIONS & HONORS

Monmouth University Adjunct Professor – Real Estate Valuation & Analysis, Fall 2017, Fall 2018

Monmouth University Real Estate Academic Competition – Co-Chair Fall 2018

Monmouth University Guest Lecturer – Real Estate Valuation & Analysis, Fall 2016

NJ Supreme Court Appointed Member Office of Attorney Ethics District VIII, 2016 -2020

Hightstown Borough Appraiser, 2016 – Present

Hightstown Borough Redevelopment Expert Consultant, 2016

Appraisal Institute (AI) Washington DC, Leadership Development and Advisory Council, 2016 & 2018

Appraisal Institute (AI) Metro Chapter, Executive Board, 2018

Appraisal Institute (AI) Metro Chapter, Board of Directors, 2015 – 2017

Appraisal Institute (AI) Metro Chapter, Government Relations Committee, 2014 – Present

Appraisal Institute (AI) Metro Chapter, Fall Conference, Committee, 2014 & 2015

Appraisal Institute (AI) Metro Chapter, Princeton Conference Co-Chair, 2016, 2017 & 2018

Featured in the New York Times Article "A Buyers Market, A Sellers Pain"

Interviewed in BBC Word News Television

National Association of Realtors (NAR) Member, 2004 – Present

New Jersey Multifamily Summit CAPRE – Speaker on the Multifamily Real Estate Trends, 2017 & 2018

Jersey City New Jersey Multifamily Summit CAPRE – Speaker on the Multifamily Real Estate Trends, 2018

Newark New Jersey CRE Real Estate Summit CAPRE – Speaker on the Multifamily Real Estate Trends, 2018

Institute of Real Estate Management (IREM) – Speaker on Commercial Real Estate Trends, 2014

Marcus and Millichap – Speaker on Multifamily Taxation, 2013

NJ League of Municipalities –Speaker on Transit Oriented Redevelopment, 2010

Member, Editorial Advisory Committee, Mobility Magazine, 2009-2010

OTTEAU GROUP, INC.

OTTEAU GROUP

VALUATION / RESEARCH / CONSULTING / BROKERAGE

PROFESSIONAL QUALIFICATIONS : Christopher J. Otteau, MAI, AI-GRS, SCGRE (continued)**PROFESSIONAL EDUCATION**

Introduction to Real Estate Appraisal	Mortgage Fraud
Residential Income Property Valuation	General Appraiser Income Approach Part 2
Condominium/PUD Valuation	Demonstrative Report Writing
Uniform Standards of Professional Appraisal Practice	Advanced Income Capitalization
Relocation Valuation	Advanced Market Analysis & Highest and Best Use
Real Estate Market Analysis and Highest and Best Use	Advanced Concepts and Case Studies
Property Inspection	Capstone Demonstrative Appraisal Report
Federal Housing Administration (FHA) Valuation	Business Practice and Ethics
Residential Sales Comparison and Income Approaches	Hotel & Motel Valuation
Residential Report Writing and Case Studies	Apartment Property Valuation
Pennsylvania Appraisal State Mandatory Laws	Expert Witness Testimony
Green Building Valuation	General Appraisal Report Writing & Case Studies
Worldwide ERC Appraisals	Retail Property Valuation
Financial Analysis of Hotel Investment	Control of Hotel Real Estate
Valuing Hotel Investments	Hotel Asset Management Strategy
Valuing Hotel Intellectual Property	Hotel Asset Management Objectives
General Review Theory	

EXPERT TESTIMONY SAMPLING

Riverdale Borough Planning Board	Middlesex County Board of Taxation
Middlesex County Superior Court	Franklin Township Board of Adjustment
Essex County Board of Taxation	Hightstown Borough Town Council
Hightstown Borough Planning Board	Old Bridge Township Town Council
Howell Township Board of Adjustment	Harrison Town Planning Board
Somerset County Board of Taxation	Robbinsville Township Board of Ed
Harrison Town Redev Agency	New Jersey State Tax Court
Monmouth County Board of Taxation	Federal Bankruptcy Court
Ocean County Superior Court	Flemington Borough Redevelopment Committee

APPRAISAL INSTRUCTION SAMPLING

Monmouth University
Affinity Federal Credit Union
Bank of New Jersey
Magyar Bank

APPRAISAL SERVICES PERFORMED FOR THE FOLLOWING CLIENTS:**FORTUNE 500**

Anheuser Busch
Honeywell International

FINANCIAL INSTITUTIONS

Affinity Federal Credit Union
Allegiance Bank Of North America
Amboy Bank
AmeriCorp, Inc.
America's MoneyLine, Inc
Associated Mortgage Company, Inc.
Atlantic Stewardship Bank
Bank of New Jersey
BNB Bank
Boiling Springs Savings Bank
Brunswick Bank & Trust
Capital First Mortgage

Capital One
Central Jersey Bank, N.A.
Chase Home Finance
Chase Manhattan Mortgage Corp.
Chesapeake Appraisal & Settlement
Christian Community Credit Union
City National Bank
Columbia Bank
ConnectOne Bank
Continental Bank
Countrywide Home Loans, Inc.
CTX National Lending Center
Eastern Savings Bank
Empire Equity Group
Enterprise National Bank
Fannie Mae
Fidelity National Financial, Inc.

Finance America
First Bank
First Choice Bank
First Commerce Bank
First Investors
First Metropolitan Mortgage
First National Community Bank
First Savings Bank
First Washington State Bank
Fulton Financial Corporation
Founders Mortgage
Goldman Sachs
Greater Alliance Federal Credit Union
Hopewell Valley Community

OTTEAU GROUP, INC.**OTTEAU GROUP**

VALUATION / RESEARCH / CONSULTING / BROKERAGE

PROFESSIONAL QUALIFICATIONS : Christopher J. Otteau, MAI, AI-GRS, SCGRE (continued)**FINANCIAL INSTITUTIONS**

Huntington Mortgage Company
 Investors Savings Bank
 John Manville Corporation
 JP Morgan Chase & Co.
 Kearny Bank
 Lakeland Bank
 Madison Community Bank
 Magyar BankMariner's Bank
 Market Intelligence, Inc.
 Metuchen Savings Bank
 Millington Savings Bank
 Mortgage Loan Solutions, LLC
 National Bank of Kansas City
 National Equity, Inc
 NJ Community Bank
 National Property Advisors
 New Century Mortgage
 New Jersey Community Bank
 New Jersey Community Capital
 New Jersey Mortgage Lending
 New Millennium Bank
 New York Community Bank
 North American Savings Bank
 North Fork Bank
 Northern State Bank
 Nova Bank
 OceanFirst Bank
 Oritani Bank
 Pennsylvania Business Bank
 Pinnacle
 PNB Financial
 PNC Advisors
 Porch Light Mortgage, LLC.
 Provident Capital Mortgage Corporation
 Prudential Financial
 Shore Community Bank
 Sovereign Bank
 State Bank of Texas
 Summit Mobility
 Sunbelt First Financial
 Susquehanna Bank
 TFS Mortgage
 The Bank
 The Bank of Princeton
 The Huntington National Bank
 The Lending Source
 The Manhattan Mortgage Company
 TICIC, Inc.
 Two River Community Bank
 United Roosevelt Bank
 Unity Bank
 Wachovia Bank
 Washington Mutual Bank
 Wells Fargo Home Mortgage
 Wilmington Trust

Yardville National Bank

BUILDERS & DEVELOPERS

551 Park Avenue, LLC
 Albert Garlatti Construction Co
 Capodagli Property Company
 Clover LLP
 D.R. Mon Group, Inc.
 Fallone Properties
 Flatrock 3, LLC
 Fields Development Group Co.
 Heartstone Development, LLC
 Hub Realty
 K. Hovnanian
 Kaplan Companies
 Lexington Partners, LLC
 M. Gordon Construction Co.
 Marble Arch Homes
 Matrix Development Group
 Matzel Development Group
 Matzel & Mumford
 MDK Development, LLC
 Millennium Homes
 NK Architects
 Northeast Housing LLC
 Paramount Homes
 Parkwood Development
 Phoenix Realty Group
 Pugliese Invesco LLC
 Robertson Douglas Group
 Russo Development
 Secaucus Brownfields
 Redevelopment
 Sterling Properties
 Trammell Crow Residential
 White Oak Properties
 Woodmont Properties
 McKinney Properties, Inc.
 Lennar Corporation
 BROCC Development
 Heller Construction

LAWYERS

Avelino Nitkewicz, LLP
 Becker Meisel, Attorneys at Law
 Borrus, Goldin, Foley, et al
 Connell Foley
 Copeland, Shimalla & Wechsler
 Eckert Seamans Cherin & Mellott
 Ferrara & Associates
 Flaster Greenberg, P.C.
 Frizell & Samuels
 Greenbaum, Rowe, Smith & Davis
 Hill Wallack
 Indik & McNamara, P.C.
 Joseph Fund Law Firm
 Levine DeSantis, LLC
 Mehr, LaFrance & Williams

Morgan Melhuish Abrutyn
 Norris, McLaughlin & Marcus
 Porzio, Bromberg & Newman PC
 Shamy, Shippers & Lonski, P.C.
 Stark & Stark
 Sterns & Weinroth, P.C.
 The Rotolo Law Firm
 The Ullrich Law Firm
 Trombadore & Wilson
 Wilentz, Goldman & Spitzer
 Wolff & Samson PC

GOVERNMENTAL

Hoboken City
 Metuchen Borough
 NJ Transit
 Robbinsville Public Schools
 Manasquan River Regional
 Sewage
 State of New Jersey
 Hightstown Borough
 Flemington Borough

MISCELLANEOUS

Cerebral Palsy Assoc. of Middlesex
 Clarke Caton Hintz
 Franklin Mutual Insurance
 Company
 Kaylan Realty Corporation
 Make a Wish Foundation
 Management Planning, Inc.
 North Jersey Oral & Maxillofacial
 NY/NJ Baykeeper
 Perez Real Estate
 Procida Advisors, LLC
 SIB Corp.
 Saint Peters University Hospital
 New Jersey Carpenter Pension
 Ferber Company
 Bristol-Myers Squibb
 Somerset Valley YMCA

OTTEAU GROUP, INC.

OTTEAU GROUP

VALUATION / RESEARCH / CONSULTING / BROKERAGE

BACKGROUND AND MULTIPLE SECURITY FEATURES. PLEASE VERIFY AUTHENTICITY.

State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

HAS CERTIFIED

Christopher J. Otteau


FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**

12/29/2017 TO 12/31/2019
 VALID

42RG00219400
 LICENSE/REGISTRATION/CERTIFICATION #


 Signature of Licensee/Registrant/Certificate Holder


 ACTING DIRECTOR

DISPLAY THIS CERTIFICATE PROMINENTLY • NOTIFY AGENCY WITHIN 10 DAYS OF ANY CHANGE

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
 PO Box 2649 Harrisburg PA 17105-2649

Certificate Type
Certified General Appraiser

Certificate Status
Active

Initial Certification Date
12/14/2003

CHRISTOPHER JEFFREY OTTEAU


Certificate Number
GA003794

Expiration Date
06/30/2019


 Commissioner of Professional and Occupational Affairs


 Signature

ALTERATION OF THIS DOCUMENT IS A CRIMINAL OFFENSE UNDER 18 P.S. § 4101

Department of State

Division of Licensing Services

Licensee Information

ID Number: 46000049674

Name: OTTEAU CHRISTOPHER J

Business Name: OTTEAU VALUATION GROUP INC

Business Address: 15 BRUNSWICK WOODS DR

County: OUT OF STATE COUNTY

License Type: CERTIFIED GENERAL REAL ESTATE APPRAISER

Expires: 12/20/2019

OTTEAU GROUP

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