

TO: Executive Committee of Executive Council  
FROM: Geof Smith, COO  
DATE: January 3, 2018  
RE: APPROVAL OF LEASE TO H&D PHYSICAL THERAPY

*Resolved*, That the Executive Committee of Executive Council gives approval to lease roughly one-half of the 7<sup>th</sup> floor (4,000 RSG) to H&D Physical Therapy for a ten year term with a five year renewal option. A copy of the proposal is attached.

#### Explanation

We propose to lease to H&D Physical Therapy, a well-qualified professional tenant, the balance of the vacant space on the 7<sup>th</sup> floor of 4,000 rentable square feet, for a 10 year term. Our financial analysis estimates the net revenue over the term of the lease will be \$1,922,980, based on a base rent of \$41 per rentable square foot in years 1 – 5, and \$46 per rentable square foot in years 6 – 10, plus a 2.75% operating expense escalation, compounded annually. There is a five year renewal option within the lease. Security will be equal to the Tenant Improvement Allowance, or between \$100,000 and \$140,000, depending on the work to be done. This lease will be net of real estate taxes, and the tenant will be responsible for their proportionate share of the taxes, as has been our practice with the other taxable office space tenants.

It is worth noting our expected revenue for this space when we made the initial projections in November, 2017 was \$1,671,387, or \$38.87 per rentable square foot. This lease has been accomplished at an average rent of \$45.79 per rentable square foot, or 118% of target.

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# The Episcopal Church

815 Second Avenue, Partial 7th Floor

Landlord Income Analysis

H&D PT

1/2/2019



Intelligent  
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	Leasing Guidelines Proforma 11.6.2017 Landlord Income Analysis	Landlord's Offer 12.21.2018 Net Lease	H&D PT Counter 12.22.2018 Net Lease
<b>Rentable Square Feet</b>	4,000	4,000	4,000
<b>Lease Commencement</b>	4/1/2019	4/1/2019	4/1/2019
<b>Free Rent</b>	9 months	6 months	6 months
<b>Rent Commencement</b>	1/1/2020	10/1/2019	10/1/2019
<b>Lease Expiration</b>	12/31/2029	9/30/2029	9/30/2029
<b>Lease Term</b>	10 years and 9 months	10 years and 6 months	10 years and 6 months
<b>Base Rent (Per SF)</b>	<b>\$40.00 &gt; \$45.00 (Net)</b>	<b>\$42.00 &gt; \$47.00 (Net)</b>	<b>\$41.00 &gt; \$46.00 (Net)</b>
	\$40.00 - \$160,000 (4/1/19 to 12/31/24: 5 Years, 9 Months) \$45.00 - \$180,000 (1/1/25 to 12/31/29: 5 Years)	\$42.00 - \$168,000 (4/1/19 to 9/30/24: 5 Years, 6 Months) \$47.00 - \$188,000 (10/1/24 to 9/30/29: 5 Years)	\$41.00 - \$164,000 (4/1/19 to 9/30/24: 5 Years, 6 Months) \$46.00 - \$184,000 (10/1/24 to 9/30/29: 5 Years)
<b>Operating Expenses</b>	2.00% Increases in Lieu of OpEx	2.75% Increases in Lieu of OpEx	2.75% Increases in Lieu of OpEx
<b>Real Estate Tax</b>	Excluded From Analysis	NET LEASE - TAXES PAID DIRECTLY BY TENANT	NET LEASE - TAXES PAID DIRECTLY BY TENANT
<b>Electricity Estimate</b>	Sub-Metered (\$2.50/RSF - No Admin Fee)	Rent Inclusion (\$3.00/RSF)	Rent Inclusion (\$3.00/RSF)
<b>Capital</b>	Total Build Out Cost: \$60.00 Lease Commission (150%): \$19.61 <b>Total Capital Outlay: \$79.61</b>	Total Build Out Cost: \$35.00 Lease Commission (150%): \$20.72 <b>Total Capital Outlay: \$55.72</b>	Total Build Out Cost: \$35.00 Lease Commission (150%): \$20.25 <b>Total Capital Outlay: \$55.25</b>
	Tenant Contribution: \$0.00 <b>Net Landlord Capital Contribution: \$79.61</b>	Tenant Contribution (Amortized @ 6%): (\$10.00) <b>Net Landlord Capital Contribution: \$45.72</b>	Tenant Contribution (Amortized @ 6%): (\$10.00) <b>Net Landlord Capital Contribution: \$45.25</b>
	<b>Total Capital Outlay: \$318,428</b> <b>Net Capital Contribution: \$318,428</b>	<b>Total Capital Outlay: \$222,875</b> <b>Net Capital Contribution: * \$182,875</b>	<b>Total Capital Outlay: \$220,989</b> <b>Net Capital Contribution: ** \$180,989</b>
<b>Analysis Start Date: 4/1/2019</b>			
Year 1: 4/1/2019 - 3/31/2020	Total Revenue: -\$268,428   PSF: -\$67.11	Total Revenue: -\$121,757   PSF: -\$30.44	Total Revenue: -\$121,871   PSF: -\$30.47
Year 2: 4/1/2020 - 3/31/2021	\$173,200   \$43.30	\$187,428   \$46.86	\$183,373   \$45.84
Year 3: 4/1/2021 - 3/31/2022	\$176,464   \$44.12	\$192,112   \$48.03	\$187,945   \$46.99
Year 4: 4/1/2022 - 3/31/2023	\$179,793   \$44.95	\$196,924   \$49.23	\$192,643   \$48.16
Year 5: 4/1/2023 - 3/31/2024	\$183,189   \$45.80	\$201,869   \$50.47	\$197,470   \$49.37
Year 6: 4/1/2024 - 3/31/2025	\$191,653   \$47.91	\$216,949   \$54.24	\$212,430   \$53.11
Year 7: 4/1/2025 - 3/31/2026	\$210,286   \$52.57	\$232,445   \$58.11	\$227,801   \$56.95
Year 8: 4/1/2026 - 3/31/2027	\$214,292   \$53.57	\$238,366   \$59.59	\$233,595   \$58.40
Year 9: 4/1/2027 - 3/31/2028	\$218,378   \$54.59	\$244,451   \$61.11	\$239,548   \$59.89
Year 10: 4/1/2028 - 3/31/2029	\$222,545   \$55.64	\$250,702   \$62.68	\$245,664   \$61.42
Year 11: 4/1/2029 - 3/31/2030	\$170,016   \$42.50	\$126,935   \$31.73	\$124,382   \$31.10
<b>Total Revenue</b>	<b>\$1,671,387</b>	<b>\$1,966,425</b>	<b>\$1,922,980</b>
<b>Annualized Revenue</b>	<b>\$155,478</b>	<b>\$187,279</b>	<b>\$183,141</b>
	<b>\$417.85</b>	<b>\$491.61</b>	<b>\$480.74</b>
	<b>\$38.87</b>	<b>\$46.82</b>	<b>\$45.79</b>

\* Tenant to amortize any cost over \$25.00/RSF, up to \$35.00/RSF (Landlord Cap). This analysis assumes the max budget is reached.  
**Tenant to build space.**

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**Tenant to build space.**

**NOTES:**

1. Annualized Revenue is the NPV shown as equal payments over the term using no interest factor.

The information in this document has been prepared using certain estimates, assumptions and variables which are deemed reasonable or have been implemented at the instructions of the client. Actual results may differ from projections made herein, which differences may be material. The estimates, assumptions and variables underlying the projections contained herein are stated herein. Some information and data used in preparing this document was produced by third parties believed to be reliable. However, no representation as to the truthfulness or accuracy of such data and information is provided. Much of the data and information upon which the projections are based is continuously impacted by events and transactions occurring subsequent to the date of preparation.

**ASSUMPTIONS**

**OCCUPANCY SUMMARY**

<b>Lease Term</b>	<b>10 years and 9 months</b>
<b>Analysis Start Date:</b>	<b>4/1/2019</b>
<b>Fiscal Year Ends:</b>	03/31
<b>Lease Commencement:</b>	<b>4/1/2019</b>
<b>Rent Commencement:</b>	1/1/2020
<b>Lease Expiration:</b>	12/31/2029

**BASE RENT SCHEDULE**

Free Rent: 9 months
\$40.00 - \$160,000 (4/1/19 to 12/31/24: 5 Years, 9 Months)
\$45.00 - \$180,000 (1/1/25 to 12/31/29: 5 Years)

**ADDITIONAL INCOME & EXPENSES**

Item	Type	Base Amount	Base Year	Inflation Estimate
Operating Expenses	2.00% Increases in Lieu of OpEx			
Real Estate Taxes	Excluded From Analysis			
Electricity Costs	Sub-Metered (no admin fee)	\$2.50	---	0.00%

**LANDLORD CAPITAL EXPENSES**

	Per RSF	Total
Total Build Out Cost	\$60.00	\$240,000
Lease Commission (150%)	\$19.61	\$78,428
Total Capital Outlay	\$79.61	\$318,428

ANALYSIS SUMMARY	
Aggregate Income	\$1,671,387
Discount Rate	0.00%
Net Present Value	\$1,671,387
Annualized	\$155,478
Annualized (per RSF)	\$38.87

Rentable Square Feet (RSF): **4,000**

**LEASE CASH FLOW PROJECTIONS (PRE-TAX)**

	Year Starting:												Aggregate Total	NPV as of 4/1/2019	NPV Annualized
	4/1/2019	4/1/2020	4/1/2021	4/1/2022	4/1/2023	4/1/2024	4/1/2025	4/1/2026	4/1/2027	4/1/2028	4/1/2029				
<b>TOTAL INCOME (per RSF)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>				
Base Rent	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$41.25	\$45.00	\$45.00	\$45.00	\$45.00	\$33.75	\$42.33			
Less: Free Rent	(\$30.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.79)			
Base Rent Increase (In Lieu of OpEx)	\$0.00	\$0.80	\$1.62	\$2.45	\$3.30	\$4.16	\$5.07	\$6.07	\$7.09	\$8.14	\$6.88	4.24			
Real Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00			
<b>Base Rental Income</b>	<b>\$10.00</b>	<b>\$40.80</b>	<b>\$41.62</b>	<b>\$42.45</b>	<b>\$43.30</b>	<b>\$45.41</b>	<b>\$50.07</b>	<b>\$51.07</b>	<b>\$52.09</b>	<b>\$53.14</b>	<b>\$40.63</b>	<b>\$470.58</b>	<b>\$470.58</b>	<b>\$43.77</b>	
Electricity	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$1.88	26.88	26.88	2.50	
<b>Total Income</b>	<b>\$12.50</b>	<b>\$43.30</b>	<b>\$44.12</b>	<b>\$44.95</b>	<b>\$45.80</b>	<b>\$47.91</b>	<b>\$52.57</b>	<b>\$53.57</b>	<b>\$54.59</b>	<b>\$55.64</b>	<b>\$42.50</b>	<b>\$497.45</b>	<b>\$497.45</b>	<b>\$46.27</b>	
Landlord Capital Cost	(\$79.61)											(79.61)	(79.61)	(7.41)	
<b>Total Landlord Capital Cost</b>	<b>(\$79.61)</b>											<b>(\$79.61)</b>	<b>(\$79.61)</b>	<b>(\$7.41)</b>	
<b>Total Income Before Tax (per RSF)</b>	<b>(\$67.11)</b>	<b>\$43.30</b>	<b>\$44.12</b>	<b>\$44.95</b>	<b>\$45.80</b>	<b>\$47.91</b>	<b>\$52.57</b>	<b>\$53.57</b>	<b>\$54.59</b>	<b>\$55.64</b>	<b>\$42.50</b>	<b>\$417.85</b>	<b>\$417.85</b>	<b>\$38.87</b>	
<b>TOTAL INCOME IN DOLLARS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>				
Base Rent	160,000	160,000	160,000	160,000	160,000	165,000	180,000	180,000	180,000	180,000	135,000	1,820,000	1,820,000	169,302	
Less: Free Rent	(120,000)	0	0	0	0	0	0	0	0	0	0	(120,000)	(120,000)	(11,163)	
Base Rent Increase (In Lieu of OpEx)	0	3,200	6,464	9,793	13,189	16,653	20,286	24,292	28,378	32,545	27,516	182,315	182,315	16,960	
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>BASE RENTAL INCOME</b>	<b>40,000</b>	<b>163,200</b>	<b>166,464</b>	<b>169,793</b>	<b>173,189</b>	<b>181,653</b>	<b>200,286</b>	<b>204,292</b>	<b>208,378</b>	<b>212,545</b>	<b>162,516</b>	<b>\$1,882,315</b>	<b>\$1,882,315</b>	<b>\$175,099</b>	
Electricity	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	7,500	107,500	107,500	10,000	
<b>TOTAL INCOME</b>	<b>50,000</b>	<b>173,200</b>	<b>176,464</b>	<b>179,793</b>	<b>183,189</b>	<b>191,653</b>	<b>210,286</b>	<b>214,292</b>	<b>218,378</b>	<b>222,545</b>	<b>170,016</b>	<b>\$1,989,815</b>	<b>\$1,989,815</b>	<b>\$185,099</b>	
Landlord Capital Cost	(318,428)											(318,428)	(318,428)	(29,621)	
<b>TOTAL LANDLORD CAPITAL COST</b>	<b>(318,428)</b>											<b>(\$318,428)</b>	<b>(\$318,428)</b>	<b>(\$29,621)</b>	
<b>TOTAL REVENUE</b>	<b>-\$268,428</b>	<b>\$173,200</b>	<b>\$176,464</b>	<b>\$179,793</b>	<b>\$183,189</b>	<b>\$191,653</b>	<b>\$210,286</b>	<b>\$214,292</b>	<b>\$218,378</b>	<b>\$222,545</b>	<b>\$170,016</b>	<b>\$1,671,387</b>	<b>\$1,671,387</b>	<b>\$155,478</b>	

**COMMENTS**

- 1) Annual calculations are based on the entire lease term and reflect discounting of all cash flows.
- 2) Fixed increases (in lieu of OpEx) occur on each anniversary of the Lease Commencement Date.
- 3) Tenant does not pay Real Estate Tax escalations for the first 12 months of the lease.
- 4) Tenant does not pay Operating Expense escalations for the first 12 months of the lease.

**ASSUMPTIONS**

OCCUPANCY SUMMARY		BASE RENT SCHEDULE		ADDITIONAL INCOME & EXPENSES			LANDLORD CAPITAL EXPENSES				
Lease Term	10 years and 6 months	Free Rent: 6 months		Item	Type	Base Amount	Base Year	Inflation Estimate	Per RSF	Total	
Analysis Start Date:	4/1/2019	\$42.00 - \$168,000 (4/1/19 to 9/30/24: 5 Years, 6 Months)		Operating Expenses	2.75% Increases in Lieu of OpEx				Total Build Out Cost	\$35.00	\$140,000
Fiscal Year Ends:	03/31	\$47.00 - \$188,000 (10/1/24 to 9/30/29: 5 Years)		Real Estate Taxes	NET LEASE - TAXES PAID DIRECTLY BY TENANT				Lease Commission (150%)	\$20.72	\$82,875
Lease Commencement:	4/1/2019			Electricity Costs	Rent Inclusion	\$3.00	---	0.00%	Total Capital Outlay	\$55.72	\$222,875
Rent Commencement:	10/1/2019										
Lease Expiration:	9/30/2029										

ANALYSIS SUMMARY	
Aggregate Income	\$1,966,425
Discount Rate	0.00%
Net Present Value	\$1,966,425
Annualized	\$187,279
Annualized (per RSF)	\$46.82

Rentable Square Feet (RSF): 4,000

**LEASE CASH FLOW PROJECTIONS (PRE-TAX)**

Year Starting:	4/1/2019	4/1/2020	4/1/2021	4/1/2022	4/1/2023	4/1/2024	4/1/2025	4/1/2026	4/1/2027	4/1/2028	4/1/2029	Aggregate Total	NPV as of 4/1/2019	NPV Annualized
<b>TOTAL INCOME (per RSF)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>			
Base Rent	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$44.50	\$47.00	\$47.00	\$47.00	\$47.00	\$23.50	\$466.00	\$466.00	\$44.38
Less: Free Rent	(\$21.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(21.00)	(21.00)	(2.00)
Base Rent Increase (In Lieu of OpEx)	\$0.00	\$0.58	\$1.75	\$2.95	\$4.19	\$5.46	\$6.83	\$8.31	\$9.83	\$11.40	\$6.09	57.39	57.39	5.47
Real Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00
<b>Base Rental Income</b>	<b>\$21.00</b>	<b>\$42.58</b>	<b>\$43.75</b>	<b>\$44.95</b>	<b>\$46.19</b>	<b>\$49.96</b>	<b>\$53.83</b>	<b>\$55.31</b>	<b>\$56.83</b>	<b>\$58.40</b>	<b>\$29.59</b>	<b>\$502.39</b>	<b>\$502.39</b>	<b>\$47.85</b>
Electricity	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$1.50	31.50	31.50	3.00
Amortized Work (\$10psf @ 6%)	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$0.64	13.44	13.44	1.28
<b>Total Income</b>	<b>\$25.28</b>	<b>\$46.86</b>	<b>\$48.03</b>	<b>\$49.23</b>	<b>\$50.47</b>	<b>\$54.24</b>	<b>\$58.11</b>	<b>\$59.59</b>	<b>\$61.11</b>	<b>\$62.68</b>	<b>\$31.73</b>	<b>\$547.33</b>	<b>\$547.33</b>	<b>\$52.13</b>
Landlord Capital Cost	(\$55.72)											(55.72)	(55.72)	(5.31)
<b>Total Landlord Capital Cost</b>	<b>(\$55.72)</b>											<b>(\$55.72)</b>	<b>(\$55.72)</b>	<b>(\$5.31)</b>
<b>Total Income Before Tax (per RSF)</b>	<b>(\$30.44)</b>	<b>\$46.86</b>	<b>\$48.03</b>	<b>\$49.23</b>	<b>\$50.47</b>	<b>\$54.24</b>	<b>\$58.11</b>	<b>\$59.59</b>	<b>\$61.11</b>	<b>\$62.68</b>	<b>\$31.73</b>	<b>\$491.61</b>	<b>\$491.61</b>	<b>\$46.82</b>
<b>TOTAL INCOME IN DOLLARS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>	<b>Aggregate Total</b>	<b>NPV as of 4/1/2019</b>	<b>NPV Annualized</b>
Base Rent	168,000	168,000	168,000	168,000	168,000	178,000	188,000	188,000	188,000	188,000	94,000	1,864,000	1,864,000	177,524
Less: Free Rent	(84,000)	0	0	0	0	0	0	0	0	0	0	(84,000)	(84,000)	(8,000)
Base Rent Increase (In Lieu of OpEx)	0	2,310	6,994	11,806	16,751	21,831	27,327	33,248	39,332	45,584	24,376	229,558	229,558	21,863
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>BASE RENTAL INCOME</b>	<b>84,000</b>	<b>170,310</b>	<b>174,994</b>	<b>179,806</b>	<b>184,751</b>	<b>199,831</b>	<b>215,327</b>	<b>221,248</b>	<b>227,332</b>	<b>233,584</b>	<b>118,376</b>	<b>\$2,009,558</b>	<b>\$2,009,558</b>	<b>\$191,386</b>
Electricity	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	6,000	126,000	126,000	12,000
Amortized Work (\$10psf @ 6%)	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	2,559	53,742	53,742	5,118
<b>TOTAL INCOME</b>	<b>101,118</b>	<b>187,428</b>	<b>192,112</b>	<b>196,924</b>	<b>201,869</b>	<b>216,949</b>	<b>232,445</b>	<b>238,366</b>	<b>244,451</b>	<b>250,702</b>	<b>126,935</b>	<b>\$2,189,300</b>	<b>\$2,189,300</b>	<b>\$208,505</b>
Landlord Capital Cost	(222,875)											(222,875)	(222,875)	(21,226)
<b>TOTAL LANDLORD CAPITAL COST</b>	<b>(222,875)</b>											<b>(\$222,875)</b>	<b>(\$222,875)</b>	<b>(\$21,226)</b>
<b>TOTAL REVENUE</b>	<b>-\$121,757</b>	<b>\$187,428</b>	<b>\$192,112</b>	<b>\$196,924</b>	<b>\$201,869</b>	<b>\$216,949</b>	<b>\$232,445</b>	<b>\$238,366</b>	<b>\$244,451</b>	<b>\$250,702</b>	<b>\$126,935</b>	<b>\$1,966,425</b>	<b>\$1,966,425</b>	<b>\$187,279</b>

**COMMENTS**  
 1) Annual calculations are based on the entire lease term and reflect discounting of all cash flows.  
 2) Fixed increases (in lieu of OpEx) occur on each anniversary of the Rent Commencement Date.  
 3) Tenant does not pay Operating Expense escalations for the first 12 months of the lease.

**ASSUMPTIONS**

OCCUPANCY SUMMARY		BASE RENT SCHEDULE	ADDITIONAL INCOME & EXPENSES				LANDLORD CAPITAL EXPENSES		
Lease Term	10 years and 6 months	Free Rent: 6 months	Item	Type	Base Amount	Base Year	Inflation Estimate	Per RSF	Total
Analysis Start Date:	4/1/2019	\$41.00 - \$164,000 (4/1/19 to 9/30/24: 5 Years, 6 Months)	Operating Expenses	2.75% Increases in Lieu of OpEx					
Fiscal Year Ends:	03/31	\$46.00 - \$184,000 (10/1/24 to 9/30/29: 5 Years)	Real Estate Taxes	NET LEASE - TAXES PAID DIRECTLY BY TENANT					
Lease Commencement:	4/1/2019		Electricity Costs	Rent Inclusion	\$3.00	---	0.00%		
Rent Commencement:	10/1/2019								
Lease Expiration:	9/30/2029								
								Total Build Out Cost	\$35.00 \$140,000
								Lease Commission (150%)	\$20.25 \$80,989
								Total Capital Outlay	\$55.25 \$220,989

ANALYSIS SUMMARY	
Aggregate Income	\$1,922,980
Discount Rate	0.00%
Net Present Value	\$1,922,980
Annualized	\$183,141
Annualized (per RSF)	\$45.79

Rentable Square Feet (RSF): 4,000

**LEASE CASH FLOW PROJECTIONS (PRE-TAX)**

Year Starting:	4/1/2019	4/1/2020	4/1/2021	4/1/2022	4/1/2023	4/1/2024	4/1/2025	4/1/2026	4/1/2027	4/1/2028	4/1/2029	Aggregate Total	NPV as of 4/1/2019	NPV Annualized
<b>TOTAL INCOME (per RSF)</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>			
Base Rent	\$41.00	\$41.00	\$41.00	\$41.00	\$41.00	\$43.50	\$46.00	\$46.00	\$46.00	\$46.00	\$23.00	\$455.50	\$455.50	\$43.38
Less: Free Rent	(\$20.50)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(20.50)	(20.50)	(1.95)
Base Rent Increase (In Lieu of OpEx)	\$0.00	\$0.56	\$1.71	\$2.88	\$4.09	\$5.33	\$6.67	\$8.12	\$9.61	\$11.14	\$5.96	56.06	56.06	5.34
Real Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00	0.00	0.00
<b>Base Rental Income</b>	<b>\$20.50</b>	<b>\$41.56</b>	<b>\$42.71</b>	<b>\$43.88</b>	<b>\$45.09</b>	<b>\$48.83</b>	<b>\$52.67</b>	<b>\$54.12</b>	<b>\$55.61</b>	<b>\$57.14</b>	<b>\$28.96</b>	<b>\$491.06</b>	<b>\$491.06</b>	<b>\$46.77</b>
Electricity	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$1.50	31.50	31.50	3.00
Amortized Work (\$10psf @ 6%)	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$0.64	13.44	13.44	1.28
<b>Total Income</b>	<b>\$24.78</b>	<b>\$45.84</b>	<b>\$46.99</b>	<b>\$48.16</b>	<b>\$49.37</b>	<b>\$53.11</b>	<b>\$56.95</b>	<b>\$58.40</b>	<b>\$59.89</b>	<b>\$61.42</b>	<b>\$31.10</b>	<b>\$535.99</b>	<b>\$535.99</b>	<b>\$51.05</b>
Landlord Capital Cost	(\$55.25)											(55.25)	(55.25)	(5.26)
<b>Total Landlord Capital Cost</b>	<b>(\$55.25)</b>											<b>(\$55.25)</b>	<b>(\$55.25)</b>	<b>(\$5.26)</b>
<b>Total Income Before Tax (per RSF)</b>	<b>(\$30.47)</b>	<b>\$45.84</b>	<b>\$46.99</b>	<b>\$48.16</b>	<b>\$49.37</b>	<b>\$53.11</b>	<b>\$56.95</b>	<b>\$58.40</b>	<b>\$59.89</b>	<b>\$61.42</b>	<b>\$31.10</b>	<b>\$480.74</b>	<b>\$480.74</b>	<b>\$45.79</b>
<b>TOTAL INCOME IN DOLLARS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>	<b>Aggregate Total</b>	<b>NPV as of 4/1/2019</b>	<b>NPV Annualized</b>
Base Rent	164,000	164,000	164,000	164,000	164,000	174,000	184,000	184,000	184,000	184,000	92,000	1,822,000	1,822,000	173,524
Less: Free Rent	(82,000)	0	0	0	0	0	0	0	0	0	0	(82,000)	(82,000)	(7,810)
Base Rent Increase (In Lieu of OpEx)	0	2,255	6,827	11,525	16,352	21,311	26,682	32,476	38,429	44,546	23,823	224,227	224,227	21,355
Real Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>BASE RENTAL INCOME</b>	<b>82,000</b>	<b>166,255</b>	<b>170,827</b>	<b>175,525</b>	<b>180,352</b>	<b>195,311</b>	<b>210,682</b>	<b>216,476</b>	<b>222,429</b>	<b>228,546</b>	<b>115,823</b>	<b>\$1,964,227</b>	<b>\$1,964,227</b>	<b>\$187,069</b>
Electricity	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	6,000	126,000	126,000	12,000
Amortized Work (\$10psf @ 6%)	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	5,118	2,559	53,742	53,742	5,118
<b>TOTAL INCOME</b>	<b>99,118</b>	<b>183,373</b>	<b>187,945</b>	<b>192,643</b>	<b>197,470</b>	<b>212,430</b>	<b>227,801</b>	<b>233,595</b>	<b>239,548</b>	<b>245,664</b>	<b>124,382</b>	<b>\$2,143,969</b>	<b>\$2,143,969</b>	<b>\$204,188</b>
Landlord Capital Cost	(220,989)											(220,989)	(220,989)	(21,047)
<b>TOTAL LANDLORD CAPITAL COST</b>	<b>(220,989)</b>											<b>(\$220,989)</b>	<b>(\$220,989)</b>	<b>(\$21,047)</b>
<b>TOTAL REVENUE</b>	<b>-\$121,871</b>	<b>\$183,373</b>	<b>\$187,945</b>	<b>\$192,643</b>	<b>\$197,470</b>	<b>\$212,430</b>	<b>\$227,801</b>	<b>\$233,595</b>	<b>\$239,548</b>	<b>\$245,664</b>	<b>\$124,382</b>	<b>\$1,922,980</b>	<b>\$1,922,980</b>	<b>\$183,141</b>

**COMMENTS**  
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 3) Tenant does not pay Operating Expense escalations for the first 12 months of the lease.