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  $7^{th}$  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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815 Second Avenue, Partial 7th Floor Landlord Income Analysis H&D PT 1/2/2019



nemable 3qua	re Feet									
Lease Commencement										
Free Rent										
Rent Commen	cement									
Lease Expiration	on									
Lease Term										
Base Rent (Per	SF)									
Operating Exp	enses									
Real Estate Tax										
<b>Electricity Esti</b>	mate									
		Capital								
Capital										
	Start Date:	4/1	/2019							
	<b>Start Date:</b> 4/1/2019		<b>/2019</b> 3/31/2020							
Analysis  Year 1:  Year 2:	4/1/2019 4/1/2020	-	3/31/2020 3/31/2021							
Analysis  Year 1: Year 2: Year 3:	4/1/2019 4/1/2020 4/1/2021	- - -	3/31/2020 3/31/2021 3/31/2022							
Analysis  Year 1: Year 2: Year 3: Year 4:	4/1/2019 4/1/2020 4/1/2021 4/1/2022	- - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023							
Analysis  Year 1: Year 2: Year 3: Year 4: Year 5:	4/1/2019 4/1/2020 4/1/2021 4/1/2022 4/1/2023	- - - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023 3/31/2024							
Analysis  Year 1: Year 2: Year 3: Year 4: Year 5: Year 6:	4/1/2019 4/1/2020 4/1/2021 4/1/2022 4/1/2023 4/1/2024	- - - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023 3/31/2024 3/31/2025							
Analysis Year 1: Year 2: Year 3: Year 4: Year 5: Year 6: Year 7:	4/1/2019 4/1/2020 4/1/2021 4/1/2022 4/1/2023 4/1/2024 4/1/2025	- - - - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023 3/31/2024 3/31/2025 3/31/2026							
Analysis Year 1: Year 2: Year 3: Year 4: Year 5: Year 6: Year 7: Year 8:	4/1/2019 4/1/2020 4/1/2021 4/1/2022 4/1/2023 4/1/2024 4/1/2025 4/1/2026	- - - - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023 3/31/2024 3/31/2025 3/31/2026 3/31/2027							
Analysis Year 1: Year 2: Year 3: Year 4: Year 5: Year 6: Year 7:	4/1/2019 4/1/2020 4/1/2021 4/1/2022 4/1/2023 4/1/2024 4/1/2025	- - - - - -	3/31/2020 3/31/2021 3/31/2022 3/31/2023 3/31/2024 3/31/2025 3/31/2026 3/31/2027 3/31/2028							

Leasing Guidelines Proforma 11.6.2017 Landlord Income Analysis								
4,000								
4/1/2019								
9 months								
1/1/2020								
12/31/2029								
10 years and 9 m	onths							
\$40.00 > \$45.00	(Net)							
\$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)							
2.00% Increases in Lie	•							
Excluded From Ar	•							
Sub-Metered (\$2.50/RSF - No Admin Fee)								
Total Build Out Cost:	\$60.00							
Lease Commission (150%):	\$19.61							
Total Capital Outlay:	\$79.61							
Tenant Contribution:	<u>\$0.00</u>							
Net Landlord Capital Contribution	: \$79.61							
Total Capital Outlay:	\$318,428							
Net Capital Contribution:	\$318,428							
Total Revenue	PSF							
-\$268,428	-\$67.11							
\$173,200	\$43.30							
\$176,464	\$44.12							
\$179,793	\$44.95							
\$183,189	\$45.80							
\$191,653	\$47.91							
\$210,286	\$52.57							
\$214,292	\$53.57							
\$218,378	\$54.59							
\$222,545	\$55.64							
\$170,016	\$42.50							
\$1,671,387	\$417.85							

\$155,478

Landlord's Offer 12.2	21.2018						
Net Lease							
4,000							
4/1/2019							
6 months							
10/1/2019							
9/30/2029							
10 years and 6 mo	nths						
\$42.00 > \$47.00 (	Net)						
\$42.00 - \$168,000 (4/1/19 to 9/30/2							
\$47.00 - \$188,000 (10/1/24 to	9/30/29: 5 Years)						
2.75% Increases in Lieu	ı of OpEx						
NET LEASE - TAXES PAID DIREC	•						
Rent Inclusion (\$3.0	0/RSF)						
Total Build Out Cost							
Lease Commission (150%)							
Total Capital Outlay	: \$55.72						
Tenant Contribution (Amortized @ 6%							
Net Landlord Capital Contribution	\$45						
Total Capital Outlay:	\$222,875						
Net Capital Contribution: *	\$182,875						
Total Revenue	PSF						
-\$121,757	-\$30.44						
\$187,428	\$46.86						
\$192,112	\$48.03						
\$196,924	\$49.23						
\$201,869	\$50.47						
\$216,949	\$54.24						
\$232,445	\$58.11						
\$238,366	\$59.59						
\$244,451	\$61.11						
\$250,702	\$62.68						
\$126,935	\$31.73						
\$1,966,425	\$491.61						

\$187,279

budget is reached.

Tenant to build space.

\* Tenant to amortize any cost over \$25.00/RSF, up to

\$35.00/RSF (Landlord Cap). This analysis assumes the max

\$46.82

4,000								
4/1/2019								
6 months								
10/1/2019								
9/30/2029								
10 years and 6 i	months							
\$41.00 > \$46.0	0 (Net)							
\$41.00 - \$164,000 (4/1/19 to 9/3	30/24: 5 Years, 6 Months)							
\$46.00 - \$184,000 (10/1/24 )	to 9/30/29: 5 Years)							
2.750/ 1	·							
2.75% Increases in L NET LEASE - TAXES PAID DI	•							
Rent Inclusion (\$3								
Rent inclusion (\$3	5.UU/K3F)							
Total Build Out Cost	: \$35.00							
Lease Commission (150%)	: \$20.25							
Total Capital Outlay: \$55.25								
Total Capital Outlay	: \$55.25							
Total Capital Outlay Tenant Contribution (Amortized @ Net Landlord Capital Contribution	9 6%): <u>(\$10.00)</u>							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution	9 6%): <u>(\$10.00)</u>							
Tenant Contribution (Amortized @	9 6%): (\$10.00) on: \$45.25							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution Total Capital Outlay:	6%): (\$10.00) on: \$45.25 \$220,989							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution  Total Capital Outlay:  Net Capital Contribution: **	\$ 6%): (\$10.00) on: \$45.25 \$220,989 \$180,989							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution Total Capital Outlay: Net Capital Contribution: ** Total Revenue	\$ 6%): (\$10.00) on: \$45.25 \$220,989 \$180,989							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871	\$220,989 \$180,989 PSF -\$30.47							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373	\$220,989 \$180,989 \$-\$30.47 \$45.84							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871  \$183,373  \$187,945	\$220,989 \$180,989 \$PSF -\$30.47 \$45.84 \$46.99							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643	\$220,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801	\$220,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801 \$233,595	\$220,989 \$180,989 \$180,989 \$184.47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95 \$58.40							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801 \$233,595 \$239,548	\$220,989 \$180,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95 \$58.40 \$59.89							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801 \$233,595 \$239,548 \$245,664	\$220,989 \$180,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95 \$58.40 \$59.89 \$61.42							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801 \$233,595 \$239,548	\$220,989 \$180,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95 \$58.40 \$59.89							
Tenant Contribution (Amortized @ Net Landlord Capital Contribution:  Total Capital Outlay:  Net Capital Contribution: **  Total Revenue  -\$121,871 \$183,373 \$187,945 \$192,643 \$197,470 \$212,430 \$227,801 \$233,595 \$239,548 \$245,664	\$220,989 \$180,989 \$180,989 \$180,47 \$45.84 \$46.99 \$48.16 \$49.37 \$53.11 \$56.95 \$58.40 \$59.89 \$61.42							

\$45.79

\$183,141

budget is reached.

Tenant to build space.

\*\* Tenant to amortize any cost over \$25.00/RSF, up to

\$35.00/RSF (Landlord Cap). This analysis assumes the max

H&D PT Counter 12.22.2018 Net Lease

### **NOTES**

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

**Annualized Revenue** 

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.

\$38.87



815 Second Avenue, Partial 7th Floor Landlord Income Analysis Leasing Guidelines Proforma 11.6.2017

## ASSUMPTIONS

OCCUPANCY SUMMARY		BASE RENT SCHEDULE	ADDITIONAL INCOME & EXPE	NSES			LANDLORD CAPITAL EXPENSES					
Lease Term	10 years and 9 months	Free Rent: 9 months			Base	Base	Inflation		Per RSF	Total		
Analysis Start Date:	4/1/2019	\$40.00 - \$160,000 (4/1/19 to 12/31/24: 5 Years, 9 Months)	Item	Туре	Amount	Year	Estimate	Total Build Out Cost	\$60.00	\$240,000		
Fiscal Year Ends:	03/31	\$45.00 - \$180,000 (1/1/25 to 12/31/29: 5 Years)	Operating Expenses	2.00% Increases in Lieu of OpEx				Lease Commission (150%)	\$19.61	\$78,428		
Lease Commencement:	4/1/2019		Real Estate Taxes	Excluded From Analysis				Total Capital Outlay	\$79.61	\$318,428		
Rent Commencement:	1/1/2020		Electricity Costs	Sub-Metered (no admin fee)	\$2.50		0.00%					
Lease Expiration:	12/31/2029											

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:	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		NPV as of	NP
TOTAL INCOME (per RSF)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Aggregate <u>Total</u>	4/1/2019	Annualize
Base Rent	\$40.00	\$40.00	\$40.00	\$40.00	\$40.00	\$41.25	\$45.00	\$45.00	\$45.00	\$45.00	\$33.75	\$455.00	\$455.00	\$42.3
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	(30.00)	(30.00)	(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	45.58	45.58	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	0.00	0.00
Base Rental Income	\$10.00	\$40.80	\$41.62	\$42.45	\$43.30	\$45.41	\$50.07	\$51.07	\$52.09	\$53.14	\$40.63	\$470.58	\$470.58	\$43.7
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
Total Income	\$12.50	\$43.30	\$44.12	\$44.95	\$45.80	\$47.91	\$52.57	\$53.57	\$54.59	\$55.64	\$42.50	\$497.45	\$497.45	\$46.27
Landlord Capital Cost	(\$79.61)											(79.61)	(79.61)	(7.41
Total Landlord Capital Cost	(\$79.61)											(579.61)	(\$79.61)	(\$7.41
•														
Total Income Before Tax (per RSF)	(\$67.11)	\$43.30	\$44.12	\$44.95	\$45.80	\$47.91	\$52.57	\$53.57	\$54.59	\$55.64	\$42.50	\$417.85	\$417.85	\$38.87
TOTAL INCOME IN DOLLARS												Aggregate	NPV as of	NP\
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	<u>Year 11</u>	Total	4/1/2019	<u>Annualize</u>
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  BASE RENTAL INCOME	40.000	162.200	0	169,793	172.100	0	0	0	0	U	0	\$1.882.315	\$1,882,315	\$175,099
BASE RENTAL INCOME	40,000	163,200	166,464	109,793	173,189	181,653	200,286	204,292	208,378	212,545	162,516	\$1,002,313	\$1,002,313	\$175,099
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
TOTAL INCOME	50,000	173,200	176,464	179,793	183,189	191,653	210,286	214,292	218,378	222,545	170,016	\$1,989,815	\$1,989,815	\$185,099
Landlord Capital Cost	(318.428)											(318.428)	(318.428)	(29.621
TOTAL LANDLORD CAPITAL COST	(318,428)											(\$318,428)	(\$318,428)	(\$29,621
TOTAL DEVENUE		6172 200	¢176 464	£170.703	£103 100	¢101.653	£210.20¢	6214 202	¢210.270	\$222 F45	6170.016	PA (74 200		
TOTAL REVENUE	-\$268,428	\$173,200	\$176,464	\$179,793	\$183,189	\$191,653	\$210,286	\$214,292	\$218,378	\$222,545	\$170,016	\$1,671,387	\$1,671,387	\$155,478

- 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.

he 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 contained 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 ond information upon which the projections are based is continuously impacted by events and transactions occurring subsequent to the date of preparation.



815 Second Avenue, Partial 7th Floor Net Lease Landlord's Offer 12.21.2018

## ASSUMPTIONS

OCCUPANCY SUMMARY		BASE RENT SCHEDULE	ADDITIONAL INCOME & EXP	ENSES				LANDLORD CAPITAL EXPENSES		
Lease Term	10 years and 6 months	Free Rent: 6 months			Base	Base	Inflation		Per RSF	<u>Total</u>
Analysis Start Date:	4/1/2019	\$42.00 - \$168,000 (4/1/19 to 9/30/24: 5 Years, 6 Months)	Item	Туре	Amount	Year	Estimate	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)	Operating Expenses	2.75% Increases in Lieu of O	pEx			Lease Commission (150%)	\$20.72	\$82,875
Lease Commencement:	4/1/2019		Real Estate Taxes	NET LEASE - TAXES PAID DIF	RECTLY BY TENANT			Total Capital Outlay	\$55.72	\$222,875
Rent Commencement:	10/1/2019		Electricity Costs	Rent Inclusion	\$3.00		0.00%			
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
OTAL INCOME (per RSF)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Base Rent	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$44.50	\$47.00	\$47.00	\$47.00	\$47.00	\$23.50
: Free Rent	(\$21.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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
l Estate Taxes	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ental Income	\$21.00	\$42.58	\$43.75	\$44.95	\$46.19	\$49.96	\$53.83	\$55.31	\$56.83	\$58.40	\$29.59
••	62.00	62.00	ć2.00	ć2.00	62.00	62.00	62.00	62.00	ć2.00	62.00	61.50
ricity rtized Work (\$10psf @ 6%)	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$3.00 \$1.28	\$1.50 \$0.64
come	\$25.28	\$1.20	\$48.03	\$49.23	\$50.47	\$54.24	\$58.11	\$59.59	\$61.11	\$62.68	\$31.73
iiie	323.20	\$40.00	\$40.03	345.23	450.47	734.24	750.11	455.55	201.11	302.00	\$31.73
lord Capital Cost	(\$55.72)										
ndlord Capital Cost	(\$55.72)										
ncome Before Tax (per RSF)	(\$30.44)	\$46.86	\$48.03	\$49.23	\$50.47	\$54.24	\$58.11	\$59.59	\$61.11	\$62.68	\$31.73
sine before rax (per hor)	(450.44)	\$40.00	\$40.03	345.25	450.47	734.24	750.11	455.55	201.11	302.00	451.75
NCOME IN DOLLARS											
	Year 1	Year 2	Year 3	Year 4							
ent	168,000				Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Free Rent		168,000	168,000	168,000	168,000	178,000	188,000	188,000	188,000	188,000	<b>Year 11</b> 94,000
	(84,000)	0	168,000 0	168,000 0	168,000 0	178,000 0	188,000 0	188,000 0	188,000 0	188,000 0	94,000 0
	(84,000) 0	0 2,310	168,000	168,000	168,000	178,000	188,000	188,000 0 33,248	188,000 0 39,332	188,000 0 45,584	
state Taxes	0	0 2,310 0	168,000 0 6,994 0	168,000 0 11,806 0	168,000 0 16,751 0	178,000 0 21,831 0	188,000 0 27,327 0	188,000 0 33,248 0	188,000 0 39,332 0	188,000 0 45,584 0	94,000 0 24,376 0
Estate Taxes		0 2,310	168,000 0	168,000 0	168,000 0	178,000 0	188,000 0	188,000 0 33,248	188,000 0 39,332	188,000 0 45,584	94,000 0
state Taxes  NTAL INCOME	0	0 2,310 0	168,000 0 6,994 0	168,000 0 11,806 0	168,000 0 16,751 0	178,000 0 21,831 0	188,000 0 27,327 0	188,000 0 33,248 0	188,000 0 39,332 0	188,000 0 45,584 0	94,000 0 24,376 0
Estate Taxes ENTAL INCOME ricity	0 0 <b>84,000</b>	0 2,310 0 170,310	168,000 0 6,994 0 <b>174,994</b>	168,000 0 11,806 0 <b>179,806</b>	168,000 0 16,751 0 <b>184,751</b>	178,000 0 21,831 0 199,831	188,000 0 27,327 0 <b>215,327</b>	188,000 0 33,248 0 <b>221,248</b>	188,000 0 39,332 0 <b>227,332</b>	188,000 0 45,584 0 <b>233,584</b>	94,000 0 24,376 0 118,376
state Taxes INTAL INCOME  Icity tized Work (\$10psf @ 6%)	0 0 <b>84,000</b> 12,000	0 2,310 0 <b>170,310</b> 12,000	168,000 0 6,994 0 <b>174,994</b>	168,000 0 11,806 0 <b>179,806</b>	168,000 0 16,751 0 <b>184,751</b>	178,000 0 21,831 0 <b>199,831</b>	188,000 0 27,327 0 <b>215,327</b> 12,000	188,000 0 33,248 0 <b>221,248</b> 12,000	188,000 0 39,332 0 <b>227,332</b> 12,000	188,000 0 45,584 0 <b>233,584</b> 12,000	94,000 0 24,376 0 <b>118,376</b> 6,000
otate Taxes  NTAL INCOME  city  ized Work (\$10psf @ 6%)  NCOME	0 0 <b>84,000</b> 12,000 5,118 <b>101,118</b>	0 2,310 0 <b>170,310</b> 12,000 5,118	168,000 0 6,994 0 <b>174,994</b> 12,000 5,118	168,000 0 11,806 0 <b>179,806</b> 12,000 5,118	168,000 0 16,751 0 <b>184,751</b> 12,000 5,118	178,000 0 21,831 0 <b>199,831</b> 12,000 5,118	188,000 0 27,327 0 <b>215,327</b> 12,000 5,118	188,000 0 33,248 0 <b>221,248</b> 12,000 5,118	188,000 0 39,332 0 <b>227,332</b> 12,000 5,118	188,000 0 45,584 0 <b>233,584</b> 12,000 5,118	94,000 0 24,376 0 <b>118,376</b> 6,000 2,559
istate Taxes INTAL INCOME  icity tized Work (\$10psf @ 6%)  NCOME  ord Capital Cost	0 0 84,000 12,000 5,118 101,118 (222,875)	0 2,310 0 <b>170,310</b> 12,000 5,118	168,000 0 6,994 0 <b>174,994</b> 12,000 5,118	168,000 0 11,806 0 <b>179,806</b> 12,000 5,118	168,000 0 16,751 0 <b>184,751</b> 12,000 5,118	178,000 0 21,831 0 <b>199,831</b> 12,000 5,118	188,000 0 27,327 0 <b>215,327</b> 12,000 5,118	188,000 0 33,248 0 <b>221,248</b> 12,000 5,118	188,000 0 39,332 0 <b>227,332</b> 12,000 5,118	188,000 0 45,584 0 <b>233,584</b> 12,000 5,118	94,000 0 24,376 0 <b>118,376</b> 6,000 2,559
e Rent Increase (In Lieu of OpEx) Estate Taxes RENTAL INCOME tricity ortized Work (\$10psf @ 6%) LINCOME  dlord Capital Cost LANDLORD CAPITAL COST	0 0 <b>84,000</b> 12,000 5,118 <b>101,118</b>	0 2,310 0 <b>170,310</b> 12,000 5,118	168,000 0 6,994 0 <b>174,994</b> 12,000 5,118	168,000 0 11,806 0 <b>179,806</b> 12,000 5,118	168,000 0 16,751 0 <b>184,751</b> 12,000 5,118	178,000 0 21,831 0 <b>199,831</b> 12,000 5,118	188,000 0 27,327 0 <b>215,327</b> 12,000 5,118	188,000 0 33,248 0 <b>221,248</b> 12,000 5,118	188,000 0 39,332 0 <b>227,332</b> 12,000 5,118	188,000 0 45,584 0 <b>233,584</b> 12,000 5,118	94,000 0 24,376 0 <b>118,376</b> 6,000 2,559

- 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.

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 contained 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 of preparation.



815 Second Avenue, Partial 7th Floor Net Lease H&D PT Counter 12.22.2018

## ASSUMPTIONS

OCCUPANCY SUMMARY		BASE RENT SCHEDULE ADDITIONAL INCOME & EXPENSES									
Lease Term	10 years and 6 months	Free Rent: 6 months			Base	Base	Inflation		Per RSF	Total	
Analysis Start Date:	4/1/2019	\$41.00 - \$164,000 (4/1/19 to 9/30/24: 5 Years, 6 Months)	Item	Туре	Amount	Year	Estimate	Total Build Out Cost	\$35.00	\$140,000	
Fiscal Year Ends:	03/31	\$46.00 - \$184,000 (10/1/24 to 9/30/29: 5 Years)	Operating Expenses	2.75% Increases in Lieu of C	)pEx			Lease Commission (150%)	\$20.25	\$80,989	
Lease Commencement:	4/1/2019		Real Estate Taxes	NET LEASE - TAXES PAID DI	RECTLY BY TENANT			Total Capital Outlay	\$55.25	\$220,989	
Rent Commencement:	10/1/2019		Electricity Costs	Rent Inclusion	\$3.00		0.00%				
Lanca Franciscotions	0/20/2020										

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	NPV as of	
OTAL INCOME (per RSF)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Total	4/1/2019	Annuali
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
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
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.
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.
ase Rental Income	\$20.50	\$41.56	\$42.71	\$43.88	\$45.09	\$48.83	\$52.67	\$54.12	\$55.61	\$57.14	\$28.96	\$491.06	\$491.06	\$46
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.
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.
otal Income	\$24.78	\$45.84	\$46.99	\$48.16	\$49.37	\$53.11	\$56.95	\$58.40	\$59.89	\$61.42	\$31.10	\$535.99	\$535.99	\$51.0
Landlord Capital Cost	(\$55.25)											(55.25)	(55.25)	(5.
otal Landlord Capital Cost	(\$55.25)											(\$55.25)	(\$55.25)	(\$5.
Total Income Before Tax (per RSF)	(\$30.47)	\$45.84	\$46.99	\$48.16	\$49.37	\$53.11	\$56.95	\$58.40	\$59.89	\$61.42	\$31.10	\$480.74	\$480.74	\$45.
•				\$48.16		\$53.11		\$58.40				\$480.74 Aggregate	NPV as of	N
TOTAL INCOME IN DOLLARS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Aggregate <u>Total</u>	NPV as of 4/1/2019	N Annualiz
OTAL INCOME IN DOLLARS  Base Rent	<b>Year 1</b> 164,000	<u>Year 2</u> 164,000		<b>Year 4</b> 164,000	<u>Year 5</u> 164,000	<u>Year 6</u> 174,000	<u>Year 7</u> 184,000	<u>Year 8</u> 184,000	<u>Year 9</u> 184,000	<u>Year 10</u> 184,000	<b>Year 11</b> 92,000	Aggregate	NPV as of 4/1/2019 1,822,000	N Annualiz 173,5
Less: Free Rent	Year 1	<b>Year 2</b> 164,000 0	<b>Year 3</b> 164,000 0	<b>Year 4</b> 164,000 0	<b>Year 5</b> 164,000 0	<b>Year 6</b> 174,000 0	<b>Year 7</b> 184,000 0	<b>Year 8</b> 184,000 0	<u>Year 9</u> 184,000 0	<u>Year 10</u> 184,000 0	<b>Year 11</b> 92,000 0	Aggregate	NPV as of <u>4/1/2019</u> 1,822,000 (82,000)	Ni <b>Annualiz</b> 173,5. (7,8
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx)	<b>Year 1</b> 164,000	<b>Year 2</b> 164,000 0 2,255	Year 3	<b>Year 4</b> 164,000	<b>Year 5</b> 164,000 0 16,352	<b>Year 6</b> 174,000 0 21,311	<u>Year 7</u> 184,000	<u>Year 8</u> 184,000	<u>Year 9</u> 184,000	<u>Year 10</u> 184,000	Year 11 92,000 0 23,823	Aggregate	NPV as of 4/1/2019 1,822,000	NI Annualiz 173,5: (7,8
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes	<b>Year 1</b> 164,000	<b>Year 2</b> 164,000 0	<b>Year 3</b> 164,000 0	<b>Year 4</b> 164,000 0	<b>Year 5</b> 164,000 0	<b>Year 6</b> 174,000 0	<b>Year 7</b> 184,000 0	<b>Year 8</b> 184,000 0	<u>Year 9</u> 184,000 0	<u>Year 10</u> 184,000 0	<b>Year 11</b> 92,000 0	Aggregate	NPV as of <u>4/1/2019</u> 1,822,000 (82,000)	NI Annualiz 173,5: (7,8 21,3
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes BASE RENTAL INCOME	Year 1 164,000 (82,000) 0 0 82,000	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827	Year 4 164,000 0 11,525 0 175,525	Year 5 164,000 0 16,352 0 180,352	Year 6 174,000 0 21,311 0 195,311	Year 7 184,000 0 26,682 0 210,682	Year 8 184,000 0 32,476 0 216,476	Year 9 184,000 0 38,429 0 222,429	Year 10 184,000 0 44,546 0	Year 11 92,000 0 23,823 0 115,823	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 0 \$1,964,227	\$45.7 NI Annualiza 173,52 (7,81 21,35 \$187,06
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes FASE RENTAL INCOME	Year 1 164,000 (82,000) 0 0 82,000	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827	Year 4 164,000 0 11,525 0 175,525	Year 5 164,000 0 16,352 0 180,352	Year 6 174,000 0 21,311 0 195,311	Year 7 184,000 0 26,682 0 210,682	Year 8 184,000 0 32,476 0 216,476	Year 9 184,000 0 38,429 0 222,429	Year 10 184,000 0 44,546 0 228,546	Year 11 92,000 0 23,823 0 115,823 6,000	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 0 \$1,964,227	NI Annualiz 173,5: (7,8 21,3: \$187,06
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes FASE RENTAL INCOME  Electricity Amortized Work (\$10psf @ 6%)	Year 1 164,000 (82,000) 0 0 82,000	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827	Year 4 164,000 0 11,525 0 175,525	Year 5 164,000 0 16,352 0 180,352	Year 6 174,000 0 21,311 0 195,311	Year 7 184,000 0 26,682 0 210,682	Year 8 184,000 0 32,476 0 216,476	Year 9 184,000 0 38,429 0 222,429	Year 10 184,000 0 44,546 0	Year 11 92,000 0 23,823 0 115,823	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 0 \$1,964,227	NI Annualiz 173,5: (7,8 21,3:
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes  IASE RENTAL INCOME  Electricity Amortized Work (\$10psf @ 6%)	Year 1 164,000 (82,000) 0 82,000 12,000 5,118 99,118	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827 12,000 5,118	Year 4 164,000 0 11,525 0 175,525 12,000 5,118	Year 5 164,000 0 16,352 0 180,352 12,000 5,118	Year 6 174,000 0 21,311 0 195,311 12,000 5,118	Year 7 184,000 0 26,682 0 210,682 12,000 5,118	Year 8 184,000 0 32,476 0 216,476 12,000 5,118	Year 9 184,000 0 38,429 0 222,429 12,000 5,118	Year 10 184,000 0 44,546 0 228,546 12,000 5,118	Year 11 92,000 0 23,823 0 115,823 6,000 2,559	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227  126,000 53,742 \$2,143,969	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 0 \$1,964,227 126,000 53,742 \$2,143,969	N Annualiz 173,5 (7,8 21,3 \$187,00 12,0 5,1 \$204,1
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes SASE RENTAL INCOME  Electricity Amortized Work (\$10psf @ 6%)  TOTAL INCOME  Landlord Capital Cost	Year 1 164,000 (82,000) 0 82,000 12,000 5,118 99,118 (220,989)	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827 12,000 5,118	Year 4 164,000 0 11,525 0 175,525 12,000 5,118	Year 5 164,000 0 16,352 0 180,352 12,000 5,118	Year 6 174,000 0 21,311 0 195,311 12,000 5,118	Year 7 184,000 0 26,682 0 210,682 12,000 5,118	Year 8 184,000 0 32,476 0 216,476 12,000 5,118	Year 9 184,000 0 38,429 0 222,429 12,000 5,118	Year 10 184,000 0 44,546 0 228,546 12,000 5,118	Year 11 92,000 0 23,823 0 115,823 6,000 2,559	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227  126,000 53,742 \$2,143,969  (220,989)	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 126,000 53,742 \$2,143,969 (220,989)	N Annualiz 173,5 (7,8 21,3 \$187,06 12,0 5,1 \$204,1
Base Rent Less: Free Rent Base Rent Increase (In Lieu of OpEx) Real Estate Taxes SASE RENTAL INCOME  Electricity Amortized Work (\$10psf @ 6%)	Year 1 164,000 (82,000) 0 82,000 12,000 5,118 99,118	Year 2 164,000 0 2,255 0 166,255	Year 3 164,000 0 6,827 0 170,827 12,000 5,118	Year 4 164,000 0 11,525 0 175,525 12,000 5,118	Year 5 164,000 0 16,352 0 180,352 12,000 5,118	Year 6 174,000 0 21,311 0 195,311 12,000 5,118	Year 7 184,000 0 26,682 0 210,682 12,000 5,118	Year 8 184,000 0 32,476 0 216,476 12,000 5,118	Year 9 184,000 0 38,429 0 222,429 12,000 5,118	Year 10 184,000 0 44,546 0 228,546 12,000 5,118	Year 11 92,000 0 23,823 0 115,823 6,000 2,559	Aggregate Total 1,822,000 (82,000) 224,227 0 \$1,964,227  126,000 53,742 \$2,143,969	NPV as of 4/1/2019 1,822,000 (82,000) 224,227 0 \$1,964,227 126,000 53,742 \$2,143,969	N Annualiz 173,5 (7,8 21,3 \$187,06 12,0 5,1 \$204,1

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