



One Vanderbilt (Tri-City Corporate Center)

OWNER-USER

301 E. Vanderbilt Way
San Bernardino, CA

April 9, 2018

CBRE - Financial Consulting Group

EXECUTIVE SUMMARY

PROPERTY DESCRIPTION			
Maintenance Association	Number 1	Size of Improvements	73,802 SF
Property Type	Office	Currently Vacant as of 4/1/18	0 SF
Property Address	301 E. Vanderbilt Way San Bernardino, CA	Current Occupancy as of 4/1/18	100.00%

ACQUISITION AND RESIDUAL SUMMARY		LEVERAGE SUMMARY		
Purchase Price as of July 1, 2018	\$165 PSF	\$12,177,330	Initial Loan Funding (as of Jul-18)	<u>MARKET LOAN</u> \$7,915,265
'Costs to Stabilize'			Loan-To-Total Investment/Value	57.71%
Tenant Improvements		1,539,001	Loan-To-Price	65.00%
Total Costs to Stabilize		<u>\$1,539,001</u>	Funding Date	Jul-18
Total Investment	\$186 PSF	\$13,716,331 [2]	Maturity Date	Jun-28
			Loan Term	10.0 Years
			Amortization Period	30 Years
			Initial Interest Only Period (If Any)	24 Months
			Interest Rate	4.50%
			Origination Fee on Initial Loan Funding	1.00%
			Exit Fee on Balance at Maturity	0.00%
			Loan Constant	6.08%
			Debt Service Coverage Ratio (NOI)	2.05x
			In-Place Debt Yield	12.75%
			100% Market Pro-Forma Debt Yield	11.75%
			Purchase Price as of July 1, 2018	\$12,177,330
			Total Initial Loan Principal	(7,915,265)
			Total Initial Loan Fees	79,153
			Holdbacks and Escrows	0
			<u>Initial Equity</u>	<u>\$4,341,218</u>
			LEVERAGED IRR	16.32%
			EQUITY REQUIRED	\$5,880,219
			PROFIT	\$13,240,338
			LEVERAGED EQUITY MULTIPLE	3.25x

	Year 1	Year 2	Year 3
Physical Occupancy	99.56%	99.56%	97.45%
Capitalization Rate	7.21%	7.38%	7.61%
Cash Return	-4.12%	6.81%	6.10%
Leveraged Cash Return	-15.67%	9.83%	6.05%

Net Residual Value as of June 30, 2028	\$19,537,000
Net Residual Per Square Foot	\$265
Residual Capitalization Rate	7.50%
Residual Cost of Sale	1.50%

ALL CASH IRR	10.44%
EQUITY REQUIRED	\$13,716,331
PROFIT	\$16,680,220
ALL CASH EQUITY MULTIPLE	2.22x

[1] Leveraged analysis is based on financing that a particular investor may or may not be able to obtain.

[2] All Capitalization Rates, Equity Multiples and Cash-on-Cash returns are based on Total Investment or initial equity including costs to stabilize. Internal rate of return and in-place returns are based on Purchase Price or initial equity.

[3] Costs to stabilize assume and include for tenant improvements for the owner-user suites.

This information has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to confirm independently its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs. THIS IS AN OPINION OF VALUE OR COMPARATIVE MARKET ANALYSIS AND SHOULD NOT BE CONSIDERED AN APPRAISAL. In making any decisions that rely upon this analysis, it should be noted that we have not followed the guidelines for development of an appraisal or analysis contained in the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

SUMMARY OF FINANCIAL ASSUMPTIONS

GLOBAL				VACANT SPACE LEASING				SECOND GENERATION LEASING			
Analysis Period				Occupancy and Absorption				Retention Ratio			
Commencement Date	July 1, 2018			Projected Vacant at 7/1/18	0 SF			<10K SF		10K - 20K SF	
End Date	June 30, 2028			Currently Vacant as of 4/1/18	0 SF			75%		75%	
Term	10 Years			Percentage Vacant at 4/1/18	0.00%						
Area Measures				EXPENSES							
Building Square Feet (NRSF)	73,802 SF			Operating Expense Source							
Remeasured Building Square Feet (NRSF)	73,808 SF			Client Argus [2]							
Growth Rates				Management Fee (% of EGR)							
Consumer Price Index (CPI)	3.00%			2.25%							
Other Income Growth Rate	3.00%			Real Estate Taxes Reassessed							
Operating Expenses	3.00%			Yes [3]							
Year One Actual	\$9.76 PSF/Yr			Millage Rate				1.284000%			
Year One Pro-Forma at 100% Occupancy	\$9.75 PSF/Yr			Special Assessments				\$163			
Real Estate Taxes	2.00%										
Market Rent Growth				W/A Market Rent							
CY 2019	-	3.00%	FY 2019	-	\$1.98 PSF						
CY 2020	-	3.00%	FY 2020	-	\$2.04 PSF						
CY 2021	-	3.00%	FY 2021	-	\$2.10 PSF						
CY 2022	-	3.00%	FY 2022	-	\$2.16 PSF						
CY 2023	-	3.00%	FY 2023	-	\$2.23 PSF						
CY 2024	-	3.00%	FY 2024	-	\$2.29 PSF						
CY 2025	-	3.00%	FY 2025	-	\$2.36 PSF						
CY 2026	-	3.00%	FY 2026	-	\$2.43 PSF						
CY 2027	-	3.00%	FY 2027	-	\$2.51 PSF						
CY 2028+	-	3.00%	FY 2028	-	\$2.58 PSF						
General Vacancy Loss				5.00% [1]							
Capital Reserves (CY 2018 Value)				\$0.20 PSF							

Notes:

ANALYSIS IS BASED ON A CLIENT-PROVIDED ARGUS FILE. NO SOURCE DOCUMENTATION HAS BEEN PROVIDED.

Market rent growth is calculated on a calendar-year basis. All in-place and market rental rates above are stated on a fiscal-year basis.

[1] General Vacancy Loss factor includes losses attributable to projected lease-up, rollover downtime, and fixturing downtime.

The following tenants are excluded from this loss factor for current lease terms only: OWNER-USER (150), OWNER-USER (200), OWNER-USER (220), OWNER-USER (250), OWNER-USER (300) and OWNER-USER (400).

[2] Operating Expenses are based on the client-provided argus file. Cleaning and Utilities are assumed to be 30% and 75% fixed based upon occupancy.

[3] Real Estate Taxes have been reassessed at the estimated purchase price based on a millage rate of 1.284000% plus special assessments of \$163.

[4] Current reimbursements are modeled per the client-provided argus file. Future tenants are assumed to reimburse their pro rata share of all expenses, including Management Fee over a new base year.

[5] Free rent for New and Renewal tenants under 10,000 SF is three (3) months in Years 1 and 2 and 1 month thereafter.

Free rent for New and Renewal tenants above 10,000 SF and under 20,000 SF is five (5) months in Years 1 and 2 and 1 month thereafter.

[6] Leasing Commissions are calculated by applying 100% of the rates shown above for lease years 1-5, and 50% of the above rates for lease years 6 and beyond.

CASH FLOW PROJECTIONS

Fiscal Year Ending - June 30	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Physical Occupancy	99.56%	99.56%	97.45%	97.95%	100.00%	100.00%	99.12%	97.45%	97.95%	100.00%	100.00%
Overall Economic Occupancy [1]	98.35%	97.08%	96.15%	96.98%	98.39%	98.38%	97.98%	96.24%	97.01%	98.42%	98.42%
Weighted Average Market Rent	\$1.98	\$2.04	\$2.10	\$2.16	\$2.23	\$2.29	\$2.36	\$2.43	\$2.51	\$2.58	\$2.66
Weighted Average In Place Rent [2]	\$1.93	\$1.97	\$2.03	\$2.10	\$2.19	\$2.26	\$2.31	\$2.36	\$2.45	\$2.55	\$2.63
Total Operating Expenses PSF Per Month	\$0.81	\$0.84	\$0.86	\$0.88	\$0.91	\$0.94	\$0.96	\$0.98	\$1.01	\$1.05	\$1.15

	[3] FY 2019 \$/SF/MO	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
REVENUES												
Scheduled Base Rent												
Gross Potential Rent	\$1.93	\$1,709,028	\$1,765,244	\$1,823,592	\$1,883,769	\$1,940,323	\$1,998,533	\$2,058,489	\$2,122,197	\$2,190,739	\$2,259,129	\$2,326,904
Absorption & Turnover Vacancy	(0.01)	(7,853)	(7,853)	(47,446)	(38,691)	0	0	(18,208)	(55,420)	(45,527)	0	0
Base Rent Abatements	0.00	0	(23,560)	(23,723)	(19,346)	0	0	(9,104)	(27,917)	(23,100)	0	0
Total Scheduled Base Rent	1.92	1,701,175	1,733,831	1,752,423	1,825,732	1,940,323	1,998,533	2,031,177	2,038,860	2,122,112	2,259,129	2,326,904
Expense Reimbursements	0.03	29,102	39,603	50,232	55,587	72,843	93,979	110,788	124,357	128,577	161,305	217,022
TOTAL GROSS REVENUE	1.95	1,730,277	1,773,434	1,802,655	1,881,319	2,013,166	2,092,512	2,141,965	2,163,217	2,250,689	2,420,434	2,543,926
General Vacancy Loss	(0.02)	(20,806)	(20,592)	0	0	(32,495)	(33,797)	(16,228)	0	0	(38,184)	(40,222)
EFFECTIVE GROSS REVENUE	1.93	1,709,471	1,752,842	1,802,655	1,881,319	1,980,671	2,058,715	2,125,737	2,163,217	2,250,689	2,382,250	2,503,704
OPERATING EXPENSES												
Cleaning	(0.11)	(94,506)	(97,350)	(98,780)	(102,129)	(106,702)	(109,903)	(112,510)	(114,498)	(118,370)	(123,696)	(127,407)
Utilities	(0.21)	(184,172)	(189,704)	(194,360)	(200,458)	(207,520)	(213,746)	(219,679)	(225,305)	(232,368)	(240,573)	(247,790)
Repairs & Maintenance	(0.07)	(61,080)	(62,912)	(64,799)	(66,743)	(68,746)	(70,808)	(72,932)	(75,120)	(77,374)	(79,695)	(82,086)
Security	(0.00)	(3,478)	(3,583)	(3,690)	(3,801)	(3,915)	(4,032)	(4,153)	(4,278)	(4,406)	(4,539)	(4,675)
Building Mgmt Services	(0.08)	(74,082)	(76,304)	(78,593)	(80,951)	(83,380)	(85,881)	(88,458)	(91,111)	(93,845)	(96,660)	(99,560)
Salaries	(0.09)	(77,612)	(79,940)	(82,339)	(84,809)	(87,353)	(89,974)	(92,673)	(95,453)	(98,317)	(101,266)	(104,304)
Management Fee	(0.04)	(38,463)	(39,439)	(40,560)	(42,330)	(44,565)	(46,321)	(47,829)	(48,672)	(50,641)	(53,601)	(56,333)
Insurance	(0.03)	(29,104)	(29,977)	(30,877)	(31,803)	(32,757)	(33,740)	(34,752)	(35,794)	(36,868)	(37,974)	(39,113)
Property Taxes	(0.18)	(158,083)	(161,242)	(164,463)	(167,749)	(171,101)	(174,520)	(178,007)	(181,564)	(185,192)	(188,893)	(254,839)
TOTAL OPERATING EXPENSES	(0.81)	(720,580)	(740,451)	(758,461)	(780,773)	(806,039)	(828,925)	(850,993)	(871,795)	(897,381)	(926,897)	(1,016,107)
NET OPERATING INCOME	1.12	988,891	1,012,391	1,044,194	1,100,546	1,174,632	1,229,790	1,274,744	1,291,422	1,353,308	1,455,353	1,487,597
CAPITAL COSTS												
Tenant Improvements	(1.74)	(1,539,001)	(44,804)	(135,344)	(110,370)	0	0	(51,940)	(159,277)	(131,787)	0	0
Leasing Commissions	0.00	0	(17,879)	(55,788)	(45,494)	0	0	(21,409)	(65,653)	(54,322)	0	0
Capital Reserves	(0.02)	(14,982)	(15,431)	(15,895)	(16,372)	(16,864)	(17,369)	(17,891)	(18,427)	(18,980)	(19,549)	(20,136)
TOTAL CAPITAL COSTS	(1.75)	(1,553,983)	(78,114)	(207,027)	(172,236)	(16,864)	(17,369)	(91,240)	(243,357)	(205,089)	(19,549)	(20,136)
OPERATING CASH FLOW	(\$0.64)	(\$565,092)	\$934,277	\$837,167	\$928,310	\$1,157,768	\$1,212,421	\$1,183,504	\$1,048,065	\$1,148,219	\$1,435,804	\$1,467,461
ACQUISITION & RESIDUAL SALE												
Purchase Price	(\$12,177,330)	0	0	0	0	0	0	0	0	0	0	0
Net Residual Value [4]	0	0	0	0	0	0	0	0	0	0	19,537,107	All Cash IRR
CASH FLOW BEFORE DEBT	(\$12,177,330)	(\$565,092)	\$934,277	\$837,167	\$928,310	\$1,157,768	\$1,212,421	\$1,183,504	\$1,048,065	\$1,148,219	\$20,972,911	10.44%
MARKET LOAN [5]												
Loan Funding / Payoff	7,915,265	0	0	0	0	0	0	0	0	0	(6,713,494)	Leveraged IRR
Loan Fees	(79,153)	0	0	0	0	0	0	0	0	0	0	
Annual Debt Service	0	(356,187)	(356,187)	(481,266)	(481,266)	(481,266)	(481,266)	(481,266)	(481,266)	(481,266)	(481,266)	(481,266)
CASH FLOW AFTER DEBT	(\$4,341,218)	(\$921,279)	\$578,090	\$355,901	\$447,044	\$676,502	\$731,155	\$702,238	\$566,799	\$666,953	\$13,778,152	16.32%

Capitalization Rate (NOI/Total Investment)	7.21%	7.38%	7.61%	8.02%	8.56%	8.97%	9.29%	9.42%	9.87%	10.61%
Cash-on-Cash Return (Operating CF/Total Investment)	-4.12%	6.81%	6.10%	6.77%	8.44%	8.84%	8.63%	7.64%	8.37%	10.47%
Leveraged Cash-on-Cash Return (CFAD/Initial Equity + Costs to Stabilize)	-15.67%	9.83%	6.05%	7.60%	11.50%	12.43%	11.94%	9.64%	11.34%	16.23%
Rolling - All Cash IRR	4.55%	7.38%	8.70%	9.73%	10.17%	10.31%	10.08%	10.17%	10.50%	10.44%
Rolling - Leveraged IRR	2.73%	11.05%	14.28%	16.38%	17.01%	17.01%	16.33%	16.28%	16.62%	16.32%

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.
 [2] This figure does not include any amount related to expense reimbursements. Only Scheduled Base Rent and Fixed/CPI Increases are included in this calculation, which is based on the weighted-average physical occupancy during each fiscal year.
 [3] Based on 73,802 square feet.
 [4] Net Residual Value is calculated by dividing Year 11 NOI by the Residual Cap Rate of 7.50% and applying a 1.50% Cost of Sale.
 [5] Market Debt based on 65% Loan-to-Value, 4.50% Interest Rate, 30-Year Amortization, and 1.00% Loan Fee.
 [6] All Capitalization Rates, Equity Multiples and Cash-on-Cash returns are based on Total Investment or initial equity including costs to stabilize. Internal rate of return and in-place returns are based on Purchase Price or initial equity.

PRICING MATRIX

ALL CASH

Equity Multiple	Profit	Discount Rate (IRR)	Total Investment	Total Investment PSF [6]	Costs To Stabilize	Purchase Price	Purchase Price PSF [6]	Capitalization Rates (With Occupancy Levels) [5]								Percentage of Value	
								In Place [2] 100.00%	Pro Forma w/ In-Place [4]	100% @ Market Pro Forma [3]	Year 1 99.56%	Year 2 99.56%	Year 3 97.45%	Year 4 97.95%	Year 5 100.00%	% Cash Flow	% Residual
2.05x	\$15,573,190	9.31%	\$14,823,361	\$200.85	\$1,539,001	\$13,284,360	\$180.00	7.60%	6.67%	6.27%	6.67%	6.83%	7.04%	7.42%	7.92%	39.61%	60.39%
2.10x	\$15,942,200	9.67%	\$14,454,351	\$195.85	\$1,539,001	\$12,915,350	\$175.00	7.81%	6.84%	6.43%	6.84%	7.00%	7.22%	7.61%	8.13%	39.92%	60.08%
2.16x	\$16,311,210	10.05%	\$14,085,341	\$190.85	\$1,539,001	\$12,546,340	\$170.00	8.04%	7.02%	6.60%	7.02%	7.19%	7.41%	7.81%	8.34%	40.23%	59.77%
2.22x	\$16,680,220	10.44%	\$13,716,331	\$185.85	\$1,539,001	\$12,177,330	\$165.00	8.29%	7.20%	6.78%	7.21%	7.38%	7.61%	8.02%	8.56%	40.56%	59.44%
2.28x	\$17,049,230	10.84%	\$13,347,321	\$180.85	\$1,539,001	\$11,808,320	\$160.00	8.55%	7.40%	6.97%	7.41%	7.58%	7.82%	8.25%	8.80%	40.90%	59.10%
2.34x	\$17,418,240	11.26%	\$12,978,311	\$175.85	\$1,539,001	\$11,439,310	\$155.00	8.82%	7.61%	7.16%	7.62%	7.80%	8.05%	8.48%	9.05%	41.25%	58.75%
2.41x	\$17,787,250	11.70%	\$12,609,301	\$170.85	\$1,539,001	\$11,070,300	\$150.00	9.12%	7.84%	7.37%	7.84%	8.03%	8.28%	8.73%	9.32%	41.62%	58.38%

LEVERAGED

Equity Multiple	Profit	Discount Rate (IRR)	Total Investment	Total Investment PSF [6]	Costs To Stabilize	Purchase Price	Purchase Price PSF [6]	Leveraged Cash-on-Cash Returns (With Occupancy Levels) [5]							Percentage of Equity		
								In Place 100.00%	Pro Forma w/ In-Place	100% @ Market Pro Forma	Year 1 99.56%	Year 2 99.56%	Year 3 97.45%	Year 4 97.95%	Year 5 100.00%	% Cash Flow	% Residual
2.88x	\$11,820,592	14.30%	\$14,823,361	\$200.85	\$1,539,001	\$13,284,360	\$180.00	13.11%	9.56%	8.63%	-15.20%	8.70%	4.97%	6.43%	10.08%	32.22%	67.78%
3.00x	\$12,293,841	14.96%	\$14,454,351	\$195.85	\$1,539,001	\$12,915,350	\$175.00	13.71%	9.94%	8.99%	-15.35%	9.06%	5.32%	6.80%	10.54%	33.08%	66.92%
3.12x	\$12,767,090	15.63%	\$14,085,341	\$190.85	\$1,539,001	\$12,546,340	\$170.00	14.36%	10.33%	9.36%	-15.50%	9.44%	5.68%	7.19%	11.01%	33.96%	66.04%
3.25x	\$13,240,338	16.32%	\$13,716,331	\$185.85	\$1,539,001	\$12,177,330	\$165.00	15.04%	10.75%	9.76%	-15.67%	9.83%	6.05%	7.60%	11.50%	34.86%	65.14%
3.39x	\$13,713,587	17.02%	\$13,347,321	\$180.85	\$1,539,001	\$11,808,320	\$160.00	15.77%	11.18%	10.17%	-15.84%	10.24%	6.44%	8.03%	12.02%	35.74%	64.26%
3.53x	\$14,186,836	17.75%	\$12,978,311	\$175.85	\$1,539,001	\$11,439,310	\$155.00	16.54%	11.63%	10.60%	-16.02%	10.68%	6.86%	8.48%	12.56%	36.66%	63.34%
3.67x	\$14,660,085	18.49%	\$12,609,301	\$170.85	\$1,539,001	\$11,070,300	\$150.00	17.37%	12.11%	11.05%	-16.20%	11.13%	7.29%	8.95%	13.13%	37.62%	62.38%

[1] All Estimated Values reflect Real Estate Taxes reassessed at the target price of \$12,177,000. Real Estate Taxes have not been reassessed at each Estimated Value on this schedule.

[2] In Place Capitalization rate is based on Purchase Price and In-Place NOI.

[3] 100% at Market Rents Pro Forma Net Operating Income assumes all in-place tenants and vacant suites are paying market rents and recoveries.

[4] Pro Forma with In-Place Net Operating Income assumes all in-place tenants are paying contractual rent and recoveries and all vacant suites are paying market rents and recoveries.

Pro Forma with In-Place NOI does not include downtime due to near-term expirations but does include future rent increases for existing tenants.

[5] Returns are based on Total Investment unless noted otherwise.

[6] Based on 73,802 Square Feet.

[7] Market Debt based on 65% Loan-to-Price, 4.50% Interest Rate, with 24 Months of Interest Only then 30-Year Amortization, and a 1.00% Loan Fee.

IN-PLACE NOI SUMMARY vs. PRO-FORMA NOI SUMMARY

	In-Place NOI [1]		Pro Forma With In-Place NOI		100% at Market Rents Pro Forma NOI		Year 3 Pro Forma	
	Jul-2018, Annualized	\$ PSF	Jul-18 to Jun-19	\$ PSF	Jul-18 to Jun-19	\$ PSF		\$ PSF
Size of Improvements		73,802 SF		73,802 SF		73,802 SF		73,802 SF
REVENUES								
Scheduled Base Rent								
Gross Potential Rent	\$1,698,156	\$23.01	\$1,708,439	\$23.15	\$1,727,109	\$23.40	\$1,823,592	\$24.71
Absorption & Turnover Vacancy	0	0.00	0	0.00	0	0.00	(47,446)	(0.64)
Base Rent Abatements	0	0.00	0	0.00	0	0.00	(23,723)	(0.32)
Total Scheduled Base Rent	1,698,156	23.01	1,708,439	23.15	1,727,109	23.40	1,752,423	23.74
Expense Reimbursements	22,656	0.31	29,432	0.40	9,321	0.13	50,232	0.68
TOTAL GROSS REVENUE	1,720,812 [1]	23.32	1,737,871 [2]	23.55	1,736,430 [3]	23.53	1,802,655	24.43
General Vacancy Loss	0	0.00	(28,646)	(0.39)	(86,822)	(1.18)	0	0.00
EFFECTIVE GROSS REVENUE	1,720,812	23.32	1,709,225	23.16	1,649,608	22.35	1,802,655	24.43
OPERATING EXPENSES								
Cleaning	(93,408)	(1.27)	(94,803)	(1.28)	(94,803)	(1.28)	(98,780)	(1.34)
Utilities	(181,656)	(2.46)	(184,379)	(2.50)	(184,379)	(2.50)	(194,360)	(2.63)
Repairs & Maintenance	(60,180)	(0.82)	(61,080)	(0.83)	(61,080)	(0.83)	(64,799)	(0.88)
Security	(3,432)	(0.05)	(3,478)	(0.05)	(3,478)	(0.05)	(3,690)	(0.05)
Building Mgmt Services	(72,984)	(0.99)	(74,082)	(1.00)	(74,082)	(1.00)	(78,593)	(1.06)
Salaries	(76,464)	(1.04)	(77,612)	(1.05)	(77,612)	(1.05)	(82,339)	(1.12)
Management Fee	(38,256)	(0.52)	(38,458)	(0.52)	(37,116)	(0.50)	(40,560)	(0.55)
Insurance	(28,680)	(0.39)	(29,104)	(0.39)	(29,104)	(0.39)	(30,877)	(0.42)
Property Taxes	(156,528)	(2.12)	(158,083)	(2.14)	(158,083)	(2.14)	(164,463)	(2.23)
TOTAL OPERATING EXPENSES	(711,588) [4]	(9.64)	(721,079) [4]	(9.77)	(719,737) [4]	(9.75)	(758,461) [4]	(10.28)
NET OPERATING INCOME	\$1,009,224	\$13.67	\$988,146	\$13.39	\$929,871	\$12.60	\$1,044,194	\$14.15
Annual Debt Service	(356,187)		(356,187)		(356,187)		(481,266)	
STABILIZED CASH FLOW AFTER DEBT [5]	\$653,037		\$631,959		\$573,684		\$562,928	
Capitalization Rate	7.36%		7.20%		6.78%		7.61%	
TOTAL INVESTMENT	\$13,716,331	\$185.85	\$13,716,331	\$185.85	\$13,716,331	\$185.85	\$13,716,331	\$185.85
TOTAL COSTS TO STABILIZE	\$1,539,001		\$1,539,001		\$1,539,001		\$1,539,001	
PURCHASE PRICE AS OF JULY 1, 2018	\$12,177,330	\$165.00	\$12,177,330	\$165.00	\$12,177,330	\$165.00	\$12,177,330	\$165.00
Capitalization Rate on Purchase Price	8.29%		8.11%		7.64%		8.57%	
RESULTING EQUITY	\$4,341,218		\$5,880,219		\$5,880,219		\$5,880,219	
Leveraged Cash-on-Cash Return [5]	15.04%		10.75%		9.76%		9.57%	
In-Place Occupancy (At Start of Analysis With No Vacant Lease-Up)		100.00%		-		-		-
Pro-Forma Occupancy		-		100.00%		100.00%		97.45%

Notes:

[1] In-Place Net Operating Income is calculated using contractual rents and expense reimbursements as of July 2018, Annualized (with no General Vacancy Loss).

In-Place NOI does not include vacant lease-up revenue, downtime due to near-term expirations, or future rent increases for existing tenants.

[2] Pro Forma with In-Place Net Operating Income assumes all in-place tenants are paying contractual rent and recoveries and all vacant suites are paying market rents and recoveries.

Pro Forma with In-Place Net Operating Income does not include downtime due to near-term expirations but does include future rent increases for existing tenants.

[3] 100% at Market Rents Pro Forma Net Operating Income assumes all in-place tenants and vacant suites are paying market rents and recoveries.

[4] Property Taxes are reassessed based on the purchase price.

[5] Leveraged Cash-on-Cash returns are based on respective NOI before any below the line costs (capital expenditures, leasing commissions, tenant improvements, etc.) less debt service divided by Equity including, if applicable, any Costs to Stabilize.

EXISTING VERSUS MARKET COMPARISON

<u>Suite</u>	<u>Tenant at July 1, 2018</u>	<u>Square Feet</u>	<u>Lease Start</u>	<u>Lease End</u>	<u>Existing Rent as of Jul 1, 2018</u>	<u>Market Rent as of Jul 1, 2018</u>	<u>Percentage Above/(Below) Market Rent [1]</u>
<u>Existing Tenants</u>							
100	MHM Healthcare	3,910	Dec-15	May-19	\$1.80 PSF FSG	\$1.95 PSF FSG	-7.51%
120	Citizens Business Bank	5,790	Sep-90	Sep-20	\$1.91 PSF FSG	\$1.95 PSF FSG	-1.88%
150	OWNER-USER (150)	6,699	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
200	OWNER-USER (200)	8,460	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
220	OWNER-USER (220)	2,372	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
250	OWNER-USER (250)	7,509	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
300	OWNER-USER (300)	19,549	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
400	OWNER-USER (400)	4,928	Jul-18	Jun-33	\$1.95 PSF FSG	\$1.95 PSF FSG	0.00%
425	Oden Industries (425)	4,374	Aug-15	Dec-20	\$1.80 PSF FSG	\$1.95 PSF FSG	-7.51%
425A	Oden Industries (425A)	1,132	Oct-16	Dec-20	\$1.86 PSF FSG	\$1.95 PSF FSG	-4.74%
450	Tetra Tech	9,079	Oct-09	Sep-21	\$1.85 PSF FSG	\$1.95 PSF FSG	-4.92%
Total Existing Square Feet		73,802			\$1.92	\$1.95	-1.67%

Weighted-Average Lease Term Remaining: 10.87 Years

[1] The calculation of total "Percentage Above/(Below) Market Rent" only includes existing tenants as noted in this schedule.

RESIDUAL PRICING SENSITIVITY

Residual Cap Rate	Gross Residual Value	Cost of Sale 1.50%	Net Residual Value	Net Residual PSF	Difference in Residual Value	[1]	[2]	Profit	Equity Multiple
						Acquisition Price Static IRR 10.44%	New IRR @ Acquisition Price \$12,177,000		
4.75%	\$31,318,000	(\$470,000)	\$30,848,000	\$417.98	\$11,311,000	\$16,368,000	14.23%	\$27,991,000	3.04x
5.00%	\$29,752,000	(\$446,000)	\$29,306,000	\$397.09	\$9,769,000	\$15,797,000	13.78%	\$26,449,000	2.93x
5.25%	\$28,335,000	(\$425,000)	\$27,910,000	\$378.17	\$8,373,000	\$15,280,000	13.36%	\$25,053,000	2.83x
5.50%	\$27,047,000	(\$406,000)	\$26,641,000	\$360.98	\$7,104,000	\$14,809,000	12.96%	\$23,784,000	2.73x
5.75%	\$25,871,000	(\$388,000)	\$25,483,000	\$345.29	\$5,946,000	\$14,380,000	12.59%	\$22,626,000	2.65x
6.00%	\$24,793,000	(\$372,000)	\$24,421,000	\$330.90	\$4,884,000	\$13,987,000	12.23%	\$21,564,000	2.57x
6.25%	\$23,802,000	(\$357,000)	\$23,445,000	\$317.67	\$3,908,000	\$13,625,000	11.90%	\$20,588,000	2.50x
6.50%	\$22,886,000	(\$343,000)	\$22,543,000	\$305.45	\$3,006,000	\$13,291,000	11.58%	\$19,686,000	2.44x
6.75%	\$22,038,000	(\$331,000)	\$21,707,000	\$294.12	\$2,170,000	\$12,981,000	11.27%	\$18,850,000	2.37x
7.00%	\$21,251,000	(\$319,000)	\$20,932,000	\$283.62	\$1,395,000	\$12,694,000	10.98%	\$18,075,000	2.32x
7.25%	\$20,519,000	(\$308,000)	\$20,211,000	\$273.85	\$674,000	\$12,427,000	10.70%	\$17,354,000	2.27x
7.50%	\$19,835,000	(\$298,000)	\$19,537,000	\$264.72	\$0	\$12,177,000	10.44%	\$16,680,000	2.22x
7.75%	\$19,195,000	(\$288,000)	\$18,907,000	\$256.19	(\$630,000)	\$11,944,000	10.18%	\$16,050,000	2.17x
8.00%	\$18,595,000	(\$279,000)	\$18,316,000	\$248.18	(\$1,221,000)	\$11,725,000	9.94%	\$15,459,000	2.13x
8.25%	\$18,031,000	(\$270,000)	\$17,761,000	\$240.66	(\$1,776,000)	\$11,519,000	9.71%	\$14,904,000	2.09x
8.50%	\$17,501,000	(\$263,000)	\$17,238,000	\$233.57	(\$2,299,000)	\$11,326,000	9.48%	\$14,381,000	2.05x
8.75%	\$17,001,000	(\$255,000)	\$16,746,000	\$226.90	(\$2,791,000)	\$11,143,000	9.27%	\$13,889,000	2.01x
9.00%	\$16,529,000	(\$248,000)	\$16,281,000	\$220.60	(\$3,256,000)	\$10,971,000	9.06%	\$13,424,000	1.98x
9.25%	\$16,082,000	(\$241,000)	\$15,841,000	\$214.64	(\$3,696,000)	\$10,808,000	8.86%	\$12,984,000	1.95x
9.50%	\$15,659,000	(\$235,000)	\$15,424,000	\$208.99	(\$4,113,000)	\$10,654,000	8.67%	\$12,567,000	1.92x
9.75%	\$15,257,000	(\$229,000)	\$15,028,000	\$203.63	(\$4,509,000)	\$10,507,000	8.48%	\$12,171,000	1.89x
10.00%	\$14,876,000	(\$223,000)	\$14,653,000	\$198.54	(\$4,884,000)	\$10,368,000	8.30%	\$11,796,000	1.86x
10.25%	\$14,513,000	(\$218,000)	\$14,295,000	\$193.69	(\$5,242,000)	\$10,235,000	8.12%	\$11,438,000	1.83x
10.50%	\$14,168,000	(\$213,000)	\$13,955,000	\$189.09	(\$5,582,000)	\$10,109,000	7.96%	\$11,098,000	1.81x

[1] New acquisition price results from holding the All Cash IRR static and changing residual value based on residual cap rate.

[2] The new All Cash IRR results from holding the acquisition price static and changing the residual value based on residual cap rate.

EXISTING LEASE EXPIRATIONS

Date	Tenant	Suites	Total SF	Annual (% of SF) [1]	Cumulative (% of SF) [1]	Contract Rent At Expiration	Projected Mkt. Rent At Expiration	\$ Variance	% Variance
May-19	MHM Healthcare	100	3,910	5.30%		\$1.86	\$2.01	(\$0.15)	-7.52%
FYE 2019 Totals			3,910	5.30%	5.30%	\$1.86	\$2.01	(\$0.15)	-7.52%
Sep-20	Citizens Business Bank	120	5,790	7.85%		\$2.03	\$2.07	(\$0.04)	-1.87%
Dec-20	Oden Industries (425)	425	4,374	5.93%		1.97	2.07	(0.10)	-4.73%
Dec-20	Oden Industries (425A)	425A	1,132	1.53%		1.97	2.07	(0.10)	-4.73%
FYE 2021 Totals			11,296	15.31%	20.60%	\$2.00	\$2.07	(\$0.07)	-3.27%
Sep-21	Tetra Tech	450	9,079	12.30%		\$2.03	\$2.13	(\$0.10)	-4.93%
FYE 2022 Totals			9,079	12.30%	32.91%	\$2.03	\$2.13	(\$0.10)	-4.93%
Jun-33	OWNER-USER (150)	150	6,699	9.08%		\$2.62	\$3.04	(\$0.42)	-13.73%
Jun-33	OWNER-USER (200)	200	8,460	11.46%		2.62	3.04	(0.42)	-13.73%
Jun-33	OWNER-USER (220)	220	2,372	3.21%		2.62	3.04	(0.42)	-13.73%
Jun-33	OWNER-USER (250)	250	7,509	10.17%		2.62	3.04	(0.42)	-13.73%
Jun-33	OWNER-USER (300)	300	19,549	26.49%		2.62	3.04	(0.42)	-13.73%
Jun-33	OWNER-USER (400)	400	4,928	6.68%		2.62	3.04	(0.42)	-13.73%
FYE 2033 Totals			49,517	67.09%	100.00%	\$2.62	\$3.04	(\$0.42)	-13.73%
Subtotal			73,802	100.00%		\$2.41	\$2.72	(\$0.31)	-11.43%
Vacant			0	0.00%	100.00%				
TOTAL			73,802	100.00%					

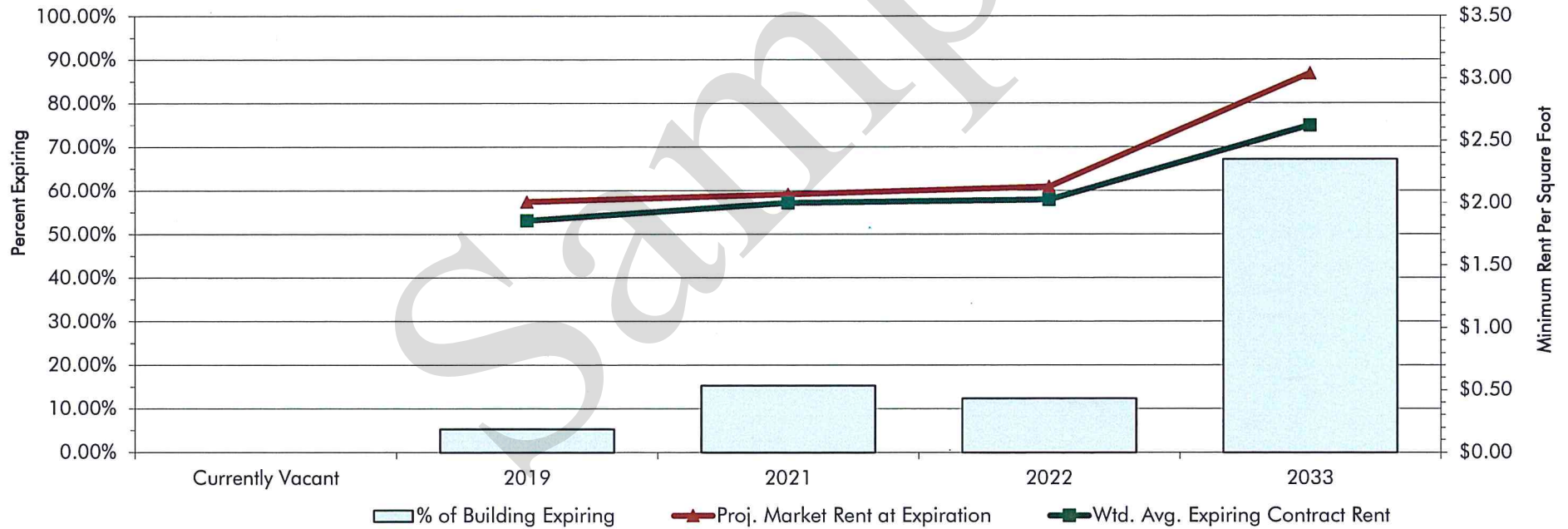
Weighted-Average Lease Term Remaining: 10.87 Years

[1] Based on 73,802 total building square feet.

EXISTING LEASE EXPIRATIONS

[1] Fiscal Year Ending June	Number of Suites	Net Rentable Square Feet Expiring	Percentage Square Feet Expiring	Cumulative Square Feet Expiring	Weighted. Average Contract Rent At Expiration	Projected Market Rent At Expiration	\$ Variance	% Variance
Currently Vacant	0	0	0.00%					
2019	1	3,910	5.30%	5.30%	\$1.86	\$2.01	(\$0.15)	-7.52%
2021	3	11,296	15.31%	20.60%	\$2.00	\$2.07	(\$0.07)	-3.27%
2022	1	9,079	12.30%	32.91%	\$2.03	\$2.13	(\$0.10)	-4.93%
2033	6	49,517	67.09%	100.00%	\$2.62	\$3.04	(\$0.42)	-13.73%

Market Rent At Expiration vs. Weighted Average Contract Rent At Expiration [1]



The years in which no existing tenants expire are not reflected on this graph.

Rent Roll as of 7/1/2018

Suite	Tenant Name	Current	BOMA	% of	Lease Term		Rental Rates			Recovery	Rent Abatements		Tenant	Market
		Square	Square		Property	Begin	End	Begin	Monthly		PSF	Type		
		Foot	Foot										Commissions	Market Rent
100	MHM Healthcare	3,910	3,910	5.30%	Dec-2015	May-2019	Current Dec-2018	\$7,052 \$7,263	\$1.80 \$1.86	2015 BY - GU 100%	-	-	-	Market \$1.95 FSG (<10K SF)
120	Citizens Business Bank	5,790	5,790	7.85%	Sep-1990	Sep-2020	Current Feb-2019 Feb-2020	\$11,078 \$11,411 \$11,754	\$1.91 \$1.97 \$2.03	2014 BY - GU 95%	-	-	-	Market \$1.95 FSG (<10K SF)
Notes: Tenant has one (1) - five (5) year option at FMV.														
150	OWNER-USER (150)	6,699	6,699	9.08%	Jul-2018	Jun-2033	Current Jul-2019 Jul-2020 Jul-2021 Jul-2022 Jul-2023 Jul-2024 Jul-2025 Jul-2026 Jul-2027 Jul-2028	\$13,063 \$13,454 \$13,861 \$14,274 \$14,704 \$15,145 \$15,598 \$16,066 \$16,547 \$17,043 \$17,557	\$1.95 \$2.01 \$2.07 \$2.13 \$2.20 \$2.26 \$2.33 \$2.40 \$2.47 \$2.54 \$2.62	Base Year	-	-	\$22.00 \$147,378	Market \$1.95 FSG (<10K SF)
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.														
200	OWNER-USER (200)	8,460	8,460	11.46%	Jul-2018	Jun-2033	Current Jul-2019 Jul-2020 Jul-2021 Jul-2022 Jul-2023 Jul-2024 Jul-2025 Jul-2026 Jul-2027 Jul-2028	\$16,497 \$16,991 \$17,505 \$18,027 \$18,570 \$19,127 \$19,698 \$20,290 \$20,896 \$21,524 \$22,172	\$1.95 \$2.01 \$2.07 \$2.13 \$2.20 \$2.26 \$2.33 \$2.40 \$2.47 \$2.54 \$2.62	Base Year	-	-	\$22.00 \$186,120	Market \$1.95 FSG (<10K SF)
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.														

Rent Roll as of 7/1/2018

Suite	Tenant Name	Current	BOMA	% of	Lease Term		Rental Rates			Recovery	Rent Abatements		Tenant	Market		
		Square Feet	Square Feet		Property	Begin	End	Begin	Monthly		PSF	Type	Month #	% Abated	Improvements / Commissions	Assumption / Market Rent
220	OWNER-USER (220)	2,372	2,372	3.21%	Jul-2018	Jun-2033	Current	\$4,625	\$1.95	Base Year	-	-	\$22.00	Market		
							OWNER-USER	Jul-2019	\$4,764				\$2.01		\$52,184	\$1.95 FSG (<10K SF)
							Jul-2020	\$4,908	\$2.07							
							Jul-2021	\$5,054	\$2.13							
							Jul-2022	\$5,207	\$2.20							
							Jul-2023	\$5,363	\$2.26							
							Jul-2024	\$5,523	\$2.33							
							Jul-2025	\$5,689	\$2.40							
							Jul-2026	\$5,859	\$2.47							
							Jul-2027	\$6,035	\$2.54							
							Jul-2028	\$6,217	\$2.62							
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.																
250	OWNER-USER (250)	7,509	7,509	10.17%	Jul-2018	Jun-2033	Current	\$14,643	\$1.95	Base Year	-	-	\$22.00	Market		
							OWNER-USER	Jul-2019	\$15,081				\$2.01		\$165,198	\$1.95 FSG (<10K SF)
							Jul-2020	\$15,537	\$2.07							
							Jul-2021	\$16,000	\$2.13							
							Jul-2022	\$16,482	\$2.20							
							Jul-2023	\$16,977	\$2.26							
							Jul-2024	\$17,483	\$2.33							
							Jul-2025	\$18,009	\$2.40							
							Jul-2026	\$18,547	\$2.47							
							Jul-2027	\$19,104	\$2.54							
							Jul-2028	\$19,680	\$2.62							
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.																
300	OWNER-USER (300)	19,549	19,549	26.49%	Jul-2018	Jun-2033	Current	\$38,121	\$1.95	Base Year	-	-	\$45.00	Market		
							OWNER-USER	Jul-2019	\$39,261				\$2.01		\$879,705	\$1.95 FSG (10K-20 K SF)
							Jul-2020	\$40,450	\$2.07							
							Jul-2021	\$41,656	\$2.13							
							Jul-2022	\$42,910	\$2.20							
							Jul-2023	\$44,197	\$2.26							
							Jul-2024	\$45,517	\$2.33							
							Jul-2025	\$46,885	\$2.40							
							Jul-2026	\$48,286	\$2.47							
							Jul-2027	\$49,736	\$2.54							
							Jul-2028	\$51,235	\$2.62							
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.																
400	OWNER-USER (400)	4,928	4,928	6.68%	Jul-2018	Jun-2033	Current	\$9,610	\$1.95	Base Year	-	-	\$22.00	Market		
							OWNER-USER	Jul-2019	\$9,897				\$2.01		\$108,416	\$1.95 FSG (<10K SF)
							Jul-2020	\$10,197	\$2.07							
							Jul-2021	\$10,501	\$2.13							
							Jul-2022	\$10,817	\$2.20							
							Jul-2023	\$11,141	\$2.26							
							Jul-2024	\$11,474	\$2.33							
							Jul-2025	\$11,819	\$2.40							
							Jul-2026	\$12,172	\$2.47							
							Jul-2027	\$12,538	\$2.54							
							Jul-2028	\$12,915	\$2.62							
Notes: Assumes suite is leased to an owner-user for fifteen years at market terms.																
425	Oden Industries (425)	4,374	4,380	5.93%	Aug-2015	Dec-2020	Current	\$7,889	\$1.80	2015 BY - GU 95%	-	-	-	Market		
							Aug-2018	\$8,125	\$1.86				\$1.95 FSG (<10K SF)			
							Aug-2019	\$8,369	\$1.91							
							Aug-2020	\$8,620	\$1.97							
Notes: Tenant has two (2) - five (5) year options at FMV.																

Rent Roll as of 7/1/2018

Suite	Tenant Name	Current Square Feet	BOMA Square Feet	% of Property	Lease Term Begin	Lease Term End	Rental Rates Begin	Monthly	PSF	Recovery Type	Rent Abatements Month #	% Abated	Tenant Improvements / Commissions	Market Assumption / Market Rent
425A	Oden Industries (425A)	1,132	1,132	1.53%	Oct-2016	Dec-2020	Current	\$2,103	\$1.86	2015 BY - GU 95%	-	-	-	Market
							Jul-2019	\$2,166	\$1.91					\$1.95 FSG (<10K SF)
							Jul-2020	\$2,231	\$1.97					
Notes: Tenant has two (2) - five (5) year options at FMV.														
450	Tetra Tech	9,079	9,079	12.30%	Oct-2009	Sep-2021	Current	\$16,832	\$1.85	2016 BY - GU 100%	-	-	-	Market
							Oct-2018	\$17,341	\$1.91					\$1.95 FSG (<10K SF)
							Oct-2019	\$17,855	\$1.97					
							Oct-2020	\$18,393	\$2.03					
Notes: Tenant has one (1) - three (3) year option at FMV. Tenant has ROFO to lease any adjacent space and shall expire if tenant chooses not at lease space.														

TOTALS / AVERAGES

	<u>73,802</u>	<u>73,808</u>					<u>\$141,512</u>	<u>\$1.92</u>						
OCCUPIED SqFt	73,802	73,808	100.0%	# Suites	11									
VACANT SqFt	0	0	0.0%		0									
TOTAL SqFt	<u>73,802</u>	<u>73,808</u>	<u>100.0%</u>		<u>11</u>									

