

THE REDEVELOPMENT OF A SELF-STORAGE PROPERTY

By
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A practicum thesis submitted to Johns Hopkins University in conformity with
the requirements for the of Master of Science in Real Estate

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ABSTRACT

The Redevelopment of a Self-Storage Property

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This is a practicum report that presents the proposed redevelopment of Self-Storage property into new 50,400 sf of Flex Warehouse building.



THE REDEVELOPMENT OF A SELF-STORAGE PROPERTY

Rossville Maryland



Existing Self-Storage



Proposed New Building

Real Estate Practicum

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Executive Summary

This study focuses on the redevelopment of 8821 Philadelphia Road. The property is currently operating as a 72,324 sf. Self-Storage facility. The development program entail taking the project thru the entitlement process and obtaining needed permits, raze the existing buildings, scrape the site, and construct, lease, and manage, two buildings of 50,400 sf. of Class B Flex-Warehouse.

This study was initiated by the fact that over the last several years the Self-Storage industry, locally and nationally, has experienced an increase in vacancy and lower profits. A current study conducted by Integra Realty Resources stated that more than 100 Self-Storage facilities in major U.S. Markets reported that their revenues decreased by 5.2 percent during 2010. Moreover, revenue continued to decrease by one percent in the first two quarters of 2011. (Swanson, 2011)

Self-Storage construction spiked around 1995, with a massive amount of development taking place. With historic strong returns for existing facilities, this property type caught on with not only existing Owners but also first-timers wanting to enter the industry. (Swanson, 2011) However, now during the current slow economic environment, questions are being raised about resiliency of the industry.

A recent study conducted by Mt. Royal Management Company has determined that existing and potential renters have changed their behaviors towards renting Self-Storage units. The average consumer now looks upon a storage unit as a discretionary expenditure. Existing tenants opted to get rid of excess personal goods and vacated their units. The once loyal Commercial users of storage space who typically rented larger units left the market. These tenants included small contractors and businesspersons that used the facilities as an office and for storing inventory and equipment. Without construction jobs, the flooring, drywall, plumber and other contractors disappeared and their need for storage evaporated.

Climbing vacancy rates and lower profits continue to be a concern. The subject property reported that over the past five years vacancy has climbed from a respectable four percent to twenty-one percent today and it continues to climb.

The Cash Flow growth for the subject property is decreasing by 1 to 2% a year due to the pressure the market is putting on the rents. This will be the third year without an increase. However, expenses continue to go up approximately 3 to 5% a year depending on the line item.

The subject property was built in 1980, now 31 years old. The property has been well maintained The pavement, the roofs and painting are repaired as needed, a little at a time. There is no major capital improvements needed. However, the project is slowly becoming obsolete.

The project will continue to have difficulty competing with the newer more modernized storage projects. Consumers are now choosing the newer facilities that are more secure, being that they are Self-contained multistory buildings, and they are climate controlled.

An option other than redevelopment of the site is to sell it as a business. At this time with the market down, there is considerable interest from the National companies to purchase properties that are owned by smaller Owner/operators. The published Reversion CAP rate is 10.84% based on the current year NOI the property should sell for \$2.8 million (+/-) depending on the value of the business.

This feasibility study of the Flex warehouse project examines the possibility of razing the existing facility and constructing 50,400 sf. of Flex space. This is accomplished by preparing Proformas models for a Best Case and an Expected Case of the proposed Flex project and a Current Case study of the Self-Storage Operation.

The study investigates the process and its related cost as it pertains to the complete progression from entitling the property for the appropriate use, continuing thru construction of the buildings, including leasing and, managing the project, and then ending with a sale of the property after 10 years of operations.

The process begins with the entitlement of the project. There are no concerns during this process since the property was improved in 1980 with almost all of the currently required offsite improvements. The existing stormwater pond will be abandoned and a new more efficient stormwater system will be built under ground. It is anticipated that the entitlement process and permits will take approximately eight months before construction can start. Since the area is mostly commercial use and zoning is not being changed, no community or government opposition is expected.

The existing site is very favorable for redevelopment into a Flex warehouse. The site itself is flat and drains well. The Philadelphia Rd is a major road with easy access to interstate highways and the ports. There is ample population to support any businesses from both a consumer level and a workforce.

Several notable construction specifications are identified in the Baltimore East Industrial Flex market as well as the Competitive market. Ceiling heights are in the 14 ft. to 19 ft. range with the majority of the projects at 16 ft. range. Most projects have either a drive-in door and or a loading dock in each bay. The amount of office space to warehouse was not available for the projects. However, a St. John Property leasing person stated that most Flex projects in the Crossroads project are being planned to be made up of approximately 40 to 50 percent of the overall space for office use.

The subject property is located in the Baltimore County East Industrial Market. The Submarket contains approximately 3.8 million sf. of Flex space. The vacancy, which is of much concern, is reported @ 14% and the average rent is quoted @\$8.06 psf. Over the past several years, little to no improvement has been seen in this number.

The Expected Case Model uses the General Vacancy Rate of 14% as well. The average rent is \$9.23 psf (\$10.25 psf office and \$8.20 psf warehouse). With those numbers, the project only produces a 4.31% IRR and a Net Present Value of negative \$1.76 Million dollars. Using a CAP rate of 8.5% the property value at reversion after 10 years of operation is \$4.6 million, less 3% selling fee. The goal for a Cash on Cash return is 10% on the \$5.8 Million dollar construction cost. This model does not work until year fifteen and that is only if inflation stays steady at 3% assuming development cost and expenses follow, and rents increase at a rate of 6.5% year after year.

The Best Case Model uses the does not use a General Vacancy Rate it allows the leases turn vacate at the end of their term with an 80% likelihood of renewal. The average rent is based on the newer projects on the market, such as Crossroads @ 95 by St Johns Property. The Best case rent is \$10.80 psf (\$12.00 psf office and \$9.60 psf warehouse). With those numbers, the project produces a 10.85 IRR and a Net Present Value of \$303,572 dollars. Using a CAP rate of 8.5% the property value at reversion after 10 years of operation is \$7.3 million, less 3% selling fee. The goal for a Cash on Cash return is 10% on the \$5.8 Million dollar construction cost. This model does not work until year two based on inflation stays steady at 3% assuming development cost and expenses follow, and rents increase at a rate of 3.5% year after year.

The following proformas are prepared with the possibility of the Flex market improving in the next several years. The proformas value the land at \$125,000 an acre for a total value of \$662,500. Development site costs estimates were supplied by a local site development construction company total \$44.14 psf. A local general contractor that specializes in commercial construction supplied the building construction costs detailed in the report. The building construction cost estimates are \$49.15 psf. In summary, total Development cost with the land and contingencies is \$116.63 psf

The owners have elected not to carry Debt Service on the Flex project the \$5.9 million is paid out-of-pocket over the first 2 years of the development project. Another upside of the proposed development of the Flex building is the Owner/ Developer is to fund the entire project in cash without any debt service. This will improve the Cash Flow by eliminating interest payments, reducing the required cost of reserves, and eliminate the delays, inspections, and the administrative work that is generated by the lenders.

Both Case Models for the Flex building do not meet the minimum requirement of 10% Cash on Cash return. The Best Case with the higher rents and lower vacancy accomplish the return goals in year 2 and the Expected Case Model does not recognize 10% Cash on Cash return until year 15.

A note on CAP rates. The Cap rates on the Flex market are reported from 7.5% to 9.5% the proformas use the reversion cap rate of 8.5% in year 12 based on year thirteen NOI. At this time, the only better performing CAP rate is in the apartment industry at 8.62%. As a comparison, the reported CAP rates for Self-Storage operations are currently reported @ 10.84%. (RealityRates.com)

The upside side of the subject property is that the current Self-Storage operation, although sluggish, continues to maintain a positive Cash Flow and is profitable. This report will compare the future trends of the existing Self-Storage with the "expected case" proformas of the proposed Flex warehouse

This project however, may be feasible in the future. It is assumed that pent-up demand will increase the rent at a faster pace than inflation increases development cost and operating expenses. The Expected Case Model illustrates that rents increasing year over year at 6.5% and inflation holding Development cost and Expenses steady the project will recognize 10% Cash on Cash return in 15 years from today's base numbers.

In closing, the section "Market Report" establishes that the current Flex market carries a high vacancy rate; it is very competitive and over saturated. This in turn has triggered lower rents and more leasing concessions. As the following proformas illustrate, the subject property is too dependent upon the possibility of strong tenant interest, strong rent growth and it will likely be at a disadvantage as job growth and leasing are likely to remain sluggish.

TABLE OF CONTENTS

Development Program	12
Introduction	13
Plan of Action	13
Entitlement Process	14
Concept Phase	14
Development Plan Phase	15
Judicial Judging process	15
Entitlement Process Change	16
Entitlement Concerns	16
Permit Process	16
Plans Examination	16
Department of Public Works	17
Summary	18
Property Description	19
Property Description, Existing Property	20
Introduction	21
Site Plan	22
Transportation Network	23
Access & Egress	24
Zoning	25
Neighborhood	26
Local Development	26
Environmental	26
Water Body	26
Easements	26
Property Description, Proposed Property	27
Introduction	28
Site Specifications	28
Parking	29
Shell Building	29

Tenant Improvement Specifications	29
Site Plan	30
Summary, Property Description	31
Market Analysis	32
<hr/>	
Baltimore Metro Market	33
Introduction	34
Baltimore Metro Market	35
Market Overview	36
Vacancy	37
Rental Rates	38
Flex Tenant Data	39
Sales Industrial Building	40
Cap Rates	42
Inventory	43
Summary	44
Baltimore County East Industrial Market	45
Introduction	46
Market overview	47
Flex Market Data	47
CoStar Analytics Baltimore County East Flex Market	48
Availability Analysis	48
Absorption & Leasing Activity	49
History	49
Vacancy Rate	50
Rental Rate	50
Summary	51
Competitive Market Analysis	52
<hr/>	
Competitive Market	53
Competitive Analysis	54
Competitive Market Comparison Chart	55
Competitive Market Property Summary Detail CoStar	56
Competitive Market Property Details	57
Tenants	65

Summary	66
Project Cost	67
Project Cost, Introduction	68
Site & Building Construction Estimates	68
Site Construction Cost	69
Engineering	69
Architect	69
Attorney Fees	69
Building Construction Estimates	70
Philadelphia Road 19,800 SF. General Contractor Cost Estimate	71
Philadelphia Road Building Shell Cost Estimates	72
Yellow Brick Road 30,600 SF. General Contractor Cost Estimate	73
Yellow Brick Road Building Construction Estimates	74
Tenant Improvement Specs Cost Noted Above	75
Construction Draw Schedule	76
Summary	77
Schedules	78
Schedules	79
Concept Plan Review	80
Development Plan Phase	81
Construction Schedule	82
Financials	83
Financial Introduction	84
Summary of Case Studies	85
General Assumptions	87
Best Case 1 Summary	89
Best Case Summary	90
Table 6 Best Case Argus Cash Flow Part 1	91
Table 7 Best Case Argus Cash Flow Part 2	92
Figure 55 Best Case 1 Reimbursable Expenses	93

Table 8 Best Case 1 Sources & Uses	94
Table 9 Best Case 1 Resale	95
Table 10 Best Case 1 Present Value	96
Table 11 Best Case 1 Assumptions	97
Table 12 Best Case 1 Market Assumptions	98
Table 13 Best Case 1 Average Rent Rates	99
Table 14 Best Case 1 Rent Roll	100
Construction Viability Schedule	101
Expected Case 2	103
Expected Case Summary	104
Table 16 Expected Case Argus Cash Flow	105
Table 17 Expected Case Argus Cash Flow part 2	106
Table 18 Expected Case Reimbursable Revenue	107
Table 19 Expected Case Sources & Uses	108
Table 20 Expected Case Resale	109
Table 21 Expected Case Present Value	110
Table 22 Expected Case Assumptions	111
Table 23 Expected Case Market Assumptions 2	112
Table 24 Expected Case Rent Roll	113
Construction Viability Schedule	114
Expected Case Construction Time Period	115
Self-Storage Case 3	117
Self-Storage Case 3	118
Table 26 Self Storage Projected Cash Flow	121
Self- Storage Properties For Sale	122
Case Study Summary	123
Project Management Plan	126
Introduction	127
Project Management Chart	128
Conclusions & Recommendations	129

Conclusions & RECOMMENDATION	130
APPENDIX	131
<hr/>	
Tax & Property Information	132
Baltimore County Permit Fee Schedule	133
Baltimore County Development Fees	133
Baltimore County Permit Fees 2	134
Baltimore County Zoning Illustration	135
Baltimore County Manufacturing Zones	135
Baltimore County Master Plan	136
Figure 61 Baltimore County Master Plan	136
Figure 62 Baltimore County Priority Funding Area	137
Figure 63 Perry Hall White Marsh Growth Plan	138
Figure 64 Baltimore County Growth Area	139
Figure 65 Baltimore County Demarcation Line	139
Financing Options	144
Demographics	146
Definitions & Terms Used in this Report	149
Figures & Tables	150
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DEVELOPMENT PROGRAM

- ◆ Development Program Introduction
 - ◆ Plan of Action
 - ◆ Entitlement Process
 - ◆ Concept Phase
 - ◆ Development Plan Phase
 - ◆ Judicial Judging process
 - ◆ Entitlement Process Change
 - ◆ Entitlement Concerns
 - ◆ Permit Process
 - ◆ Plans Examination
 - ◆ Department of Public Works
 - ◆ Summary
-

INTRODUCTION

This study focuses on the redevelopment of 8821 Philadelphia Road. The property is currently operating as a 72,324 sf Self-Storage facility. The development programs entails taking the project thru the entitlement process and obtaining permits to raze the existing buildings, scrape the site, and construct two buildings intended for 50,400 sf Class B Flex-Warehouse. A detailed description of the proposed site improvements and building construction is located on page 30.

PLAN OF ACTION

The redevelopment project starts with the preparation of the development strategies, engineering plans, architectural plans, and the entitlement process. Once that phase is complete, permits will be secured for, demolition, site development, building construction, and finally use and occupancy.

Once the feasibility is determined and the entitlement process complete the closing of the Self-Storage facility will begin. All of the leases are month-to-month. Per the lease agreements, the tenants will be given the required 30-day notice to vacate. There are no long-term leases for rental units. The small percentage that has prepaid their rent will be refunded. It is anticipated that it will take three months to close the operation.

Upon completion of the closing of the Self-Storage facility and the permits are in hand, the demolition of the existing structures will begin. Once the site is scraped and that phase complete, the project will move into the site development construction phase. During this phase, the site will be improved by the construction of the underground stormwater-management system and the installation of the underground utilities. Once the underground work is complete, the construction of the buildings will begin along with the other site improvements including the parking lots, driveways and landscaping.

In summary, thoughtful consideration must be given to the length of time and the expense of the Entitlement & Permit Process. The estimated time for the Entitlement Process and securing permits for demolition, site work and building construction spans several months. It is projected that the entire Development process from the closing of the Self-Storage will take two years. One last consideration is the impact on the community and their support or rejection of the project. Any negative comments or additional requirements placed on the Developer/Owner may and will cost additional money.

The anticipated development time will span a period of fourteen months. A detailed Development Schedule is located on page 82

ENTITLEMENT PROCESS

Baltimore County, web site:

"Overseeing the development and use of land is one of the most important duties of local government, and that's where Permits, Approvals and Inspections (PAI) come in. Our Development Management Division reviews new development plans to make sure they comply with land use regulations and fit in with existing communities and infrastructure. Development Plans Review reviews the necessary public improvements each project requires, and Land Acquisition deals with the related rights-of-way, easements, etc. When the project is ready to go, Permit Processing, Building Plans Review, and Zoning Review take in permit applications and check for compliance with building and zoning codes. Building, Electrical and Plumbing Inspection make sure what is built is what was approved, and the Electrical and Plumbing Boards test and license the electricians and plumbers. "

Below are the various stages a development project in Baltimore County follows.

CONCEPT PHASE

The first phase of the entitlement process is the Concept Phase. This process begins with a meeting between the Development Team and the County officials. After this meeting, the plan is submitted to the County for review and commented on. This phase takes approximately four months.

Action	Development Team Responsibility	County Responsibility	County Time Allotment
Informational Conference –	Meets with the County to discuss policies standards and legislation and processes		
Concept Plan Check Print	Supplies the County with 2 copies of a concept plan check print submitted to the PAI	Review and return the comments to the Developer	Within 5 working days
Concept Plan	Submitted - with the Development fee - to the County for distribution to agencies	Preliminary review the plan and offer the Development Team comments	
Pre-Concept Plan & Conference	Review the plan and comments with the County, Identify parties to be invited to the Community Input Meeting, determine the date and time and location of the community meeting	Supply the Developer with written comments The Plan is NOT approved at this point	Within 10 working days of the acceptance date of the Concept Plan

Table 1 Concept Phase

Action	Development Team	County	Time
Notification of the Community Input Meeting	Schedule the CIM & date, time & location. Give written notice of the meeting to adjacent property Owners as well as those community organizations identified during the CPC		Within 10 working days of the Concept Plan Conference
Invite County representatives to the CIM, if needed	Both	Both	10 working days prior to meeting
Post Property CIM sign			21 calendar days prior to CIM
Community Input Meeting	Present project to the Public and have a Q & A session	Attend if requested by Developer or Public	

Table 2 Community Input Meeting

Refer to the Development Schedule for more detail on page 82

DEVELOPMENT PLAN PHASE

The Development Plan Phase also spans approximately four months. The process starts roughly 30-days after the Community Input Meeting. The Plan will go back-and-forth between the County and the Development Team until all parties are satisfied and all the comments have been addressed.

Refer to the Schedules section page 80 for a more detailed timeline.

Development Plan Process (DPC)	Development	County	Time
Action			
Submit Development Plan Check print	submit 2 copies to the PAI to review the plan	PAI to review the plan with general conformance with the presentation at the CIM	Within 12 months of last CIM
Development Plan		Accept and distribute for review by agencies	Within 15 days of receipt of the Development Plan
Schedule of Development Hearing			Between 21 to 30 days after the plan has been accepted for review
Post Sign for Development Hearing	Advise the public of date, time and location		At least 20 working days before the Hearing
Advertisement for Development Hearing	Advertise for zoning or special exceptions if needed		15 days prior to the Development Hearing
Development Plan Conference	Resolve any conflict between agency or public	Post Notice of Development hearing in County Office Building	10 working days prior to Development Hearing
Administrative Judge		Agency comments, responses, compatibility issues, recommendations, critical area findings, submitted	At least 5 working days prior to Development Plan Hearing

Table 3 Development Plan Process

JUDICIAL JUDGING PROCESS

	Development Team	County	Time Allotted
Administrative hearings before the Baltimore County Administrative Law Judge	Zoning relief or special hearings, if required, can be scheduled as part of the development plan hearing.	Scheduled if needed before the judge, who has final approval authority on development plans submitted for consideration. The hearings are quasi-judicial and are held during the day at the government complex in Towson	The property is posted for 20 working days prior to the hearing.
Administrative Law Judge		Make a decision on the Development Plan or the Plan is deemed Approved	Within 15 days of the Hearing
Appeals	Both	Both	Within 30 days of final action
Notice of Appeal			10 days of notice of the appeal
Board of Appeals Hearing			Not less than 45 days and no more than 60 days from final action

Table 4 Judicial Judge Process

ENTITLEMENT PROCESS CHANGE

It is important to comment that the County has changed its Entitlement policy over the years. The County Review Group (CRG) process was the process for reviewing and approving proposed development in Baltimore County between 1982 and 1992. The process consisted of a Developer submitting a concept plan to Baltimore County for consideration of approval. Within 10 days, a pre-CRG meeting was scheduled where the agencies of the County who review development, primarily the departments of planning, zoning, environmental protection and public works, provide written comments on the plan's general compliance with the development and other pertinent regulations. A CRG meeting was then scheduled approximately 10 days later where the Developer received written comments and a recommendation of approval or denial of the plan. At the CRG meeting citizen have the opportunity to provide testimony on the proposed development. The CRG is co-chaired by a representative of the Department of Planning and the Department of Public Works. Since March 1992, the only CRGs held are ones that are proposing material changes to the previously approved plan.

ENTITLEMENT CONCERNS

It is important to mention that various players can extend any of these processes. For example, there may be problems if the public gives negative feedback about the project. If this happens, the plans will need to be revised and reviewed by the County. Another concern, the County may delay the process waiting on responses back from the Development Team. Furthermore, the County or the Public can object to the proposed development and a ruling will need to be made by the Judicial Judge on the matter. Depending on that outcome the process could be put back to earlier processing stage. The case study proformas for the subject property do not take into consideration undo delays for the project timeline/ schedule. However, there is not any anticipated Community or County opposition.

The Entitlement process is to be completed prior to the Developer applying for construction permits.

PERMIT PROCESS

The Building Permit process in Baltimore County is reported to take three to six months from submission, through comments response to approvals. The entire process begins with an application filed at the County offices and all fees paid. Upon completion of application, the process begins.

Zoning does an initial review of the project for compliance with the Zoning Ordinance of Baltimore County before plans are submitted and will either give an approval at that time or accept the project for "filing only" and reserve approval pending the resolution of certain questions. In the case of a zoning violation, a zoning appeal would be required. A zoning appeal is a formal process heard before the Zoning Board on a specific scheduled date.

PLANS EXAMINATION

The Department of Permits serves as the focal point for the plans review process. The plan sets are stamped and routed by way of a designated courier to the pertinent County departments. These departments include the Department of Public Works, the Health Department, the Planning Department, and the Fire Department.

Plans are reviewed and coordinated for each department. If revised plans are required, they must be brought to Plans Examining office, and then rerouted to the other departments.

There may be a fee associated with revised plans. Ultimately, the various departments will transmit their comments and approvals back to Plans Examining for the final site and construction plan set assembly and building permit fee assessment.

The Plans Examining reviews the construction plans for architectural, structural, electrical, mechanical, and plumbing code compliance. Each project is assigned an architectural/structural, an electrical, and a mechanical/plumbing plans examiner. The engineers and architects of Plans Examining work directly with the project design engineers and architects

DEPARTMENT OF PUBLIC WORKS

Within the Department of Public Works (DPW), there are 10 possible sections, which may need to review the project. A plans disseminator at DPW does a preliminary review of the job, puts the DPW stamps on the plan sets, and determines to which sections the plans must circulate.

The County has separate requirements for properties that are being redeveloped and the specifics will entail a more detailed investigation by the engineer. In summary, the requirement for constructing new stormwater storage volume accumulators and the various infrastructures that goes along with that is modified greatly. The amount of stormwater that the property must handle is also not as great as if the project were brand new. This should offer some additional cost savings as the project moves further.

The subject property disturbs more than 5,000 square feet of surface and is required to submit stormwater management and sediment and erosion control plans. After the project has circulated through the pertinent DPW sections, approved site plan sets are returned to Plans Examining.

Other permits or approvals, which may be required and are obtained directly from DPW include Developer's agreements, right of entry permits, easements, curb cuts, street closure permits, and utility agreements and permits.

SUMMARY

- Purpose
 - Redevelopment of the existing 72,324 sf. Self-Storage operation
 - Propose to build 2 Class B Flex builds total 50,400 sf of space
- Plan of Action
 - Prepare development strategies
 - Prepare a feasibility study
- Entitle the property
 - Concept Phase - 4 months
 - Development Phase – 4 months
 - Community input meeting
 - Judicial Judge
- Secure permits
 - site work and building construction - 6 months
- Close the Self-Storage Operation 3 – months
- Construction
 - Raze the buildings
 - Site work
 - Building construction
 - Tenant Improvements
- Time frame from closing the Self-Storage operation thru 1st moveins 2 years
- Concerns or Possible setbacks
 - Entitlement delays
 - Pubic rejection
 - Design Problems Purpose

For a schedule of fees and additional engineering plats that are required, refer to page 133 in the Appendix

PROPERTY DESCRIPTION

- ◆ Property Description, Existing Property
 - ◆ Property Description, Proposed Property
-

PROPERTY DESCRIPTION, EXISTING PROPERTY

- ◆ Site Plan
 - ◆ Transportation Network
 - ◆ Access & Egress
 - ◆ Zoning
 - ◆ Neighborhood
 - ◆ Local Development
 - ◆ Environmental
 - ◆ Water Body
 - ◆ Easements
-

INTRODUCTION

The site is 5.313 acres. It is currently operating as a 72,324 sf Self-Storage business. The entire site is relatively level and appears to be sufficiently drained terrain. The majority of the area is paved with the exceptions of the buildings and the storm-water-management pond.

There are existing utilities that include public water and sewer, electrical power, natural gas, Comcast Cable, and telephone service.

As indicated by the engineer, offsite road improvements, such as road widening and sidewalks will not be required for the construction of the new buildings. They were completed in 1980 during the construction of the Self-Storage facility.

Figure 1 Philadelphia Road



Figure 2 Aerial View of Subject Property

SITE PLAN

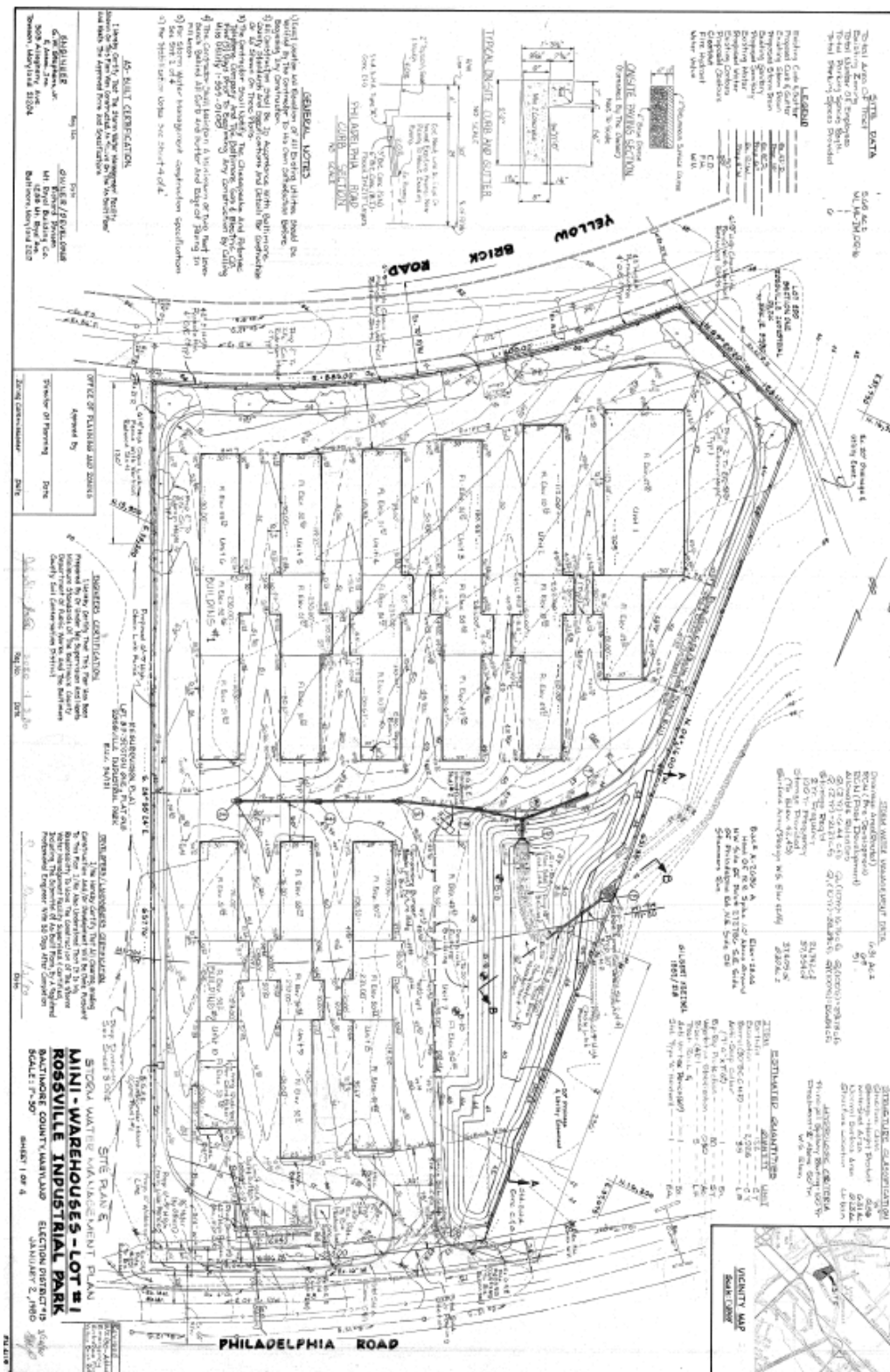


Figure 3 Self-Storage Site Plan

TRANSPORTATION NETWORK

The property is strategically located in Eastern Baltimore County Maryland with quick access to major interstates, the Port of Baltimore, airport and city. Map radius 1 mile, 5 miles, and 10 miles.

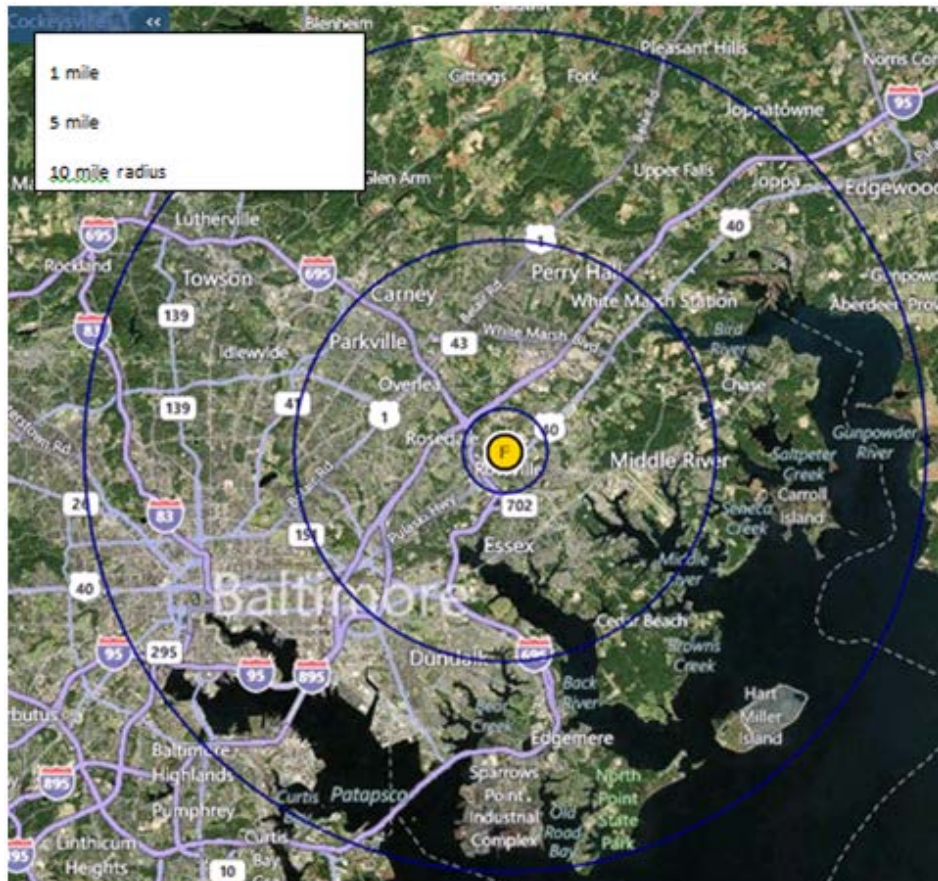


Figure 4 Aerial View 1, 5 10 Mile Radius

Travel Distance	
1 mile	Interstate 695
1 mile	Interstate 95
7 miles	The Port of Baltimore
8 miles	Baltimore City
10 miles	Interstate 295
14 miles	BWI Airport
40 miles	Washington D.C.

ACCESS & EGRESS

The subject property is currently served by Philadelphia Road. A fence with a traffic gate currently secures the secondary entrance at the rear of the property on Yellow Brick Road. The front of the property runs 240 lf along Philadelphia Road and the rear of the property runs 407 lf along Yellow Brick Road.

Due to the heavy traffic on Philadelphia Road there is concern regarding vehicles turning left out of the property. It may be necessary to limit tractor-trailers exiting left from this entrance.

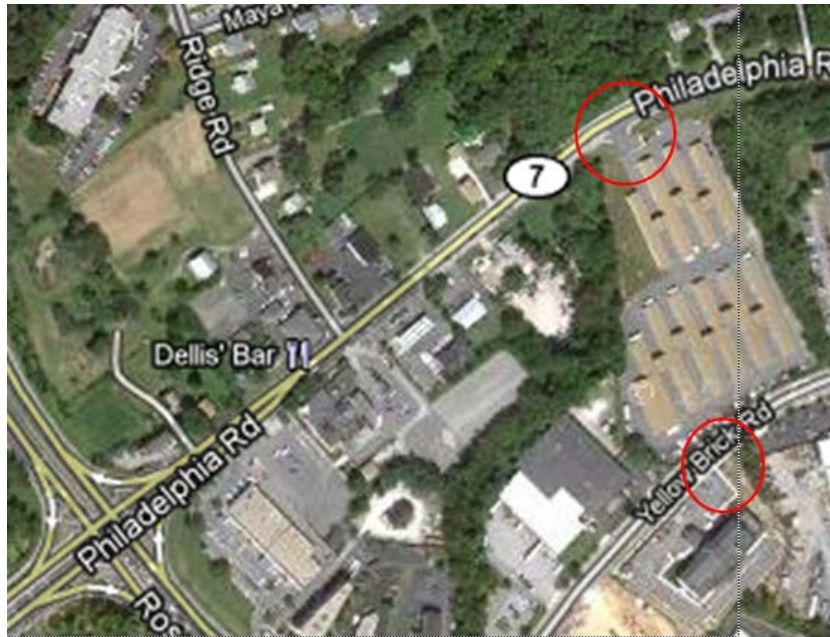


Figure 5 Access Egress



Figure 6 Traffic Pattern

ZONING

The property is currently Zoned "ML" – Light Manufacturing this is the required zoning for a Flex Warehouse.

Zoning ML	
Minimum Front Building Setback	50 ft front property line on dual highway
Minimum Side Setback	30 ft
Minimum Rear Setback	30 ft
Floor Area Ratio	2.0
Height	Unlimited except within 100 lf of a business or residential zone then 3 stories or 40 ft
Landscape Buffer	25 ft of the perimeter of the property

Figure 8 ML Zoning Setback Requirements

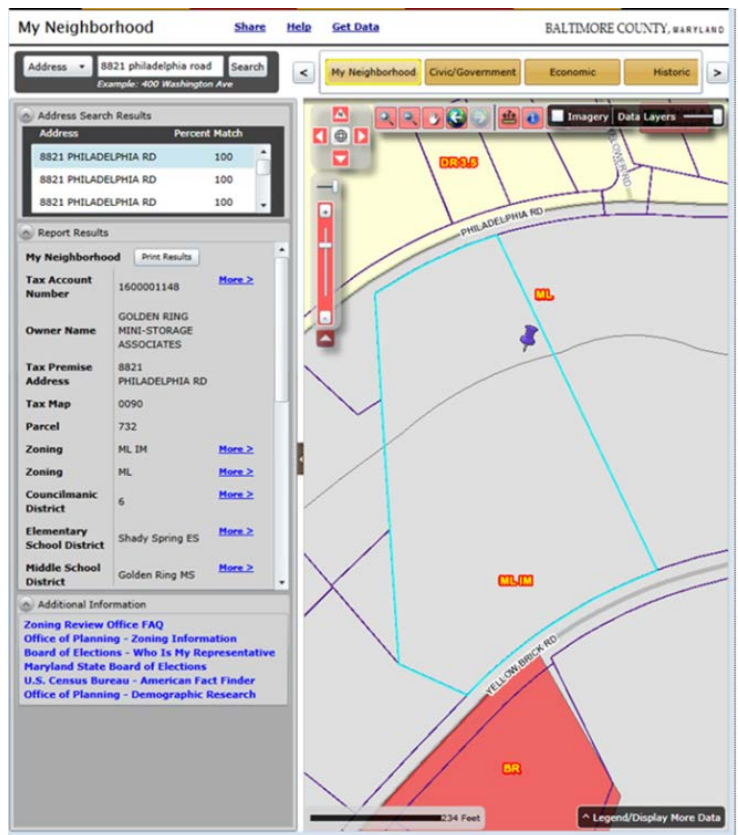


Figure 7 Zoning Designation

The property is located within the Perry Hall-White Marsh Growth Area and the Philadelphia Road Corridor. The County Council adopted the Perry Hall-White Marsh Plan in 1985. The plan was set in place to provide convenient access to I-95 and I-695. The Philadelphia Road Corridor has been identified as a location for a wide variety of industrial use as well as other types of development. Since the majority of the area is developed, the 2020 Master Plan is amended to rename and relocate the boundaries of the plan "The Middle River Redevelopment Area

Refer to pages listed below for more detail:

Baltimore County Master Plan Page 136

Baltimore County Priority Funding Plan Page 137

White Mash Growth Area Plan Page 139

Baltimore County Demarcation Line Page 139

NEIGHBORHOOD

The immediate surrounding neighborhood is mostly commercial use. The subject property is bordered to the north by industrial properties, to the east a hotel and warehouse, to the south offices and retail, and to west, across the street on Philadelphia Rd. is a vacant wooded lot. There are some multi-family apartments and single-family homes in the area.



Figure 9 8800 Philadelphia Road

LOCAL DEVELOPMENT

As shown in this map the immediate area is mostly developed. There are a few scattered undeveloped parcels.

The parcel directly across from the subject property, known as 8800 Philadelphia Road is a wooded lot, 6.9 acres. University Boulevard LLC purchased the property in 2008 for \$270,000. The property is zoned DR 3.5. It is now Listed with Prudential Properties for \$375,000. roughly \$53,571 an undeveloped acre, Nov 2011.

ENVIRONMENTAL

As of this study, a phase 1 or 2 environmental study has not been completed. There are no identifiable wetlands, underground storage tanks, or chemicals of concern.

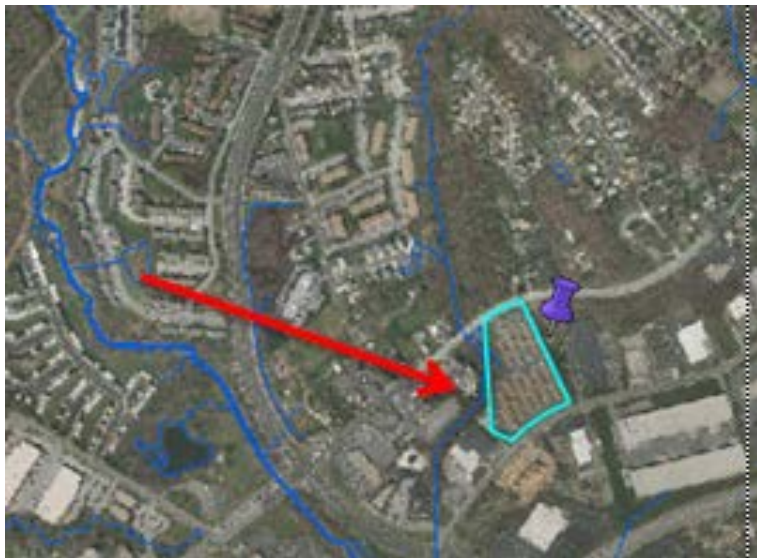


Figure 10 Water Body on Site

WATER BODY

A stream runs along the southern border of the property. Protection of this stream may be required during development and therefore may delay construction. In 2009, the County required the Owner to shore up and rebuild the stormwater manage pond and the stream.

EASEMENTS

Easements and other like requirements were made during the construction of the Self-Storage project. Further investigation is needed to determine if any additional county easements may be required.

Refer to the Existing Site Drawing on page 22 for the current easements

PROPERTY DESCRIPTION, PROPOSED PROPERTY

- ◆ Introduction
 - ◆ Site Specifications
 - ◆ Parking
 - ◆ Proposed Property Site Plan
 - ◆ The Shell Building
 - ◆ Tenant Improvement Specifications
 - ◆ Summary, Property Description
-

INTRODUCTION

Many features of the existing property enhance the proposed Flex-Warehouse, specifically, the zoning, offsite traffic improvements, the contour of the land, the traffic network, location and utility availability.

Much of the engineering "footwork" has been completed for the subject property and will need to be updated. It is anticipated that there will be some additional cost savings associated.

The existing 10-block building will be razed and the existing stormwater management pond will be abandoned.

The building specifications and the site specifications are such that they are not only of high quality they also are in line with the new competitive products as identified in the Market Survey on page 55

For a complete detail and itemized Development / Construction Cost, refer to pg. 68

SITE SPECIFICATIONS

The flowing data are estimates of the square footage of the various aspects of the project. It is with that in mind the proposed site plan is drafted.

FLEX BUILDING PROPERTY ESTIMATED MEASUREMENTS					
					Total SF
ACRES	5.313				231,434
Setbacks	Landscape set backs @ 25 ft.				
	Philadelphia Rd	250	25	6,250	
	Yellow Brick Rd	123	25	3,075	
	North Side	658	25	16,450	
	South Side	651	25	16,275	
	South Back Corner	123	25	3,075	
	Total Landscape Setbacks				45,125
Buildings				50,400	
Truck port				28,125	
Main Driveway				19,560	
Perimeter Drainage				22,500	
Parking Spots	200	total		50,803	
Total sf					171,388
Area remain for curbs, islands, landscaping, etc.					60,046

Figure 11 Site Space Usage Estimates

PARKING

Parking is a major marketing feature for Flex-Warehouses. The Baltimore County Zoning requirements are 3.3 spaces per 1,000 sf of rentable space. The Baltimore Market is four spaces per 1,000 sf rentable space. This project meets the market standard of four parking spots per 1,000 sf of leasing space. There is parking in the front of each building and in lots around the property.

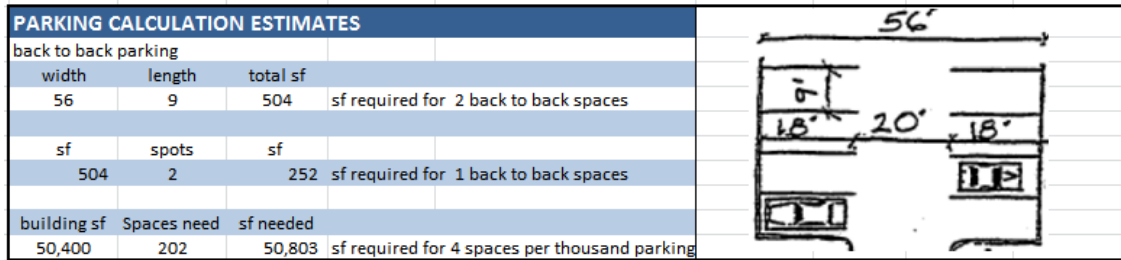


Figure 12 Parking Calculation

SHELL BUILDING

A Flex building is an industrial building designed to allow its occupants Flexibility of alternative uses of the space. The intended allowable business uses intended for these buildings are service center/showroom/ offices & retail uses. The ratio between office space and warehouse spaces demand varies based on the tenant needs.

The building is a Class B Flex warehouse. To meet market standards the building highlights are - clear ceiling height of 16 ft at the eaves. Each 30-foot bay will have its own loading dock with a roll up door. Leasing bays are 30 lf wide and 120 lf deep. Two of the bays are 45 ft wide and 120 ft deep.

The general specifications of the "The Shell" building s are a concrete slab floor, exterior building wall, exterior windows and glass storefront entry, roof on enclosed premises. It includes a pedestrian door at the rear of each bay, and has a loading dock.

Refer to page 68 for a complete line item estimate.

TENANT IMPROVEMENT SPECIFICATIONS

Tenant fit out includes in the price a glass entry, carpet, paint graded walls, drop acoustical ceilings, florescent lighting, electrical power installed according to code, and data service brought to desk area. Meeting Room, glass entry, carpet, walls paint grade, ceilings, drop acoustical, florescent lighting, electrical power installed according to code, data service brought to specified area. Individual offices are a standard rated wood door, carpet; walls paint grade, drop acoustical ceilings , florescent lighting, electrical power installed according to code, and data service brought to desk area. Rest rooms – two with standard fixtures. Kitchenette with six lf of builder grade cabinets, laminate counter top, sink and required electrical power as required by code. Computer Room is at an additional cost built to request. Additional work such as custom woodwork, lights etc., will be at extra cost to the tenant.

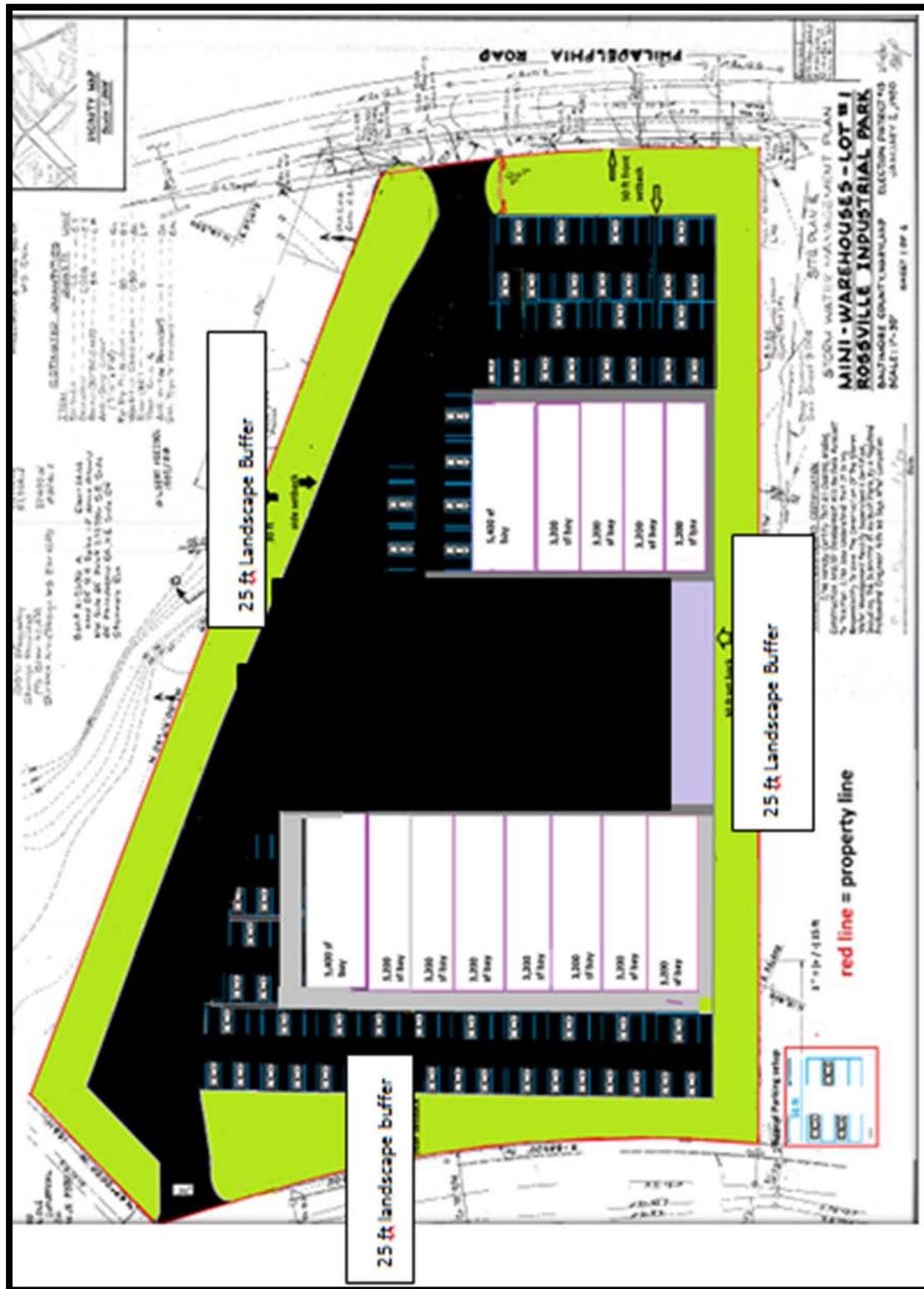


Figure 13 Proposed Site Plan Building Specifications

SUMMARY, PROPERTY DESCRIPTION

- **Property Description, Existing Property**
 - Site
 - 5.3 acres,
 - relatively flat, well drained
 - 10 buildings, one storm pond , mostly paved
 - offsite road improvements completed in 1980
 - Access & Egress
 - access good at main entry on Philadelphia Road
 - Secondary entrance/ exit on Yellow Brick Road
 - Transportation Network
 - Very good quick and easy access to major interstates , cities, ports
 - Zoning
 - ML correct zoning for Flex use
 - Neighborhood
 - Properties are similar to subject
 - Local Development
 - Vacant lot 6.9 acres across Philadelphia Rd selling \$375,000
 - Environmental
 - No problems visibly
 - Water Body
 - Natural stream on the west side of the property
 - Easements
 - Majority resolved during construction in 1980
- **Property Description, Proposed Property**
 - Site Plan
 - 2 one story buildings Class B Flex
 - 200 parking spaces, 4 per thousand sf of parking
 - Shared truck port
 - Cub side parking in front of each space
 - Underground stormwater management
 - Buildings
 - Brick on block shell construction
 - 16 ft clear ceilings
 - Glass front entries
 - Loading docks at rear
 - Rental Bays 30 foot wide x 120 foot deep
 - Tenant Improvements
 - Standard finishes

MARKET ANALYSIS

- ◆ Baltimore Metro Market
 - ◆ Baltimore County East Industrial Market
 - ◆ Competitive Market Analysis Report
-

BALTIMORE METRO MARKET

- ◆ Market Overview, Baltimore Metro
 - ◆ Vacancy, Baltimore Metro
 - ◆ Rental Rates, Baltimore Metro
 - ◆ Sales Industrial Building, Baltimore Metro
 - ◆ Cap Rates, Baltimore Metro
 - ◆ Inventory, Baltimore Metro
 - ◆ Summary, Baltimore Metro
-

INTRODUCTION

This Market Analysis report has been prepared to determine if the property is suitable, both physically, financially, and competitively to support a Flex Warehouse project.

The report looks at the Industrial Market with a concentration on the Flex Market. It identifies such things as rental rates, vacancy rates, net absorption, sales, construction activity, inventory, construction specification, and trends.

The report is divided in three sections. First, it examines the macro market known as the, Baltimore Metro Area Industrial Market. Second, it analyzes the Sub Market, the Baltimore County East Industrial Market. Third, the report identifies comparative properties identified in this report as the Competitive Market.

The Competitive Market boundary definitions utilized in this report are as defined by CoStar and Colliers International.

Data referenced is from the published CoStar Midyear and Third Quarter reports for 2011. In addition, published reports by Colliers International for the Second Quarter, 2011 are referenced as well. Much of the data for the Flex Market and the Demographics are from the CoStar Analytic reports available on line.

Comments and opinions in the report include interviews with key industry professionals. Companies supplying information include representatives from St Johns Properties, Mt. Royal Management Company, and Colliers International. They include Owners, Property Managers, and Leasing Professionals.

It is important to point out that this study does not take into consideration other uses that may be suitable for this location such as retail space, warehousing, multi-family or office buildings.

BALTIMORE METRO MARKET

The subject property is located in the Baltimore Metro Area Industrial Market, and the Submarket of Baltimore County East Industrial Market.

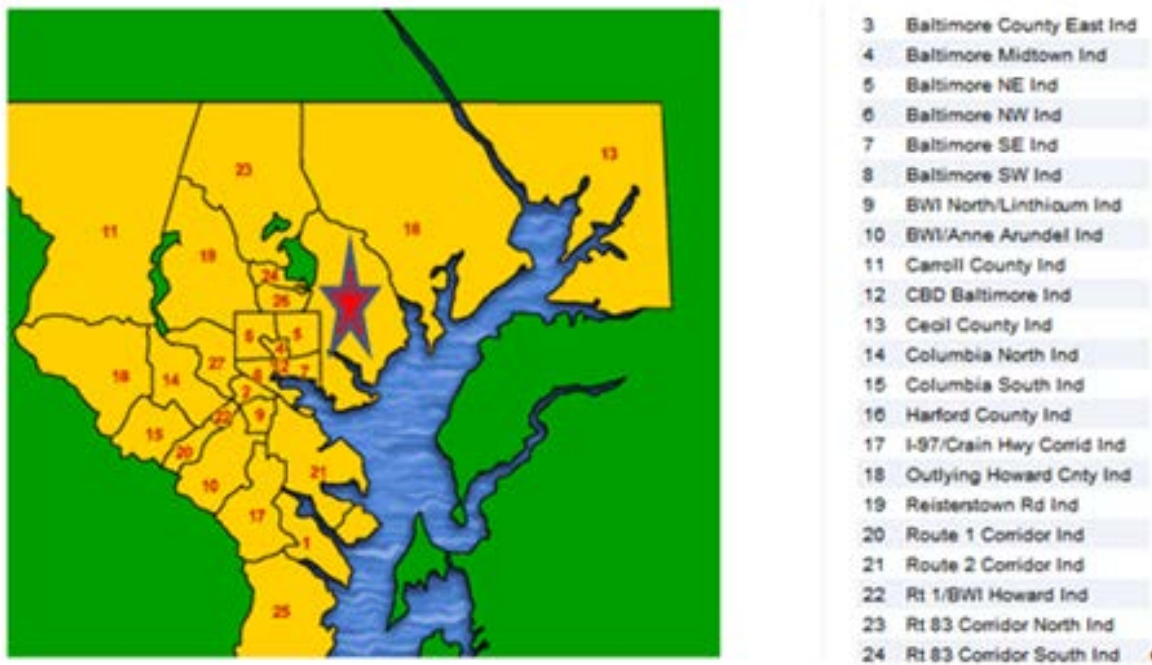


Figure 14 Baltimore Metro Industrial Market

MARKET OVERVIEW

The report looks at the Industrial Market with a concentration on the Flex Market. It identifies such things as rental rates, vacancy rates, net absorption, sales, construction activity, inventory, construction specifications, and trends.

Reports indicate that the Baltimore Metro Area Industrial Market showed signs of a slowdown in the first half of 2011. This follows a relatively strong rebound in 2010 following the economic downturn.

The Baltimore Metro Flex projects reported a vacancy rate of at the end of the third quarter 2011 @ 10.9%, the end of the second quarter 2011 @ 11.5%, the end of the first quarter 2011 @ 11.3%, and at the end of the fourth quarter 2010 @ 11.4%. (CoStar, 2011)

The Flex building market recorded net absorption of positive 309,696 square feet in the third quarter 2011, compared to negative (18,807) square feet in the second quarter 2011, positive 36,847 in the first quarter 2011, and positive 42,364 in the fourth quarter 2010. (CoStar, 2011)

Overall, industrial new construction and deliveries remained low as builders continue to hold back on new projects during the slow economic recovery. However, there are reported future product deliveries of Flex space being developed by St. Johns Properties as part of a 1,000-acre mix use project of retail, industrial, and residential properties located in nearby White Marsh. There is also a new Flex project coming on line, an 18,000 sf Flex project on 7.9 acres of land project located in Perry Hall.

The charts and data to follow breakdown and quantify the specifications for the markets

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Baltimore City Ind	1,539	57,472,089	4,575,300	5,064,015	8.8%	(297,811)	0	0	\$4.40
Baltimore County East Ind	462	25,298,234	2,553,198	2,601,798	10.3%	129,818	30,000	0	\$4.34
Baltimore County West Ind	432	21,248,572	1,853,826	1,917,906	9.0%	(265,946)	0	211,600	\$5.09
Carroll County Ind	194	8,621,920	819,172	819,172	9.5%	22,815	61,160	0	\$5.01
Cecil County Ind	84	9,726,329	1,430,441	1,430,441	14.7%	184,695	0	0	\$4.18
Columbia Ind	186	13,507,313	1,729,561	1,749,973	13.0%	334,998	0	0	\$6.60
Harford County Ind	121	14,437,340	1,780,648	1,961,648	13.6%	101,621	0	0	\$5.13
Kent County Ind	12	348,926	90,736	90,736	26.0%	(2,998)	0	0	\$4.41
Queen Annes County Ind	40	1,098,377	276,997	276,997	25.2%	(13,938)	0	0	\$6.45
Route 1/BWI Area Ind	704	47,447,821	6,572,822	6,686,366	14.1%	85,404	0	0	\$5.84
Route 2 Corridor Ind	170	9,435,574	439,170	449,070	4.8%	65,205	0	0	\$5.71
Route 83 Corridor Ind	229	11,057,226	496,729	508,889	4.6%	56,825	0	0	\$7.83
Southern Anne Arundel Ind	221	5,132,640	319,174	323,429	6.3%	64,968	0	0	\$12.82
Totals	4,394	224,832,361	22,937,774	23,880,440	10.6%	465,656	91,160	211,600	\$5.43

Source: CoStar Property®

Table 5 Total Industrial Market for the Baltimore Metro Area

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2011 3q	1,299	47,934,795	5,074,391	5,216,128	10.9%	309,696	1	30,000	3	211,600	\$10.12
2011 2q	1,298	47,904,795	5,354,587	5,495,824	11.5%	(18,807)	1	61,160	4	241,600	\$10.12
2011 1q	1,297	47,843,635	5,236,587	5,415,857	11.3%	36,847	0	0	4	272,760	\$10.13
2010 4q	1,297	47,843,635	5,293,532	5,452,704	11.4%	42,364	1	51,120	1	61,160	\$10.27
2010 3q	1,296	47,792,515	5,289,004	5,443,948	11.4%	(47,490)	0	0	2	112,280	\$10.41
2010 2q	1,296	47,792,515	5,243,439	5,396,458	11.3%	(83,782)	6	211,184	1	51,120	\$10.74
2010 1q	1,290	47,581,331	4,897,378	5,101,492	10.7%	(220,962)	0	0	7	262,304	\$11.14
2009	1,290	47,581,331	4,633,273	4,880,530	10.3%	(322,694)	8	283,640	7	262,304	\$11.26
2008	1,283	47,445,471	4,200,681	4,421,976	9.3%	257,410	14	523,978	5	253,480	\$11.51
2007	1,269	46,921,493	3,967,380	4,155,408	8.9%	630,803	17	754,000	12	526,778	\$11.46
2006	1,252	46,167,493	3,815,322	3,932,211	8.5%	1,007,857	21	767,530	15	672,220	\$11.62
2005	1,233	45,411,213	3,962,778	4,183,788	9.2%	1,038,507	19	603,666	11	522,522	\$10.88
2004	1,215	44,817,685	4,210,060	4,628,767	10.3%	782,321	14	614,759	9	318,080	\$10.13
2003	1,202	44,285,926	4,281,804	4,879,329	11.0%	171,495	12	422,640	6	236,200	\$9.25
2002	1,190	43,863,286	4,042,278	4,628,184	10.6%	116,124	22	794,095	10	331,440	\$8.20
2001	1,168	43,069,191	3,387,858	3,950,213	9.2%	239,956	29	1,259,002	18	666,977	\$8.83

Source: CoStar Property®

Figure 15 Baltimore Flex Market Statistic History (CoStar, 2011)

VACANCY

Flex projects in the Baltimore Metro Market reported a vacancy rate of 10.9% at the end of the third quarter 2011, 11.5% at the end of the second quarter 2011, 11.3% at the end of the first quarter 2011, and 11.4% at the end of the fourth quarter 2010. (CoStar, 2011)

Baltimore's Flex projects reported vacant sublease space of 141,737 square feet at the end of third quarter 2011, up from the 141,237 square feet reported at the end of the second quarter 2011. There were 179,270 square feet of sublease space vacant at the end of the first quarter 2011, and 159,172 square feet at the end of the fourth quarter 2010. (CoStar, 2011)

This may indicate the possibility that the overall Industrial Market may have approached its peak in terms of overall vacancy rates in 2010. In 2011 vacancy should remain steady or decline in the near future, as long as economic conditions remain stable, absorption remains steady, and new construction deliveries remains low.

Shown below is the fluctuation in the Industrial vacancy rates over the years in the Baltimore Metro area.

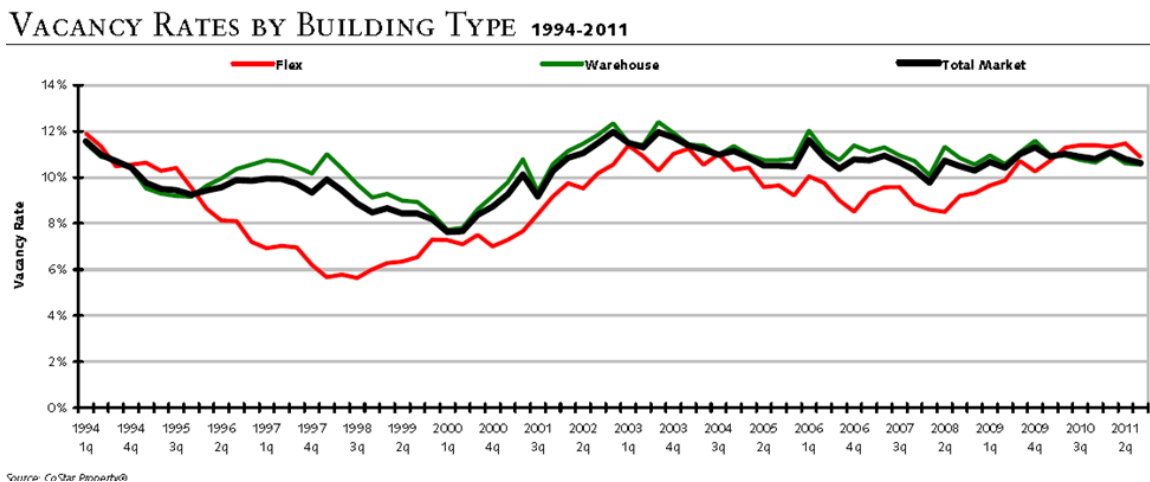


Figure 16 Baltimore Industrial Vacancy by Building Type

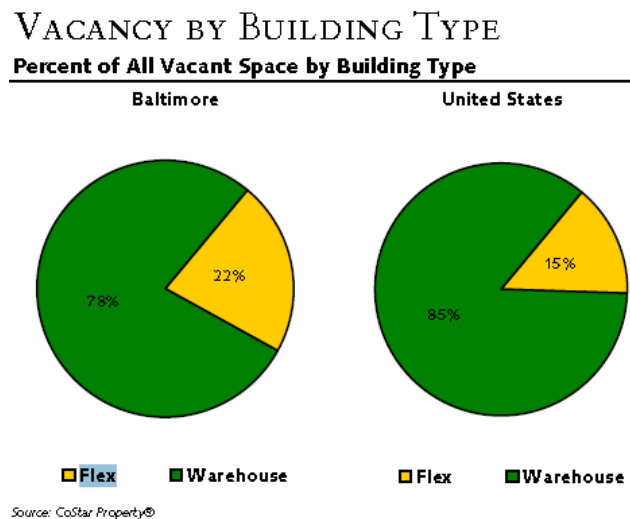


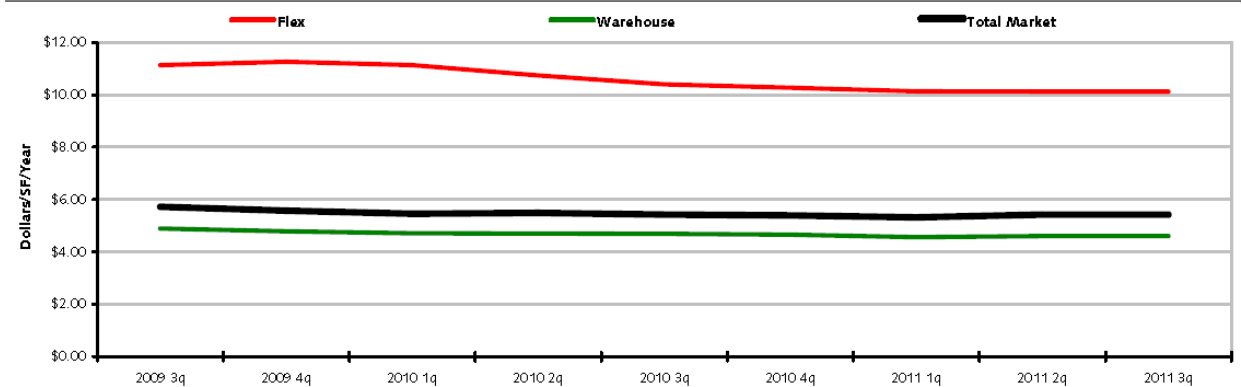
Figure 17 Baltimore Metro Vacancy by Type

RENTAL RATES

The average quoted rate within the Flex sector was \$10.12 per square foot at the end of the third quarter 2011, while Warehouse rates stood at \$4.60. At the end of the second quarter 2011, Flex rates were \$10.12 per square foot, and Warehouse rates were \$4.60. Historical Flex rents show a decline of approximately 10% over the period 1 quarter 2010 to the period 2 quarter 2011. It appears now to be similar to the overall trend of the total Market. (CoStar, 2011)

HISTORICAL RENTAL RATES

Based on Quoted Rental Rates



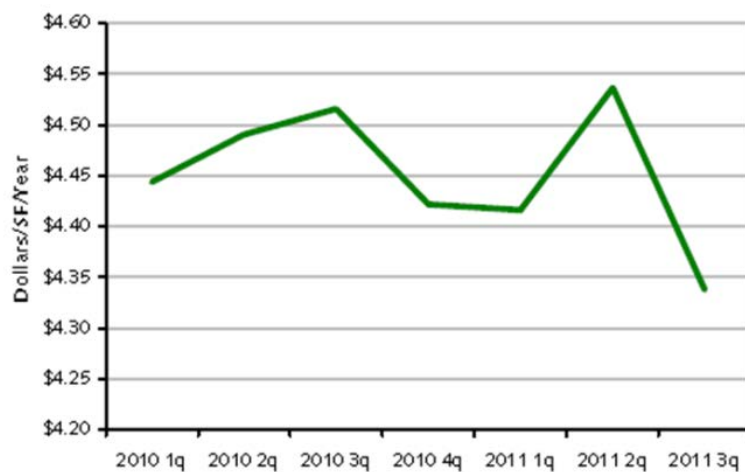
Source: CoStar Property®

Figure 18 Baltimore Metro Industrial Vacancy by Type

(CoStar, 2011)

Industrial Rental Rates Flex and Warehouse combined average

QUOTED RENTAL RATES Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Figure 19 Baltimore Metro Rental Rates

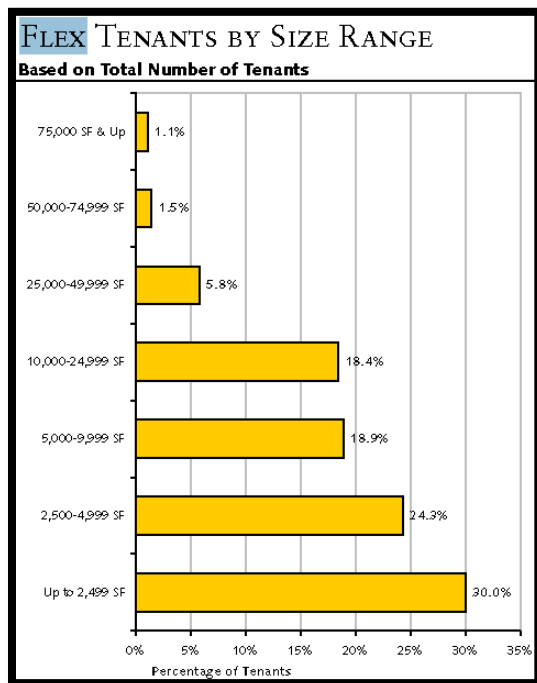


Figure 20 Baltimore Metro Flex Tenants by Size

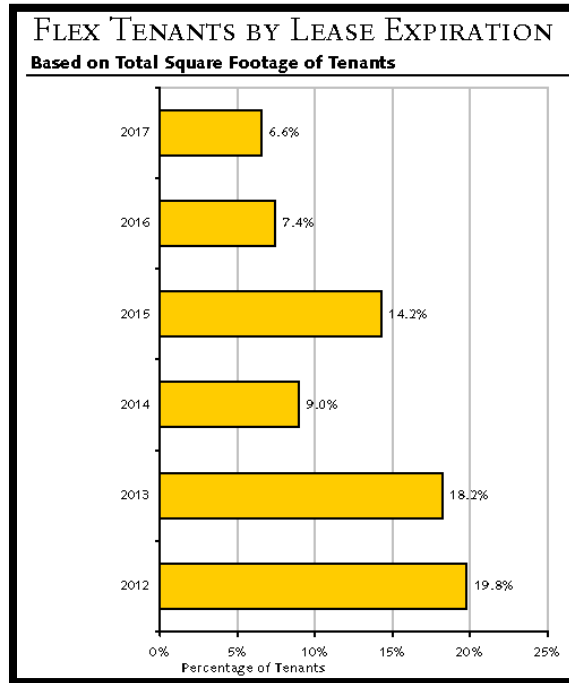


Figure 21 Baltimore Metro Flex Tenants by Lease Expiration

SALES INDUSTRIAL BUILDING

Sales Activity - Tallying industrial building sales of 15,000 square feet or larger, Baltimore industrial sales figures rose during the second quarter 2011 in terms of dollar volume compared to the first quarter of 2011. In the second quarter, 12 industrial transactions closed with a total volume of \$122,028,209. The 12 buildings totaled 1,408,497 square feet and the average price per square foot equated to \$86.64 per square foot. That compares to 11 transactions totaling \$65,732,000 in the first quarter. The total square footage was 1,698,483 for an average price per square foot of \$38.70. Total year-to-date industrial building sales activity in 2011 is up compared to the previous year. In the first six months of 2011, the market saw 23 industrial sales transactions with a total volume of \$187,760,209. The price per square foot has averaged \$60.43 this year. In the first six months of 2010, the market posted 15 transactions with a total volume of \$77,250,122. The price per square foot averaged \$42.52.

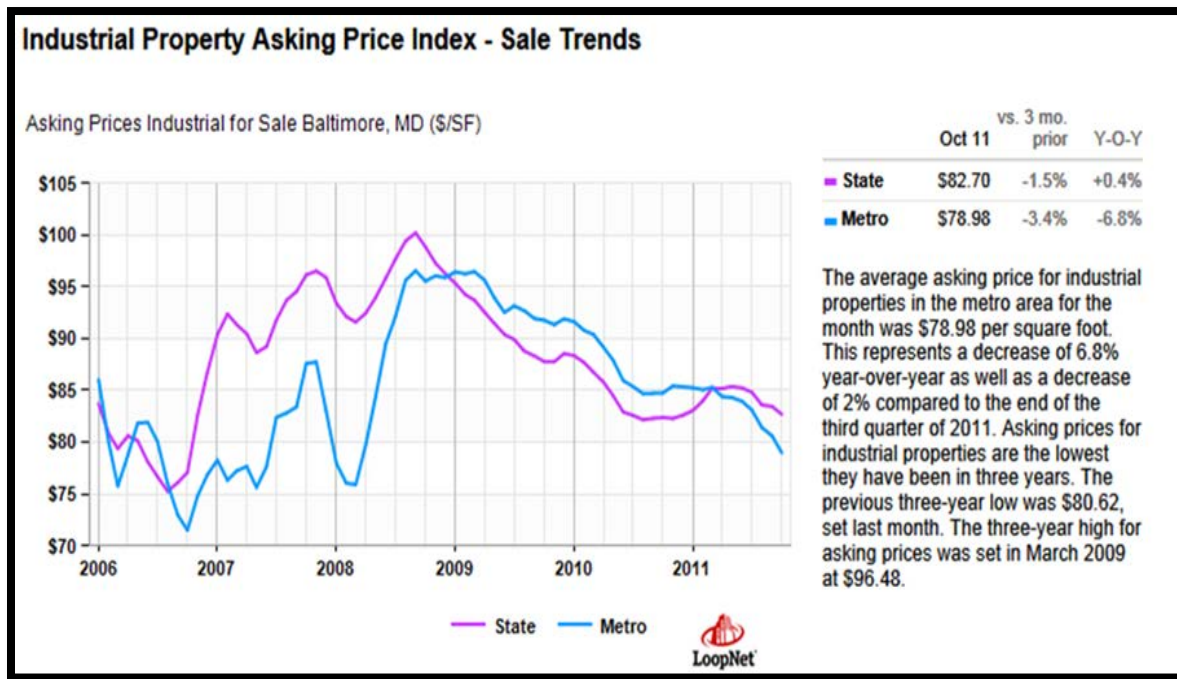


Figure 22 Industrial Property Asking Price by LOOPNET

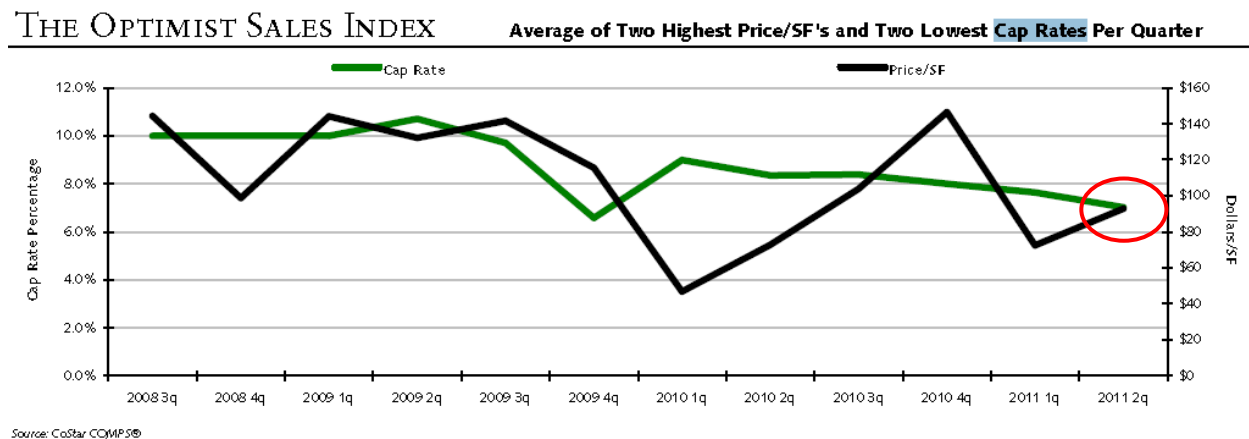


Figure 23 Optimist Sales Index Baltimore Metro

Flex Building Sales (price given)

✓	Address	Zip	County	Sales Company	Sales Contact	For Sale Price	\$Price/SF	Sale Status	Land(AC)
	7941-7949 Corporate Dr	21237	Baltimore County	Cassidy Turley	Jarred Testa (410) 953-6683	8,378,390	145.00	Active	8.07
	11620 Crossroads Cir	21220	Baltimore County	St. John Properties	Jerry Wit (410) 369-1221	5,265,000	125.00	Active	-
	806 Race Rd	21221	Baltimore County	Gold and Company, LLC	Mitch Gold (410) 578-1300	949,000	70.30	Active	2.38
	7620 Lillian Holt Dr	21237	Baltimore County	Century 21 Horizon Realty, Inc.	Adrian Cox (410) 256-3800	798,000	316.67	Active	2.80

Flex Sale

Location	Submarket	Price	PSF	Building Size SF
9145 Liberty Road	Carroll County	\$7,250,000	\$95.94	76,360 sf
7519 Solley Road	Annapolis	\$5,650,000	\$97.41	58,000 sf
9472-9494 Deereco Road	I-83 Corridor	\$4,155,000	\$103.48	40,151 sf
6798 Oak Hall Lane (Unit A - Condo)	Columbia	\$819,540	\$142.90	5,735 sf
2014 Renard Court (Unit F - Condo)	Annapolis	\$233,250	\$186.60	1,250 sf

http://www.mackenziecommercial.com/marketreport/_media/downloads/2011/QTR3/Industrial_Q3_2011_Overview.pdf

SALES ANALYSIS BY BUILDING SIZE

Based on Industrial Bldg Sales From July 2010 - June 2011

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	31	308,196	\$ 32,919,290	\$ 106.81	-
25K-99K SF	28	1,417,314	\$ 81,774,909	\$ 57.70	7.65%
100K-249K SF	7	1,011,087	\$ 78,015,000	\$ 77.16	7.90%
>250K SF	7	3,065,108	\$ 154,040,000	\$ 50.26	7.69%

Source: CoStar COMPASS

Figure 24 Baltimore Metro Sales Index

RealtyRates.com MARKET SURVEY - 4th Quarter 2011*						
Nationwide - Class A & B Industrial Buildings						
	3rd Q11		2nd Q11		% Change	
	WH Dist	Flex R&D	WH Dist	Flex R&D	WH Dist	Flex R&D
Operating Data						
Income						
Asking Rent	\$4.39	\$8.53	\$4.46	\$8.66	-1.7%	-15%
Effective Rent	\$4.00	\$7.74	\$4.07	\$7.87	-1.8%	-16%
Reimbursable Exp.	\$1.89	\$4.15	\$1.87	\$4.11	1.0%	1.0%
Total Income	\$5.89	\$11.89	\$5.94	\$11.98	-0.9%	-0.7%
Vacancy Rate	10.8%	11.3%	10.6%	11.3%	1.2%	0.0%
Effective Gross Income (EGI)	\$5.25	\$10.55	\$5.31	\$10.63	-1.0%	-0.7%
Expenses						
Total Expenses	\$2.00	\$4.40	\$1.98	\$4.35	1.0%	1.0%
Expense Ratio	38.07%	41.65%	37.31%	40.96%	2.1%	1.7%
Net Operating Income (NOI)	\$3.25	\$6.16	\$3.33	\$6.28	-2.3%	-1.9%
Investment Data						
Avg Sale Price	\$34	\$65	\$34	\$66	-1.0%	-1.3%
Overall Cap. Rate (OAR)	9.6%	9.5%	9.7%	9.5%	-1.2%	-0.6%
Gross Rent Multiplier (GRM)	8.47	8.41	8.41	8.38	0.7%	0.3%
Effective Gross Income Multiplier (EGIM)	6.44	6.17	6.44	6.20	0.0%	-0.6%

*3rd Quarter 2011 Data

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CAP RATES

Industrial buildings Cap rates have been lower in 2011, averaging 7.49%, compared to the first six months of last year when they averaged 7.91%. (CoStar, 2011) Realty Rates report Flex CAP rates Nation Wide @ 9.5% and a recent report from Integra Realty Resources report the Baltimore Flex CAP rate @ 8.5%

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2011*																								
CURRENT & HISTORICAL CAP RATE INDICES																								
Method-Weighted* Property Category Indices																								
	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MH/RV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Weighted* Composite Indices	
Year	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg
2011	8.62		11.96		9.32		9.54		10.85		9.48		9.39		9.28		11.64		10.84		11.12		9.83	
3rd Qtr.	8.28	-39	11.78	-14	9.07	-24	9.32	-20	10.44	-49	9.09	-47	9.33	3	9.11	-11	11.47	-13	10.50	-39	10.96	-13	9.60	-23
2nd Qtr.	8.67	-22	11.92	-30	9.31	-31	9.53	-8	10.93	-12	9.56	1	9.31	-23	9.23	-31	11.60	-24	10.88	17	11.09	-21	9.82	-18
1st Qtr.	8.91	30	12.18	30	9.57	12	9.76	32	11.17	39	9.80	35	9.54	6	9.50	13	11.85	16	11.14	56	11.32	28	10.07	25
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01	
* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey																								
* Further weighted by property category																								

* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey

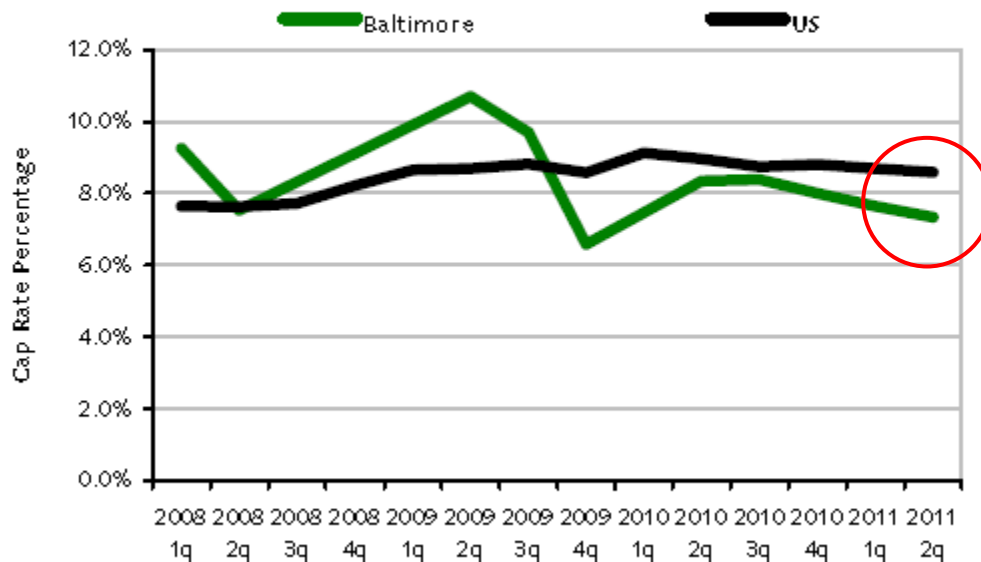
^ Further weighted by property category

*3rd Quarter 2011 Data

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U.S. CAP RATE COMPARISON

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

INVENTORY

The Flex sector consisted of 47,934,795 square feet in 1,299 projects. The Warehouse sector consisted of 176,897,566 square feet in 3,095 buildings. Within the Industrial market there were 456 Owner-occupied buildings accounting for 41,595,095 square feet of Industrial space. (CoStar, 2011)

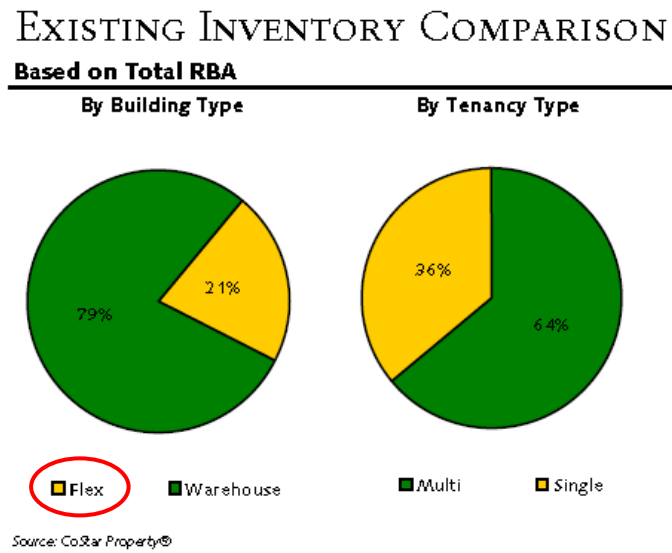


Figure 25 Baltimore Metro Building Inventory Comparisons

SUMMARY

- Subject property Market Area
 - Baltimore Metro Industrial Market
 - Baltimore County East Industrial Submarket
 - Study focuses on Flex Market
- Sources of data used for reference
 - CoStar Midyear Industrial Report Baltimore Metro
 - Colliers International Midyear report Baltimore Metro Industrial
 - CoStar Analytics focusing on the Baltimore County East Industrial Market Flex Space
 - Interview with industry professionals
- Baltimore Metro Flex Market
 - 1,299 Buildings
 - 47.9 million rentable are
 - YTD absorption 409,696 sf
- Vacancy
 - in Flex Market is higher that the Warehouse market
 - Vacancy has increased from 8% in 2009 to 10.9% 3rd Quarter 2011
 - Vacancy low in 2006 with a 8.5% rate
 - Since quarter 1 in 201 10 in the low \$10. Psf range
- Rental Rates
 - Quoted average rental rate \$10.12 psf 3rd quarter 2011
 - Rental rates in 1st quarter 2009 approximately \$11.26 psf
 - Rents continue to show a steady decline year after year
- Tenant type
 - 30% of the Flex market is in rental spaces 2,499 sf or less
 - 19.8% of the lease expire in 2012
 - 2015 14.2% of the existing Flex Leases expire
- Sales
 - Flex building sales increasing in Metro Area approximately \$98.00 psf
- CAP Rates
 - CoStar Industrial properties 7.5%
 - Realty Rates. Com report a 9.5% rate for Flex product
 - Integra Realty repots the Flex rate @ 8.5%
 - (Self-Storage @ 10.84%)

BALTIMORE COUNTY EAST INDUSTRIAL MARKET

- ◆ Market overview, Baltimore County East
 - ◆ Flex Market data Baltimore County East Industrial
 - ◆ CoStar Analytics Baltimore County East Flex Market
 - ◆ Availability Analysis, Baltimore County East Flex
 - ◆ Absorption & Leasing Activity, Baltimore County East Flex
 - ◆ History, Baltimore County East Flex
 - ◆ Vacancy Rate, Baltimore County East Flex
 - ◆ Rental Rate, Baltimore County East Flex
-

INTRODUCTION

The Baltimore County East Submarket encompasses the northeast and southeast portions of Baltimore City as well as the eastern portion of Baltimore County. The submarket is geographically defined by the boundaries of I-695, I-95, the Ports of Baltimore and I 83.

Industrial buildings in this submarket include bulk storage, warehouse, and Flex Buildings used for industrial purposes. The submarket's proximity to the ports of Baltimore and I-95 has made it a very successful and strong place for industrial use buildings for many years. This area is historically one of the strongest and most stable in the region and includes 828 buildings and just less than 56,000,000 square feet of industrial use space. The Flex Market in this Submarket includes approximately 3.8 million sf., vacancy is reported in the 3rd quarter 2011 @ 13.6% and the average rent is quoted @\$8.06 psf.



Baltimore County East Office Submarket

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Figure 26 Baltimore County East Industrial Submarket

(CoStar, 2011)

MARKET OVERVIEW

FLEX SUBMARKET STATISTICS						Third Quarter 2011			
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Aberdeen Ind	24	659,116	99,385	99,385	15.1%	30,472	0	0	\$22.04
Annapolis Ind	64	1,741,948	135,496	136,751	7.9%	61,658	0	0	\$15.24
Arbutus Ind	61	2,102,243	194,480	194,480	9.2%	42,966	0	211,600	\$10.91
Baltimore County East Ind	129	3,759,511	512,961	512,961	13.6%	(12,998)	30,000	0	\$8.06

Figure 27 Baltimore County East Flex Market Statistics

FLEX MARKET DATA

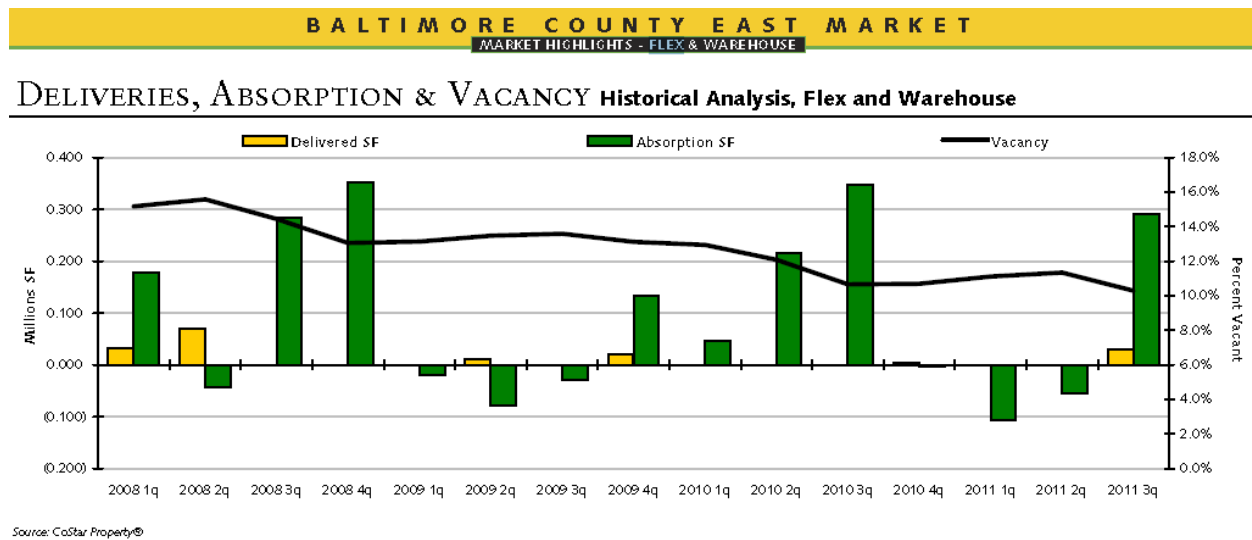


Figure 28 Baltimore County East Delivery, Absorb, and Vacancy

(CoStar, 2011)

COSTAR ANALYTICS BALTIMORE COUNTY EAST FLEX MARKET

The follow data is from the CoStar online analytics program. The Flex Buildings that are in the Costar charts and reports have been tallied into one report for further review.

Overview of the Flex Space Baltimore County East Industrial Submarket

# Buildings:	132	% Vacant:	14.2 %	YTD Net Absorption:	(24,395)
RBA:	3,790,820	% Leased:	86.5 %	YTD Leasing Activity:	198,588
Avg Age (yrs):	28.3	% Available:	17.9 %	YTD Deliveries:	1
Absorption	YTD	2010	QTD	2010 4Q	
Net Absorption	(24,395)	(60,183)	(11,397)	(57,321)	
Gross Absorption	240,591	194,483	11,487	21,064	
Leasing Activity	198,588	234,389	21,818	57,165	
Deliveries	1	0	0	0	
Vacancy	Direct	Sublet	Total		
	SF	SF	SF		
Vacant	540,058	0	540,058	14.2 %	
Vacant Available	512,572	0	512,572	13.5 %	
Available	651,983	27,600	679,583	17.9 %	
Asking Rent	Direct	Sublet	Total		
	# Spcs	# Spcs	# Spcs		
Full Service Gross	1	0	1	\$11.12	\$11.12
Industrial Gross	1	0	1	-	-
Modified Gross	2	0	2	\$11.82	\$11.00-\$14.00
Negotiable	56	1	57	-	-
Plus All Utilities	3	0	3	\$7.08	\$5.00-\$11.00
Triple Net	19	0	19	\$6.84	\$4.50-\$16.00
Utilities & Char	5	0	5	\$10.66	\$9.00-\$13.00

Figure 29 Baltimore East Flex Market Overview

AVAILABILITY ANALYSIS

Summary Stats	# Spaces	Square Feet	Smallest Space	Largest Space	Avg Space
Vacant Available	69	512,572	500	57,782	7,429
Total Available	88	679,583	500	57,782	7,723
By Space Type	Direct	Sublet	Total		
	SF	SF	SF		
Vacant Available	512,572	0	512,572	13.5 %	
Total Available	651,983	27,600	679,583	17.9 %	
Over Time	2011 4Q	2011 3Q	2010 4Q		
	SF	SF	SF		
Vacant Available	512,572	522,324	465,255	13.5 %	12.4 %
Total Vacant	540,058	528,661	485,663	14.2 %	12.9 %
By Time on Market	Vacant Available	Total Available			
	# Spaces	SF	# Spaces	SF	
0-3 Months	11	37,828	18	89,162	
4-6 Months	6	25,503	10	50,953	
7-9 Months	11	29,916	12	31,916	
10-12 Months	5	38,720	5	38,720	
13-15 Months	5	38,250	6	63,250	
16-18 Months	2	25,803	3	36,603	
19-21 Months	4	19,932	5	33,432	
22+ Months	25	296,620	29	335,547	

Figure 30 Baltimore County East Flex Market Availability Analysis

ABSORPTION & LEASING ACTIVITY

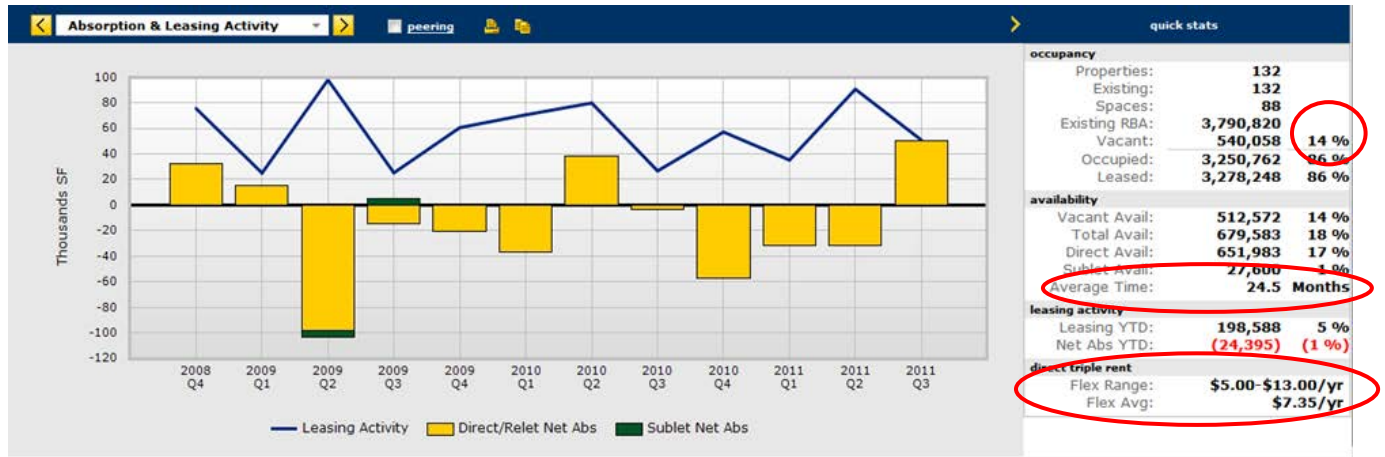


Figure 31 Baltimore County East Flex Market Absorb, & Leasing Activity

HISTORY

Historical Timeline																				Detailed Overview		3 Years		peering		export	
Period	# Bldgs	Total RBA	Existing Inventory						Existing Inventory						Existing Inventory												
			Vacant			Total Available			Total Available			Total Available			Total Available												
			Direct	SF Sublet	Total	Direct	% Sublet	Total	Direct	SF Sublet	Total	Direct	% Sublet	Total	Direct	SF Sublet	Total	Direct	% Sublet	Total							
QTD	132	3,790,820	540,058	0	540,058	14.2%	0.0%	14.2%	651,983	27,600	679,583	17.2%	0.7%	17.9%	518,240	0	518,240	13.7%	0.0%	13.7%							
2011 3Q	132	3,790,820	528,661	0	528,661	13.9%	0.0%	13.9%	644,094	0	644,094	17.0%	0.0%	17.0%	522,324	0	522,324	13.8%	0.0%	13.8%							
2011 2Q	131	3,760,820	549,030	0	549,030	14.6%	0.0%	14.6%	675,305	0	675,305	18.0%	0.0%	18.0%	499,843	0	499,843	13.3%	0.0%	13.3%							
2011 1Q	131	3,760,820	517,636	0	517,636	13.8%	0.0%	13.8%	731,097	0	731,097	19.4%	0.0%	19.4%	503,476	0	503,476	13.4%	0.0%	13.4%							
2010 4Q	131	3,760,820	485,663	0	485,663	12.9%	0.0%	12.9%	705,775	1,800	707,575	18.8%	0.0%	18.8%	465,255	0	465,255	12.4%	0.0%	12.4%							
2010 3Q	131	3,760,820	428,342	0	428,342	11.4%	0.0%	11.4%	623,608	1,800	625,408	16.6%	0.0%	16.6%	418,799	0	418,799	11.1%	0.0%	11.1%							
2010 2Q	131	3,760,820	424,445	0	424,445	11.3%	0.0%	11.3%	640,660	0	640,660	17.0%	0.0%	17.0%	391,295	0	391,295	10.4%	0.0%	10.4%							
2010 1Q	131	3,760,820	462,571	0	462,571	12.3%	0.0%	12.3%	661,592	0	661,592	17.6%	0.0%	17.6%	437,450	0	437,450	11.6%	0.0%	11.6%							
2009 4Q	131	3,760,820	425,480	0	425,480	11.3%	0.0%	11.3%	646,359	0	646,359	17.2%	0.0%	17.2%	421,530	0	421,530	11.2%	0.0%	11.2%							
2009 3Q	130	3,740,820	384,924	0	384,924	10.3%	0.0%	10.3%	540,172	0	540,172	14.4%	0.0%	14.4%	384,924	0	384,924	10.3%	0.0%	10.3%							
2009 2Q	130	3,740,820	370,312	4,648	374,960	9.9%	0.1%	10.0%	592,812	4,648	597,460	15.8%	0.1%	16.0%	357,775	4,648	362,423	9.6%	0.1%	9.7%							
2009 1Q	129	3,730,225	261,121	0	261,121	7.0%	0.0%	7.0%	513,567	0	513,567	13.8%	0.0%	13.8%	258,021	0	258,021	6.9%	0.0%	6.9%							

Figure 32 Baltimore County East Flex Market History

Historical Timeline Detailed Overview 3 Years peering export																			
Period	Existing Inventory						Leasing Activity						Delivered		Under Const		Average Rate		
	Absorption			Gross			# Deals			SF Leased			# Bldgs	Total RBA	# Bldgs	Total RBA	Direct	Sublet	Total
	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total	Direct	Sublet	Total							
QTD	(11,397)	0	(11,397)	11,487	0	11,487	4	0	4	21,818	0	21,818	0	0	0	0	\$7.35/nnn	-	\$7.35/nnn
2011 3Q	50,369	0	50,369	151,308	0	151,308	13	0	13	50,895	0	50,895	1	30,000	0	0	\$7.73/nnn	-	\$7.73/nnn
2011 2Q	(31,394)	0	(31,394)	46,075	0	46,075	19	0	19	90,657	0	90,657	0	0	1	30,000	\$8.25/nnn	-	\$8.25/nnn
2011 1Q	(31,973)	0	(31,973)	29,921	1,800	31,721	9	1	10	33,418	1,800	35,218	0	0	0	0	\$8.45/nnn	-	\$8.45/nnn
2010 4Q	(57,321)	0	(57,321)	21,064	0	21,064	9	0	9	57,165	0	57,165	0	0	0	0	\$8.29/nnn	-	\$8.29/nnn
2010 3Q	(3,897)	0	(3,897)	51,150	0	51,150	5	0	5	26,763	0	26,763	0	0	0	0	\$8.78/nnn	-	\$8.78/nnn
2010 2Q	38,126	0	38,126	55,533	0	55,533	14	0	14	79,840	0	79,840	0	0	0	0	\$8.79/nnn	-	\$8.79/nnn
2010 1Q	(37,091)	0	(37,091)	66,736	0	66,736	9	0	9	70,621	0	70,621	0	0	0	0	\$8.92/nnn	-	\$8.92/nnn
2009 4Q	(20,556)	0	(20,556)	125,689	0	125,689	11	0	11	60,608	0	60,608	1	20,000	0	0	\$9.76/nnn	\$11.50/nnn	\$9.84/nnn
2009 3Q	(14,612)	4,648	(9,964)	28,026	4,648	32,674	6	1	7	20,593	4,648	25,241	0	0	1	20,000	\$10.34/nnn	\$11.50/nnn	\$10.41/nnn
2009 2Q	(98,596)	(4,648)	(103,244)	19,125	0	19,125	7	0	7	97,959	0	97,959	1	10,595	1	20,000	\$10.29/nnn	\$11.50/nnn	\$10.36/nnn
2009 1Q	14,868	0	14,868	50,999	0	50,999	9	0	9	25,039	0	25,039	0	0	1	10,595	\$7.79/nnn	\$10.80/nnn	\$7.90/nnn

Figure 33 Baltimore County East Market History 2

VACANCY RATE

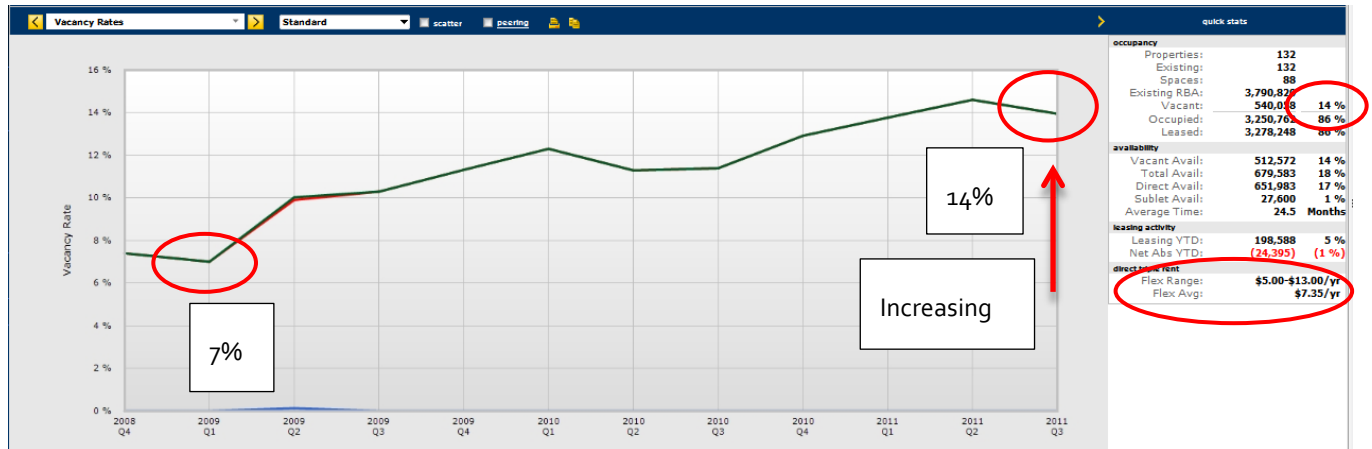


Figure 34 Baltimore County East Flex Market Vacancy History

RENTAL RATE



Figure 35 Baltimore County East Flex Market Rental Rates

SUMMARY

Baltimore County East Industrial Submarket

- Baltimore Metro Flex Market
 - 129 Buildings
 - 3.75 million rentable are
 - YTD absorption negative
- Vacancy
 - CoStar 3rd quarter 2011 @ 14%
 - CoStar Analytics 14.2%
 - 2009 1st quarter vacancy 7% now 14%
- Rental Rates
 - Quoted average rental rate \$8.06 psf 3rd quarter 2011
 - CoStar Analytics range from \$6.84 to \$11.12 average
 - 1st quarter 2009 @ \$10.50 psf today \$7.35 psf
- Lease Types
 - 20 % of leases are NNN
 - 63% list negotiable, most likely NNN
- Time on the market
 - CoStar analytics has 28% of the space has been on the market over 22 months

COMPETITIVE MARKET ANALYSIS

- ◆ Competitive Market
 - ◆ Competitive Analysis
 - ◆ Competitive Market Comparison Chart
 - ◆ Competitive Market Property Summary Detail
 - ◆ Competitive Market Property Details
 - ◆ Tenants:
 - ◆ Competitive Market Summary
-

COMPETITIVE MARKET

The Baltimore County East Flex Market is very competitive. This competition has been created by what appears to be very little demand for the current availability. This in turn caused a reported 14% vacancy rate, which in turn has forced down rental rates from a high of \$10.50 psf average in Q3 2009 to less than an average \$8.00 psf average in Q3 2011.

Due to the various negative impacts on the Real Estate market in this area, very few new Flex projects have been brought on to the market other than the two mentioned St Johns Properties has the most notable new project known as the Crossroads @ 95. This is a mix use project located on 1,000 acres and it includes 680,000 sf of Flex space that is in various stages of development. This property along with another new project located at 4205 Forge Rd. Perry Hall, an 18,000 sf. Flex project on 7.9 acres of land, is most likely to be the most direct competitors of the subject property.

There is approximately 3.8 million sf. of rentable space in the submarket. The properties that have been selected for the competitive market analysis are properties for which the most current data could be obtained.

Very few projects have been built in this market over the last several years the age of the competitive properties range from 10 to 33 years old. The projects rentable square feet range from 20,000 sf. building to 81,000 sf. The construction is similar, brick on block and glass storefront entries.

Several notable construction specifications are identified in the Baltimore East Industrial Flex market as well as the Competitive market. Ceiling heights are in the 14 ft. to 19 ft. range with the majority of the projects at 16 ft. range. Most projects have either a drive-in door and or a loading dock in each bay. The average drive-in door measures 10 ft. x 12 ft. in height. Only a few select properties identified the loading docks as having levelers for unloading freight. The amount of office space to warehouse was not available for the projects. However, a St. John Property leasing person stated that most Flex projects in the Crossroads project are being planned to be made up of approximately 40 to 50 percent of the overall space for office use.

Another notable amenity not only with the competitive projects but also in all most all of the Baltimore County East Flex market was the parking ratio. The majority of the listings show a parking ratio of four spaces per 1,000 sf. The newer projects average four spaces per 1,000 sf. and the majority of the existing projects also average four spots per 1,000. Some existing projects offer anywhere from 1.5 spaces per thousand to 4.5 spaces per 1,000. The County zoning requirements for the subject property is 3.3 spots per 1,000.

The average sf. rent for the newer space is quoted at \$12.00 psf. for the office and \$9.50 psf. for the warehouse space. The leases for the comparable properties are all triple net

Most lease terms with regard to the length of the contract vary however, five-year lease terms appear to be the market norm at this time.

COMPETITIVE ANALYSIS

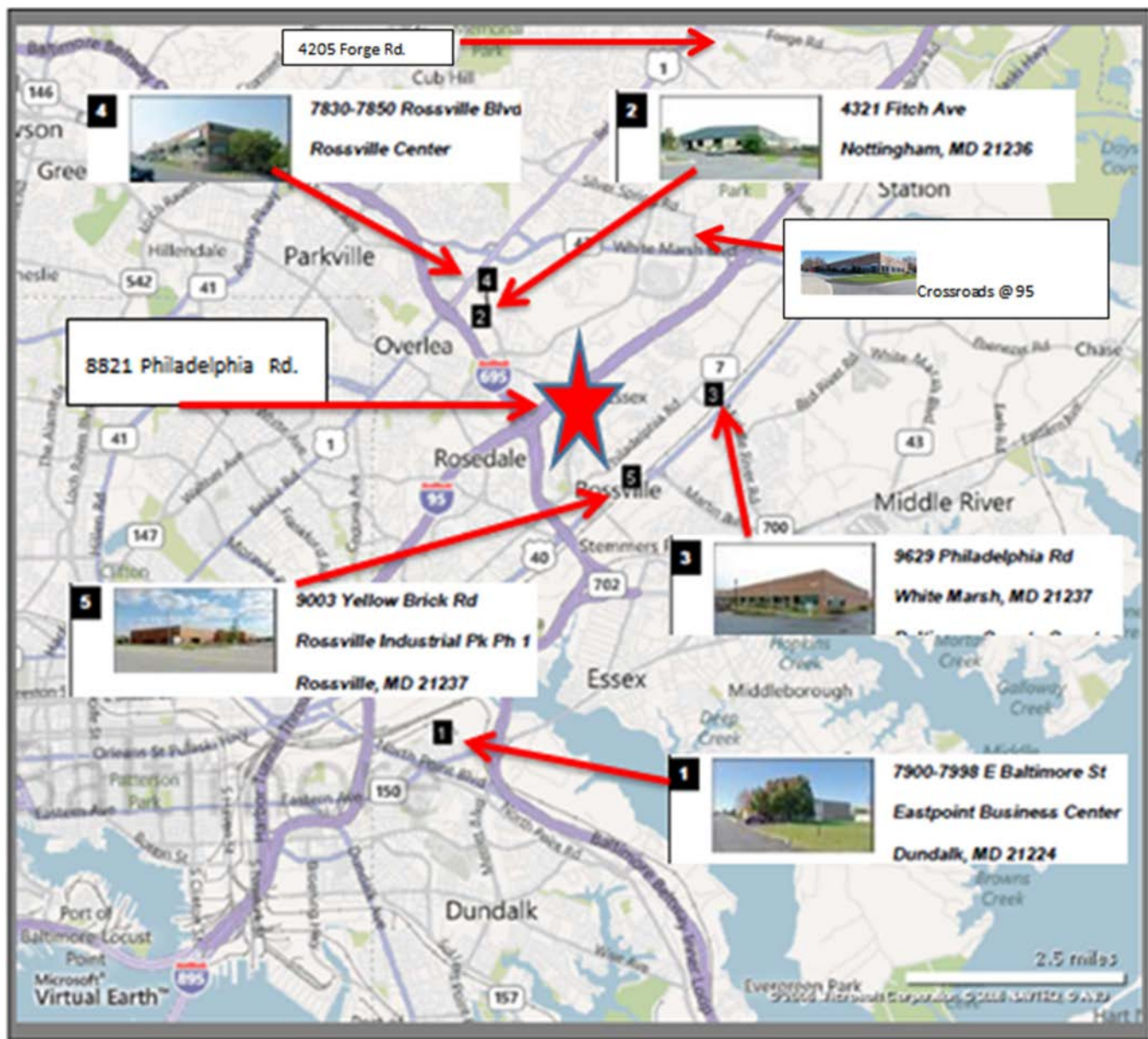


Figure 36 Competitive Market

COMPETITIVE MARKET COMPARISON CHART

	Subject Property	1	2	3	4	5	6
Address	8821 Philadelphia Rd	7900-7998 E Baltimore St	4321 Fitch Ave	9629 Philadelphia Rd	7830-7850 Rossville Blvd	9003 Yellow Brick Rd/ PARK	Baltimore Crossroads @95
	Bldg Contig	50,400	81,000	25,000	20,000	35,000	42,120
	Warehouse Rent	\$9.50	\$5.50	\$6.75	\$11.75	\$10.00	\$4.50
	Office Rent	\$12.00				\$16.00	\$5.50
	Type	nnn	nnn	nnn	nnn	nnn	nnn
	Term	Negotiable	Negotiable	Negotiable	3-5 yrs	Negotiable	Negotiable
	% OFFICE	50%	N/A	N/A	N/A	6%	N/A
	% Leased	0%	95%	100%	86%	86%	60%
	AVAL SF	50,400	4,277	25,000	2,900	7,450	33,660
	Ceiling Ht	16"	16'0"	N/A	16'0"	14'0"	19'0"
CONSTRUCTION	Brick on Block	MASONRY	MASONRY	MASONRY	MASONRY	MASONRY	
Docks	6	12	2	None	None	12	
Drive Ins	13 Bay 10' x 12'	19 BAY 10' X 12	1 BAY 10 X 12	5 BAY 12 X 14	6 BAY 10 X 12	3 BAY 8 X 12	
EXPENSES SF	\$4.83	\$1.25	\$1.07	\$0.70	\$3.64	\$0.65	
Expenses Report	All	TAX/ OPS	TAX	TAX	CAM	TAX	
FAR	2.00	0.32	0.10	0.27	N/A	0.28	
Land(AC)	5.30	5.81	5.80	1.69	N/A	6.78	
Listed		30 Mths	12 Mths	30 Mths	34 Mths	36 MTHS	
Park Ratio	4.00	1.72	2.80	4.50	4.00	1.50	
RBA/GLA	50,400	81,000	25,000	20,000	35,000	83,160	
SPRINKLER	WET	WET	N/A	N/A	WET	WET	
Tenancy	Multi	Multi	Single	Multi	Multi	Multi	
UTILITIES	ALL	ALL	ALL	ALL	ALL	ALL	
Yr Blt/Ren	2013	1978	2001	2001	1991	1985	
ZONE	MLIM	MHIM	MLIM	MLIM	MLMR	MLIM	
City	ROSSVILLE	Dundalk	Nottingham	White Marsh	Baltimore	Rossville	
Zip	21237	21224	21236	21237	21236	21237	

Figure 37 Competitive Market Comparison Chart

COMPETITIVE MARKET PROPERTY SUMMARY DETAIL COSTAR

Address	Total SF Avail Building Type	RBA Land Area	Ceiling Ht Stories	Drive Ins Docks	Sprinklers Crane	Power Rail Line	Parking Expenses
1) 7900-7998 E Baltimore St / Canton Industrial Park, Eastpoint Business Center Dundalk, MD 21224 For Sale Info:	4,277 SF Class B Flex	81,000 SF 5.81 AC	16'0" 1	19 - 10'0" w x 12'0" h 12 ext	Wet None	- None	145 free Surface Spaces are available; Ratio of 1.72/1,000 SF 2008 Combined Tax/Ops @ \$1.25/sf
Leasing Co Info: CBRE 4,277 (smallest space: 4,277 / max config: 4,277) Direct Vacant @ \$5.50/hnn -- / John G. Skoglin, SIOR 410-244-3132 / Adam C. Weidner 410-244-3197							
2) 4321 Fitch Ave Nottingham, MD 21236 For Sale Info:	25,000 SF Class B Flex	25,000 SF 5.80 AC	- 1	1 - 10'0" w x 12'0" h 2 ext	- None	- None	70 free Surface Spaces are available 2009 Tax @ \$1.07/sf
Leasing Co Info: Blue & Obrecht Realty, LLC 25,000 (smallest space: 25,000 / max config: 25,000) Direct 30 Days @ \$6.75/hnn -- / Richard F. Blue, Jr., SIOR 443-330-4801 / Paul F. Obrecht III 410-561-5568x2 / D. Middleton Smith 443-330-4807							
3) 8907-8909 Kelso Dr / Pulaski Industrial Park, Automatic Sprinkler Bldg Essex, MD 21221 For Sale Info:	9,491 SF Class B Flex	9,491 SF 1.59 AC	20'0" 1	2 - 10'0" w x 12'0" h None	- None	220a 3p None	20 Surface Spaces are available; Ratio of 2.62/1,000 SF 2008 Tax @ \$0.88/sf
Leasing Co Info: Trout Daniel & Associates 9,491 (smallest space: 9,491 / max config: 9,491) Direct 03/2012 negotiable -- / Matt Melnick 410-435-4004x244 / Wendy Adams 410-435-4004x257							
4) 1116 Middle River Rd / Hidden Grove Bus Park, Hidden Grove Bus Park Rossville, MD 21220 For Sale Info:	27,600 SF Class B Flex	76,800 SF 15.99 AC	24'0" 1	1 - 10'0" w x 12'0" h 4 ext	- None	- None	225 free Surface Spaces are available 2008 Combined Tax/Ops @ \$1.90/sf
Leasing Co Info: Jones Lang LaSalle 27,600 (smallest space: 6,000 / max config: 27,600) Sublet 30 Days negotiable -- Todd C. Hughes 410-878-4834							
5) 9629 Philadelphia Rd / Enterprise Business Park White Marsh, MD 21237 For Sale Info:	2,900 SF Class B Flex	20,000 SF 1.69 AC	16'0" 1	5 - 12'0" w x 14'0" h None	- None	- None	90 Surface Spaces are available 2008 Tax @ \$0.70/sf
Leasing Co Info: ABG Enterprises, LLC 2,900 (smallest space: 2,900 / max config: 2,900) Direct Vacant @ \$11.75/hnn --							
6) 806 Race Rd Essex, MD 21221 For Sale Info:	13,500 SF Class B Flex	13,500 SF 2.38 AC	- 1	1 None	- None	- None	20 free Surface Spaces are available; Ratio of 1.48/1,000 SF 2004 Est Tax @ \$0.40/sf
Leasing Co Info: For Sale at \$949,000 (\$70.30/SF) - Active Gold and Company, LLC: Mitch Gold (410) 578-1300 x1, Jim Chivers (410) 578-1300 x2 Gold and Company, LLC 13,500 (smallest space: 1,500 / max config: 13,500) Direct 30 Days @ \$7.00/hnn -- / Mitch Gold 410-578-1300x1 / Jim Chivers 410-578-1300x2							

7900-7998 E Baltimore St - Canton Industrial Park



Location: Eastpoint Business Center
 NW Corner
 Baltimore County East Ind Cluster
 Baltimore County East Ind Submarket
 Baltimore County County
 Dundalk, MD 21224

Management: -
Recorded Owner: SCP-EBC, LLC

Ceiling Height: 16'0"
Column Spacing: 23'w x 81-91'd
Drive Ins: 19 - 10'0"w x 12'0"h
Loading Docks: 12 ext
Power: -

Expenses: 2008 Combined Tax/Ops @ \$1.25/sf
Parcel Number: 15-1600011680
Parking: 145 free Surface Spaces are available; Ratio of 1.72/1,000 SF
Amenities: Corner Lot

Building Type: Class B Flex
Status: Built 1978
Tenancy: Multiple Tenant

Land Area: 5.81 AC
Stories: 1
RBA: 81,000 SF

Total Avail: 4,277 SF
% Leased: 94.7%

Crane: None
Rail Line: None
Cross Docks: None
Const Mat: Masonry
Utilities: Heating - Gas

Floor	SF Avail	Bldg Config	Rent/SF/Yr + Svs	Occupancy	Term	Use/Type
P 1st	4,277	4,277	\$5.50/mnn	Vacant	Negotiable	Direct

4321 Fitch Ave



Location: Baltimore County East Ind Cluster
Baltimore County East Ind Submarket
Baltimore County County
Nottingham, MD 21236

Building Type: Class B Flex
Status: Built 2001
Tenancy: Single Tenant

Land Area: 5.80 AC
Stories: 1
RBA: 25,000 SF

Management: -
Recorded Owner: Fitch Avenue Llc

Total Avail: 25,000 SF
% Leased: 100%

Ceiling Height: -
Column Spacing: -
Drive Ins: 1 - 10'0" w x 12'0" h
Loading Docks: 2 ext
Power: -

Crane: None
Rail Line: None
Cross Docks: None
Const Mat: -
Utilities: -

Expenses: 2009 Tax @ \$1.07/sf
Parcel Number: 14-1600014215
Parking: 70 free Surface Spaces are available

Floor	SF Avail	Bldg Config	Rent/SF/Yr + Svs	Occupancy	Term	Use/Type
E 1st	25,000	25,000	\$6.75/nnn	30 Days	Negotiable	Direct

9629 Philadelphia Rd - Enterprise Business Park



Location: Baltimore County East Ind Cluster
Baltimore County East Ind Submarket
Baltimore County County
White Marsh, MD 21237

Building Type: Class B Flex
Status: Built Nov 2001
Tenancy: Multiple Tenant

Land Area: 1.69 AC
Stories: 1
RBA: 20,000 SF

Management: Atlantic Builders Group, Inc.
Recorded Owner: ABG Enterprises, LLC

Total Avail: 2,900 SF
% Leased: 85.5%

Ceiling Height: 16'0"
Column Spacing: 40'w x 33'd
Drive Ins: 5 - 12'0" w x 14'0" h
Loading Docks: None
Power: -

Crane: None
Rail Line: None
Cross Docks: -
Const Mat: Masonry
Utilities: -

Expenses: 2008 Tax @ \$0.70/sf
Parcel Number: 15-2400002727
Parking: 90 Surface Spaces are available

Floor	SF Avail	Bldg Contig	Rent/SF/Yr + Svc	Occupancy	Term	UserType
P 1st	2,900	2,900	\$11.75/nnn	Vacant	3-5 yrs	Direct

7830-7850 Rossville Blvd



Location: Rossville Center
 AKA 4425 Fitch Ave
 SE Corner
 Baltimore County East Ind Cluster
 Baltimore County East Ind Submarket
 Baltimore County County
 Baltimore, MD 21236

Management: Abrams Development Group
Recorded Owner: Abrams Development Group

Ceiling Height: 14'0"
Column Spacing: 25'w x 55'd
Drive Ins: 6 - 10'0"w x 12'0"h
Loading Docks: None
Power: -

Building Type: Class B Flex
Status: Built 1991
Tenancy: Multiple Tenant

Land Area: -
Stories: 2
RBA: 35,000 SF

Total Avail: 7,450 SF
% Leased: 85.6%

Crane: None
Rail Line: None
Cross Docks: -
Const Mat: Masonry
Utilities: Heating - Electric, Sewer - City, Water - City

Expenses: 2007 Combined Tax/Ops @ \$2.55/sf; 1996 Est Ops @ \$0.15/sf
Parcel Number: 14 1406021205
Parking: 120 free Surface Spaces are available; Ratio of 4.00/1,000 SF
Amenities: Corner Lot

Floor	SF Avail	Bldg Contig	Rent/SF/Yr + Svc	Occupancy	Term	Use/Type
P 1st / Suite 100G	1,562	1,562	\$10.00/nnn	Vacant	Negotiable	Direct

Gymboree Play & Music

7830-7850 Rossville Blvd
Rossville Center
AKA 4425 Fitch Ave/SE Corner
Baltimore, MD 21236

Phone (410) 663-0200



overview company building neighbors map/aerial

location information

Occupancy Status: **Leased** Space Use: **Flex**
SF Occupied: **2,242 SF** Floors: **1**
Employees At Loc: - SF/Employee: -
Lease Expires: **12/01/2012** Time Remaining: **1 Year, 1 Month**
Lease Began: **12/01/2007** Time At Location: **3 Years, 11 Months**
Year Loc Established: **2007**
Est Paid Rent/SF: **\$24.00/yr** Est Asking Rent/SF/yr: -
Industry: **Personal Services**
SIC Codes/Desc: **8299 - Schools & Educ Services**
HQ/Branch: **Branch is a Corp/LLC that is Stable**

transaction list

Move Date	Sign Date	Description	Building	Tenant Rep	Exp
12/01/2007	11/01/2007	Move In	7830-7850 Rossvil...	-	12/01/2012

Karate Studio

7830-7850 Rossville Blvd, Suite 100
Rossville Center
AKA 4425 Fitch Ave/SE Corner
Baltimore, MD 21236

overview company building neigh

location information

Occupancy Status: **Leased** Space Use: **Flex**
SF Occupied: **1,150 SF** Floors: **1**
Employees At Loc: - SF/Employee: -
Lease Expires: **06/30/2013** Time Remaining: **1 Year, 1 Month**
Lease Began: **07/01/2010** Time At Location: **3 Years, 11 Months**
Year Loc Established: **2010**
Est Paid Rent/SF: **\$10.30/yr** Est Asking Rent/SF/yr: -

transaction list

Move Date	Sign Date	Description	Building
07/01/2010	05/01/2010	Move In	7830-7850 Rossvil...

LT Personal Training, Inc

7830-7850 Rossville Blvd
Rossville Center
AKA 4425 Fitch Ave/SE Corner
Baltimore, MD 21236

Phone (866) 305-8609



overview company building neighbors map/aerial

primary contact information

Best Leasing Contact:

location information

Occupancy Status: **Leased** Space Use: **Flex**
SF Occupied: **1,375 SF** Floors: **1**
Employees At Loc: - SF/Employee: -
Lease Expires: - Time Remaining: -
Lease Began: **07/21/2007** Time At Location: **4 Years, 3 Months**
Year Loc Established: **2007**
Est Paid Rent/SF: **\$14.00/yr** Est Asking Rent/SF/yr: -

9003 Yellow Brick Rd - Rossville Industrial Park



Location: Rossville Industrial Pk Ph 1
Baltimore County East Ind Cluster
Baltimore County East Ind Submarket
Baltimore County County
Rossville, MD 21237

Building Type: Class B Flex
Status: Built May 1985
Tenancy: Multiple Tenant

Land Area: 6.78 AC
Stories: 1
RBA: 83,160 SF

Management: James F. Knott Realty Group
Recorded Owner: James F. Knott Realty Group

Total Avail: 33,660 SF
% Leased: 59.5%

Ceiling Height: 19'0"
Column Spacing: 33'w x 40'd
Drive Ins: 3 - 8'0" w x 12'0" h
Loading Docks: 12 ext
Power: Heavy

Crane: None
Rail Line: None
Cross Docks: None
Const Mat: Masonry
Utilities: Gas - Natural, Heating - Gas, Sewer - City,
Water - City

Expenses: 2009 Tax @ \$0.65/sf
Parcel Number: 15-1900013799
Parking: 150 free Surface Spaces are available; Ratio of 1.50/1,000 SF

Floor	SF Avail	Bldg Config	Rent/SF/Yr + Svs	Occupancy	Term	Use/Type
P 1st / Suite G-H	10,560/300 ofc	10,560	\$4.50-\$5.50/nn	Vacant	Negotiable	Direct



Location:	Baltimore Crossroads @ 95 Baltimore County East Ind Cluster Baltimore County East Ind Submarket Baltimore County County Baltimore, MD 21220	Building Type:	Class B Flex
		Status:	Built Aug 2008
		Tenancy:	Multiple Tenant
Management:	-	Land Area:	-
Recorded Owner:	-	Stories:	1
		R&A:	42,120 SF
		Total Avail:	42,120 SF
		% Leased:	0%
Ceiling Height:	18'0"	Crane:	None
Column Spacing:	-	Rail Line:	-
Drive Ins:	4 - 10'0" w x 12'0" h	Cross Docks:	-
Loading Docks:	None	Const Mat:	Masonry
Power:	-	Utilities:	-

Parking: 80 free Surface Spaces are available; Ratio of 4.00/1,000 SF

Crossroads Cir - Baltimore Crossroads @ 95

Baltimore Crossroads @ 95
Baltimore, MD 21220 - Baltimore County East Submarket
Future Availability of 110,000 SF
110,000 SF Proposed Class A Office Building

space overview	property	company	images	analyti
for sale	comps	tenant	my data	public rei
Total Avail:	110,000 SF	Typical Floor Size:	27,500 SF	R&A: 110,000 SF
Max Contig:	110,000 SF	Max Contig Floor:	27,500 SF	Stories: 4
Smallest Space:	3,000 SF	Max 1 Floor:	27,500 SF	Breaks Ground: -
Rent/SF/yr:	Failed to disclose	Total Spaces Avail:	4	% Leased: 0.0%

Parking: 675 Surface Spaces are available; Ratio of 4.00/1,000 SF

For Sale Info: Not for sale

space availability									
spaces that meet criteria				all spaces			listing summary		space summary
✓	Floor	Use	Type	SF Avail	Flo Ctg	Bldg Ctg	Rent/SF/yr	Occupancy	Listing Company
✓	E 1st	Office	New	5,000-27,500	27,500	110,000	Failed to disclose	Vacant	St. John Properties
✓	E 2nd	Office	New	5,000-27,500	27,500	110,000	Failed to disclose	Vacant	St. John Properties
✓	E 3rd	Office	New	5,000-27,500	27,500	110,000	Failed to disclose	Vacant	St. John Properties
✓	E 4th	Office	New	5,000-27,500	27,500	110,000	Failed to disclose	Vacant	St. John Properties

space notes

floor plan/financial

add selected spaces | add unselected spaces

The listing for Crossroads is to identify the sf. of future availability in addition to using one of the 40,000 sf buildings as a competitive product.

This space is located in a master-planned, mixed-use community of 1,000 acres. Located on Maryland Rt. 43 between U.S. Rt. 40 and Eastern Blvd. Tenant size from 2,520 to 42,120 sq. ft. it offers businesses economical and high-utility space in a campus-like business environment The total project consist of 680,000 sf. of Flex space.

4205 Forge Rd



Location: Baltimore County East Cluster
Baltimore County East Submarket
Baltimore County County
Perry Hall, MD 21128

Building Type: Class B Flex
Status: Proposed
Tenancy: Multiple Tenant

Land Area: 7.80 AC
Stories: 1
RBA: 18,000 SF
Total Avail: 18,000 SF
% Leased: 0%

Management: -
Recorded Owner: Schimunek Funeral Home Inc

Ceiling Height: -
Column Spacing: -
Drive In: -
Loading Docks: -
Power: -

Crane: -
Rail Line: -
Cross Docks: -
Conat Mat: -
Utilities: -

Parcel Number: 11-2380007023

Floor	SF Avail	Reg. Contig	Rent/Sq Ft + Tax	Occupancy	Term	Notes
E 1st	18,000 sfv	18,000	\$16.00/sqft + Tax	TBD	To Be Determined	New

Forge Road is not use in the competitive analysis.

It is reported that the asking rent for Flex space in this project is \$16 psf. NNN

TENANTS

The competitive market listed the following types of tenants and rents. The tenant mix consists of manufacturing companies, personal service offices, retailers and wholesalers of various products. The tenants also include a children's gym, a computer service company, and an insurance agent office. The rents existing tenants pay range from \$5.50 psf for manufacturing to \$24.00 psf. for a children's play gym.

The identifiable asking rents for some of the tenants are as follows:

Industry	# Employees	SF . Occupied	Lease Terms	Reported Rent psf .. NNN	Current Asking Rent psf .. NNN
Machine service company	8	3,750		\$5.60	\$5.50
Document Printing	40	4,000		\$7.70	\$6.75
Design Company	n/a	1,562		\$15.00	\$12.79
Gymboree	n/a	2,242		\$24.00	\$12.79
Karate Studio		1,150	3 years	\$10.30	\$12.79
Personal Training	n/a	1,375	5 years	\$14.00	\$12.79
Manufacturing Company	15	5,280		\$5.50	\$5.00

SUMMARY

Competitive Market summary

- Properties selected from the Baltimore County East Industrial Market
- Market very competitive
- 6 properties selected
 - Size range 25 to 80,000 sf
 - Building age from 33 years old to new
 - Lease all NNN
 - Rents average range from \$4.50 to \$12.00 psf
 - Lease terms are negotiable
 - Building construction brick on block, one story
 - All sprinkler and all utilities
 - Tenant types
 - Offices rents \$12 to \$13 psf,
 - Children's gym \$13 psf
 - Printing service \$7.75 psf
 - Manufacturing Company \$5.00 psf
- 2 new projects coming on line
 - St Johns Crossroads @ 95
 - various sizes available
 - 110,000 sf project
 - \$12 psf NNN rents
 - Forge Rd,
 - 18,000 sf
 - \$16 psf NNN rents

PROJECT COST

- ◆ Introduction
 - ◆ Site Construction Hard Cost
 - ◆ Development Soft Cost
 - ◆ Engineering
 - ◆ Architect
 - ◆ Attorney Fees
 - ◆ Site Development Hard Cost
 - ◆ Site Construction Estimates
 - ◆ Building Construction Estimates
 - ◆ Tenant Improvement Cost
 - ◆ Summary
-

PROJECT COST, INTRODUCTION

The following estimates are to redevelop the subject property currently operating as a 72,324 sf. Self-Storage facility. The cost estimates are to meet the requirements of the development program to raze the existing buildings, scrape the site, and construct two buildings for 50,400 sf. Class B Flex Warehouse. The development cost is estimates provided by local professionals in their respective fields. (Refer to the breakdown and definitions of the budget Line items below)

The summary of estimated costs for the project:

Development Costs	Year 1	Year 2	Total	50,400	Building Size
Hard/Construction Costs					
Total Hard/Construction Costs	\$1,826,820	\$2,875,000	\$4,701,820	\$93.29	PSF
Total Soft/Development Costs	\$329,352	\$184,730	\$514,082	\$10.20	PSF
Total Development Costs	\$2,156,172	\$3,059,730	\$5,215,902	\$103.49	PSF
Land Value	\$125,000	an acre	\$662,500		
Total Project Cost with Land			\$5,878,402	\$116.63	PSF

Figure 38 Summary of Total Development Cost

SITE & BUILDING CONSTRUCTION ESTIMATES

Development Costs	Year 1	Year 2	Total	50,400	Building Size
Hard/Construction Costs					
Demolition	\$250,000	\$250,000	\$500,000	\$9.92	PSF
Earth work & Sed Control	\$200,000	\$25,000	\$225,000	\$4.46	PSF
SWM	\$400,000	\$350,000	\$750,000	\$14.88	PSF
Storm Drain & Utilities	\$200,000	\$200,000	\$400,000	\$7.94	PSF
On Site Paving	\$300,000	\$50,000	\$350,000	\$6.94	PSF
Construction of Yellow Shell	\$446,856	\$1,000,000	\$1,446,856	\$28.71	PSF
Construction of Phil	\$29,964	\$1,000,000	\$1,029,964	\$20.44	PSF
Total Hard/Construction Costs	\$1,826,820	\$2,875,000	\$4,701,820	\$93.29	PSF
Soft/Development Costs					
Permits	\$6,832		\$6,832	\$0.14	PSF
Architectural	\$100,000	\$26,000	\$126,000	\$2.50	PSF
Eng, Geo, Traffic, Enviro	\$110,000	\$16,000	\$126,000	\$2.50	PSF
Legal	\$15,000	\$5,000	\$20,000	\$0.40	PSF
Marketing During Construction	\$10,000	\$10,000	\$20,000	\$0.40	PSF
Appraisal			\$0	\$0.00	PSF
Taxes	\$22,835	\$35,938	\$58,773	\$1.17	PSF
Construction Contingency	\$18,268	\$28,750	\$47,018	\$0.93	PSF
Dev Contingency	\$3,294	\$1,847	\$5,141	\$0.10	PSF
Developer Fee	\$43,123	\$61,195	\$104,318	\$2.07	PSF
Total Soft/Development Costs	\$329,352	\$184,730	\$514,082	\$10.20	PSF
Total Development Costs	\$2,156,172	\$3,059,730	\$5,215,902	\$103.49	PSF
Total Project Cost with Land			\$5,878,402	\$116.63	PSF

Figure 39 Development Cost

SITE CONSTRUCTION COST

The site construction costs are estimates supplied by Grey and Sons, a local land development construction company. The estimated prices are based on the preliminary site plan for the two buildings, 50,400 sf. located on 5.31 acres. It was assumed by the contractor and the engineer that based on the drawings of the existing property on page 22 and current County regulations, no off-site improvements are needed.

Their cost includes the labor and materials to complete the - Demolition, Earthwork, Sediment Control, Stormwater Management, Storm Drain, Water & Sewer, on-site Paving cost.

He points out this number can fluctuate greatly depending on such things as opposition from neighboring property Owners, conflicts with the County on matters such as traffic, engineering, stormwater management etc...,

ENGINEERING

A local engineer from the firm Preston Scheffenacker Properties that is familiar with Baltimore County regulations made a cursory review of the proposed site plan. The engineer feels the plan is feasible; however, the engineer stresses a much more thorough study will need to be undertaken once the project moves forward. The engineer also felt that the shared truck port between buildings is sufficient. Keeping in mind that due to SWM regulations, the paved surfaces may be required to be constructed of a permeable pavement material.

The proposed stormwater management system being located underground is not preferable however, allowable. Recommendations were made for an allowance of 25 ft around each building for drainage. The lot drainage requirements can be combined with the assumed landscape setback of 25-ft. There is no parking permitted in this area.

The recommended budgeted fees for engineers, traffic, environmental scientists, geotechnical, etc. are budgeted @ \$2.25 to \$3.00/ SF. of building. For the purpose of this study \$2.50 psf. is used

ARCHITECT

The Architect Firm E & G Consulting recommended using \$2.50 psf. of building. In addition, a general contractor, from Heffner & Weber, Tom Huber recommended that 5% of the estimated construction cost be used a good guideline as well. Both numbers roughly equate to \$2.50 sf.

ATTORNEY FEES

A local attorney that specializes in the land development projects, Bernie Denick of Offit Kurman, suggests that \$15,000 should be budgeted for a project of this size and caliber. Legal and lender fees for loans and settlements are not calculated in this line item.

BUILDING CONSTRUCTION ESTIMATES

The building construction cost detailed below were supplied Dave Huber a local general contractor that specializes in commercial construction. The buildings are estimated assuming they will both be constructed at the same time. The construction schedule is on page 82

The cost identified in this report as, "The Shell Construction" denotes the concrete slab floor, exterior building wall, exterior windows and glass storefront entry, roof on an enclosed premise. It includes a pedestrian door at the rear of each bay, a drive-in entry door and each has a loading dock. The service items are brought to the front or rear of the building at each bay location.

PHILADELPHIA ROAD 19,800 SF. GENERAL CONTRACTOR COST ESTIMATE

Phil Rd 19,800 sf Description	UNIT UM	QTY	PRICE	Labor	TOTAL	Remarks	
Building& other permits/fees	Est	7	\$0.00		\$0.00	by Owner	
Temp. toilets	Mo	7	\$95.00		\$665.00	avg 1 for project	
Supt. truck	Mo	7	\$600.00		\$4,200.00	monthly allowance	
Asst. Supt. truck	Mo	0	\$300.00		\$0.00		
P.M. Auto	Mo	9	\$360.00		\$3,240.00	60% monthly allowance	
AP.M. Auto	Mo	0	\$200.00		\$0.00		
Trailer setup/down	Est	1	\$0.00		\$0.00		
Office rental	Mo	7	\$0.00		\$0.00		
Storage rental	Mo	7	\$150.00		\$1,050.00	no fit out at this point	
Trailer security	Mo	7	\$0.00		\$0.00		
Site Security	Mo	7	\$0.00		\$0.00	by Owner	
Security Fencing	LF	0	\$2.00		\$0.00		
Office supplies	Mo	9	\$20.00		\$180.00	precon incl	
Postage/courier	Mo	9	\$20.00		\$180.00	precon incl	
Office equip.	Est	1	\$0.00		\$0.00		
Office furn.	Est	1	\$0.00		\$0.00		
Computer Leasing	Mo	7	\$0.00		\$0.00		
Communication setup	Est	1	\$0.00		\$0.00	phone and computer	
Tel/fax/internet monthly	Mo	9	\$0.00		\$0.00	precon and site	
Cell Phones	Mo	7	\$100.00		\$700.00		
Surveying/layout	Est	1	\$0.00		\$0.00	Div 2 use 35k	
Test/inspection	Est	1	\$0.00		\$0.00	Div 2 use 40k	
Superintendent	Wk	34	\$0.00	-	\$0.00		\$2,321.15
Asst. Super	Wk	34	\$1,500.00	51,000	\$51,000.00		\$1,501.92
Clerical/Accounting	Wk	0	\$987.00	-	\$0.00	25% time	\$986.54
Cleanup labor	WK	15	\$800.00	12,000	\$12,000.00		
Carpenter	Wks	0	\$1,002.76	-	\$0.00	in div 6	
Liability insurance	Est	1	\$0.00		\$0.00	in div 17	
Prints	Est	1	\$500.00		\$500.00	printing by GC	
Photographs	Mo	7	\$20.00		\$140.00	non-professional	
Electricla Useage	Est	1	\$3,500.00		\$3,500.00	750/5mo,2500/3mo	
Temp electric bldg set up	Mo	1	\$0.00		\$0.00	set up temp in Div 16	
Temp water	Mo	7	\$0.00		\$0.00	office/concrete operations	
Equip. rental	Mo	7	\$0.00		\$0.00	div 2 or by trade	
Hand tools	Est	1	\$250.00		\$250.00		
Safety consultant	Mo	4	\$0.00		\$0.00	consultant only, work in Div2	
Punch list	Est	1	\$0.00		\$0.00	div 6	
Dumpster	Ea	10	\$550.00		\$5,500.00		
Trash Chute	Mo	0	\$1,500.00		\$0.00		
Final cleanup	GSF	19800	\$0.08		\$1,584.00	floors/windows	
Scheduling services	Est	0	\$0.00		\$0.00	in house	
Senior Project Manager	Wk	15	\$1,500.00	22,500	\$22,500.00		\$3,276.92
Asst PM	Wk	0	\$1,783.58	-	\$0.00		0 \$1,638.46
Project Engineer	Wk	6	\$0.00		\$0.00		0 \$1,310.77
General Super	Wk	0	\$2,941.44	-	\$0.00		0
Project Executive	Wk	0	\$6,016.59	-	\$0.00		
Misc Mat.	Est	0	\$0.00		\$0.00	in Div 2-17	
Preconstruction	Est	1	\$5,000.00		\$5,000.00		
Project Signs	Est	1	\$0.00		\$0.00		
				85,500	\$112,189.00	Total	
					\$16,027.00	gcs per month	
					\$3,727.21	gcs per week	
					\$532.46	gcs per day	

Figure 40 Phil Rd GC Cost

PHILADELPHIA ROAD BUILDING SHELL COST ESTIMATES

Shell construction 19800 GSF flex at 16'		budget to be used with budget for 30,600 SF bldg assume built as same time
SCOPE ITEM	Budget Amount	REMARKS
GENERAL CONDITIONS	\$112,189.00	
WINTER PROTECTION	\$0.00	assume start to avoid winter protection requirements
SURVEYING & Construction Stakeout	\$20.00	
TESTING INSPECTIONS	\$12,500.00	
EARTHWORK	\$15,000.00	site work is in a different estimate, assume prepared pad backfill and re-grade
SEDIMENT CONTROL MAINTENANCE	\$5,000.00	
ACCESS ROAD	\$10,000.00	
SITE UTILITIES	\$0.00	excluded
ASPHALT PAVEMENTw/stone base	\$0.00	includes stone base,stripping
PAVEMENT STRIPING	\$0.00	signs, bumpers
TRAFFIC CONTROL	\$0.00	
SITE CONCRETE	\$0.00	
TRUCK PAVING AT BUILDING	\$0.00	No allowance for dolly pads or other site concrete in site estimate
Precast Wheel Stops	\$0.00	
MONUMENT SIGN	\$5,000.00	
LANDSCAPING/IRRIGATION/SEEDING	\$0.00	
BUILDING CONCRETE	\$108,900.00	
MASONRY	\$184,680.00	
STEEL /JOISTS/ DECK	\$108,900.00	
MISCELLANEOUS METALS		Included in price for Steel
ROUGH CARPENTRY/GENERAL LABOR	\$30,000.00	labor & lumber
ROOFING	\$59,400.00	EPDM remainder for flashing , lift charges
MISCELLANEOUS CAULKING	\$2,800.00	
MATERIAL DOORS/FRAMES/HARDWARE	\$7,000.00	
INSTALL DOORS FRAMES HARDWARE	\$0.00	Included in price for Rough Carpentry
OVERHEAD SECTIONAL DOORS	\$9,900.00	6 doors,
ALUMINUM WINDOWS/STOREFRONTS	\$46,626.00	1227
SEAL CONCRETE	\$1,980.00	
DRYWALL COMMON ROOMS	\$10,000.00	
PAINTING	\$4,000.00	
FIRE DEPARTMENT ACCESS SYSTEM	\$250.00	KNOX BOXES
Building SIGNAGE ALLOWANCE	\$12,500.00	2.5K per tenant
LOADING DOCK EQUIPMENT	\$0.00	Included in price for Overhead Sectional Doors
DOCK SEALS	\$0.00	Included in price for Overhead Sectional Doors
WINDOW TREATMENTS	\$0.00	excluded
D/B ESFR FIRE SPRINKLERS SYSTEM	\$32,670.00	
D/B PLUMBING	\$40,000.00	main down the front of the space, meter room
D/B HVAC	\$39,600.00	space heaters
D/B ELECTRICAL	\$39,600.00	
SUBTOTAL:	\$898,515.00	
Contingency:	\$44,925.75	Contingency 5%
Builder's Risk Insurance:	\$0.00	by Owner, Deductibles by Owner
General Liability Insurance:	\$7,075.81	
Performance and Payment Bonds;	\$0.00	excluded
Overhead	\$28,515.50	0.03
Profit	\$50,931.60	0.05
Total Bid Amount:	\$1,029,963.65	
Price per GSF:	\$52.02	
Tenant Improvement		
Demising walls (each)	\$10,800.00	each
Allow for office fitout (each)	\$45,000.00	average 1,000 gsf per tenant @ \$45

Figure 41 Phil Rd Construction Estimates

YELLOW BRICK ROAD 30,600 SF. GENERAL CONTRACTOR COST ESTIMATE

Yellow 30,600 sf Description	UM	QTY	UNIT PRICE	Labor	TOTAL	Remarks	
Building& other permits/fees	Est	0	\$0.00		\$0.00	by Owner	
Temp. toilets	Mo	0	\$190.00		\$0.00	avg 4 for project	
Supt. truck	Mo	0	\$600.00		\$0.00	monthly allowance	
Asst. Supt. truck	Mo	0	\$300.00		\$0.00		
P.M. Auto	Mo	9	\$360.00		\$3,240.00	60% monthly allowance	
AP.M. Auto	Mo	0	\$200.00		\$0.00		
Trailer setup/down	Est	1	\$2,000.00		\$2,000.00		
Office rental	Mo	0	\$350.00		\$0.00		
Storage rental	Mo	0	\$0.00		\$0.00	no fit out at this point	
Trailer security	Mo	0	\$150.00		\$0.00		
Site Security	Mo	0	\$0.00		\$0.00	by Owner	
Security Fencing	LF	0	\$2.00		\$0.00		
Office supplies	Mo	9	\$50.00		\$450.00	precon incl	
Postage/courier	Mo	9	\$50.00		\$450.00	precon incl	
Office equip.	Est	1	\$500.00		\$500.00		
Office furn.	Est	1	\$500.00		\$500.00		
Computer Leasing	Mo	0	\$0.00		\$0.00		
Communication setup	Est	1	\$1,500.00		\$1,500.00	phone and computer	
Tel/fax/internet monthly	Mo	9	\$150.00		\$1,350.00	precon and site	
Cell Phones	Mo	0	\$170.00		\$0.00	100% Super; 40% for PM	
Surveying/layout	Est	1	\$0.00		\$0.00	Div 2 use 35k	
Test/inspection	Est	1	\$0.00		\$0.00	Div 2 use 40k	
Superintendent	Wk	4	\$1,800.00	7,200	\$7,200.00		\$2,321.15
Asst. Super	Wk	0	\$1,500.00	-	\$0.00		\$1,501.92
Clerical/Accounting	Wk	0	\$987.00	-	\$0.00	25% time	\$986.54
Cleanup labor	WK	15	\$800.00	12,000	\$12,000.00		
Carpenter	Wks	0	\$1,002.76	-	\$0.00	in div 6	
Liability insurance	Est	1	\$0.00		\$0.00	in div 17	
Prints	Est	1	\$500.00		\$500.00	printing by GC	
Photographs	Mo	0	\$20.00		\$0.00	non-professional	
Electricla Useage	Est	1	\$5,000.00		\$5,000.00	750/5mo,2500/3mo	
Temp electric bldg set up	Mo	1	\$0.00		\$0.00	set up temp in Div 16	
Temp water	Mo	0	\$100.00		\$0.00	office/concrete operations	
Equip. rental	Mo	0	\$0.00		\$0.00	div 2 or by trade	
Hand tools	Est	1	\$250.00		\$250.00		
Safety consultant	Mo	4	\$400.00		\$1,600.00	consultant only, work in Div2	
Punch list	Est	1	\$0.00		\$0.00	div 6	
Dumpster	Ea	10	\$550.00		\$5,500.00		
Trash Chute	Mo	0	\$1,500.00		\$0.00		
Final cleanup	GSF	30600	\$0.08		\$2,448.00	floors/windows	
Scheduling services	Est	0	\$0.00		\$0.00	in house	
Senior Project Manager	Wk	30	\$1,500.00	45,000	\$45,000.00	based on 50%	\$3,276.92
Asst PM	Wk	0	\$1,783.58	-	\$0.00		0 \$1,638.46
Project Engineer	Wk	6	\$0.00		\$0.00		0 \$1,310.77
General Super	Wk	0	\$2,941.44	-	\$0.00		0
Project Executive	Wk	0	\$6,016.59	-	\$0.00		
Misc Mat.	Est	0	\$0.00		\$0.00	in Div 2-17	
Preconstruction	Est	1	\$12,000.00		\$12,000.00		
Project Signs	Est	1	\$300.00		\$300.00		
				64,200	\$101,788.00	Total	
					\$14,541.14	gcs per month	
					\$3,381.66	gcs per week	
					\$483.09	gcs per day	

Figure 42 GC Construction Cost for Yellow Brick Rd

YELLOW BRICK ROAD BUILDING CONSTRUCTION ESTIMATES

Shell construction 30600 GSF flex at 16'		
SCOPE ITEM	Budget Amount	REMARKS
GENERAL CONDITIONS	\$101,788	
WINTER PROTECTION	\$0.00	assume start to avoid winter protection requirements
SURVEYING & Construction Stakeout	\$25,000	
TESTING INSPECTIONS	\$15,000.00	
EARTHWORK	\$25,000	site work is in a different estimate, assume prepared pad backfill and re-grade
SEDIMENT CONTROL MAINTENANCE	\$5,000.00	
ACCESS ROAD	\$20,000	
SITE UTILITIES	\$0.00	excluded
ASPHALT PAVEMENTw/stone base	\$0	includes stone base,stripping
PAVEMENT STRIPING	\$0.00	signs, bumpers
TRAFFIC CONTROL	\$0	
SITE CONCRETE	\$0.00	
TRUCK PAVING AT BUILDING	\$0	No allowance for dolly pads or other site concrete in site estimate
Precast Wheel Stops	\$0.00	
MONUMENT SIGN	\$10,000	ALLOWANCE (includes panels (9662) foundation, electrical, painting & logos)
LANDSCAPING/IRRIGATION/SEEDING	\$0.00	
BUILDING CONCRETE	\$168,300	
MASONRY	\$243,000.00	
STEEL /JOISTS/ DECK	\$168,300	
MISCELLANEOUS METALS		Included in price for Steel
ROUGH CARPENTRY/GENERAL LABOR	\$35,000	labor & lumber
ROOFING	\$91,800.00	EPDM remainder for flashing , lift charges
MISCELLANEOUS CAULKING	\$3,750	
MATERIAL DOORS/FRAMES/HARDWARE	\$10,800.00	12
INSTALL DOORS FRAMES HARDWARE	\$0	Included in price for Rough Carpentry
OVERHEAD SECTIONAL DOORS	\$21,210.00	9 doors, 2 sets edge dock, 2 seals, 2 loading dock others drive in
ALUMINUM WINDOWS/STOREFRONTS	\$58,900	1550 sf
SEAL CONCRETE	\$3,060.00	
DRYWALL COMMON ROOMS	\$10,000	
PAINTING	\$5,000.00	
FIRE DEPARTMENT ACCESS SYSTEM	\$250	KNOX BOXES
Building SIGNAGE ALLOWANCE	\$22,500.00	2.5K per tenant
LOADING DOCK EQUIPMENT	\$0	Included in price for Overhead Sectional Doors
DOCK SEALS	\$0.00	Included in price for Overhead Sectional Doors
WINDOW TREATMENTS	\$0	excluded
D/B ESFR FIRE SPRINKLERS SYSTEM	\$45,900.00	
D/B PLUMBING	\$50,000	main down the front of the space, meter room
D/B HVAC	\$61,200.00	space heaters
D/B ELECTRICAL	\$61,200	
SUBTOTAL:	\$1,261,958.00	
Contingency:	\$63,098	Contingency 5%
Builder's Risk Insurance:	\$0.00	by Owner, Deductibles by Owner
General Liability Insurance:	\$9,938	
Performance and Payment Bonds;	\$0.00	excluded
Overhead	\$40,050	0.03
Profit	\$71,812.18	0.05
Total Bid Amount:	\$1,446,856	
Price per GSF:	\$47.28	
Teenant Improvement		
Demising walls (each)	\$10,800	each
Allow for office fitout (each)	\$45,000	average 1,000 gsf per tenant @ \$45

Figure 43 Construction Estimate for Yellow Brick Rd

TENANT IMPROVEMENT SPECS COST NOTED ABOVE

Fitout Items
Partitions
Metal partition, 5/8" water resistant gypsum board face, no base layer, 3-5/8" @ 24" OC framing ,same opposite face, no insulation
1/2" fire ratedgypsum board, taped & finished, painted on metal furring
Interior Doors
Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"
Fittings
Toilet partitions, cubicles, ceiling hung, plastic laminate
Wall Finishes
Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats
Vinyl wall covering, fabric back, medium weight
Floor Finishes
Carpet, tufted, nylon, roll goods, 12' wide, 36 oz
Carpet, padding, add to above, minimum
Vinyl, composition tile, maximum
Tile, ceramic natural clay
Ceiling Finishes
Acoustic ceilings, 3/4"mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support
Plumbing Fixtures
Water closet, vitreous china, bowl only with flush valve, wall hung
Urinal, vitreous china, wall hung
Lavatory w/trim, vanity top, PE on CI, 20" x 18"
Service sink w/trim, PE on CI,wall hung w/rim guard, 24" x 20"
Water cooler, electric, floor mounted, dual height, 14.3 GPH
Domestic Water Distribution
Gas fired water heater, commercial, 100< F rise, 100 MBH input, 91 GPH
Lighting and Branch Wiring
Receptacles incl plate, box, conduit, wire, 16.5 per 1000 SF, 2.0 W per SF, with transformer
Miscellaneous power, 1.2 watts
Central air conditioning power, 4 watts
Motor installation, three phase, 460 V, 15 HP motor size
Fluorescent fixtures recess mounted in ceiling, 1.6 watt per SF, 40 FC, 10 fixtures @32watt per 1000 SF
Communications and Security
Telephone wiring for offices & laboratories, 8 jacks/MSF
Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire
Fire alarm command center, addressable without voice, excl. wire & conduit
Internet wiring, 8 data/voice outlets per 1000 S.F.
Other Electrical Systems
Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW
Total Cost

Figure 44. TI Fit out Specs

CONSTRUCTION DRAW SCHEDULE

Cash Flow During Pre Occupancy		Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Category		Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Architecture & Engineering, Geo, Legal	\$272,000										\$27,500	\$27,500	\$27,500
Permits	\$6,832												
Demolition	\$500,000	\$125,000	\$125,000	\$125,000	\$125,000								
Earthwork & Sediment Control	\$225,000	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500						
Storm Drain, Water & Sewer	\$400,000		\$66,667	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667					
SWM Underground	\$750,000			\$150,000	\$150,000	\$150,000	\$150,000	\$150,000					
On Site Paving	\$350,000			\$44,000	\$87,250	\$87,500					\$43,750	\$43,750	\$43,750
Building Construction	\$2,476,820	\$210,820	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000	\$206,000
Tenant Improvements	\$0												
Marketing	\$20,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Other, Conting etc	\$215,250												

Cash Flow During Pre Occupancy		Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Category		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Architecture & Engineering, Geo, Legal	\$272,000	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500	\$27,500	\$24,500					
Permits	\$6,832			\$6,832									
Demolition	\$500,000												
Earthwork & Sediment Control	\$225,000												
Storm Drain, Water & Sewer	\$400,000												
SWM Underground	\$750,000												
On Site Paving	\$350,000												
Building Construction	\$2,476,820												
Tenant Improvements	\$0												
Marketing	\$20,000	\$1,000		\$1,000		\$1,000		\$1,000		\$1,000	\$1,000	\$1,000	\$1,000
Other, Conting etc	\$215,250												
Totals	\$5,215,902	\$28,500	\$27,500	\$35,332	\$27,500	\$28,500	\$27,500	\$25,500	\$0	\$1,000	\$1,000	\$1,000	\$1,000

Figure 45 Development/ Construction Draw Schedule

SUMMARY

All estimates are based on 2012 us dollar values

- Site development of 5.3 acres
 - Building construction 2 Flex warehouse shells 50,400 sf total
 - Philadelphia Rd 19,800 sf
 - Yellow Brick Rd 30,600 sf
- Total Development Cost \$116.63 psf
 - Site Construction
 - \$44.14 psf total \$ 2,224,656
 - Raze 10 existing buildings
 - Abandoned existing stormwater management pond
 - Earth work & sediment control
 - Site utilities
 - Streets, sidewalks and landscaping
 - Underground stormwater management
 - Building Construction
 - \$49.15 psf total \$ 2,477,160
 - Shell building
 - Basic Tenant Improvements
 - Soft Cost
 - \$10.20 psf total \$514,082
 - Construction & development contingency
 - Legal, architect engineers, permits, marketing, taxes contingency and developer fee
- Land Cost
 - Valued at \$125,000 acre Total \$662,500 per square foot of building \$13.14 psf
- Contractors
 - Site Gray & Son
 - Building Construction Dave Huber local commercial General Contractor
 - Local professionals contacted about their professional fees used in the budget
- Construction Draw schedule prepared for two year Cash Flow / budget
- Concern
 - All construction prices are based on 2012 dollars. Any inflation in products goods or services will fluctuate these numbers.

SCHEDULES

- ◆ Introduction
 - ◆ Entitlement process
 - ◆ Concept Plan
 - ◆ Development
 - ◆ Permit Process
 - ◆ Construction Schedule
 - ◆ Summary
-

SCHEDULES

The following schedules are estimate time lines provided by the County and contractors. Other time sensitive items are estimates based on market studies and interview with industry professionals.

Schedule Highlights:

- Total project span 2 years from the close of the Self-Storage
 - Entitlement Process
 - Concept Plan Review 4 months
 - Development Phase 4 months
 - Permit Process 3 months
- Closing Self-Storage once Entitlement Complete 3 months
- Site Development
 - Demolition 3 months
 - Site work 3 months
- Building Construction
 - Shell 7 months
 - Tenant Improvements on going
- Marketing & Lease on going

CONCEPT PLAN REVIEW

Concept Plan Timeline With Developer Review

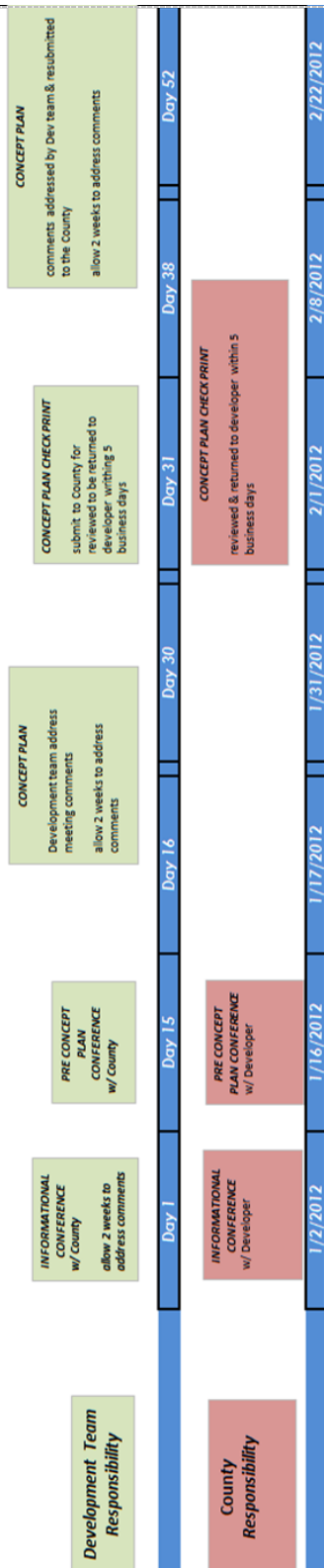


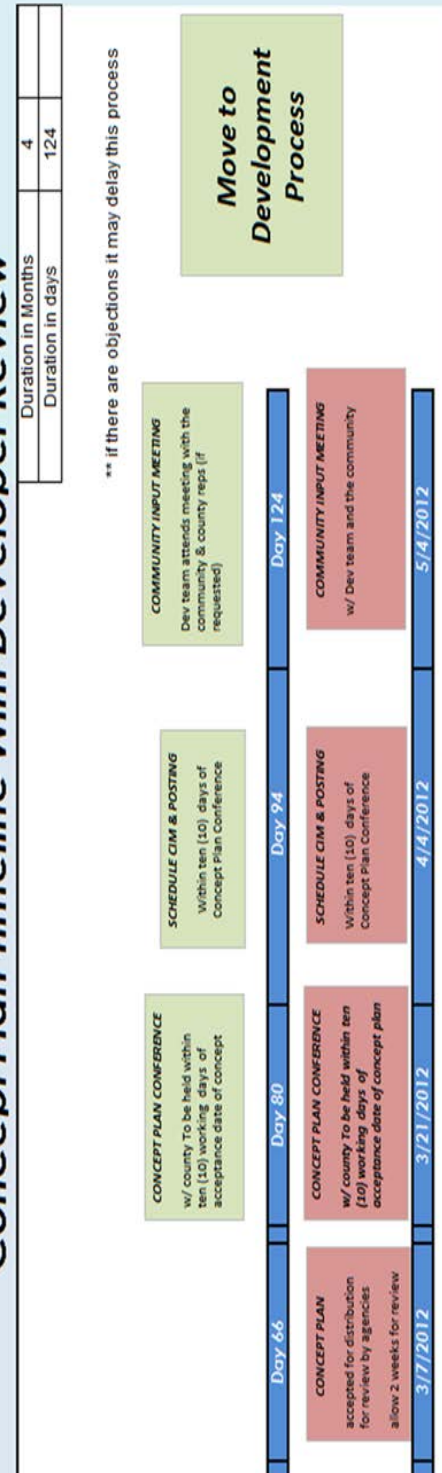
Figure 46 Baltimore County Concept Plan Timeline

Figure 47 Baltimore County Concept Plan Timeline 2

Figure 48 Baltimore County Development Plan Timeline

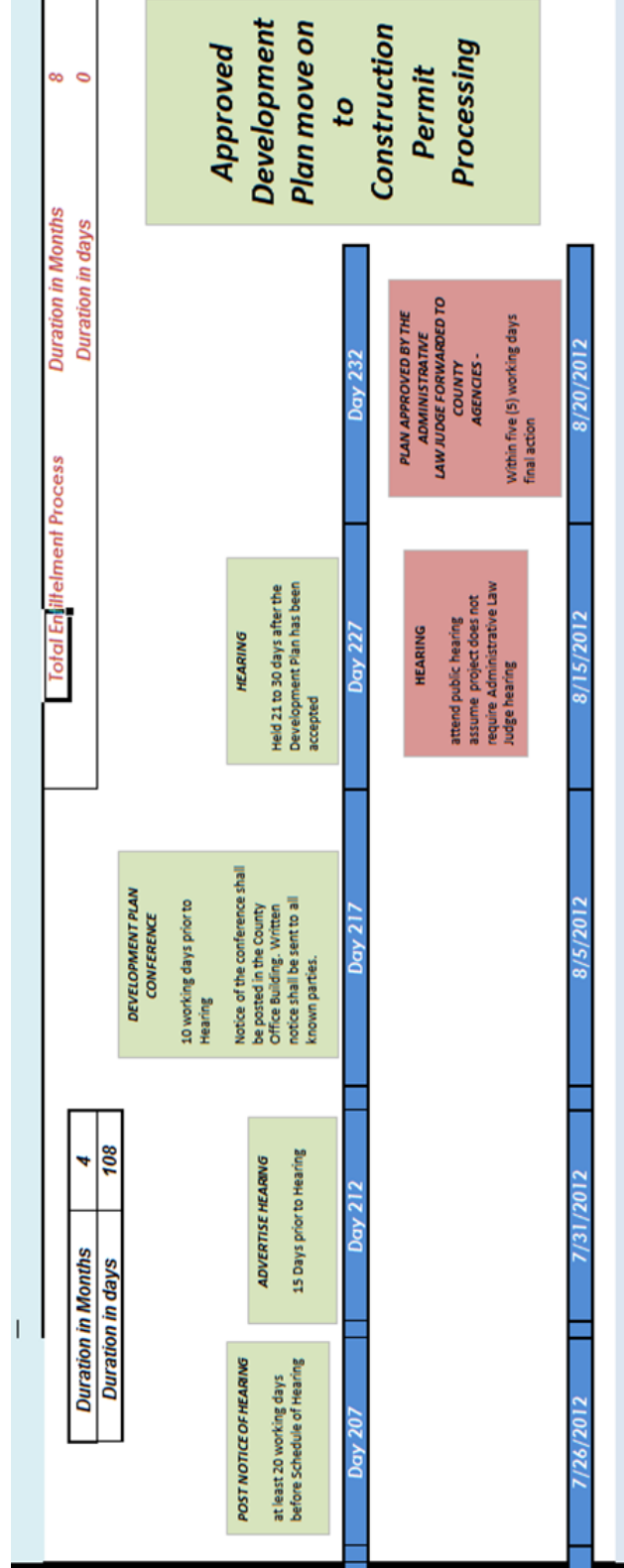
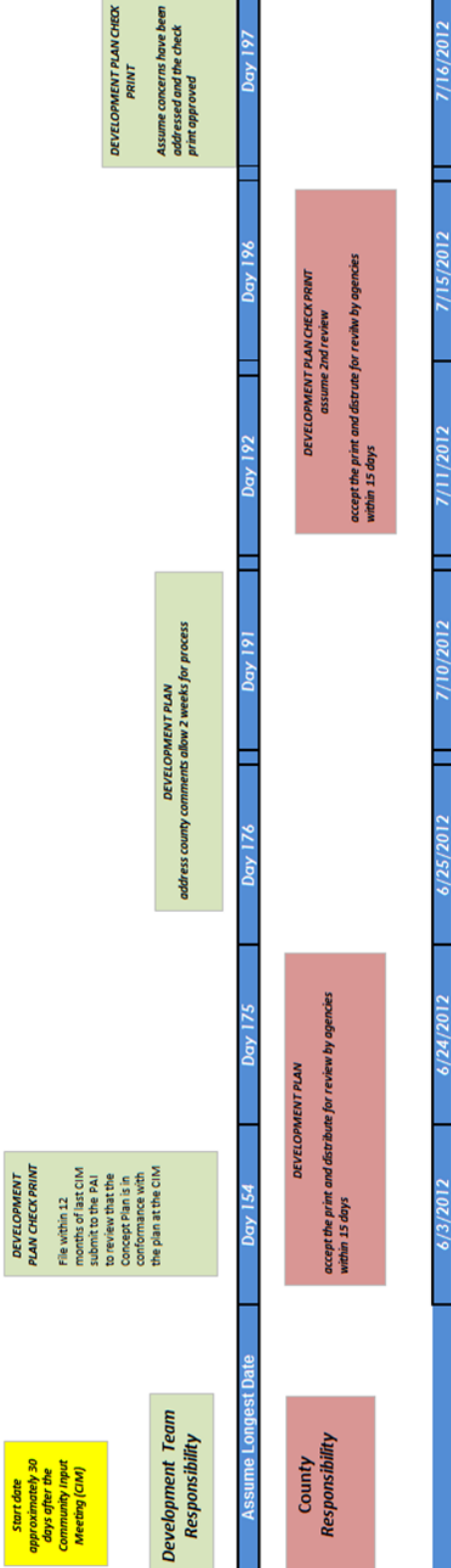
Figure 49 Baltimore County Development Plan Timeline 2

Concept Plan Timeline With Developer Review



DEVELOPMENT PLAN PHASE

Development Plan Timeline With Developer Review



CONSTRUCTION SCHEDULE

Construction Schedule												
Category	Jan-12 Month 1	Feb-12 Month 2	Mar-12 Month 3	Apr-12 Month 4	May-12 Month 5	Jun-12 Month 6	Jul-12 Month 7	Aug-12 Month 8	Sep-12 Month 9	Oct-12 Month 10	Nov-12 Month 11	Dec-12 Month 12
Architecture & Engineering												
Entitlement Process												
Closing of the Self-Storage												
Construction Permit Process												
Demolition												
Earthwork & Sediment Control												
Storm Drain, Water & Sewer												
SWM Underground												
On Site Paving												
Site Costs												
Building Construction												
Tenant Improvements												
Construction Hard Costs												
Marketing												
Leasing/ Preleasing												
TOTALS												

Figure 50
Construction
n Schedule

Construction Schedule												
Category	Jan-13 Month 13	Feb-13 Month 14	Mar-13 Month 15	Apr-13 Month 16	May-13 Month 17	Jun-13 Month 18	Jul-13 Month 19	Aug-13 Month 20	Sep-13 Month 21	Oct-13 Month 22	Nov-13 Month 23	Dec-13 Month 24
Architecture & Engineering												
Entitlement Process												
Closing of the Self-Storage												
Construction Permit Process												
Demolition												
Earthwork & Sediment Control												
Storm Drain, Water & Sewer												
SWM Underground												
On Site Paving												
Site Costs												
Building Construction												
Tenant Improvements												
Construction Hard Costs												
Marketing												
Leasing/ Preleasing												

Figure 51
Construction
Schedule

FINANCIALS

- ◆ Introduction
 - ◆ Case Studies General Assumptions
 - ◆ Best Case
 - ◆ Expected Case
 - ◆ Self-Storage Case
 - ◆ Summary
-

FINANCIAL INTRODUCTION

The continued turmoil in the economy remains a strong influence on all types of investments. On November 16, 2011, the current 10-year Treasury yield was @ 2.01 percent. This very low rate is encouraging investors to look elsewhere for higher returns. One of the asset classes investors are looking to is commercial real estate. The rates for construction and permanent loans are as low as 3% and as high as 8.6% these low interest rates make proformas look very attractive.

The downside to the low rates is the lenders have tightened the lending requirements. They are now only interested in the most stable and highly qualified investors. Moreover, the lenders are only writing loans on commercial real estate with a good location, strong tenant rent rolls, high occupancy rates, and low cost to maintain. This has caused a realignment of the market, which should in theory washout the speculators, which in turn leaves the most resilient, and experienced Developers in the market.

In addition to the favorable interest rates, the CAP rates of the Flex market are favorable as well. In the 3rd quarter of 2011, CAP rates were reported from 7.5% to 9.54% for Flex properties. At this time, the only better performing CAP rate is in the apartment industry at 8.62%. As a comparison, the reported CAP rates for Self-Storage operations are currently reported @ 10.84%. (RealityRates.com)

The upside side of the subject property is that the current Self-Storage operation, although sluggish, continues to maintain a positive Cash Flow and is profitable. This report will compare the future trends of the existing Self-Storage with the "expected case" and best-case proformas of the proposed Flex warehouse.

Another upside of the proposed development of the Flex building is the Owner/ Developer is to fund the entire project in cash without any debt service. This will improve the Cash Flow by eliminating interest payments, reducing the required cost of reserves, and eliminate the delays, inspections, and the administrative work that is generated by the lenders.

As demonstrated in the section "Market Report", the Flex market currently carries a high vacancy rate, it is very competitive and over saturated. This in turn has triggered lower rents and more leasing concessions. As the following proformas illustrate, the subject property is too dependent upon the possibility of strong tenant interest, strong rent growth and it will likely be at a disadvantage as job growth and leasing are likely to remain sluggish.

The following proformas are prepared with the possibility of the Flex market improving in the next several years. They outline three different variations for the proposed Flex building, the best case, the expected case and the worst case. In addition, financial information about the existing Self-Storage operation is provided for comparison.

SUMMARY OF CASE STUDIES

	Best	Expected	Storage
NOI Year 13	\$621,964	\$390,903	\$308,219
Resale	\$7,317,224	\$4,598,859	\$2,843,349
Reversion Cost (Less)	\$219,517	\$137,966	\$85,300
Reversion	\$7,097,707	\$4,460,893	\$2,758,048

Unleveraged			
IRR Before Tax w/ Reversion	10.85%	4.31%	
Present Value	\$303,572	(\$1,761,191)	\$2,896,536

Land Value	\$662,500	\$662,500	
Development Cost	\$5,878,402	\$5,878,402	
Total Development Cost	\$6,540,902	\$6,540,902	
Cash on Cash Return or	9.69%	-31.38%	
Overall Return			

Expenses	\$243,489	\$237,142	\$277,976
EGI	\$791,570	\$579,991	\$654,456
Effective Gross Income %	31%	41%	42%

Gross Potential Income	\$556,081	\$474,128	\$789,280
Gross Rent Multiplier	11.76	13.80	
Effective Gross Income Mul	8.26	11.28	

The NOI Growth comparison is illustrated below. Even though the Cash Flow growth is negative, decreasing by 2% a year for the Self-Storage the property offers a stronger Present value and a stronger IRR. (Assuming the land value is used as the cash outlay at the beginning of the project for comparison purposes)

Figure 52 Case Study Models Cash Flow w/o Reversion

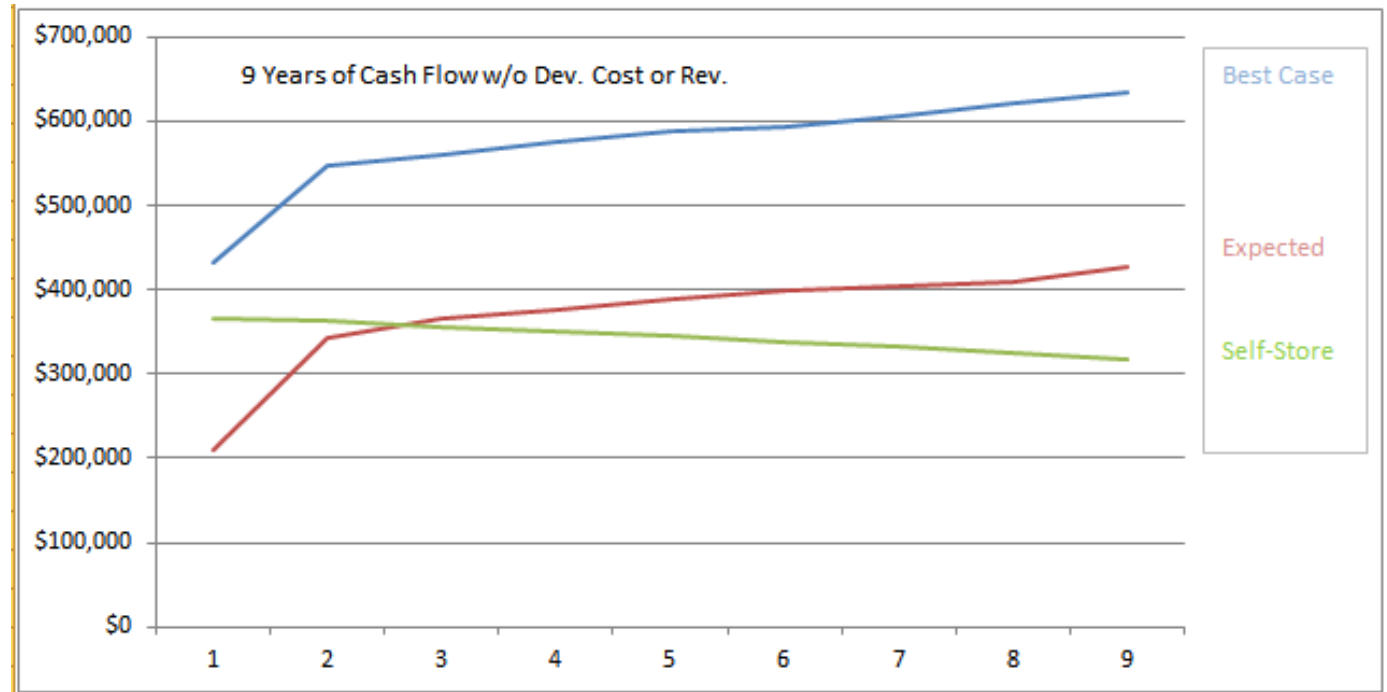
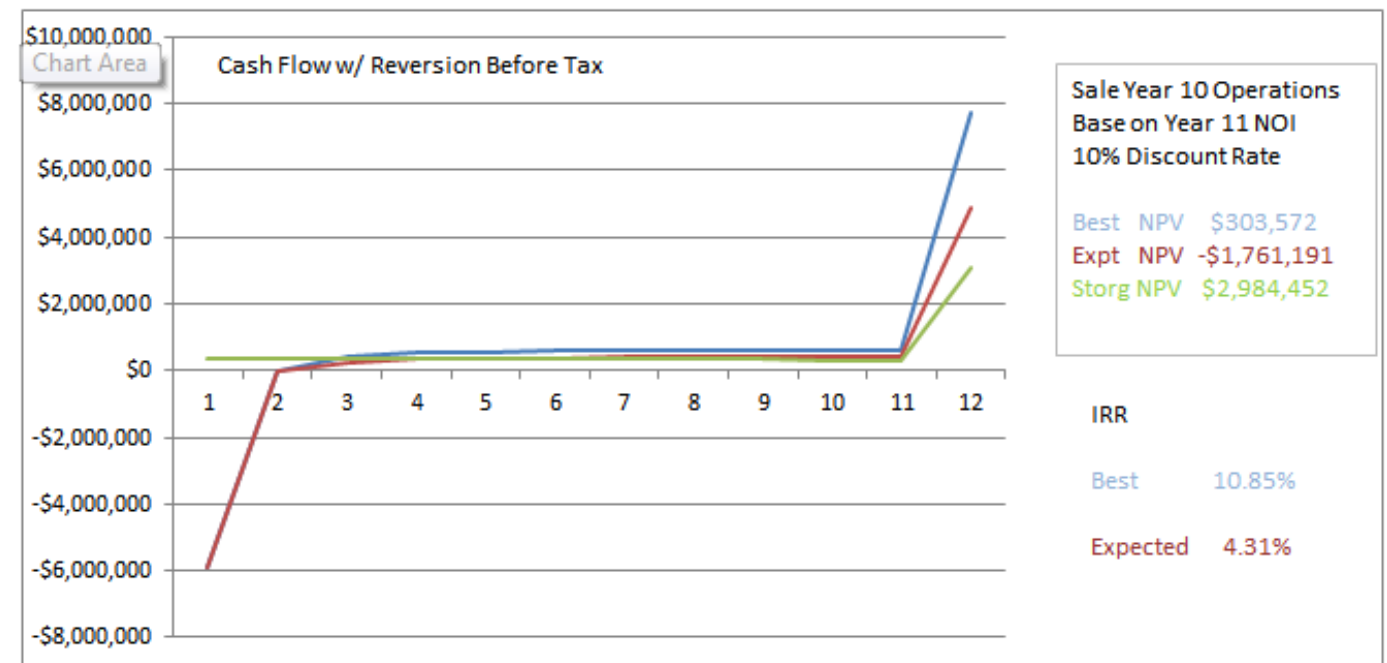


Figure 53 NOI Cash Flow With Reversion



GENERAL ASSUMPTIONS

The following assumptions were made in the case studies to follow.

The Case Study Models were set up with several data points, the chart below outlines those items

Assumptions		General Assumptions		Best Case	Expected Case
Property Size	Rentable	50,400	sf .		
Property Size	Acre	5.3			
Start Date	Project Year	Jan-12			
Start Date	Operation Year	Jan-14			
Years of Reporting		12 total. 2 years development 10 years operations			
Purchase Price	Total	\$125,000 Acre	\$662,500.0		
Resale	CAP RATE	8.5%			
Resale Adjustment		3.00%			
Resale Value CAP		CAP Year 13 NOI (10 years of operation)			
Commissions, Sales		3%			
Present Value Discounting		10%			
Unleveraged Discount Rate		10%			
Inflation	General	3%			
Reimbursements Method	Fiscal using Fiscal Inflation				
Expenses	Management Fee	3%	Effective Gross Income		
Expenses	RE TAX	\$0.70	\$ Area PSF		
Expenses	CAM	\$2.02	\$ Area PSF		
Expenses	Utilities	\$1.02	\$ Area PSF		
Expenses	Insurance	\$1.09	\$ Area PSF		
Vacancy				Natural roll over	14% general
Rent Roll Data					
	Lease Terms	Refer to Rent Roll Summary			
	Abatement		1 Month Free	2 Months Free	
	Rent Amount Office		\$12.00	\$10.25	
	Avg Rent Amount Warehouse		\$9.60	\$8.20	
Collection Loss				1%	3%
Tenant Improvement					
	New		\$22.50	\$22.50	
	Renew		\$10.00	\$10.00	
Market Assumptions					
	Renewal		80%	75%	

Assumptions	General Assumptions	Best Case	Expected Case
Market Rent		\$12.00	10.25
Months Vacant		3	6
Tenant Improvement	Office Space Only	22.50	\$25
Leasing Commissions	New	6%	6%
Leasing Commissions	Renew	2%	2%
Rent Abatement	New	1 Month	2 Months
Rent Abatement	Renew	0 Months	0 Months
Reimbursements		NNN	NNN
Term Length		5 Years	5 Years

Figure 54 Case Study Assumptions

BEST CASE 1 SUMMARY

- ◆ Argus Cash Flow
 - ◆ Sources & Uses
 - ◆ Resale
 - ◆ Present Value
 - ◆ Assumptions
 - ◆ Market Assumptions
 - ◆ Average Rent Rates
 - ◆ Rent Roll
 - ◆ Tax & Depreciation Assumptions
 - ◆ Deprecation Calculation
 - ◆ Tax Calculation
 - ◆ Return Calculations
 - ◆ Ratios
 - ◆ Return Calculations
 - ◆ Construction Projection Model
-

BEST CASE SUMMARY

The Best Case Model illustrates the project for the most favorable rents, expenses and vacancy. The model is based on the highest possible rent of \$12.00 psf office and \$9.60 psf warehouse. The project is occupied in full by the end of the first full year of operation. Vacancy is not calculated as a General Vacancy number, it is calculated on the natural rollover of the actual leases with an 80% renewal possibility.

This model offers the highest present value reversion.

Even with the higher rents and lower vacancy, this project is not feasible at this time because the returns are too low. However, based on the schedules that follow. If rents increase in this market due to pent up demand, and inflation and development cost stay equal, the project offers a 10% return in year two of those scenarios.

	Best
NOI Year 13	\$621,964
Resale	\$7,317,224
Reversion Cost (Less)	\$219,517
Reversion	\$7,097,707

Unleveraged	
IRR Before Tax w/ Reversion	10.85%
Present Value	\$303,572

Land Value	\$662,500
Development Cost	\$5,878,402
Total Development Cost	\$6,540,902
Cash on Cash Return or	9.69%
Overall Return	

Expenses	\$243,489
EGI	\$791,570
Effective Gross Income %	31%

Gross Potential Income	\$556,081
------------------------	-----------

Gross Rent Multiplier	11.76
Effective Gross Income Mul	8.26

TABLE 6 BEST CASE ARGUS CASH FLOW PART 1

[illegible]

TABLE 7 BEST CASE ARGUS CASH FLOW PART 2

8.5% CAP													
Best Case Assumption w/o construction loan scenario #1													
Schedule of Prospective Cash Flow in Inflated Dollars for the Fiscal Year Beginning 2012													
Project Life	Entitlement/ Construction		Year 3	Stabilized	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion	Year 13
Operation Year	Year 1	Year 2	1	2	3	4	5	6	7	8	9	Year 12	10
Leasing & Capital Costs													
			\$1,203,061					\$55,344	\$57,005	\$58,715	\$60,476	\$93,436	
			\$316,041					\$6,328	\$6,518	\$6,714	\$6,913	\$10,677	\$554,977
Tenant Improvements												\$10,677	\$55,903
Leasing Commissions													
Total Leasing & Capital Costs													
			\$1,519,102					\$61,672	\$63,523	\$65,429	\$67,389	\$104,113	\$610,880
Development Costs													
Hard/Construction Costs													
Demolition		\$250,000											
Earth work & Sed Control		\$200,000											
SWM		\$400,000											
Storm Drain & Utilities		\$200,000											
On Site Paving		\$300,000											
Construction of Yellow Shell		\$446,856											
Construction of Phil		\$29,964											
Total Hard/Construction Costs		\$1,826,820											
Soft/Development Costs													
Permits		\$6,832											
Architectural		\$100,000											
Eng. Geo, Traffic, Enviro		\$16,000											
Legal		\$15,000											
Marketing During Construction		\$10,000											
Appraisal													
Taxes		\$22,835											
Construction Contingency		\$18,268											
Dev Contingency		\$3,294											
Developer Fee		\$43,123											
Total Soft/Development Costs		\$329,352											
Total Development Costs		\$2,156,172											
Cash Flow Before Debt Service & Taxes		(\$2,156,172)	(\$1,087,037)	\$548,081	\$561,192	\$574,620	\$588,397	\$531,624	\$543,513	\$554,925	\$565,888	\$534,681	\$11,084
Income Tax			\$120,978	\$153,463	\$157,134	\$160,894	\$164,751	\$166,123	\$169,970	\$173,699	\$177,318	\$178,862	\$174,150
Cash Flow After Taxes		(\$2,156,172)	(\$1,208,015)	\$394,618	\$404,058	\$413,726	\$423,646	\$365,501	\$373,543	\$381,226	\$388,570	\$355,819	(\$163,066)
Resale Amount													
Gross Proceeds from Sale		\$5,083,118	\$6,448,012	\$6,602,259	\$6,760,235	\$6,922,318	\$6,979,953	\$7,141,600	\$7,298,282	\$7,450,318	\$7,515,224	\$7,317,224	
Commissions & Adjustments		(\$152,494)	(\$193,440)	(\$198,068)	(\$202,807)	(\$207,670)	(\$209,399)	(\$214,248)	(\$218,948)	(\$223,510)	(\$225,457)	(\$219,517)	
Net Proceeds From Sale		\$4,930,624	\$6,254,572	\$6,404,191	\$6,557,428	\$6,714,648	\$6,770,554	\$6,927,352	\$7,079,334	\$7,226,808	\$7,289,767	\$7,097,707	
Total Capital Gains Tax		853,625	1,118,414	1,148,338	1,178,986	1,210,430	1,221,611	1,252,970	1,283,367	1,312,862	1,325,453	1,287,041	
Cash Flow Before Taxes		-\$2,818,672	-\$1,087,037	\$548,081	\$561,192	\$574,620	\$588,397	\$531,624	\$543,513	\$554,925	\$565,888	\$7,632,388	
Cash Flow After Taxes		-\$2,818,672	-\$1,208,015	\$394,618	\$404,058	\$413,726	\$423,646	\$365,501	\$373,543	\$381,226	\$388,570	\$6,166,485	

FIGURE 55 BEST CASE 1 REIMBURSABLE EXPENSES

	Entitlement/ Construction		Stabilized	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion		
	Year 1	Year 2										Year 3	Year 4
Reimbursable Expenses			1	2	3	4	5	6	7	8	9	10	11
RE TAX			\$37,429	\$38,551	\$39,708	\$40,899	\$42,126	\$43,390	\$44,692	\$46,032	\$47,413	\$48,836	\$50,301
CAM			\$108,008	\$111,248	\$114,586	\$118,023	\$121,564	\$125,211	\$128,967	\$132,836	\$136,821	\$140,926	\$145,154
UTILITIES			\$54,539	\$56,175	\$57,860	\$59,596	\$61,384	\$63,225	\$65,122	\$67,076	\$69,088	\$71,161	\$73,296
INSURANCE			\$58,282	\$13,768	\$14,181	\$14,607	\$15,045	\$15,496	\$15,961	\$16,440	\$16,933	\$17,441	\$17,965
MGT FEES			\$21,226	\$23,747	\$24,356	\$24,982	\$25,624	\$25,998	\$26,653	\$27,301	\$27,944	\$28,366	\$28,104
Total Reimbursable Expenses			\$279,484	\$243,489	\$250,691	\$258,107	\$265,743	\$273,320	\$281,395	\$289,685	\$298,199	\$306,730	\$314,820
For the Years Ending													
Expense Reimbursements													
RE TAX			\$34,531	\$38,553	\$39,706	\$40,898	\$42,127	\$43,131	\$44,424	\$45,758	\$47,132	\$48,398	\$50,002
CAM			\$99,650	\$111,247	\$114,587	\$118,022	\$121,564	\$124,466	\$128,200	\$132,045	\$136,007	\$139,667	\$144,289
UTILITIES			\$50,319	\$56,173	\$57,860	\$59,596	\$61,386	\$62,849	\$64,735	\$66,677	\$68,677	\$70,526	\$72,858
INSURANCE			\$53,771	\$13,766	\$14,181	\$14,605	\$15,047	\$15,405	\$15,866	\$16,341	\$16,834	\$17,286	\$17,857
MGT FEES			\$19,583	\$23,746	\$24,358	\$24,981	\$25,623	\$25,844	\$26,495	\$27,139	\$27,778	\$28,112	\$27,935
Total Expense Reimbursement			\$257,854	\$243,485	\$250,692	\$258,102	\$265,747	\$271,695	\$279,720	\$287,960	\$296,428	\$303,989	\$312,941
For the Years Ending													
Expense Reimbursements													
RE TAX			92.26%	100.01%	99.99%	100.00%	100.00%	99.40%	99.40%	99.40%	99.41%	99.10%	99.41%
CAM			92.26%	100.00%	100.00%	100.00%	100.00%	99.41%	99.41%	99.40%	99.41%	99.11%	99.40%
UTILITIES			92.26%	100.00%	100.00%	100.00%	100.00%	99.41%	99.41%	99.41%	99.41%	99.11%	99.40%
INSURANCE			92.26%	99.99%	100.00%	99.99%	100.01%	99.41%	99.40%	99.40%	99.42%	99.11%	99.40%
MGT FEES			92.26%	100.00%	100.01%	100.00%	100.00%	99.41%	99.41%	99.41%	99.41%	99.10%	99.40%
Total Expense Reimbursement			92.26%	100.00%	100.00%	100.00%	100.00%	99.41%	99.40%	99.40%	99.41%	99.11%	99.40%

TABLE 8 BEST CASE 1 SOURCES & USES

Best Case Assumption												
	Sources & Uses		Year 3 1	Stabilized Year 4 2	Year 5 3	Year 6 4	Year 7 5	Year 8 6	Year 9 7	Year 10 8	Year 11 9	Reversion Year 12 10
	Entitlement/ Construction Year 1 Year 2											
Project Life Operation Year												
Sources Of Capital												
Net Operating Gains												
Initial Equity Contribution	\$662,500		\$432,065	\$548,081	\$561,192	\$574,620	\$588,397	\$593,296	\$607,036	\$620,354	\$633,277	\$638,794
Net Proceeds from Sale												\$7,097,707
Defined Sources Of Capital	\$662,500		\$432,065	\$548,081	\$561,192	\$574,620	\$588,397	\$593,296	\$607,036	\$620,354	\$633,277	\$7,736,501
Required Equity Contributions	\$2,156,172	\$3,059,730	\$1,087,037									
Total Sources Of Capital	\$2,818,672	\$3,059,730	\$1,519,102	\$548,081	\$561,192	\$574,620	\$588,397	\$593,296	\$607,036	\$620,354	\$633,277	\$7,736,501
Uses Of Capital												
Property Purchase Price	\$662,500											
Tenant Improvements			\$1,203,061					\$55,344	\$57,005	\$58,715	\$60,476	\$93,436
Leasing Commissions			\$316,041					\$6,328	\$6,518	\$6,714	\$6,913	\$10,677
Hard/Construction Costs	\$1,826,820	\$2,875,000										
Soft/Development Costs	\$329,352	\$184,730										
Defined Uses Of Capital	\$2,818,672	\$3,059,730	\$1,519,102					\$61,672	\$63,523	\$65,429	\$67,389	\$104,113
Cash Flow Distributions				\$548,081	\$561,192	\$574,620	\$588,397	\$531,624	\$543,513	\$554,925	\$565,888	\$7,632,388
Total Uses Of Capital	\$2,818,672	\$3,059,730	\$1,519,102	\$548,081	\$561,192	\$574,620	\$588,397	\$593,296	\$607,036	\$620,354	\$633,277	\$7,736,501
Unleveraged Cash On Cash Return												
Cash to Purchase Price	-325.46%	-461.85%	-164.08%	82.73%	84.71%	86.74%	88.81%	80.25%	82.04%	83.76%	85.42%	80.71%
NOI to Book Value			5.84%	7.41%	7.59%	7.77%	7.95%	7.95%	8.07%	8.18%	8.27%	8.23%
Cash to Purchase Price & Costs			-18.49%	9.32%	9.55%	9.78%	10.01%	9.04%	9.25%	9.44%	9.63%	9.10%

TABLE 9 BEST CASE 1 RESALE

Best Case Assumption w/o construction loan scenario #1												
Prospective Property Resale												
Project Life	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion Year 12
Operation Year	1	2	3	4	5	6	7	8	9	10	11	12
Resale Amount												
Gross Proceeds from Sale		\$5,083,118	\$6,448,012	\$6,602,259	\$6,760,235	\$6,922,318	\$6,979,953	\$7,141,600	\$7,298,282	\$7,450,318	\$7,515,224	\$7,317,224
Commissions & Adjustments		(\$152,494)	(\$193,440)	(\$198,068)	(\$202,807)	(\$207,670)	(\$209,399)	(\$214,248)	(\$218,948)	(\$223,510)	(\$225,457)	(\$219,517)
Net Proceeds From Sale		\$4,930,624	\$6,254,572	\$6,404,191	\$6,557,428	\$6,714,648	\$6,770,554	\$6,927,352	\$7,079,334	\$7,226,808	\$7,289,767	\$7,097,707
Total Capital Gains Tax		853,625	1,118,414	1,148,338	1,178,986	1,210,430	1,221,611	1,252,970	1,283,367	1,312,862	1,325,453	1,287,041

Year	1	2	3	4	5	6	7	8	9	10	11	13
Best Case NOI Before Sale		\$432,065	\$548,081	\$561,192	\$574,620	\$588,397	\$593,296	\$607,036	\$620,354	\$633,277	\$633,277	\$621,964
CAP Rate												
8.50%												
3% Dev Cost												
Commish												
Cash Flow Before Tax												
(\$5,878,402)												
Development Cost												
5878402												
Project Cost												
(\$5,878,402)												
NPV												
\$303,572												
IRR												
10.85%												

TABLE 10 BEST CASE 1 PRESENT VALUE

		Best Case Assumption w/o construction loan scenario #1					
Best Case Present Values			P.V. of	P.V. of	P.V. of	P.V. of	P.V. of
Analysis	For the	Annual	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Period	Year Ending	Cash Flow	@ 9.50%	@ 10.00%	@ 10.50%	@ 10.50%	@ 11.00%
Year 1	Dec-2012	(\$2,156,172)	(\$1,978,139)	(\$1,969,107)	(\$1,960,156)	(\$1,951,287)	(\$1,942,497)
Year 2	Dec-2013	(\$3,059,730)	(\$2,575,314)	(\$2,551,848)	(\$2,528,703)	(\$2,505,870)	(\$2,483,346)
Year 3	Dec-2014	(\$1,087,037)	(\$839,392)	(\$827,946)	(\$816,707)	(\$805,671)	(\$794,832)
Year 4	Dec-2015	\$548,081	\$388,274	\$381,231	\$374,347	\$367,618	\$361,038
Year 5	Dec-2016	\$561,192	\$364,737	\$356,485	\$348,456	\$340,643	\$333,040
Year 6	Dec-2017	\$574,620	\$342,627	\$333,346	\$324,358	\$315,651	\$307,215
Year 7	Dec-2018	\$588,397	\$321,873	\$311,725	\$301,941	\$292,506	\$283,407
Year 8	Dec-2019	\$531,624	\$266,804	\$257,212	\$248,006	\$239,170	\$230,686
Year 9	Dec-2020	\$543,513	\$250,249	\$240,151	\$230,503	\$221,283	\$212,472
Year 10	Dec-2021	\$554,925	\$234,406	\$223,920	\$213,947	\$204,462	\$195,436
Year 11	Dec-2022	\$565,888	\$219,300	\$208,533	\$198,341	\$188,688	\$179,547
Year 12	Dec-2023	\$534,681	\$190,098	\$179,939	\$170,365	\$161,342	\$152,834
Total Cash Flow		(\$1,300,018)	(\$2,814,477)	(\$2,856,359)	(\$2,895,302)	(\$2,931,465)	(\$2,965,000)
Property Resale @ 8.50% Cap		\$7,097,707	\$2,523,481	\$2,388,629	\$2,261,548	\$2,141,760	\$2,028,814
Total Property Present Value			(\$290,996)	(\$467,730)	(\$633,754)	(\$789,705)	(\$936,186)
Rounded to Thousands			(\$291,000)	(\$468,000)	(\$634,000)	(\$790,000)	(\$936,000)
Per SqFt			(\$5.77)	(\$9.28)	(\$12.57)	(\$15.67)	(\$18.58)
Percentage Value Distribution							
Assured Income							
Prospective Income			967.19%	610.69%	456.85%	371.21%	316.71%
Prospective Property Resale			-867.19%	-510.69%	-356.85%	-271.21%	-216.71%
			100%	100%	100%	100%	100%

TABLE 11 BEST CASE 1 ASSUMPTIONS

Timing & Inflation	
Reporting Period:	January 1, 2012 to December 31, 2023; 12 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00%
Property Size & Occupancy	
Property Size:	50,400 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	600.00%
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	0.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	1.00%
Property Purchase & Resale	
Purchase Price:	\$662,500
Resale Method:	Capitalize Net Operating Income
Cap Rate:	8.50%
Cap Year:	Year 13
Commission/Closing Cost:	\$219,517
Net Cash Flow from Sale:	\$7,097,707
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	10.00%
Unleveraged Present Value:	(\$633,754) at 10.00%

TABLE 12 BEST CASE 1 MARKET ASSUMPTIONS

General Market Assumpt		Year 1
Renewal Probability		80.00%
Market Rent	\$ /SqFt/Yr	
	New:	\$12.00
	Renewal:	\$12.00
	Result:	\$12.00
Months Vacant	New:	3
	Renewal:	0
	Rounded:	1
Tenant Improvements	\$ /SqFt	
	New:	\$22.50
	Renewal:	\$10.00
	Result:	\$12.50
Leasing Commissions	Percent	
	New:	6.00%
	Renewal:	2.00%
	Result:	2.80%
Rent Abatements	Method:	1Month Free
Non-Weighted Items		
Rent Changes		Yes
Retail Rent Changes		
Reimbursements		Net
Term Lengths in Year		5

TABLE 14 BEST CASE 1 RENT ROLL

8821 Philadelphia Road

Best Case Assumption w/o construction loan scenario #1

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprvmnts Rate Amount	Commsns Rate Amount	Assumption about subsequent terms for this tenant
1 TENANT A Industrial, Suite: Phi Jul-2014 to Jun-2019 60 Months	3,600 7.14%	\$12.00 \$43,200 \$1.00 \$3,600	Jul-2015 Jul-2016 Jul-2017 Jul-2018	\$12.36 \$12.73 \$13.11 \$13.51	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$3.39 6.00% \$12,191	Market @80% See assumption: Average Market
2 TENANT B Industrial, Suite: Phi Aug-2014 to Jul-2020 72 Months	3,600 7.14%	\$12.00 \$43,200 \$1.00 \$3,600	Aug-2015 Aug-2016 Aug-2017 Aug-2018 Aug-2019	\$12.36 \$12.73 \$13.11 \$13.51 \$13.91	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$4.14 6.00% \$14,895	Market @80% See assumption: Average Market
3 TENANT C Industrial, Suite: Phi Jan-2014 to Dec-2020 84 Months	3,600 7.14%	\$12.00 \$43,200 \$1.00 \$3,600	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020	\$12.36 \$12.73 \$13.11 \$13.51 \$13.91 \$14.33	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$4.91 6.00% \$17,681	Market @80% See assumption: Average Market
4 TENANT D Industrial, Suite: Phi Jan-2014 to Dec-2021 96 Months	360000.00% 7.14%	\$12 \$43,200.00 \$1 \$3,600	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021	\$12.36 \$12.73 \$13.11 \$13.51 \$13.91 \$14.33 \$14.76	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$5.71 6.00% \$20,550	Market @80% See assumption: Average Market
5 TENANT E Industrial, Suite: Phi Jan-2014 to Dec-2022 108 Months	5,400 10.71%	\$12 \$64,800 \$1.00 \$5,400.00	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021 Jan-2022	\$12.36 \$12.73 \$13.11 \$13.51 \$13.91 \$14.33 \$14.76 \$15.20	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$128,899	\$7 6.00% \$35,257	Market @80% See assumption: Average Market
6 TENANT F Industrial, Suite: Yel Jan-2014 to Dec-2023 120 Months	30,600 60.71%	\$12.00 \$367,200 1 \$30,600	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021	\$12.24 \$12.48 \$12.73 \$12.99 \$13.25 \$13.51 \$13.78	-	1	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$730,430	\$7.04 6.00% \$215,467	Market @90% See assumption: Average Market

CONSTRUCTION VIABILITY SCHEDULE

The following Graph shows the various scenarios based on the Best Case Assumptions.

Projected Goal is a 10% return on Investment. This value is calculated as follows.

These are numbers I used for the Best Case					
Year 1					
Potential	\$10.80	Rent Avg PSF	50,400	sf	\$544,320
NOI					
Stablized Year		cap	8.50%		\$548,081
Development Cost					\$5,878,402
Profit					\$569,610
		Return			9.69%
Owner Goal is 10%					

As of today, the returns do not accomplish the Owner's goals of a 10% return on Development cost vs. the Capital investment. This model illustrates when the goal will be achieved base on a (3% steady increase on Development cost following inflation) and (Increasing Rent based on increase of pent up demand) (less expenses following inflation = NOI)

NOI divided by the CAP rate = property value

The property value less Development cost equals the return objective

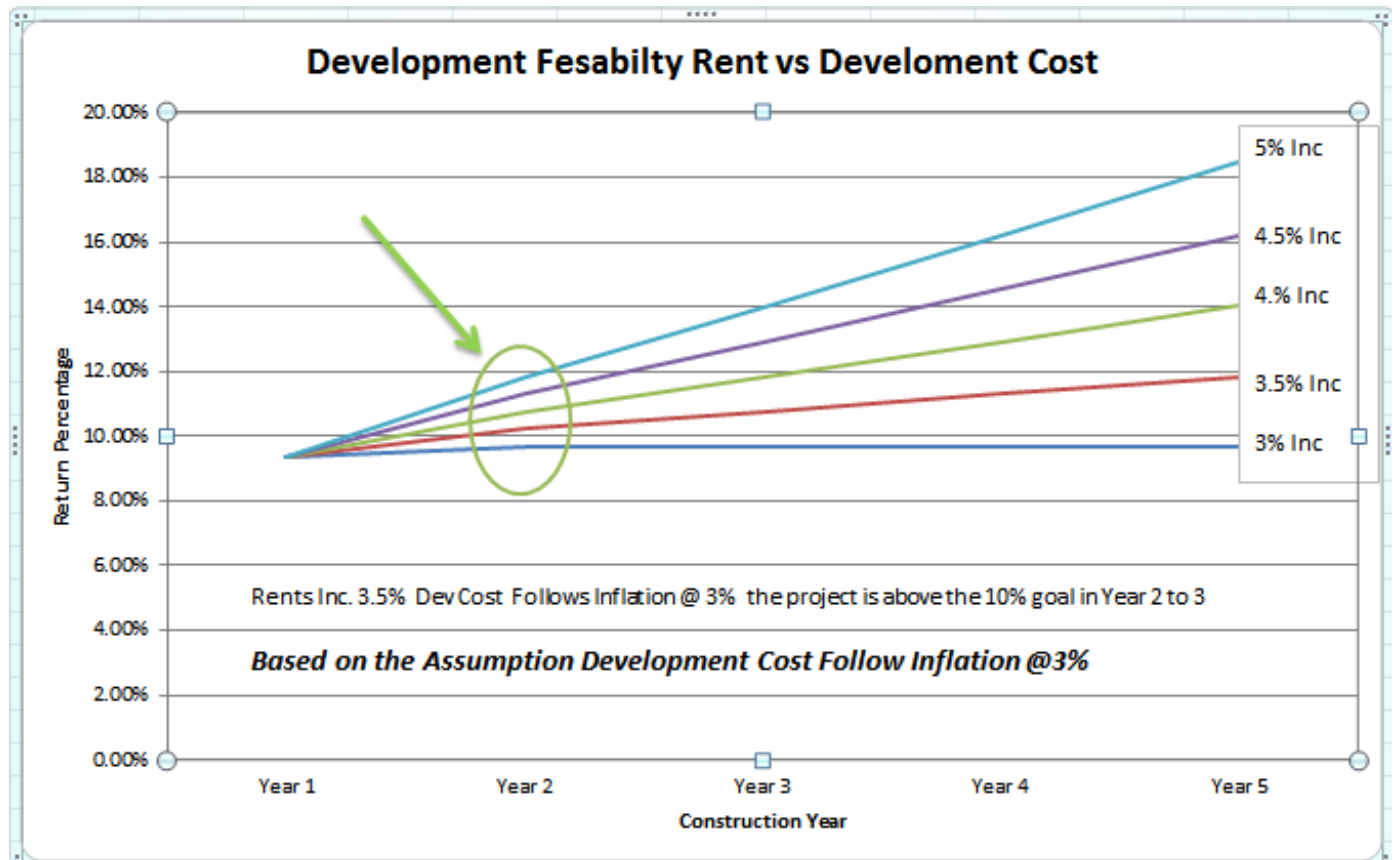


Table 15 Best Case Development Year

Rent Increase to Increase NOI			Year 1	Year 2	Year 3	Year 4	Year 5
Case 1	3.00%	Rent Best Case PSH	\$10.87	\$11.20	\$11.54	\$11.88	\$12.24
Case 2	3.50%	Rent Best Case	\$10.87	\$11.26	\$11.65	\$12.06	\$12.48
Case 3	4.00%	Rent Best Case	\$10.87	\$11.31	\$11.76	\$12.23	\$12.72
Case 4	4.50%	Rent Best Case	\$10.87	\$11.36	\$11.88	\$12.41	\$12.97
Case 5	5.00%	Rent Best Case	\$10.87	\$11.42	\$11.99	\$12.59	\$13.22
	3%	Development Cost PSF	\$116.63	\$120.13	\$123.74	\$127.45	\$131.27
Case 1	3.00%	NOI CAP	\$127.94	\$131.77	\$135.73	\$139.80	\$143.99
Case 2	3.50%	NOI CAP	\$127.94	\$132.41	\$137.05	\$141.85	\$146.81
Case 3	4.00%	NOI CAP	\$127.94	\$133.05	\$138.38	\$143.91	\$149.67
Case 4	4.50%	NOI CAP	\$127.94	\$133.69	\$139.71	\$146.00	\$152.57
Case 5	5.00%	NOI CAP	\$127.94	\$134.33	\$141.05	\$148.10	\$155.51
Profit From Dev SF							
Case 1	3.00%	Profit PSF	\$11.30	\$11.64	\$11.99	\$12.35	\$12.72
Case 2	3.50%	Profit PSF	\$11.30	\$12.28	\$13.31	\$14.40	\$15.54
Case 3	4.00%	Profit PSF	\$11.30	\$12.92	\$14.64	\$16.46	\$18.39
Case 4	4.50%	Profit PSF	\$11.30	\$13.56	\$15.97	\$18.55	\$21.29
Case 5	5.00%	Profit PSF	\$11.30	\$14.20	\$17.31	\$20.65	\$24.23
Profit From Development							
Case 1	3.00%	Profit Dollars	\$569,610	\$586,698	\$604,299	\$622,428	\$641,101
Case 2	3.50%	Profit Dollars	\$569,610	\$618,938	\$670,875	\$725,537	\$783,049
Case 3	4.00%	Profit Dollars	\$569,610	\$651,178	\$737,773	\$829,648	\$927,069
Case 4	4.50%	Profit Dollars	\$569,610	\$683,418	\$804,993	\$934,764	\$1,073,181
Case 5	5.00%	Profit Dollars	\$569,610	\$715,658	\$872,536	\$1,040,891	\$1,221,405
Cash on Cash Return			Year 1	Year 2	Year 3	Year 4	Year 5
Case 1	3.00%	Percent Rent Increase	9.32%	9.69%	9.69%	9.69%	9.69%
Case 2	3.50%	Percent Rent Increase	9.32%	10.22%	10.76%	11.30%	11.84%
Case 3	4.00%	Percent Rent Increase	9.32%	10.75%	11.83%	12.92%	14.01%
Case 4	4.50%	Percent Rent Increase	9.32%	11.29%	12.91%	14.55%	16.22%
Case 5	5.00%	Percent Rent Increase	9.32%	11.82%	13.99%	16.20%	18.46%

EXPECTED CASE 2

- ◆ Argus Cash Flow
 - ◆ Sources & Uses
 - ◆ Resale
 - ◆ Present Value
 - ◆ Assumptions
 - ◆ Market Assumptions
 - ◆ Average Rent Rates
 - ◆ Rent Roll
 - ◆ Tax & Depreciation Assumptions
 - ◆ Depreciation Calculation
 - ◆ Tax Calculation
 - ◆ Return Calculations
 - ◆ Ratios
 - ◆ Return Calculations
 - ◆ Construction Projection Model
-

EXPECTED CASE SUMMARY

The Expected Case Model illustrates the project for the more realistic rents, expenses and vacancy. The model is based on the average rent in the market of \$10.25 psf office, \$8.20 Warehouse for an average rent of \$9.22 psf. The project is occupied in full by the end of the second full year of operation. Vacancy is calculated at the going rate of 14% as a General Vacancy with a 75% renewal possibility.

This project is not feasible until year 15 if rents increase year over year @ 6.5% and development cost and inflation stay below or at inflation.

	Expected
NOI Year 13	\$390,903
Resale	\$4,598,859
Reversion Cost (Less)	\$137,966
Reversion	\$4,460,893

Unleveraged	
IRR Before Tax w/ Reversion	4.31%
Present Value	(\$1,761,191)

Land Value	\$662,500
Development Cost	\$5,878,402
Total Development Cost	\$6,540,902
Cash on Cash Return or	-31.38%
Overall Return	

Expenses	\$237,142
EGI	\$579,991
Effective Gross Income %	41%

Gross Potential Income	\$474,128
Gross Rent Multiplier	13.80
Effective Gross Income Mul	11.28

TABLE 16 EXPECTED CASE ARGUS CASH FLOW

8.5% CAP	Expected Case Assumption Schedule of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 2012												
	Entitlement/ Construction		Stabilized										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion	Year 13
Project Life Operation Year			1	2	3	4	5	6	7	8	9	10	11
Potential Gross Revenue													
Base Rental Revenue			\$398,522	\$474,128	\$491,118	\$505,851	\$521,027	\$536,658	\$553,397	\$569,080	\$581,791	\$594,240	\$602,615
Absorption & Turnover Vacancy													
Base Rent Abatements			-\$66,421	-\$11,070					-\$7,012	-\$13,380	-\$6,965	-\$11,493	-\$33,539
									-\$6,425			-\$10,761	-\$62,525
Scheduled Base Rental Revenue			\$332,101	\$463,058	\$491,118	\$505,851	\$521,027	\$536,658	\$539,960	\$541,256	\$567,387	\$571,986	\$506,551
Base Rental Step Revenue										\$1,204	\$3,836	\$5,848	\$8,253
Expense Reimbursement Revenue													
RE TAX			\$32,080	\$38,323	\$39,706	\$40,898	\$42,127	\$43,389	\$44,158	\$44,936	\$46,850	\$47,962	\$47,756
CAM			\$92,578	\$110,585	\$114,587	\$118,022	\$121,564	\$125,212	\$127,433	\$129,673	\$135,192	\$138,409	\$137,809
UTILITIES			\$46,748	\$55,839	\$57,860	\$59,596	\$61,386	\$63,225	\$64,347	\$65,480	\$68,265	\$69,891	\$69,585
INSURANCE			\$11,458	\$13,684	\$14,181	\$14,605	\$15,047	\$15,497	\$15,771	\$16,049	\$16,733	\$17,130	\$17,055
MGT FEES			\$11,231	\$17,296	\$18,322	\$18,871	\$19,435	\$20,020	\$20,153	\$20,269	\$21,340	\$21,639	\$19,897
Total Reimbursement Revenue			\$194,095	\$235,727	\$244,656	\$251,992	\$259,559	\$267,343	\$271,862	\$276,407	\$288,380	\$295,031	\$292,102
Total Potential Gross Revenue													
General Vacancy			\$526,196	\$698,785	\$735,774	\$757,843	\$780,586	\$804,001	\$811,822	\$818,867	\$859,603	\$872,865	\$806,906
Collection Loss			-\$73,667	-\$97,830	-\$103,008	-\$106,098	-\$109,282	-\$112,560	-\$107,625	-\$102,220	-\$113,947	-\$112,317	-\$84,123
			-\$15,786	-\$20,964	-\$22,073	-\$22,735	-\$23,418	-\$24,120	-\$24,355	-\$24,566	-\$25,788	-\$26,186	-\$24,207
Effective Gross Revenue			\$436,743	\$579,991	\$610,693	\$629,010	\$647,886	\$667,321	\$679,842	\$692,081	\$719,868	\$734,362	\$698,576
Operating Expenses													
RE TAX			\$37,429	\$38,551	\$39,708	\$40,899	\$42,126	\$43,390	\$44,692	\$46,032	\$47,413	\$48,836	\$50,301
CAM			\$108,008	\$111,248	\$114,586	\$118,023	\$121,564	\$125,211	\$128,967	\$132,836	\$136,821	\$140,926	\$145,154
UTILITIES			\$54,539	\$56,175	\$57,860	\$59,596	\$61,384	\$63,225	\$65,122	\$67,076	\$69,088	\$71,161	\$73,296
INSURANCE			\$13,367	\$13,768	\$14,181	\$14,607	\$15,045	\$15,496	\$15,961	\$16,440	\$16,933	\$17,441	\$17,965
MGT FEES			\$13,102	\$17,400	\$18,321	\$18,870	\$19,437	\$20,020	\$20,395	\$20,762	\$21,596	\$22,031	\$20,957
Total Operating Expenses			\$226,445	\$237,142	\$244,656	\$251,995	\$259,556	\$267,342	\$275,137	\$283,146	\$291,851	\$300,395	\$307,673
Net Operating Income			\$210,298	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$433,967	\$390,903

TABLE 17 EXPECTED CASE ARGUS CASH FLOW PART 2

8.5% CAP	Expected Case Assumption Schedule of Prospective Cash Flow in Inflated Dollars for the Fiscal Year Beginning 2012													
Project Life Operation Year	Entitlement/Construction Year 1	Year 2	Year 3 1	Stabilized Year 4 2	Year 5 3	Year 6 4	Year 7 5	Year 8 6	Year 9 7	Year 10 8	Year 11 9	Reversion Year 12 10	Year 13 11	
Leasing & Capital Costs														
Tenant Improvements			\$1,031,195	\$177,022					\$59,855	\$123,302	\$63,500	\$98,108	\$545,354	
Leasing Commissions			\$253,531	\$22,804					\$5,771	\$12,014	\$6,251	\$9,653	\$52,318	
Total Leasing & Capital Costs			\$1,284,726	\$199,826					\$65,626	\$135,316	\$69,751	\$107,761	\$597,672	
Development Costs														
Hard/Construction Costs														
Demolition		\$250,000												
Earth work & Sed Control		\$200,000												
SWM		\$400,000												
Storm Drain & Utilities		\$200,000												
On Site Paving		\$300,000												
Construction of Yellow Shell		\$446,856												
Construction of Phil		\$29,964												
Total Hard/Construction Costs		\$1,826,820												
Soft/Development Costs														
Permits		\$6,832												
Architectural		\$100,000												
Eng, Geo, Traffic, Enviro		\$110,000												
Legal		\$15,000												
Marketing During Construction		\$10,000												
Appraisal														
Taxes		\$22,835												
Construction Contingency		\$18,268												
Dev Contingency		\$3,294												
Developer Fee		\$43,123												
Total Soft/Development Costs		\$329,352												
Total Development Costs		\$2,156,172												
Cash Flow Before Debt Service & Taxes		-\$2,156,172		\$143,023	\$366,037	\$377,015	\$388,330	\$399,979	\$339,079	\$273,619	\$358,266	\$326,206	-\$206,769	
Income Tax			\$58,883	\$95,998	\$102,490	\$105,564	\$108,732	\$111,994	\$113,317	\$114,502	\$119,845	\$121,511	\$109,453	
Cash Flow After Taxes		-\$2,156,172		\$47,025	\$263,547	\$271,451	\$279,598	\$287,985	\$225,762	\$159,117	\$238,421	\$204,695	-\$316,222	

TABLE 18 EXPECTED CASE REIMBURSABLE REVENUE

	Entitlement/ Construction		Stabilized										Reversion	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	
			1	2	3	4	5	6	7	8	9	10	11	
Reimbursable Expenses														
	RE TAX		\$37,429	\$38,551	\$39,708	\$40,899	\$42,126	\$43,390	\$44,692	\$46,032	\$47,413	\$48,836	\$50,301	
	CAM		\$108,008	\$111,248	\$114,586	\$118,023	\$121,564	\$125,211	\$128,967	\$132,836	\$136,821	\$140,926	\$145,154	
	UTILITIES		\$54,539	\$56,175	\$57,860	\$59,596	\$61,384	\$63,225	\$65,122	\$67,076	\$69,088	\$71,161	\$73,296	
	INSURANCE		\$13,367	\$13,768	\$14,181	\$14,607	\$15,045	\$15,496	\$15,961	\$16,440	\$16,933	\$17,441	\$17,965	
MGT FEES		\$13,102	\$17,400	\$18,321	\$18,870	\$19,437	\$20,020	\$20,395	\$20,762	\$21,596	\$22,031	\$20,957		
Total Reimbursable Expenses			\$226,445	\$237,142	\$244,656	\$251,995	\$259,556	\$267,342	\$275,137	\$283,146	\$291,851	\$300,395	\$307,673	
For the Years Ending	Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022	Year 12 Dec-2023	Year 13 Dec-2024	
Expense Reimbursements														
RE TAX			\$32,080	\$38,323	\$39,706	\$40,898	\$42,127	\$43,389	\$44,158	\$44,936	\$46,850	\$47,962	\$47,756	
CAM			\$92,578	\$110,585	\$114,587	\$118,022	\$121,564	\$125,212	\$127,433	\$129,673	\$135,192	\$138,409	\$137,809	
UTILITIES			\$46,748	\$55,839	\$57,860	\$59,596	\$61,386	\$63,225	\$64,347	\$65,480	\$68,265	\$69,891	\$69,585	
INSURANCE			\$11,458	\$13,684	\$14,181	\$14,605	\$15,047	\$15,497	\$15,771	\$16,049	\$16,733	\$17,130	\$17,055	
MGT FEES			\$11,231	\$17,296	\$18,322	\$18,871	\$19,435	\$20,020	\$20,153	\$20,269	\$21,340	\$21,639	\$19,897	
Total Expense Reimbursement			\$194,095	\$235,727	\$244,656	\$251,992	\$259,559	\$267,343	\$271,862	\$276,407	\$288,380	\$295,031	\$292,102	
Percentage of Reimbursable Expenses Collected as Expense Reimbursement														
Year 1 Dec-2012	Year 2 Dec-2013	Year 3 Dec-2014	Year 4 Dec-2015	Year 5 Dec-2016	Year 6 Dec-2017	Year 7 Dec-2018	Year 8 Dec-2019	Year 9 Dec-2020	Year 10 Dec-2021	Year 11 Dec-2022	Year 12 Dec-2023	Year 13 Dec-2024		
Expense Reimbursements														
RE TAX			85.71%	99.41%	99.99%	100.00%	100.00%	100.00%	98.81%	97.62%	98.81%	98.21%	94.94%	
CAM			85.71%	99.40%	100.00%	100.00%	100.00%	100.00%	98.81%	97.62%	98.81%	98.21%	94.94%	
UTILITIES			85.71%	99.40%	100.00%	100.00%	100.00%	100.00%	98.81%	97.62%	98.81%	98.22%	94.94%	
INSURANCE			85.72%	99.39%	100.00%	99.99%	100.01%	100.01%	98.81%	97.62%	98.82%	98.22%	94.93%	
MGT FEES			85.72%	99.40%	100.01%	100.01%	99.99%	100.00%	98.81%	97.63%	98.81%	98.22%	94.94%	
Total Expense Reimbursement			85.71%	99.40%	100.00%	100.00%	100.00%	100.00%	98.81%	97.62%	98.81%	98.21%	94.94%	

TABLE 19 EXPECTED CASE SOURCES & USES

	Exp Case Assumption		Year 3 1	Stabilized Year 4 2	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion Year 12 10
	Sources & Uses	Entitlement/ Construction Year 1 Year 2			3	4	5	6	7	8	9	
Project Life Operation Year												
Sources Of Capital												
Net Operating Gains												
Initial Equity Contribution	\$662,500		\$210,298	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$433,967
Net Proceeds from Sale												\$4,460,893
Defined Sources Of Capital												
	\$662,500		\$210,298	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$4,894,860
Required Equity Contributions	\$2,156,172	\$3,059,730	\$1,074,428									
Total Sources Of Capital	\$2,818,672	\$3,059,730	\$1,284,726	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$4,894,860
Uses Of Capital												
Property Purchase Price	\$662,500											
Tenant Improvements			\$1,031,195	\$177,022								
Leasing Commissions			\$253,531	\$22,804					\$59,855	\$123,302	\$63,500	\$98,108
Hard/Construction Costs	\$1,826,820	\$2,875,000							\$5,771	\$12,014	\$6,251	\$9,653
Soft/Development Costs	\$329,352	\$184,730										
Defined Uses Of Capital	\$2,818,672	\$3,059,730	\$1,284,726	\$199,826					\$65,626	\$135,316	\$69,751	\$107,761
Cash Flow Distributions												
				\$143,023	\$366,037	\$377,015	\$388,330	\$399,979	\$339,079	\$273,619	\$358,266	\$4,787,099
Total Uses Of Capital	\$2,818,672	\$3,059,730	\$1,284,726	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$4,894,860
Unleveraged Cash On Cash Return												
Cash to Purchase Price	-325.46%	-461.85%	-162.18%	21.59%	55.25%	56.91%	58.62%	60.37%	51.18%	41.30%	54.08%	49.24%
NOI to Book Value			2.94%	4.66%	4.97%	5.12%	5.27%	5.43%	5.45%	5.41%	5.61%	5.61%
Cash to Purchase Price & Costs			-18.28%	2.43%	6.23%	6.41%	6.61%	6.80%	5.77%	4.65%	6.09%	5.55%

TABLE 20 EXPECTED CASE RESALE

Exp Case Assumption w/o construction loan scenario #1												
Prospective Property Resale												
Project Life	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Reversion Year 12
Operation Year	1	2	3	4	5	6	7	8	9	10	11	12
Resale Amount												
Gross Proceeds from Sale		\$2,474,094	\$4,033,518	\$4,306,318	\$4,435,471	\$4,568,588	\$4,705,635	\$4,761,235	\$4,811,000	\$5,035,494	\$5,105,494	\$4,598,859
Commissions & Adjustments		(\$74,223)	(\$121,006)	(\$129,190)	(\$133,064)	(\$137,058)	(\$141,169)	(\$142,837)	(\$144,330)	(\$151,065)	(\$153,165)	(\$137,966)
Net Proceeds From Sale		\$2,399,871	\$3,912,512	\$4,177,128	\$4,302,407	\$4,431,530	\$4,564,466	\$4,618,398	\$4,666,670	\$4,884,429	\$4,952,329	\$4,460,893
Total Capital Gains Tax		347,474	650,002	702,926	727,981	753,806	780,393	791,180	800,834	844,386	857,966	759,679

Year	1	2	3	4	5	6	7	8	9	10	11	13
Expected Case NOI Before Sale		\$210,298	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$428,017	\$390,903
CAP Rate 8.50%												
Commish 3% Dev Cost												
Cash Flow Before Tax		\$210,298	\$342,849	\$366,037	\$377,015	\$388,330	\$399,979	\$404,705	\$408,935	\$428,017	\$428,017	

Development Cost	5878402	
Project Cost	(\$5,878,402)	NPV (\$1,761,191)
IRR		4.31%

TABLE 21 EXPECTED CASE PRESENT VALUE

		Exp Case Assumption w/o construction loan scenario #1					
			P.V. of	P.V. of	P.V. of	P.V. of	P.V. of
Analysis	Year	Annual	Cash Flow	Cash Flow	Cash Flow	Cash Flow	Cash Flow
Period	Ending	Cash Flow	@ 9.00%	@ 9.50%	@ 10.00%	@ 10.50%	@ 11.00%
Year 1 Dec-2012		(\$2,156,172)	(\$1,978,139)	(\$1,969,107)	(\$1,960,156)	(\$1,951,287)	(\$1,942,497)
Year 2 Dec-2013		(\$3,059,730)	(\$2,575,314)	(\$2,551,848)	(\$2,528,703)	(\$2,505,870)	(\$2,483,346)
Year 3 Dec-2014		(\$1,074,428)	(\$829,656)	(\$818,342)	(\$807,234)	(\$796,325)	(\$785,612)
Year 4 Dec-2015		\$143,023	\$101,322	\$99,483	\$97,687	\$95,930	\$94,213
Year 5 Dec-2016		\$366,037	\$237,899	\$232,517	\$227,280	\$222,185	\$217,226
Year 6 Dec-2017		\$377,015	\$224,801	\$218,712	\$212,815	\$207,102	\$201,567
Year 7 Dec-2018		\$388,330	\$212,430	\$205,732	\$199,275	\$193,048	\$187,043
Year 8 Dec-2019		\$399,979	\$200,736	\$193,520	\$186,593	\$179,945	\$173,561
Year 9 Dec-2020		\$339,079	\$156,121	\$149,821	\$143,803	\$138,051	\$132,554
Year 10 Dec-2021		\$273,619	\$115,580	\$110,409	\$105,492	\$100,814	\$96,365
Year 11 Dec-2022		\$358,266	\$138,840	\$132,023	\$125,570	\$119,460	\$113,672
Year 12 Dec-2023		\$326,206	\$115,977	\$109,780	\$103,939	\$98,434	\$93,243
Total Cash Flow		(\$3,318,776)	(\$3,879,403)	(\$3,887,300)	(\$3,893,639)	(\$3,898,513)	(\$3,902,011)
Property Resale @ 8.50% Cap		\$4,460,893	\$1,586,002	\$1,501,248	\$1,421,378	\$1,346,091	\$1,275,105
Total Property Present Value			(\$2,293,401)	(\$2,386,052)	(\$2,472,261)	(\$2,552,422)	(\$2,626,906)
Rounded to Thousands			(\$2,293,000)	(\$2,386,000)	(\$2,472,000)	(\$2,552,000)	(\$2,627,000)
			=====	=====	=====	=====	=====
Assured Income							
Prospective Income			169.16%	162.92%	157.49%	152.74%	148.54%
Prospective Property Resale			-69%	-63%	-57%	-53%	-49%
			=====	=====	=====	=====	=====
			100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 22 EXPECTED CASE ASSUMPTIONS

Timing & Inflation	
Reporting Period:	January 1, 2012 to December 31, 2023; 12 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00%
Property Size & Occupancy	
Property Size:	50,400 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	6.00
Total Occupied Area:	0 Square Feet, 0.00%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	14.00%
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	3.00%
Property Purchase & Resale	
Purchase Price:	\$662,500
Resale Method:	Capitalize Net Operating Income
Cap Rate:	8.50%
Cap Year:	Year 13
Commission/Closing Cost:	\$137,966
Net Cash Flow from Sale:	\$4,460,893
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	10.00%
Unleveraged Present Value:	(\$2,472,261) at 10.00%

TABLE 23 EXPECTED CASE MARKET ASSUMPTIONS 2

Renewal Probability	75.00%
Market Rent	\$/SqFt/Yr
New:	\$10.25
Renewal:	10.25
Result:	10.25
Months Vacant	New: \$6.00
	Renewal: \$0.00
	Rounded: \$2.00
Tenant Improvements	\$/SqFt
New:	\$22.50
Renewal:	\$10.00
Result:	\$13.13
Leasing Commissions	Percent
New:	6.00%
Renewal:	2.00%
Result:	3.00%
Rent Abatements	New: 2 Month Free
	Renewal:
	Result:
Non-Weighted Items	
Rent Changes	Yes
Retail Rent Changes	
Reimbursements	Net
Term Lengths	5 Years
Term Overrides	No

TABLE 24 EXPECTED CASE RENT ROLL

8821 Philadelphia Road

exp Case Assumption w/o construction loan scenario #1

Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Months to Abate	Pcnt to Abate	Description of Operating Expense Reimbursements	Imprmnts Rate Amount	Commsns Rate Amount	Assumption about subsequent terms for this tenant
1 TENANT A Industrial, Suite: Phi Jan-2015 to Dec-2019 60 Months	3,600 7.14%	\$10.25 \$36,900 \$0.85 \$3,075	Jan-2016 Jan-2017 Jan-2018 Jan-2019	\$10.56 \$10.87 \$11.20 \$11.54	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$24.59 \$88,511	\$2.85 6.00% \$10,247	Market @75% See assumption: Average Market
2 TENANT B Industrial, Suite: Phi Feb-2015 to Jan-2021 72 Months	3,600 7.14%	\$10.25 \$36,900 \$0.85 \$3,075	Feb-2016 Feb-2017 Feb-2018 Feb-2019 Feb-2020	\$10.56 \$10.87 \$11.20 \$11.54 \$11.88	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$24.59 \$88,511	\$3.49 6.00% \$12,557	Market @75% See assumption: Average Market
3 TENANT C Industrial, Suite: Phi Jan-2014 to Dec-2020 84 Months	3,600 7.14%	\$10.25 \$36,900 \$0.85 \$3,075	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020	\$10.56 \$10.87 \$11.20 \$11.54 \$11.88 \$12.24	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$4.15 6.00% \$14,936	Market @75% See assumption: Average Market
4 TENANT D Industrial, Suite: Phi Jan-2014 to Dec-2021 96 Months	3,600 7.14%	\$10.25 \$36,900 \$0.85 \$3,075	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021	\$10.56 \$10.87 \$11.20 \$11.54 \$11.88 \$12.24 \$12.61	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$85,933	\$4.83 6.00% \$17,387	Market @75% See assumption: Average Market
5 TENANT E Industrial, Suite: Phi Jan-2014 to Dec-2022 108 Months	5,400 0	\$10.25 \$55,350 \$1 \$4,613.00	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021 Jan-2022	\$10.56 \$10.87 \$11.20 \$11.54 \$11.88 \$12.24 \$12.61 \$12.98	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$24 \$128,899	\$6 6.00% \$29,866	Market @75% See assumption: Average Market
6 TENANT F Industrial, Suite: Yel Jan-2014 to Dec-2023 120 Months	30,600 1	\$10.25 \$313,650.00 \$1 26,138	Jan-2015 Jan-2016 Jan-2017 Jan-2018 Jan-2019 Jan-2020 Jan-2021 Jan-2022 Jan-2023	\$10.56 \$10.87 \$11.20 \$11.54 \$11.88 \$12.24 \$12.61 \$12.98 \$13.37	-	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	\$23.87 \$730,430	\$6.25 6.00% \$191,342	Market @80% See assumption: Average Market

Total Occupied SqFt 0
Total Available SqFt 50,400

CONSTRUCTION VIABILITY SCHEDULE

The following Graph shows the various scenarios based on the Best Case Assumptions.

Projected Goal is a 10% return on Investment. This value is calculated as follows.

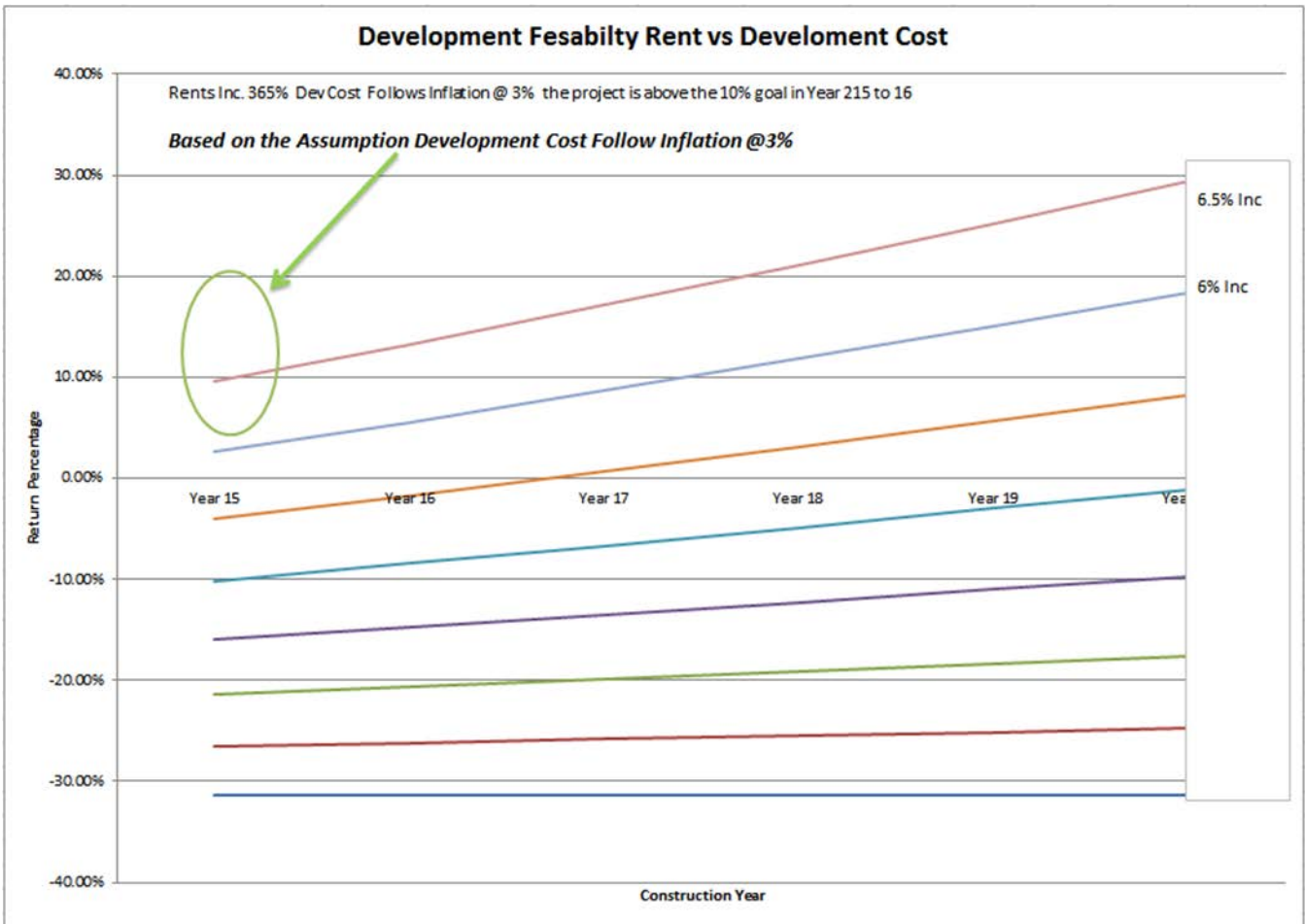
These are numbers I used for the Best Case					
Year 1					
Potential	\$10.80	Rent Aveg PSF	50,400	sf	\$544,320
NOI					
Stablized Year				cap	8.50%
					\$6,448,012
Development Cost					\$5,878,402
Profit					\$569,610
				Return	9.69%
Owner Goal is 10%					

As of today, the returns do not accomplish the Owner's goals of a 10% return on Development cost vs. the Capital investment. This model illustrates when the goal will be achieved based on a (3% steady increase on Development cost following inflation) and (Increasing Rent based on increase of pent up demand)(less expenses following inflation = NOI)

NOI divided by the CAP rate = property value

The property value less Development cost equals the return objective

EXPECTED CASE CONSTRUCTION TIME PERIOD



Rent Increase to Increase NOI			Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Case 1	3.00%	Rent Best Case PSH	\$10.29	\$10.60	\$10.92	\$11.24	\$11.58	\$11.93
Case 2	3.50%	Rent Best Case	\$11.01	\$11.40	\$11.80	\$12.21	\$12.64	\$13.08
Case 3	4.00%	Rent Best Case	\$11.78	\$12.25	\$12.74	\$13.25	\$13.78	\$14.33
Case 4	4.50%	Rent Best Case	\$12.60	\$13.16	\$13.76	\$14.38	\$15.02	\$15.70
Case 5	5.00%	Rent Best Case	\$13.47	\$14.14	\$14.85	\$15.59	\$16.37	\$17.19
Case 6	5.50%	Rent Best Case	\$14.39	\$15.19	\$16.02	\$16.90	\$17.83	\$18.81
Case 7	6.00%	Rent Best Case	\$15.38	\$16.30	\$17.28	\$18.32	\$19.42	\$20.58
Case 8	6.50%	Rent Best Case	\$16.43	\$17.50	\$18.63	\$19.84	\$21.13	\$22.51
	3%	Development Cost PSF	\$176.42	\$181.71	\$187.16	\$192.78	\$198.56	\$204.52
Case 1	3.00%	NOI CAP	\$121.05	\$124.68	\$128.42	\$132.28	\$136.25	\$140.33
Case 2	3.50%	NOI CAP	\$129.54	\$134.08	\$138.77	\$143.63	\$148.66	\$153.86
Case 3	4.00%	NOI CAP	\$138.59	\$144.13	\$149.89	\$155.89	\$162.13	\$168.61
Case 4	4.50%	NOI CAP	\$148.21	\$154.88	\$161.85	\$169.13	\$176.74	\$184.70
Case 5	5.00%	NOI CAP	\$158.45	\$166.38	\$174.70	\$183.43	\$192.60	\$202.23
Case 6	5.50%	NOI CAP	\$169.35	\$178.67	\$188.49	\$198.86	\$209.80	\$221.34
Case 7	6.00%	NOI CAP	\$180.94	\$191.80	\$203.30	\$215.50	\$228.43	\$242.14
Case 8	6.50%	NOI CAP	\$193.26	\$205.82	\$219.20	\$233.45	\$248.63	\$264.79
Profit From Dev SF								
Case 1	3.00%	Profit PSF	(\$55.37)	(\$57.03)	(\$58.74)	(\$60.50)	(\$62.32)	(\$64.19)
Case 2	3.50%	Profit PSF	(\$46.88)	(\$47.64)	(\$48.39)	(\$49.15)	(\$49.91)	(\$50.66)
Case 3	4.00%	Profit PSF	(\$37.83)	(\$37.58)	(\$37.27)	(\$36.89)	(\$36.44)	(\$35.91)
Case 4	4.50%	Profit PSF	(\$28.21)	(\$26.83)	(\$25.31)	(\$23.65)	(\$21.82)	(\$19.82)
Case 5	5.00%	Profit PSF	(\$17.97)	(\$15.34)	(\$12.47)	(\$9.35)	(\$5.96)	(\$2.29)
Case 6	5.50%	Profit PSF	(\$7.07)	(\$3.05)	\$1.33	\$6.08	\$11.23	\$16.81
Case 7	6.00%	Profit PSF	\$4.52	\$10.08	\$16.14	\$22.72	\$29.87	\$37.62
Case 8	6.50%	Profit PSF	\$16.84	\$24.11	\$32.04	\$40.67	\$50.06	\$60.27
Profit From Development								
Case 1	3.00%	Profit Dollars	(\$2,790,553)	(\$2,874,270)	(\$2,960,498)	(\$3,049,313)	(\$3,140,792)	(\$3,235,016)
Case 2	3.50%	Profit Dollars	(\$2,362,578)	(\$2,400,810)	(\$2,439,046)	(\$2,477,247)	(\$2,515,370)	(\$2,553,370)
Case 3	4.00%	Profit Dollars	(\$1,906,863)	(\$1,894,221)	(\$1,878,407)	(\$1,859,212)	(\$1,836,419)	(\$1,809,800)
Case 4	4.50%	Profit Dollars	(\$1,421,758)	(\$1,352,363)	(\$1,275,844)	(\$1,191,760)	(\$1,099,648)	(\$999,018)
Case 5	5.00%	Profit Dollars	(\$905,521)	(\$772,965)	(\$628,446)	(\$471,206)	(\$300,445)	(\$115,315)
Case 6	5.50%	Profit Dollars	(\$356,318)	(\$153,625)	\$66,884	\$306,390	\$566,145	\$847,472
Case 7	6.00%	Profit Dollars	\$227,786	\$508,201	\$813,444	\$1,145,244	\$1,505,441	\$1,895,995
Case 8	6.50%	Profit Dollars	\$848,827	\$1,215,207	\$1,614,738	\$2,049,855	\$2,523,159	\$3,037,430
Cash on Cash Return			Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Case 1	3.00%	Percent Rent Increase	-31.38%	-31.38%	-31.38%	-31.38%	-31.38%	-31.38%
Case 2	3.50%	Percent Rent Increase	-26.57%	-26.21%	-25.86%	-25.50%	-25.13%	-24.77%
Case 3	4.00%	Percent Rent Increase	-21.45%	-20.68%	-19.91%	-19.14%	-18.35%	-17.56%
Case 4	4.50%	Percent Rent Increase	-15.99%	-14.77%	-13.53%	-12.27%	-10.99%	-9.69%
Case 5	5.00%	Percent Rent Increase	-10.18%	-8.44%	-6.66%	-4.85%	-3.00%	-1.12%
Case 6	5.50%	Percent Rent Increase	-4.01%	-1.68%	0.71%	3.15%	5.66%	8.22%
Case 7	6.00%	Percent Rent Increase	2.56%	5.55%	8.62%	11.79%	15.04%	18.39%
Case 8	6.50%	Percent Rent Increase	9.55%	13.27%	17.12%	21.10%	25.21%	29.47%

SELF-STORAGE CASE 3

- ◆ INTRODUCTION
- ◆ VACANCY CHART
- ◆ CASH FLOW
- ◆ RESALE
- ◆ PRESENT VALUE
- ◆ ASSUMPTIONS
- ◆ MARKET ASSUMPTIONS
- ◆ AVERAGE RENT RATES
- ◆ RENT ROLL
- ◆ TAX & DEPRECIATION ASSUMPTIONS
- ◆ DEPRECIATION CALCULATION
- ◆ TAX CALCULATION
- ◆ RETURN CALCULATIONS
- ◆ RATIOS
- ◆ RETURN CALCULATIONS
- ◆ CONSTRUCTION PROJECTION MODEL

SELF-STORAGE CASE 3

Over the last several years the Self-Storage industry, locally and nationally, has experienced an increase in vacancy and lower profits. A current study conducted by Integra Realty Resources stated that more than 100 Self-Storage facilities in major U.S. Markets reported that their revenues decreased by 5.2 percent during 2010. Moreover, revenue continued to decrease by one percent in the first two quarters of 2011. (Swanson, 2011)

Self-Storage construction spiked around 1995, with a massive amount of development taking place. With historic strong returns for existing facilities, this property type caught on with not only existing Owners but also first-timers wanting to enter the industry. (Swanson, 2011) However, now during the current slow economic environment, questions are being raised about resiliency of the industry.

A recent study conducted by Mt. Royal Management Company has determined that existing and potential renters have changed their behaviors towards renting Self-Storage units. The average consumer now looks upon a storage unit as a discretionary expenditure. Existing tenants opted to get rid of excess personal goods and vacated their units. The once loyal Commercial users of storage space who typically rented larger units left the market. These tenants included small contractors and businesspersons that used the facilities as an office and for storing inventory and equipment. Without construction jobs, the flooring, drywall, plumber contractors disappeared and their need for storage evaporated.

Climbing vacancy rates and lower profits continue to be a concern. A local Baltimore storage facility reports that over the 12-month period from 2008 to 2009 vacancy jumped from a respectable four percent to twenty-two percent, and it continues to climb. Moreover, the subject property has increased in vacancy as well. Year-end 2005 vacancy was five percent, 2006 it remained steady at five percent, 2007 it jumped to eleven percent, in 2008 up to fifteen percent, vacancy continued to climb to nineteen percent in 2009 and thru period November 2011 vacancy is now at twenty-one percent. For an overview of three local Self-Storage facilities, The Cash Flow growth is decreasing by 1 to 2% a year due to pressure the market is putting on the rents. This will be the third year without an increase. However, expenses continue to go up approximately 3 to 5% a year depending on the line item.

The subject property was built in 1980, now 31 years old. The project is slowly becoming obsolete. Based on the property's age, it will continue to need more and more maintenance. The property has been well maintained. At this time, there is no major capital improvements that are needed. The pavement, the roofs and painting are repaired as needed, a little at a time.

The project will continue to have difficulty competing with the newer more modernized storage projects. Consumers are now choosing the newer facilities that are more secure, being that they are Self-contained multistory buildings, and they are climate controlled.

An option other than redevelopment of the site is to sell it as a business. At this time with the market down there is much interest from the national companies to purchase properties that are owned by smaller Owner/ operators. The published Reversion CAP rate is 10.84% based on the current year NOI the property should sell for \$2.9 million (+/-) depending on the value of the business itself.

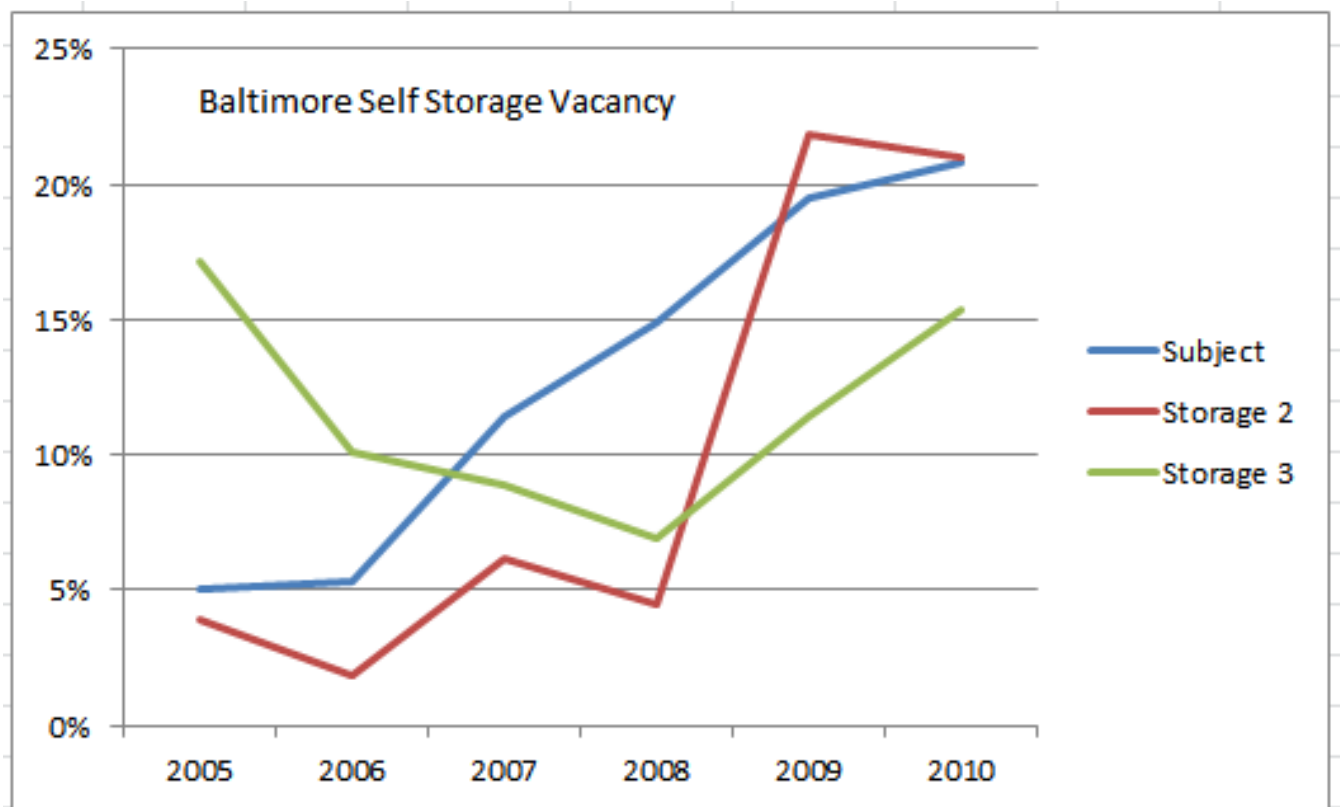
	Storage
NOI Year 13	\$308,219
Resale	\$2,843,349
Reversion Cost (Less)	\$85,300
Reversion	\$2,758,048

Unleveraged	
IRR Before Tax w/ Reversion	
Present Value	\$2,896,536

Land Value	
Development Cost	
Total Development Cost	
Cash on Cash Return or	
Overall Return	

Expenses	\$277,976
EGI	\$654,456
Effective Gross Income %	42%

Gross Potential Income	\$789,280
Gross Rent Multiplier	
Effective Gross Income Mul	



Baltimore Self Storage Vacancy Percentage						
	2005	2006	2007	2008	2009	2010
Subject	5%	5%	11%	15%	19%	21%
Storage 2	4%	2%	6%	4%	22%	21%
Storage 3	17%	10%	9%	7%	11%	15%

Table 25 Self-Storage Vacancy Trend

TABLE 26 SELF STORAGE PROJECTED CASH FLOW

Actual Self Storage Case Assumption Schedule of Prospective Cash Flow in Inflated Dollars for the Fiscal Year Beginning 2012													
Project Life Operation Year	Entitlement/ Construction												
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
10.84% 3%	1	2	3	4	5	6	7	8	9	10	11	12	13
Potential Gross Revenue													
Base Rental Revenue	\$789,280	\$797,172.80	\$805,144.53	\$813,195.97	\$821,327.93	\$829,541.21	\$837,836.62	\$846,214.99	\$854,677.14	\$863,223.91	\$871,856.15	\$880,574.71	\$889,380.46
Absorption & Turnover Vacancy	\$107,394	\$110,616	\$113,934	\$117,352	\$120,873	\$124,499	\$128,234	\$132,081	\$136,044	\$140,125	\$144,329	\$148,658	\$153,109
Base Rent Abatements	\$38,989	\$40,159	\$41,363	\$42,604	\$43,882	\$45,199	\$46,555	\$47,952	\$49,390	\$50,872	\$52,398	\$53,970	\$56,525
Scheduled Base Rental Revenue	\$642,897	\$646,398	\$649,847	\$653,239	\$656,573	\$659,843	\$663,048	\$666,182	\$669,244	\$672,227	\$675,130	\$677,946	\$685,444
Other Income	\$21,112	\$21,745	\$22,398	\$23,070	\$23,762	\$24,475	\$25,209	\$25,965	\$26,744	\$27,546	\$28,373	\$29,224	\$30,101
Total Potential Gross Revenue	\$664,009	\$668,144	\$672,245	\$676,309	\$680,334	\$684,318	\$688,256	\$692,147	\$695,988	\$699,774	\$703,502	\$707,170	\$710,545
Collection Loss	\$9,553	\$9,840	\$10,135	\$10,439	\$10,752	\$11,075	\$11,407	\$11,749	\$12,101	\$12,464	\$12,838	\$13,224	\$13,620
Effective Gross Revenue	\$654,456	\$658,304	\$662,110	\$665,870	\$669,582	\$673,243	\$676,850	\$680,398	\$683,886	\$687,309	\$690,664	\$693,947	\$1,001,925
Operating Expenses													
Administrative	\$115,703	\$119,174	\$122,749	\$126,432	\$130,225	\$134,131	\$138,155	\$142,300	\$146,569	\$150,966	\$155,495	\$160,160	\$164,965
Service Contracts/ Outside Maint	\$66,931	\$68,939	\$71,007	\$73,137	\$75,331	\$77,591	\$79,919	\$82,317	\$84,786	\$87,330	\$89,950	\$92,648	\$95,428
UTILITIES	\$16,098	\$16,581	\$17,078	\$17,591	\$18,118	\$18,662	\$19,222	\$19,799	\$20,392	\$21,004	\$21,634	\$22,283	\$22,952
INSURANCE & Taxes	\$50,099	\$51,602	\$53,150	\$54,745	\$56,387	\$58,078	\$59,821	\$61,615	\$63,464	\$65,368	\$67,329	\$69,349	\$71,429
MGT FEES	\$26,600	\$27,398	\$28,220	\$29,067	\$29,939	\$30,837	\$31,762	\$32,715	\$33,696	\$34,707	\$35,748	\$36,821	\$37,925
Maint	\$2,545	\$2,621	\$2,700	\$2,781	\$2,864	\$2,950	\$3,039	\$3,130	\$3,224	\$3,321	\$3,420	\$3,523	\$3,629
	\$277,976	\$286,315	\$294,905	\$303,752	\$312,864	\$322,250	\$331,918	\$341,875	\$352,132	\$362,696	\$373,576	\$384,784	\$396,327
Net Operating Income	\$376,480	\$371,989	\$367,205	\$362,118	\$356,718	\$350,993	\$344,932	\$338,523	\$331,754	\$324,614	\$317,087	\$309,163	\$605,598
Cash Flow Before Debt Service & Taxes	\$376,480	\$371,989	\$367,205	\$362,118	\$356,718	\$350,993	\$344,932	\$338,523	\$331,754	\$324,614	\$317,087		
Resale Amount	\$3,473,063	\$3,431,631	\$3,387,500	\$3,340,574	\$3,290,756	\$3,237,942	\$3,182,028	\$3,122,906	\$3,060,465	\$2,994,590	\$2,925,161		
3% Less Sales Cost	\$104,192	\$102,949	\$101,625	\$100,217	\$98,723	\$97,138	\$95,461	\$93,687	\$91,814	\$89,838	\$87,755		
	\$-662,500	\$3,328,682	\$3,285,875	\$3,240,357	\$3,192,033	\$3,140,803	\$3,086,567	\$3,029,219	\$2,968,651	\$2,904,752	\$2,837,406		
Net Operating Income	\$376,480	\$371,989	\$367,205	\$362,118	\$356,718	\$350,993	\$344,932	\$338,523	\$331,754	\$324,614	\$317,087	\$309,163	\$605,598
% Growth		-1.19%	-1.29%	-1.39%	-1.49%	-1.59%	-1.69%	-1.73%	-1.86%	-2.00%	-2.15%	-2.50%	95.88%
Net Operating Income	\$376,480	\$371,989	\$367,205	\$362,118	\$356,718	\$350,993	\$344,932	\$338,523	\$331,754	\$324,614	\$317,087	\$309,163	\$324,614
% Growth		-1.19%	-1.29%	-1.39%	-1.49%	-1.59%	-1.69%	-1.73%	-1.86%	-2.00%	-2.15%	-2.50%	-2.15%

SELF-STORAGE PROPERTIES FOR SALE

501 N Mildred St - Jefferson Self Storage

Ranson, WV 25438 - Jefferson County Ind Submarket

29,000 SF Available For Sale at \$2,400,000 (\$73.85/SF)

32,500 SF Class C Industrial Self-Storage Building Built in 2000

Address	Name	Submarket	County	For Sale Price ▼	\$Price/SF	Land(AC)	% Leased	Yr Blt/Ren
501 N Mildred St	Jefferson Self Storage	Jefferson County...	Jefferson	2,400,000	73.85	5.94	100	2000
21502 Great Mills Rd	Patuxant Self Storage	St Mary's County...	St Marys	1,700,000	52.96	2.57	100	1987

building notes

Property is a 33,000+- square foot self storage facility situated on 5.94+- acres located in Ranson, WV. The facility features 325 units as small as 5'x5' to as large as 20'x30'. Unit count includes RV storage. It also has a 4,000+-sf block storage building with office area and room for expansion. The property is conveniently located near Charles Town Races and Slots and numerous housing developments. Variable rate commission.

<http://sale.svn.com/wvselfstorage>

21502 Great Mills Rd - Patuxant Self Storage

Lexington Park, MD 20653 - St Mary's County Ind Submarket

Property For Sale, Fully Leased Building

32,100 SF Class C Industrial Self-Storage Building Built in 1987

The following table shows recent quarter-over-quarter changes in rental rates and occupancies based on a nationwide survey conducted by Integra Realty Resources. This reflects the nationwide market and illustrates current market conditions, which are unlike any historic trends.

Period	Rental Rate	Occupancy
1Q 2010	-2.2%	-0.6%
2Q 2010	0.0%	-0.3 %
3Q 2010	-5.2 %	-1.2 %
4Q 2010	-1.1%	-3.3 %
1Q 2011	0.0 %	-3.5%
2Q 2011	-2.2%	-3.5%

CASE STUDY SUMMARY

- Case Study
 - Best Case Model
 - Highest Rents
 - Lowest Vacancy
 - Expected Case Model
 - Market Rents
 - Market Vacancy
 - Self-Storage Cash Flow Model
 - Actual Rents
 - Actual Vacancy
 - Actual Expenses
- Case Study General Assumptions
 - CAP rate Flex 8.5%
 - CAP Rate Self-Storage 10.84%
 - Discount Rate 10.00%
 - No Debt Service all cash transactions
- Construction
 - 2 years from Close of Self-Storage \$5.8 mil \$114. psf
 - Construction Cost same
 - Land Value Same
- Reversion
 - CAP year 13 NOI (11 of operation)
- Inflation 3%
- Case Study Variances
 - Vacancy
 - Best Case Natural Roll over
 - Expected Case General Vacancy 4%
- Lease types NNN
- Lease up Variances
 - Best Case 100% by Year 2
 - Expected Case 100% by Year 3
- Collection Loss
 - Best Case 1%
 - Expected Case 3%
- Ti \$22.50
- Renewal
 - Best Case 80%
 - Expected Case 75%
- Rent
 - Best Case \$12.00 office \$9.60 Warehouse average \$10.80
 - Worst Case \$10.25 Warehouse \$## average
- Lease Terms
 - 5 years for 3,600 users
 - 10 year for the Yellow Brick Building 30,600 sf tenant

CASE STUDY SUMMARY CONTINUED

- Reports including
 - Argus Cash Flow
 - Reimbursable Expenses
 - Sources & Uses
 - Resale Value
- Future Construction Viability
 - Based on Formula
 - $\text{NOI} / \text{CAP Rate} = \text{Property Value} - \text{Development Cost}$
 - $\text{Development cost} / \text{total} = \text{Cash on Cash return}$
 - Required Cash on Cash return 10%
 - Anticipating Pent-up demand causing rents to increase
 - Inflation remain steady at 3% causing Development Cost and Expenses to follow
 - Best Case
 - Rents increase 3.5% year over year
 - Year 2 accomplishes goal
 - Expected Case
 - Rents Increase 6.5%
 - Year 15 accomplish Goal
- Numbers based on stabilized year 4 for both Models
 - NOI
 - Best \$548,081
 - Expected \$342,849
 - Self-Storage \$376,480
 - Value Stabilized Year
 - Best \$6,448,012
 - Expected \$4,035,518
 - Self-Storage \$3,606,116
 - NOI year 13 for Reversion year 12 (10 years of operation for Flex)
 - Best \$621,964
 - Expected \$390,903
 - Self-Storage \$317,087
 -
 - Value Stabilized Year after fess and before taxes
 - Best \$7,097,707
 - Expected \$4,460,893
 - Self-Storage \$2,758,048
 - Unleveraged IRR
 - Best 10.85%
 - Expected 4.31%
 - Self-Storage
 - Cash on Cash Return
 - Best 9.69%
 - Expected negative 31%
 - Self-Storage

- Effective Gross Income
 - Best Case 31%
 - Expected Case 41%
 - Self-Storage 42%
- Gross Rent Multiplier
 - Best Case 11.76
 - Expected Case 13.80
 - Self-Storage
- Effective Gross Income %
 - Best 31%
 - Expected 41%
 - Storage 42%
- NOI Growth
 - Best Case yes
 - Expected Case yes
 - Self-Storage no

PROJECT MANAGEMENT PLAN

◆ Introduction

◆ Management Chart

INTRODUCTION

The Owner/ Developer employs an “in-house” Property Development Company as well as a Property Management Company. The Owners recognizes large cost saving by not using numerous outside contractors and consultants to handle the projects in which they are involved. In addition, several projects can be handled at one time by the same staff. This gives the Owner the ability to effectively manage a project from conception thru reversion, by monitoring cost, schedules and effective property management.

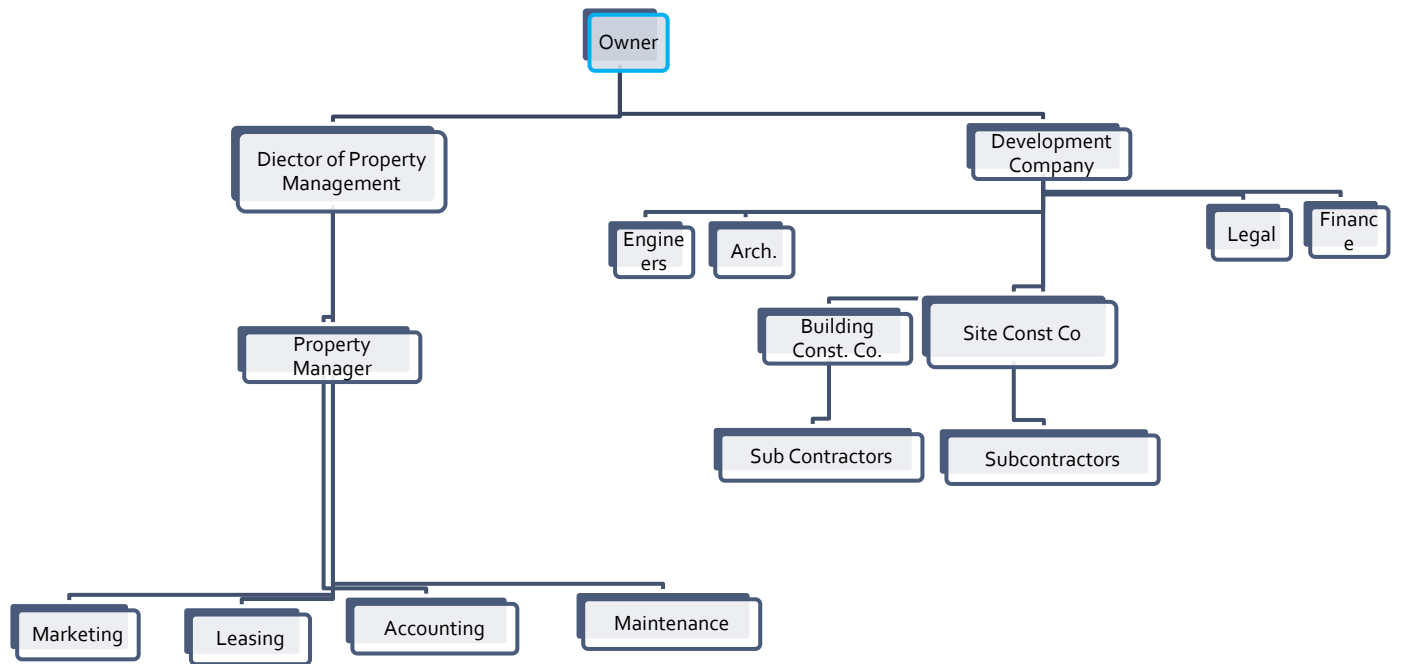
These in-house companies are responsible for the master planning of the projects to accommodate any anticipated future needs; including evaluation of project alternatives; identification of site requirements; funding requirements; budget authorization cycles and/or financial impacts; and project phasing.

The Project Management Plan is written and followed by the management team. The plan includes a definition of an Owner's program goals, technical requirements, schedules, resources, budgets, and management programs. It also provides a vehicle for including efficiencies in the design and construction phases of all buildings. It will also serve as the basis for completed construction documents and outline the commissioning plan for the engineering.

The Development Department oversees and is responsible for the Entitlement, Engineering, Architectural, Legal, Public interface, and Government responsibilities. In addition, they are responsible for hiring and overseeing the site construction team, and building construction general contractor. Upon completion, the development team hands over the building to the property management company.

Property Management oversees, leasing, maintenance, marketing and bookkeeping. They are responsible for the day to day operations of the projects and are held responsible for the income, expenses, and ensures the project is running as efficient and cost effectively as possible.

PROJECT MANAGEMENT CHART



CONCLUSIONS & RECOMMENDATIONS

CONCLUSIONS & RECOMMENDATION

Based on the findings in this feasibility report it is not advisable to redevelop the subject property into a Flex building at this time.


The Self-Storage operation although slowly becoming obsolete, still offers the owners a steady profitable Cash Flow each month. In addition, the Reversion Value today based on a CAP rate of 10.84% values the property at \$3.47 million dollars. The Best Case present cap value for the proposed project is \$303,572. The Expected Case Model is a negative Present Value of \$1.7 million.

The Flex Warehouse project may be feasible in the future, as pent up demand absorbs some of the existing inventory and forces rents to escalate. However, in the expected case model for the project to be feasible in 15 years, with inflation holding steady, rents will need to increase at 6.5% year over year, the developer can recognize a 10% return on their money.

The Best Case Model offers insight as to the requirements it takes to complete a project of this magnitude. Specifically, the rents need to be at the highest level the market can tolerate. The expenses will need to be held constant or less than inflation. This is also impacted by the Development cost @ \$103.49 psf plus the value of the land for a total of \$116.63 psf.

APPENDIX

- ◆ Tax & Property Information
 - ◆ Baltimore County Permit Fee Schedule
 - ◆ Baltimore County Permit Fees 2
 - ◆ Baltimore County Development Fees
 - ◆ Baltimore County Zoning Illustration
 - ◆ Baltimore County Manufacturing Zones
 - ◆ Figure 58 Baltimore County Master Plan
 - ◆ Figure 59 Baltimore County Priority Funding Area
 - ◆ Figure 60 Perry Hall White Marsh Growth Plan
 - ◆ Figure 61 Baltimore County Growth Area 161
 - ◆ Figure 62 Baltimore County Demarcation Line
 - ◆ Economic Indicators & debt funding
 - ◆ Economic Indicators
 - ◆ Definitions & Terms Used in this Report
 - ◆ Debt Service Data
 - ◆ Demographic Summary
-



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Maryland Department of Assessments and Taxation
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BALTIMORE COUNTY

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Account Identifier: **District - 15 Account Number - 1600001148**

Owner Information			
Owner Name:	GOLDEN RING MINI-STORAGE ASSOCIATES	Use:	INDUSTRIAL
Mailing Address:	1233 MT ROYAL AVE BALTIMORE MD 21217-4133	Principal Residence:	NO
		Deed Reference:	1) /06175/ 00039 2)

Location & Structure Information			
Premises Address	Legal Description		
8821 PHILADELPHIA RD 0-0000	5.313 AC SES PHILADELPHIA RD 1500 E RACE RD		

Map	Grid	Parcel	Sub District	Subdivision	Section	Block	Lot	Assessment Area	Plat No:
0090	0001	0732		0000			X	3	
			Town	NONE					Plat Ref:
			Ad Valorem						
			Tax Class						

Primary Structure Built	Enclosed Area	Property Land Area	County Use
1980	70587	5.3100 AC	07

Stories	Basement	Type	Exterior
		MINI STORAGE WAREHOUSE	

Value Information			
	Base Value	Value As Of 01/01/2009	Phase-in Assessments As Of 07/01/2010 As Of 07/01/2011
Land	1,062,000	1,725,700	
Improvements:	1,732,700	2,385,500	
Total:	2,794,700	4,111,200	3,672,367 4,111,200
Preferential Land:	0		0

Transfer Information			
Seller:	M & C REALTY INC	Date:	06/17/1980
Type:	ARMS LENGTH IMPROVED	Deed1:	/06175/ 00039
		Deed2:	
Seller:		Date:	
Type:		Deed1:	
		Deed2:	
Seller:		Date:	
Type:		Deed1:	
		Deed2:	

Exemption Information			
Partial Exempt Assessments	Class	07/01/2011	07/01/2012
County			0.00
State			0.00
Municipal			0.00

Tax Exempt: *** NONE ***
Exempt Class:

Contact Us | Site Map | Email SDAT | Privacy Notice |
Department of Assessments & Taxation 301 W. Preston St., Baltimore, MD 21201-2395
410-767-1184 | Outside the Baltimore Metro Area 888-248-5941 | Maryland Relay 800-735-2258

BALTIMORE COUNTY PERMIT FEE SCHEDULE

BALTIMORE COUNTY, MARYLAND			
BUILDING PERMIT FEE SCHEDULE			
Effective December 6, 2010			
ALL PERMIT FEES ARE ROUNDED UP TO THE NEAREST DOLLAR			
Page 1			
PERMIT EXPIRATION - All building permits will be issued under one of the following: A. Permits are issued for one year with an option to request an extension of no more than one additional year. B. The applicant may request a two-year permit with no option for an extension. C. Occasionally, a major commercial project may require a period of time greater than two years. The Building Engineer will be solely responsible for making this determination and granting a longer period of time when requested to do so by the applicant.			
REFUNDS: None			
INVESTIGATION FEE: Whenever any work for which a permit is required under the <u>Baltimore County Code</u> has commenced without authorization of a permit, a special investigation shall be made before a permit can be issued for work. An investigation fee may be			
This section pertains to new residential and commercial construction, alterations, additions, and any other construction-related permit utilizing a permit fee based on building area:			
		New Construction/ Additions Minimum - Rate	All Others Minimum - Rate
Fee Category A	Assembly, Business, Institutional @ \$0.17 sf	\$325.00	\$185.00
Fee Category B	Hotels, Motels @ \$0.14 sf	\$260.00	\$135.00
Fee Category C	Mercantile, Storage, High Hazard, Factory, Industrial @ \$0.11 sf	\$185.00	\$135.00
Fee Category D	Residential, one-family and two-family Multi-family - per Unit	\$205.00 \$105.00	See Below \$70.00
	Alteration to Apt/Condo Building (Not unit specific) - Use Category B Rate		
If construction plans are required the fee is:		Rate	
- Decks (up to 600 sf)		\$75.00	
- Decks (over 600 sf)		\$105.00	
- Additions - up to 600 sf		\$75.00	
- Additions - over 600sf or second floor		\$115.00	
- Accessory Structures - up to 1000 sf		\$75.00	
- Accessory Structures - (over 1000 sf)		\$115.00	

Figure 56 Baltimore County Permit Fees 1

BALTIMORE COUNTY DEVELOPMENT FEES

Development Management Fees	
(Effective Monday, December 6, 2010)	
Appeal of a Hearing Officer's Hearing Decision	\$380
Application for Development Review Committee (DRC).....	\$60
Application for a Waiver Request.....	\$375
Concept Plan Review Fee	\$750
Commercial Application for Design Review Panel.....	\$300

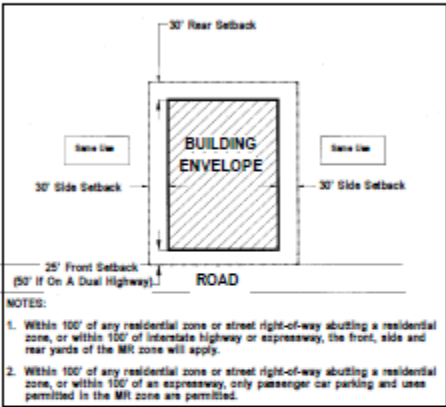
Figure 57 Baltimore County Development Fees

BALTIMORE COUNTY PERMIT FEES 2

BALTIMORE COUNTY, MARYLAND BUILDING PERMIT FEE SCHEDULE Effective December 6, 2010 ALL PERMIT FEES ARE ROUNDED UP TO THE NEAREST DOLLAR Page 2					
THIS SECTION PERTAINS TO ALL OTHER BUILDING-RELATED PERMITS:					
		Rate			Rate
Antennas		\$30.00	Satellite Dish (on roof or attached to building)		
Blasting - 1 st 60 days		\$24.00	- Residential		\$24.00
- Each subsequent 60 days		\$12.00	- Commercial		\$60.00
- Annual		\$100.00	Shell - Commercial @ \$0.030 per sf (Does not include tenant)	Minimum	\$100.00
Bridge, private		\$70.00	(See proper "Fee Category" for correct fee on all "Shell - Commercial" alterations)		
Change of Occupancy		\$48.00			
Circus/Carnivals		\$35.00	Solar Power System - Residential		\$70.00
Fences - Residential		\$12.00	- Commercial		See Category
- Commercial		\$24.00	Sprinkler System - Pipe 2" or less		\$35.00
Fireplaces, wood burning stoves		\$18.00	- Larger Than 2" Pipe		\$82.00
Foundation Only - Residential		\$120.00	(Plus Fire Inspection Fee)		
- Commercial		\$200.00	Storm Water Management - Two years		
Grading - Two years @ \$0.002 sf			- Per Acre		\$50.00
- Minimum		\$48.00	- Minimum		\$50.00
- Maximum		\$5,900.00	- Maximum		\$450.00
Mechanical, HVAC System - Residential			Suppression Tank		\$160.00
- Less than 4,000 sf		\$30.00			
- All others		\$75.00	Swimming Pool		
Mechanical, HVAC System - Commercial			- Residential - Above Ground		\$30.00
- Less than 4,000 sf		\$30.00	- Residential - In-ground		\$48.00
- All others		\$75.00	- Commercial		\$120.00
Miscellaneous, Non-Specified (as approved by Building's Engineer)		\$40.00	Tank		
Moving/Razing - Residential @ \$0.30 per 100 sf	Minimum	\$10.00	- Residential		\$25.00
- Accessory Structure, Residential (no water/sewer) @ \$0.30 per 100 sf	Minimum	\$5.00	- Commercial		\$40.00
- All Others @ \$0.50 per 100 sf	Minimum	\$15.00	Tents / Temporary Structures - Up to 180 days (non-renewable)		
			- Up to 3,000 sf		\$24.00
			- Each additional 100 sf		\$1.00
			- Maximum		\$48.00
Percolation Test		\$60.00			
Piers - Residential		\$70.00	Use and Occupancy (Per unit, condo/apt, etc.)		
- Commercial		\$200.00	- Certificate/final		\$10.00
Pilings - Residential		\$20.00	- Commercial/Fire Insp (per 5,000 sf or portion thereof)		\$17.00
- Commercial: 1 to 12		\$40.00			
- Commercial: 13 or more		\$80.00			
Plans - Preliminary Review (per 1/2 hour)		\$48.00	Windmills - (50' & under)		\$20.00
Retaining Walls - Residential		\$12.00	- (51' - 200')		\$60.00
- Commercial		\$30.00	- (201' & over)		\$120.00
Revisions - Without Drawings - 10% of original fee	Minimum	\$18.00			
- With Drawings; No Site Plans - 25% of original fee					
- Residential	Minimum	\$30.00			
- Commercial	Minimum	\$60.00			
- With Site Plans - 5% of original fee	Minimum	\$15.00			
- Maximum Revision Fee		\$590.00			
- Change of Owner / Contractor		\$25.00			
- Address Change - 10% of original fee	Minimum	\$5.00			
	Maximum	\$20.00			
PDM BPP 15		Page 2			Rev 12/10

Figure 58 Baltimore County Permit Fees 2

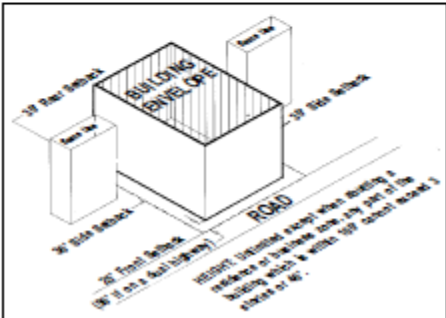
ML
Manufacturing, Light



Intent: To provide areas for industrial uses that require assembling, compounding, manufacturing, packaging or processing of goods or services.

Typical Uses Permitted by Right: Industrial uses requiring assembly, production, processing, packaging, or treatment of various elements, laboratory, office, medical clinic, excavation not involving explosives, equipment and material storage yard, brewery.

Typical Uses Permitted by Special Exception: Excavation using explosives, landfill, truck stop and trucking facility.



Height and Area Requirements

Notes:
Various retail or service uses may be permitted by right when the ML zone is part of a planned industrial park at least 25 acres in net area or in an IM district.
Various automotive uses may be permitted by special exception when the ML zone is part of a planned industrial park at least 25 acres in net area or in an IM district.
Interim uses may be permitted under special conditions.

Figure 59 Baltimore County Zoning Illustration

BALTIMORE COUNTY MANUFACTURING ZONES

Manufacturing Zones

	MR	MLR	ML	MH
Permitted Uses	Bank, warehouses, laboratory, limited manufacturing, office/medical clinics, printing, research institute.	Uses permitted in MR zone (except heliport type II), car wash and fuel service stations in planned industrial parks with IM district.	Industrial uses requiring assembly, production, processing, packaging, or treatment of various elements; laboratories, office/medical clinics; excavations not using explosives; equipment/material storage yards; heliports.	Uses permitted in the MR Zone, animal boarding, plan, commercial beach, community buildings and pools, outdoor recreation clubs, veterinarian's offices and with conditions any other manufacturing use.
Minimum Front Setback	75'	50' from a dual highway, 40' from any other street	50' from property line if on dual highway, 25' elsewhere, 50' from center line of street other than a dual highway*	Same as ML.
Minimum Side Setback	30'	30' with the sum of both sides shall not be less than 90'	30'	Same as ML.
Minimum Rear Setback	50'	40'	30'	Same as ML.
Floor Area Ratio	0.4	0.6	2.0	Same as ML.
Height	Subject to height test regulations	60'	Unlimited except if within 100' of a business or residential zone then 3 stories or 40'	Same as ML.

* Setbacks are for non-residential buildings

Figure 60 Baltimore County Manufacturing Zones

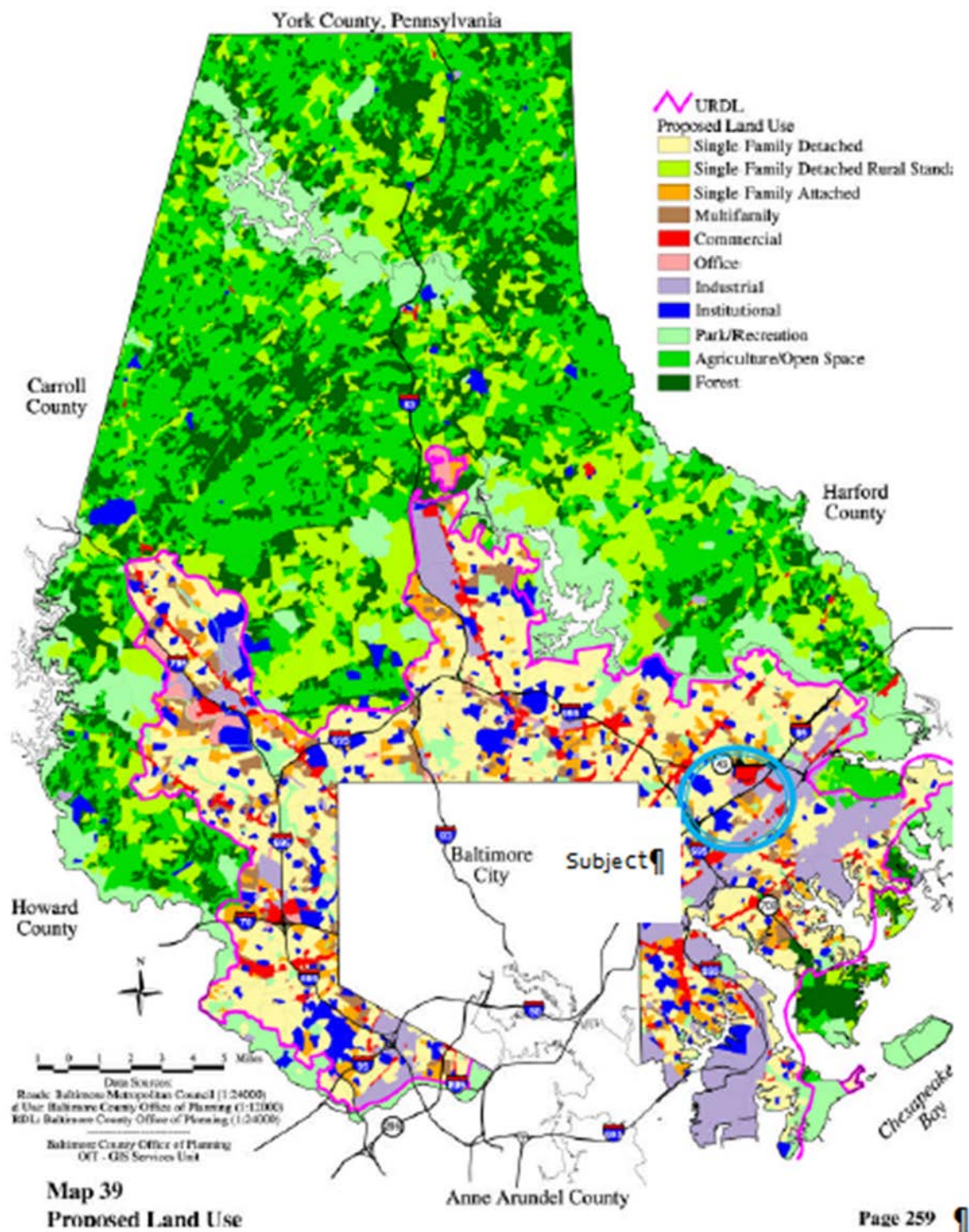


FIGURE 61 BALTIMORE COUNTY MASTER PLAN

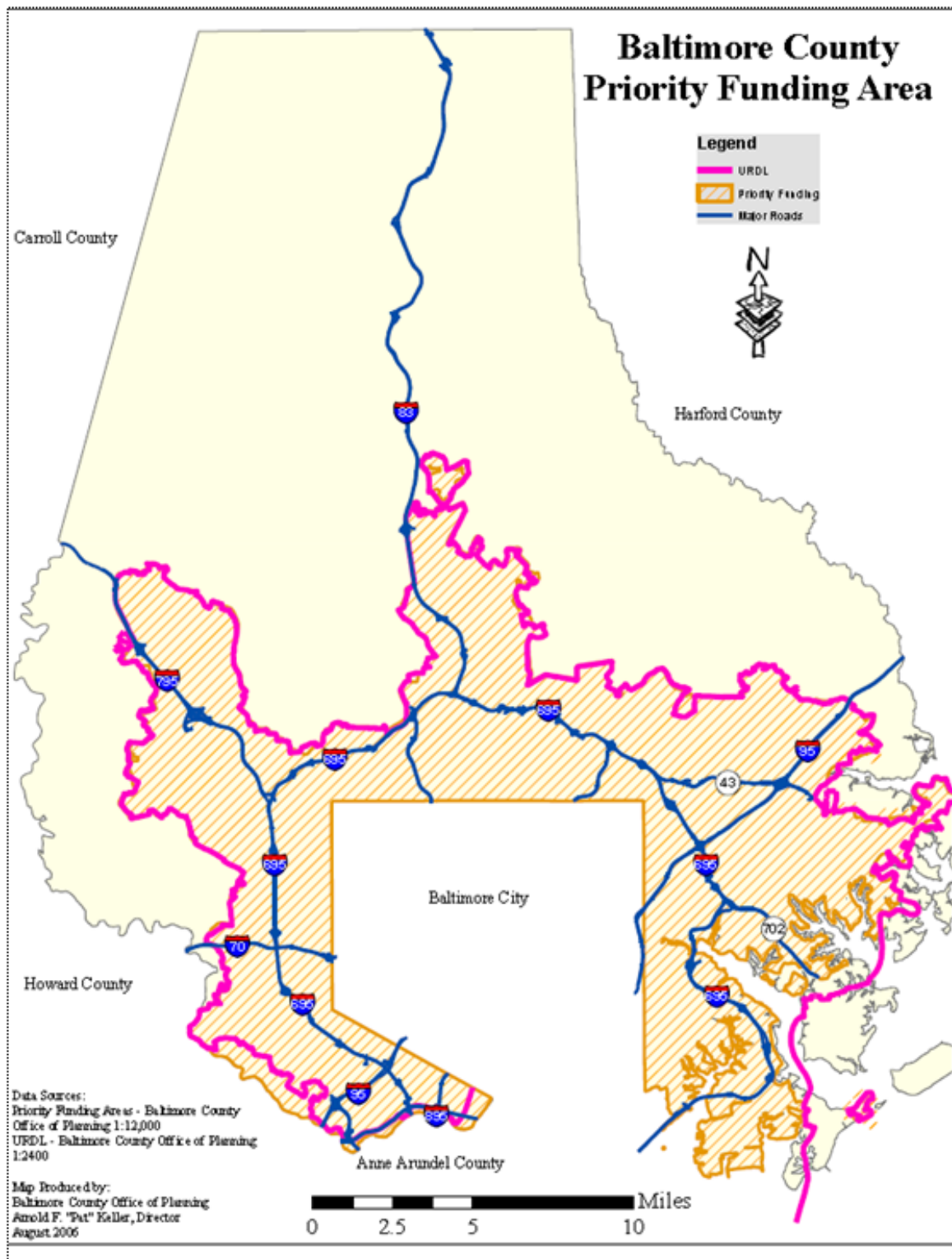


FIGURE 62 BALTIMORE COUNTY PRIORITY FUNDING AREA

Map 29
Perry Hall-White Marsh Growth Area Proposed Land Use

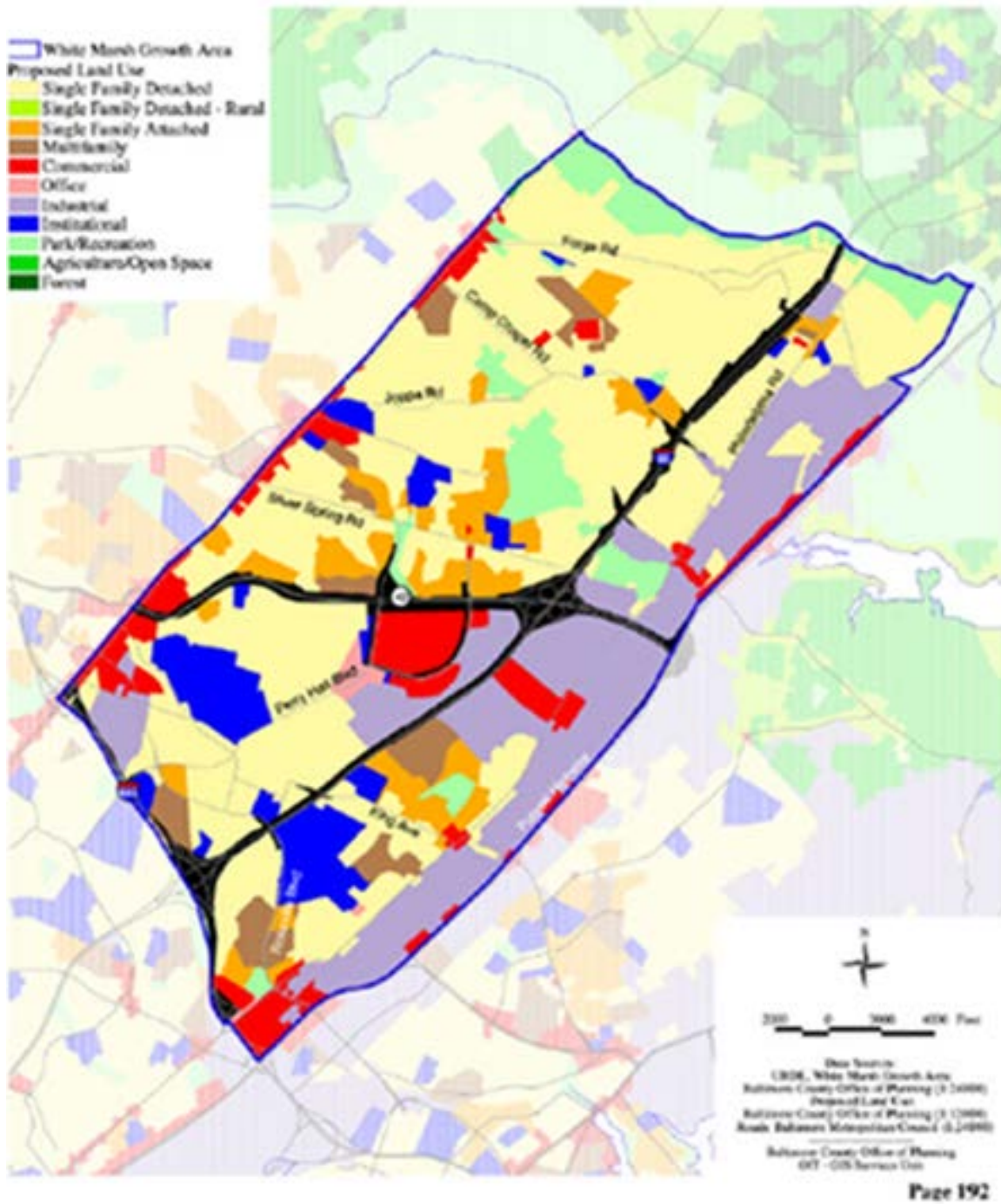


FIGURE 63 PERRY HALL WHITE MARSH GROWTH PLAN

county to receive substantial public input before final plan approval. The County map below locates the property in the Growth Area bordering the Employment Center.



FIGURE 64 BALTIMORE COUNTY GROWTH AREA

2010 Master Plan Land Urban Rural Demarcation Line:

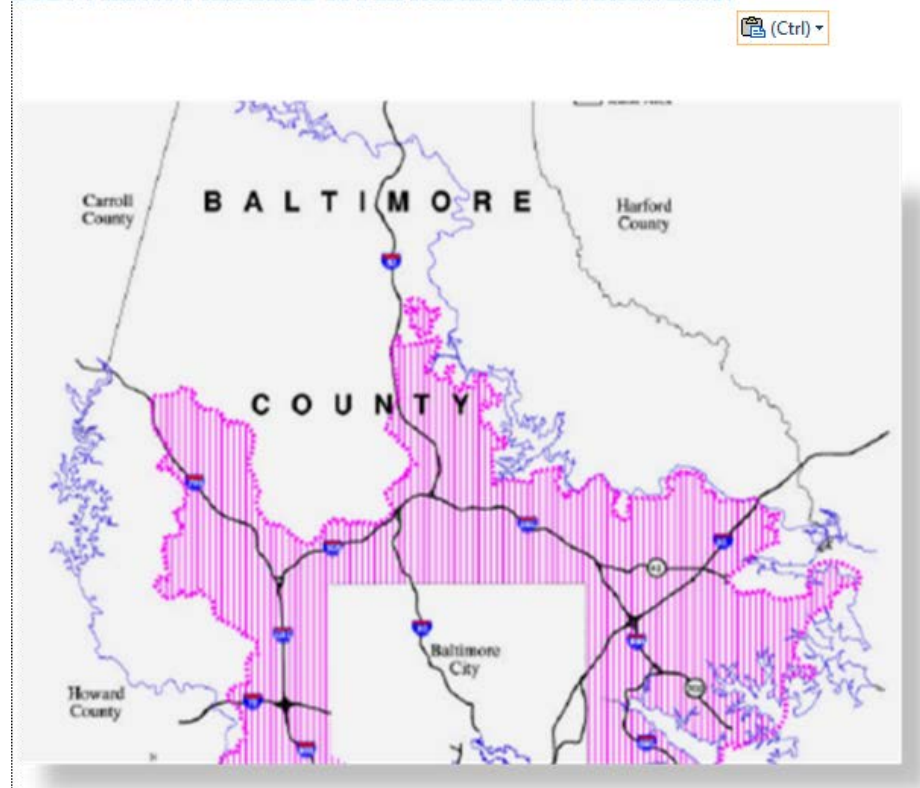
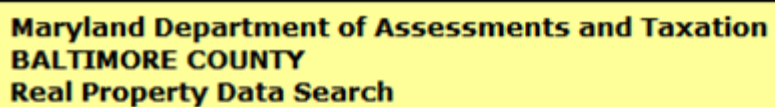


FIGURE 65 BALTIMORE COUNTY DEMARCATION LINE

Figure 66 White Marsh Growth Area

Tax Account Number:	1600001148
Owner Name:	GOLDEN RING MINI-STORAGE ASSOCIATES
Tax Premise Address:	8821 PHILADELPHIA RD
Tax Map:	0090
Parcel:	732
Zoning:	ML IM
Zoning:	ML
Councilmanic District:	6
Elementary School District:	Shady Spring ES
Middle School District:	Golden Ring MS
High School District:	Overlea HS
Fire Station Response Area:	Golden Ring
Police Precinct:	White Marsh
Congressional District:	2
Legislative District:	7
Election District:	15
Voting Precinct:	15-004
Census Block:	240054512003002
Census Block Group:	240054512003
Census Tract:	451200
Watershed Name:	Back River
GIS Tile Number (200 Scale):	090A1



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**BALTIMORE COUNTY, MARYLAND
STATE AND COUNTY REAL PROPERTY TAXES**

Ownership and Address Information

Parcel ID: 16-00-001148
 Tax Year: 2012
 Owner Name: Golden Ring Mini-Storage Associates
 Mailing Address: 1233 Mt Royal Ave, Baltimore, MD 21217
 Parcel/Situs Address: 8821 Philadelphia Rd
 District: 15
 Property Class: 07 Industrial
 Semi-Annual Eligible: No
 Miscellaneous:

Legal Description

5.313 AC SES
 PHILADELPHIA RD

Assessment Information

Full Year 4,111,200
 Tax rate for Full Year: County \$1.10000, State \$0.11200 per \$100 of Assessed Value

Tax Receivable Amounts

Bill Date: 07/01/2011

	Billed Amount	Paid	Outstanding	First SA	Second SA
Taxes/Charges	50,714.96	50,714.96	.00	.00	.00
Fees	.00	.00	.00	.00	.00
Gross/Base	50,714.96	50,714.96	.00	.00	.00
Discount Applied	(452.23)	(452.23)	.00	.00	.00
New Discount	.00	.00	.00	.00	.00
Interest Applied	.00	.00	.00	.00	.00
New Interest	.00	.00	.00	.00	.00
Total	50,262.73	50,262.73	.00	.00	.00

Payments Received

Payment	Payment Type	Interest/Discount Calculation Date	Amount Paid
Full		07/25/2011	50,262.73

Detailed Breakdown of Receivable Amounts

Description	Amount	Tax Credits
County Tax	45,223.20	
State Tax	4,604.54	
Bay Res Fee	30.00	
Sewer Benefit	208.00	
Sewer Service	371.11	
Water Benefit	180.00	
Water Distribution	98.11	
Total	50,714.96	

The receivable tax amounts reflect the application of the tax credits listed.

Financing

FINANCING OPTIONS

- ◆ Interest Rates
 - ◆ Financing types, terms
 - ◆ Economic Indicators
-

FINANCING OPTIONS

If the owner would elect to take on debt service the following options are available

Warehouse/ bulk
distribution

Flex Warehouse/
Showroom

Heavy
Manufacturing

Rate Estimates
(As of: 11/15/2011)

Anchored Retail
Apartment
Auto Services
Condo-Conversion
Congregate Care
Convenience Store
For Sale Housing
Golf Course
Industrial
Lodging
Medical
Mini-storage
Mixed Use
Mobile Home Park
Office
Religious Facility
Research and Development
Restaurant
Special Purpos

10 Year Fixed Rate (Index: 10 Year Treasury, 2.05%)				
Loan to Value				
50%	60%	70%	80%	
4.2%	4.2%	4.4%	4.6%	
4.0%	4.1%	4.2%	4.4%	
4.8%	4.9%	5.0%	NA	
4.2%	4.2%	4.4%	4.5%	
4.2%	4.3%	4.5%	4.6%	
4.8%	5.0%	5.1%	NA	
4.8%	5.0%	5.1%	NA	
4.8%	4.9%	5.1%	5.2%	
4.2%	4.2%	4.4%	4.6%	
5.0%	5.2%	5.4%	NA	
4.2%	4.3%	4.5%	4.6%	
4.4%	4.5%	4.7%	NA	
4.4%	4.5%	4.7%	NA	
4.2%	4.2%	4.4%	4.6%	
4.2%	4.3%	4.5%	4.6%	
5.6%	5.8%	5.9%	NA	
4.2%	4.3%	4.5%	4.6%	
5.2%	5.3%	5.4%	NA	
5.3%	5.4%	NA	NA	

5 Year Fixed Rate (Index: 5 Year Treasury, 0.91%)				
Loan to Value				
50%	60%	70%	80%	
3.0%	3.1%	3.2%	3.4%	
2.9%	2.9%	3.1%	3.3%	
3.6%	3.7%	3.9%	NA	
3.1%	3.1%	3.2%	3.4%	
3.1%	3.2%	3.3%	3.5%	
3.7%	3.8%	4.0%	NA	
3.7%	3.8%	4.0%	NA	
3.7%	3.8%	3.9%	4.1%	
3.0%	3.1%	3.2%	3.4%	
3.9%	4.0%	4.2%	NA	
3.1%	3.2%	3.3%	3.5%	
3.3%	3.4%	3.5%	NA	
3.3%	3.4%	3.5%	NA	
3.0%	3.1%	3.2%	3.4%	
3.1%	3.2%	3.3%	3.5%	
4.5%	4.6%	4.8%	NA	
3.1%	3.2%	3.3%	3.5%	
4.0%	4.1%	4.3%	NA	
4.1%	4.3%	NA	NA	

3 Month Adjustable Rate (Index: 3 MO Libor, 0.47%)				
Loan to Value				
50%	60%	70%	80%	
5.4%	5.4%	5.6%	5.8%	
5.2%	5.3%	5.4%	5.6%	
6.0%	6.1%	6.3%	NA	
5.5%	5.5%	5.6%	5.8%	
5.5%	5.5%	5.7%	5.9%	
6.1%	6.2%	6.4%	NA	
6.1%	6.2%	6.4%	NA	
6.1%	6.1%	6.3%	6.5%	
5.4%	5.4%	5.6%	5.8%	
6.2%	6.4%	6.6%	NA	
5.5%	5.5%	5.7%	5.9%	
5.6%	5.8%	5.9%	NA	
5.6%	5.8%	5.9%	NA	
5.4%	5.4%	5.6%	5.8%	
5.5%	5.5%	5.7%	5.9%	
6.9%	7.0%	7.2%	NA	
5.5%	5.5%	5.7%	5.9%	
6.4%	6.5%	6.7%	NA	
6.5%	6.7%	NA	NA	

[http://www.realwebfunds.com/Commercial Mortgage Loan/Index Rates](http://www.realwebfunds.com/Commercial_Mortgage_Loan/Index_Rates)

Financial Indicators

Major US Interest Rates									
End of Day Values									
[click item to view chart]	Current		Previous		Previous		Previous		Previous
	Quote		Day		Week		Month		Year
	15-Nov-11		14-Nov-11		8-Nov-11		14-Oct-11		15-Nov-10
	Quote	% Chg	Quote	% Chg	Quote	% Chg	Quote	% Chg	Quote
1-Year CMT	0.09%	12.5%	0.08%	0.0%	0.08%	-20.0%	0.10%	-82.1%	0.26%
5-Year CMT	0.91%	2.2%	0.89%	-3.3%	0.92%	-17.9%	1.12%	-25.6%	1.51%
10-Year CMT	2.05%	1.0%	2.03%	-2.4%	2.08%	-7.6%	2.25%	-23.5%	2.94%
30-Year CMT	3.08%	0.0%	3.08%	-1.6%	3.13%	-3.1%	3.23%	-26.7%	4.40%
LIBOR 1 Month	0.250%	-0.8%	0.252%	1.6%	0.248%	1.6%	0.244%	-3.6%	0.253%
LIBOR 3 Month	0.470%	0.9%	0.466%	3.8%	0.449%	10.6%	0.406%	43.0%	0.284%
Interest Rate Swap 10yr	2.25%	4.2%	2.16%	-0.5%	2.17%	-5.7%	2.30%	-19.6%	2.86%
Fed Prime Rate	3.25%	0.0%	3.25%	0.0%	3.25%	0.0%	3.25%	0.0%	3.25%
Moodys Avg Ind Bonds-Aaa	3.89%	1.3%	3.84%	0.5%	3.82%	-5.6%	4.06%	-18.0%	4.95%
COFI-11th District	1.276%	-3.0%	1.316%	0.0%	1.316%	0.0%	1.316%	-20.9%	1.663%

Typical Commercial Construction Financing Terms

Note: These are not terms of any specific lender. They represent terms that we frequently see in the marketplace and are not to be relied on as a commitment to provide any specific terms for any specific deal.

Maximum loan to cost:	80% to 90%
Maximum loan to value:	70% to 80% of completed value
Term:	Generally 1 to 2 years with extensions as necessary
Amortization:	Interest only
Typical Rates:	Prime plus 0.5% to 2.0% or LIBOR plus 3.0% to 4.0%
Prepayment terms:	No prepayment penalty - but these loans often have a 1% exit fee if permanent loan is not done with same lender
Projects:	All commercial property types can be financed. Developer and contractor must have experience at this type and scale of development.
Recourse:	Typically recourse. a few lenders offer non-recourse construction financing for larger loans.
Closing costs:	Borrowers are responsible for all due diligence and closings costs (e.g. Appraisal, Phase 1 Environmental, site inspection, title, etc) <ul style="list-style-type: none"> Loans under \$3M - costs range from \$6,000 to \$12,000 For loans over \$3M - costs can be \$20,000 or more Most construction lenders also charge a 1% loan fee.

Typical Commercial Real Estate Bridge Loan Terms

Note: These are not terms of any specific lender. They represent terms that we frequently see in the marketplace and are not to be relied on as a commitment to provide any specific terms for any specific deal.

Maximum loan to cost:	80% to 90%
Maximum loan to value:	70% to 80% of completed value
Holdbacks:	In some cases the loan will be made at the future value but a portion will be "held back" until improvements are completed or vacancy is decreased or some other value-add goal is met.
Term:	Generally 1 to 3 years with extensions as necessary
Amortization:	Interest only
Typical Rates:	Prime plus 1.5% to 3.0% or LIBOR plus 3.5% to 4.5%
Prepayment terms:	No prepayment penalty
Projects:	All commercial property types can be financed. Developer and contractor must have experience at this type and scale of development.
Recourse:	Typically recourse. a few lenders offer non-recourse construction financing for larger loans.
Closing costs:	Borrowers are responsible for all due diligence and closings costs (e.g. Appraisal, Phase 1 Environmental, site inspection, title, etc) <ul style="list-style-type: none"> Loans under \$3M - costs range from \$6,000 to \$12,000 For loans over \$3M - costs can be \$20,000 or more

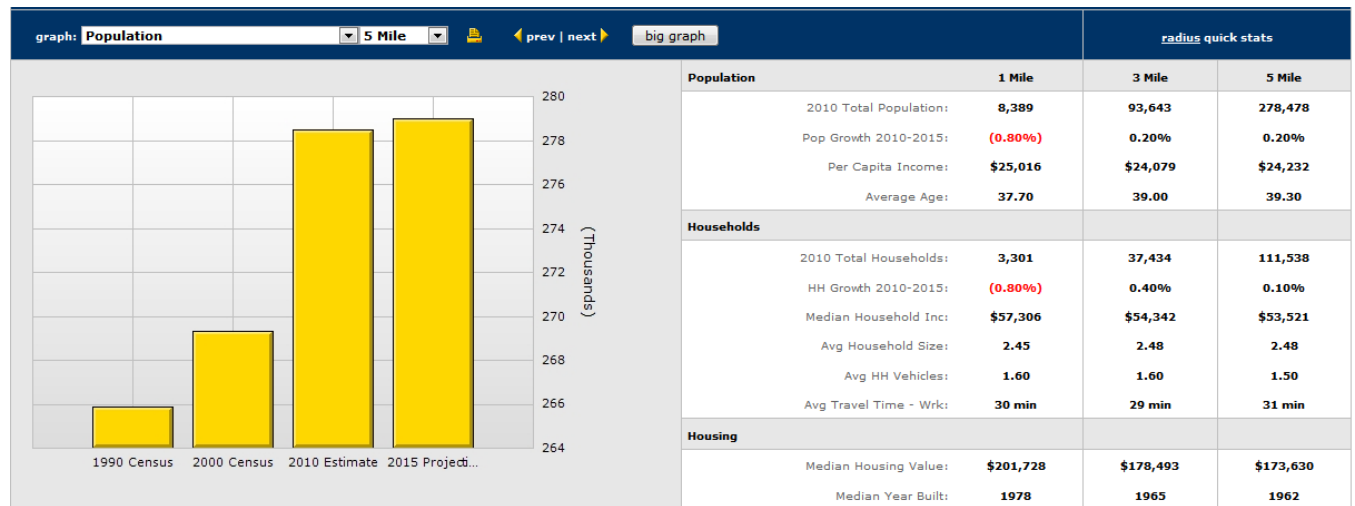
Typical Single Tenant, NNN, Property Financing Terms

Note: These are not terms of any specific lender. They represent terms that we frequently see in the marketplace and are not to be relied on as a commitment to provide any specific terms for any specific deal.

Debt service coverage:	Credit tenant: as low as 1.03 times net operating income Non-credit tenant: 1.25 times net operating income
Maximum loan to value:	Credit tenant: "up to 100% LTV" (this is usually limited by the debt coverage ratio to around 85%) Non-credit tenant: around 75% LTV
Term:	5, 10, and 20 year terms and terms coterminous with lease are most common.
Amortization:	25 or 30 years
Typical Rates:	Credit tenant: 10 year fixed = 10 yr US T-bill + 1.1% to 2.0% Non-credit tenant: 10 year fixed = 10 yr US T-bill + 1.7% to 3.0% (lowest for retail, highest for restaurants) 5 year fixed rate and adjustable rate loans are also available at attractive rates.
Prepayment terms:	Prepayment based on "yield maintenance" or "defeasance". This kind of prepay can make it prohibitive to refinance or sell the property (prepayment fees can easily exceed 10% to 15% of the loan). 5 yr fixed rate loans - typically have a decreasing prepayment each year (e.g. 5%, 4%, 3%, 2%, 1%). Adjustable rate loans - typically have a decreasing and smaller prepay (e.g. 3%, 2%, 1%).
Lease term:	Generally the lease must be 10 years or longer.
Recourse:	Typically non-recourse.
Closing costs:	Borrowers are responsible for all due diligence and closings costs (e.g. Appraisal, Phase 1 Environmental, site inspection, title, etc) <ul style="list-style-type: none"> Loans under \$3M - costs range from \$6,000 to \$12,000 For loans over \$3M - costs can be \$20,000 or more

DEMOGRAPHICS

The following data from CoStar Analytics Nov 2011



Radius	1 Mile	3 Mile	5 Mile
Population:			
2015 Projection	8,325	93,872	279,009
2010 Estimate	8,389	93,643	278,478
2000 Census	8,257	90,015	269,343
Growth 2010-2015	(0.80%)	0.20%	0.20%
Growth 2000-2010	1.60%	4.00%	3.40%
2010 Population By Hispanic Origin:			
	446	3,535	9,259
2010 Population by Race:			
White	4,652	67,509	192,942
Black or African American	2,800	19,322	66,978
American Indian and Alaska Native	36	521	1,171
Asian	482	2,790	8,389
Native Hawaiian and Pacific Islanders	1	49	137
Other Race	197	1,261	2,959
Two or More Races	221	2,192	5,902
2010 Households:			
2015 Projection	3,275	37,579	111,672
2010 Estimate	3,301	37,434	111,538
2000 Census	3,264	35,858	108,759
Growth 2010-2015	(0.80%)	0.40%	0.10%
Growth 2000-2010	1.10%	4.40%	2.60%
Owner Occupied	1,543	23,240	71,808
Renter Occupied	1,758	14,194	39,729
2010 Households:			
2015 Projection	3,275	37,579	111,672
2010 Estimate	3,301	37,434	111,538
2000 Census	3,264	35,858	108,759
Growth 2010-2015	(0.80%)	0.40%	0.10%
Growth 2000-2010	1.10%	4.40%	2.60%
Owner Occupied	1,543	23,240	71,808
Renter Occupied	1,758	14,194	39,729
2010 Avg Household Income			
	\$63,229	\$60,114	\$60,158
2010 Med Household Income			
	\$57,306	\$54,342	\$53,521
2010 Per Capita Income			
	\$25,016	\$24,079	\$24,232
2010 Households by Household Inc:			
Income Less than \$15,000	202	3,482	10,544
Income \$15,000 - \$24,999	306	3,598	11,173
Income \$25,000 - \$34,999	369	3,991	11,967
Income \$35,000 - \$49,999	579	5,834	17,501
Income \$50,000 - \$74,999	655	8,697	26,651
Income \$75,000 - \$99,999	829	7,930	20,885
Income \$100,000 - \$149,999	274	3,064	9,953
Income \$150,000 - \$249,999	75	738	2,482
Income \$250,000 - \$499,999	10	83	317
Income \$500,000 or more	1	17	55

for sale									
Business Employment By Type	# Businesses			# Employees			# Emp/Bus		
Radius	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
Total Businesses	691	3,421	7,992	11,572	41,459	82,896	17	12	10
Total Retail	151	893	2,056	2,472	13,615	25,096	16	15	12
Home Improvement Stores	12	51	116	298	1,274	1,776	25	25	15
General Merchandise Stores	9	35	74	217	2,079	2,904	24	59	39
Food Stores	13	82	196	101	1,023	2,960	8	12	15
Auto Dealers & Service Stations	21	103	292	684	1,645	3,839	33	16	13
Apparel & Accessory Stores	5	85	153	59	866	1,140	12	10	7
Home Furniture, Furnishings & Equipment	23	82	172	156	734	1,242	7	9	7
Eating & Drinking Places	27	241	556	463	4,068	7,584	17	17	14
Miscellaneous Retail	41	214	497	494	1,926	3,651	12	9	7
Financial/Insurance/Real Estate	37	291	702	247	1,881	3,929	7	6	6
Banks, Saving & Lending Institutions	9	78	204	80	508	1,281	9	7	6
Securities Brokers and Investments	2	14	29	2	26	108	1	2	4
Insurance Carriers & Agencies	10	76	186	56	465	768	6	6	4
Real Estate/Trust/Holding Companies	16	123	283	109	882	1,772	7	7	6
Services	261	1,335	3,240	5,244	15,312	33,267	20	11	10
Hotels & Lodging	4	18	29	94	399	486	24	22	17
Motion Picture & Amusement	12	60	173	27	367	1,173	2	6	7
Health Services	91	225	409	3,588	6,222	11,282	39	28	28
Legal Services	3	32	71	60	155	260	20	5	4
Education Services	6	50	145	502	2,492	6,539	84	50	45
Auto Services	12	133	336	116	669	1,622	10	5	5
Other Services	133	817	2,077	857	5,008	11,905	6	6	6
Agriculture/Mining	6	50	120	151	585	929	25	12	8
Construction	67	372	812	823	2,797	5,766	12	8	7
Manufacturing	47	112	243	1,007	2,758	5,261	21	25	22
Transp/Commun/Pub Util	31	139	361	158	1,292	2,646	5	9	7
Wholesale Trade	82	201	395	1,385	2,741	4,507	17	14	11
Government	9	28	63	85	478	1,495	9	17	24

Annual Consumer Spending	2010			2015		
Radius	1 Mile	3 Mile	5 Mile	1 Mile	3 Mile	5 Mile
Total Specified Consumer Spending	111,935	1,198,224	3,566,501	125,615	1,327,028	3,971,895
Apparel:						
Total Apparel	3,951	41,906	125,275	4,434	46,411	139,514
Women's Apparel	1,589	17,040	50,915	1,783	18,871	56,703
Men's Apparel	929	9,851	29,441	1,042	10,910	32,788
Girl's Apparel	340	3,657	10,957	382	4,050	12,203
Boy's Apparel	275	2,933	8,747	308	3,248	9,741
Infant Apparel	300	3,066	9,115	336	3,396	10,151
Footwear (excl. Infants)	635	6,655	19,878	713	7,370	22,137
Other Apparel Prod/Services	519	5,360	16,099	582	5,936	17,929
Entertainment:						
Total Entertainment	10,393	112,471	335,894	11,663	124,561	374,074
Sports and Recreation	419	4,466	13,274	470	4,947	14,783
TV, Radio, and Sound Equipment	3,782	40,466	120,368	4,244	44,816	134,050
Reading Materials	464	5,181	15,403	521	5,738	17,154
Travel	5,594	60,948	182,665	6,277	67,500	203,428
Photographic Equipment	134	1,409	4,184	151	1,561	4,659
Food at Home:						
Total Food At Home	9,345	100,447	299,298	10,488	111,244	333,318
Cereal Products	572	6,130	18,258	642	6,789	20,334
Bread & Bakery Products	1,226	13,383	39,778	1,376	14,822	44,299
Seafood	499	5,321	15,980	560	5,893	17,797
Meat/Poultry/Fish/Eggs	3,162	33,837	100,890	3,548	37,474	112,358
Dairy Products	1,496	16,153	48,001	1,679	17,889	53,457
Fruits and Vegetables	2,390	25,623	76,391	2,682	28,377	85,074
Food Away from Home:						
Total Food Away From Home	9,425	99,991	298,083	10,577	110,739	331,966
Breakfast and Brunch	914	9,786	29,229	1,026	10,838	32,551
Dinner	4,398	46,763	139,455	4,935	51,790	155,307
Lunch	3,101	32,664	97,184	3,480	36,176	108,230
Snacks and Non Alcoholic Bev	714	7,447	22,191	801	8,247	24,714
Catered Affairs	298	3,330	10,024	335	3,688	11,163

Alcoholic Beverages:						
Total Alcoholic Beverages	1,853	19,439	57,882	2,079	21,529	64,461
Total Alcoholic Bev. at Home	1,047	10,958	32,680	1,175	12,136	36,395
Total Alcoholic Bev. away from Home	805	8,481	25,202	904	9,392	28,067
Furniture and Appliance:						
Total Furniture and Appliances	10,129	109,038	325,259	11,367	120,759	362,230
Bedroom Furniture	565	5,820	17,340	635	6,446	19,311
Living Room Furniture	888	9,642	28,908	997	10,678	32,194
Other Living & Family Room Furniture	232	2,493	7,436	261	2,761	8,281
Other Furniture	110	1,251	3,743	123	1,385	4,169
Major Appliances	852	9,501	28,261	956	10,522	31,473
Small Appliances	2,110	22,408	66,766	2,368	24,817	74,355
Misc Household Equipment	5,372	57,923	172,805	6,028	64,150	192,447
Transportation and Maintenance:						
Total Transportation and Maintenance	24,859	264,250	784,698	27,897	292,656	873,892
New Autos/Trucks/Vans	6,507	69,990	208,625	7,302	77,513	232,339
Used Vehicles	6,278	65,199	192,674	7,045	72,207	214,575
RVs and Boats	684	7,384	21,997	767	8,178	24,498
Gasoline	8,424	89,934	266,841	9,453	99,602	297,172
Diesel Fuel	125	1,366	4,014	140	1,512	4,470
Automotive Maintenance/Repair	2,841	30,378	90,547	3,189	33,643	100,839
Health Care:						
Total Health Care	4,596	51,238	151,519	5,158	56,745	168,742
Medical Services	2,724	29,893	88,584	3,057	33,107	98,654
Prescription Drugs	1,415	16,234	47,780	1,588	17,979	53,210
Medical Supplies	457	5,110	15,155	513	5,659	16,877
Education and Day Care:						
Total Education and Day Care	8,614	93,129	278,329	9,667	103,140	309,966
Education	3,803	41,264	123,344	4,267	45,700	137,364
Room and Board	351	3,868	11,592	394	4,284	12,909
Tuition/School Supplies	3,338	36,391	108,819	3,746	40,303	121,188
Day Care	1,123	11,606	34,574	1,260	12,853	38,504

DEFINITIONS & TERMS USED IN THIS REPORT

Class B Buildings - A classification used to describe an office building with asking gross rents based on a specified range between the asking gross rents for Class A and Class C space. Class B buildings are in average locations relative to the needs of major tenant sectors in the marketplace. Building systems (mechanical, HVAC, elevator and utility) have adequate capacities to deliver services currently required by tenants. The building finishes engineers have average to good quality design and materials. Tenant fit outs are characterized by fair to good quality trim and interior finish. Building services are characterized by average to good maintenance, management and upkeep. Buildings must exhibit more than one of the characteristics to be considered Class B. Because property characteristics in different markets vary dramatically, property class definitions will remain somewhat subjective.

Flex Facility - As its name suggests, an industrial building designed to allow its occupants Flexibility of alternative uses of the space, usually in an industrial park setting. Specialized Flex buildings include service center/showroom properties. Typical characteristics are shown in the matrix. Service Center/Showroom a type of Flex facility characterized by a substantial showroom area, usually fronting a freeway or major road. Typical characteristics are shown in the matrix.

Triple Net Lease – NNN -A lease in which the tenant pays all property operating expenses in addition to the stipulated rent. Disclosure of the specific expenses to be paid directly by the tenant is required.

FIGURES & TABLES

Figure 1 Philadelphia Road.....	21
Figure 2 Aerial View of Subject Property.....	21
Figure 3 Self-Storage Site Plan.....	22
Figure 4 Aerial View 1, 5 10 Mile Radius.....	23
Figure 5 Access Egress.....	24
Figure 6 Traffic Pattern.....	24
Figure 7 Zoning Designation.....	25
Figure 8 ML Zoning Setback Requirements.....	25
Figure 9 8800 Philadelphia Road.....	26
Figure 10 Water Body on Site.....	26
Figure 11 Site Space Usage Estimates.....	28
Figure 12 Parking Calculation.....	29
Figure 13 Proposed Site Plan Building Specifications.....	30
Figure 14 Baltimore Metro Industrial Market.....	35
Figure 15 Baltimore Flex Market Statistic History (CoStar, 2011).....	36
Figure 16 Baltimore Industrial Vacancy by Building Type.....	37
Figure 17 Baltimore Metro Vacancy by Type.....	37
Figure 18 Baltimore Metro Industrial Vacancy by Type.....	38
Figure 19 Baltimore Metro Rental Rates.....	38
Figure 20 Baltimore Metro Flex Tenants by Size.....	39
Figure 21 Baltimore Metro Flex Tenants by Lease Expiration.....	39
Figure 22 Industrial Property Asking Price by LOOPNET.....	40
Figure 23 Optimist Sales Index Baltimore Metro.....	40
Figure 24 Baltimore Metro Sales Index.....	41
Figure 25 Baltimore Metro Building Inventory Comparisons.....	43
Figure 26 Baltimore County East Industrial Submarket.....	46
Figure 27 Baltimore County East Flex Market Statistics.....	47
Figure 28 Baltimore County East Delivery, Absorb, and Vacancy.....	47
Figure 29 Baltimore East Flex Market Overview.....	48

Figure 30 Baltimore County East Flex Market Availability Analysis.....	48
Figure 31 Baltimore County East Flex Market Absorb, & Leasing Activity	49
Figure 32 Baltimore County East Flex Market History.....	49
Figure 33 Baltimore County East Market History 2	49
Figure 34 Baltimore County East Flex Market Vacancy History.....	50
Figure 35 Baltimore County East Flex Market Rental Rates	50
Figure 36 Competitive Market.....	54
Figure 37 Competitive Market Comparison Chart.....	55
Figure 38 Summary of Total Development Cost.....	68
Figure 39 Development Cost.....	68
Figure 40 Phil Rd GC Cost	71
Figure 41 Phil Rd Construction Estimates.....	72
Figure 42 GC Construction Cost for Yellow Brick Rd	73
Figure 43 Construction Estimate for Yellow Brick Rd.....	74
Figure 44 TI Fit out Specs	75
Figure 45 Development/ Construction Draw Schedule	76
Figure 46 Baltimore County Concept Plan Timeline	80
Figure 47 Baltimore County Concept Plan Timeline 2	80
Figure 48 Baltimore County Development Plan Timeline	80
Figure 49 Baltimore County Development Plan Timeline 2	80
Figure 51 Construction Schedule.....	82
Figure 50 Construction Schedule.....	82
Figure 52 Case Study Models Cash Flow w/o Reversion	86
Figure 53 NOI Cash Flow With Reversion.....	86
Figure 54 Case Study Assumptions	88
Figure 55 Best Case 1 Reimbursable Expenses.....	93
Figure 56 Baltimore County Permit Fees 1	133
Figure 57 Baltimore County Development Fees.....	133
Figure 58 Baltimore County Permit Fees 2	134
Figure 59 Baltimore County Zoning Illustration.....	135
Figure 60 Baltimore County Manufacturing Zones.....	135

Figure 61 Baltimore County Master Plan	136
Figure 62 Baltimore County Priority Funding Area	137
Figure 63 Perry Hall White Marsh Growth Plan.....	138
Figure 64 Baltimore County Growth Area	139
Figure 65 Baltimore County Demarcation Line.....	139
Figure 66 White Marsh Growth Area	140

Best Case 1	115	
Table 6 Best Case Argus Cash Flow part 1		Table 7 Best Case Argus Cash Flow Part 2 117
Table 8 Best Case 1 Sources & Uses	119	
Table 9 Best Case 1 Resale	120	
Table 10 Best Case 1 Present Value	121	
Table 11 Best Case 1 Assumptions	122	
Table 12 Best Case 1 Market Assumptions	123	
Table 13 Best Case 1 Average Rent Rates	124	
Table 14 Best Case 1 Rent Roll	125	
Table 15 Best Case 1 ULI Tax & Depreciation Assumptions	126	
Table 16 Best Case ULI Deprecation Calculation	127	
Table 17 Best Case 1 ULI Tax Calculation	128	
Table 18 Best Case 1 Return Calculations	129	
Table 19 Best Case 1 Ratios	130	
Table 20 Best Case 1 Return Calculations	131	
Construction Profitability Schedule	132	
Table 21 Best Case Development Year	133	