The Range at Red Run

11358 Red Run Blvd., Lot W
Owings Mills, MD 21117

Hirsch Neustein
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Executive Summary

A unique office development opportunity has been found in Owings Mills, Maryland. The Range at Red Run will be developed into a condo-office park. The site is being developed into fully entitled finished one to two acre lots ready for development. Lot W is the proposed site of this development project. Lot W will be developed into a 6,300 square foot single story office building, as a build-to-suit project on behalf of the client.

- **Developer**
  - Graduate of the Johns Hopkins University Carey Business School, MSRE—Development
  - Graduate of The George Washington University School of Business, BBA—Finance
  - Resident of Baltimore City
  - Well connected within the Baltimore metropolitan area development community
  - Past development experience within Baltimore City
  - Past experience in management consulting
- **Equity**
  - Anticipated hold period of at least 10 years with over $110,000 in annual NOI
  - Equity requirement of $300,000 contributed by Neustein & Co.
  - Projected equity IRR of 14.3% upon reversion in year 10
- **Debt**
  - Construction financing has been secured with a 2 year building and stabilization term and option of a 5 year mini-perm loan once stabilized
  - Loan-to-value ratio of 67.25%
  - Permanent loan of $1,060,478

- **Development Plan**
  - Plan to acquire through contract in late summer of 2010
  - Plan to develop once prelease agreement with the Durham Group is finalized
  - Design meets demand of Durham Group as a build-to-suit office building with built in flexibility for future tenant or multiple tenants when the Durham Group vacates
- **Green Design/Community Benefits**
  - While the building will not be LEED certified, it will include some green elements, such as:
      - Low VOC paint
      - Multiple HVAC zones to increase energy efficiency
      - Electric water heaters which are more efficient than gas
      - Efficient toilettes
      - Native/local plants and foliage used for landscaping
  - While the building will be a private office building, the community will benefit from the incremental increase in property taxes
  - The Durham Group conducts over 1,000 hours of pro bono legal work annually
- **Strengths**
  - Proximity to 795, Reisterstown Road, and other major transportation arteries
  - Proximity to the Owings Mills Mall
  - In close proximity to a population consisting of young professionals and a high concentration of educated people
- **Weaknesses**
  - Uncertainty related to the credit crisis and current economic turmoil
  - Financing appears to be currently attainable but if the market deteriorates further it could be difficult to secure financing or refinance

Every effort has been made to consider the potential downside of pursuing this project. The developer has sought the advice and opinions of several seasoned developers, contractors, and other knowledgeable professionals to create a viable development plan.

Strategic Development Plan

The goal of this project is to develop a single story 6,300 square foot class-A office building. Neustein & Co., the developer, has a build and hold strategy. The building will be preleased to the Durham Group, who will occupy the entire 6,300 square feet for eight years. The development team will consist of the following parties:

Developer	Neustein & Co.
Owner	Neustein & Co.
Architect	Marks Thomas
Contractor	Harbor Development

The expected timeline for the completion of this development is highlighted in the sections below. Potential risks and stumbling blocks have been taken into consideration with regards to the project schedule, however, unforeseen events and/or conditions may arise and as such, Neustein & Co. and its partners reserve the right to adjust the schedule accordingly.

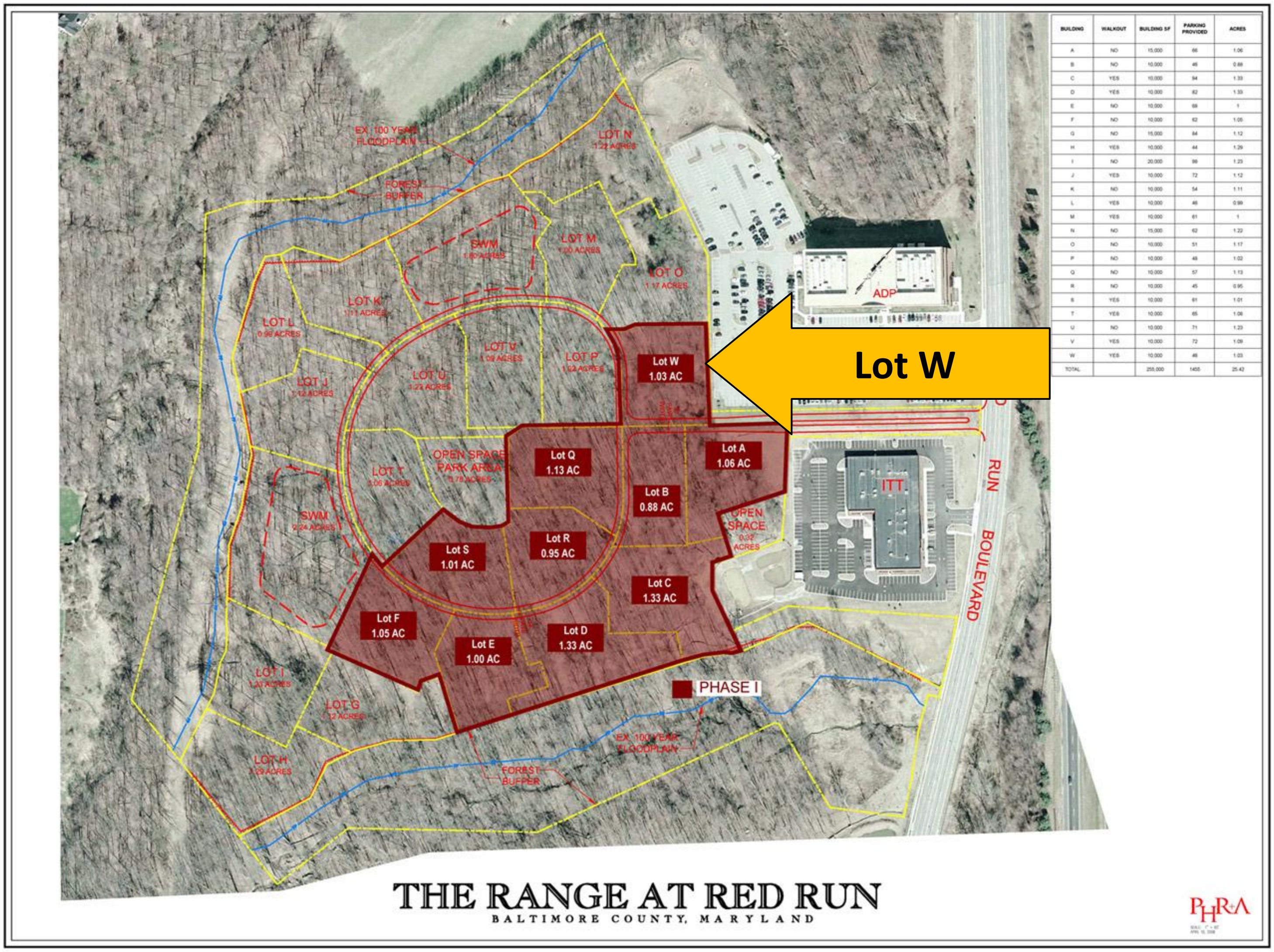
The property will be held by Neustein & Co. as a long term asset. Typically Neustein & Co. seeks to hold assets for at least ten years. The financial section of this document, found below, contains information regarding the expected future returns of the property. The projected 14.3% equity IRR is in line with Neustein & Co.'s goal of hedging inflation and earning a return on investment.

Property Description

Introduction

The Range at Red Run will consist of twenty three private office building condominiums ranging in size from approximately five thousand to twenty thousand square feet on lots of one to two acres. The Range provides a unique opportunity for a build to suit development on behalf of a potential tenant or as leasable office space for a landlord. Buildings can be designed to be sub-dividable to accommodate multiple tenants. The site is zoned ML, which means that in addition to office space, the site is zoned for limited supporting retail and light manufacturing uses.

Lot W is a 1.03 acre roughly square shaped lot on which a 6,300 square foot single story office building will be developed. The lot measures approximately 220 feet by 200 feet and is relatively flat. Given the current zoning, beyond the typical requisite building permits and inspections, it is not anticipated that there will be any regulatory or zoning hurdles. The lot is pictured in the photograph on the next page.



BUILDING	WALKOUT	BUILDING SF	PARKING PROVIDED	ACRES
A	NO	15,000	66	1.06
B	NO	10,000	46	0.88
C	YES	10,000	94	1.33
D	YES	10,000	82	1.33
E	NO	10,000	69	1
F	NO	10,000	62	1.05
G	NO	15,000	84	1.12
H	YES	10,000	44	1.29
I	NO	20,000	99	1.23
J	YES	10,000	72	1.12
K	NO	10,000	54	1.11
L	YES	10,000	46	0.99
M	YES	10,000	61	1
N	NO	15,000	62	1.22
O	NO	10,000	51	1.17
P	NO	10,000	48	1.02
Q	NO	10,000	57	1.13
R	NO	10,000	45	0.95
S	YES	10,000	61	1.01
T	YES	10,000	65	1.06
U	NO	10,000	71	1.23
V	YES	10,000	72	1.09
W	YES	10,000	46	1.03
TOTAL		255,000	1455	25.42

Neighborhood and Area Overview—Location

Located in Baltimore County, Maryland, Owings Mills is a bedroom community of Baltimore City. The community has a small town feel with a high concentration of young professionals and young families. It is relatively affluent, with a population mostly consisting of middle class to upper middle class, as well as some wealthy people. It also has transit connections to downtown Baltimore, making it an ideal location for businesses relocating from other parts of the Baltimore metropolitan area. Within Owings Mills and the general area, there are a number of major shopping centers, including the Owings Mills Mall and the Towson Mall.

Baltimore County almost completely surrounds but does not include Baltimore City. The two are separate political entities, and to avoid confusion, are often referred to by locals as the "City" or the "County". Baltimore County is the largest municipality in the region. Over the past thirty years or so, the County has become increasingly more urban. Historically, the County was rural, but as people moved out of the City, the County has boomed and is now an amalgamation of rural, suburban and urban areas. Obviously, this development parallels the growth trends in both the City and the County; while the City has lost residents over the last few decades the County has grown. The County is about 612 square miles of land mass and 28 square miles of water mass. Included in that area are 29 distinct unincorporated communities with large diversity in demographics, including density, ethnicity, and socioeconomic levels. As a result of the rich diversity and relative affluence in the County when compared to the surrounding areas, Baltimore County has higher retail sales per capita than both the Baltimore metropolitan area and the entire State of Maryland.

Neighborhood and Area Overview—Site Linkages

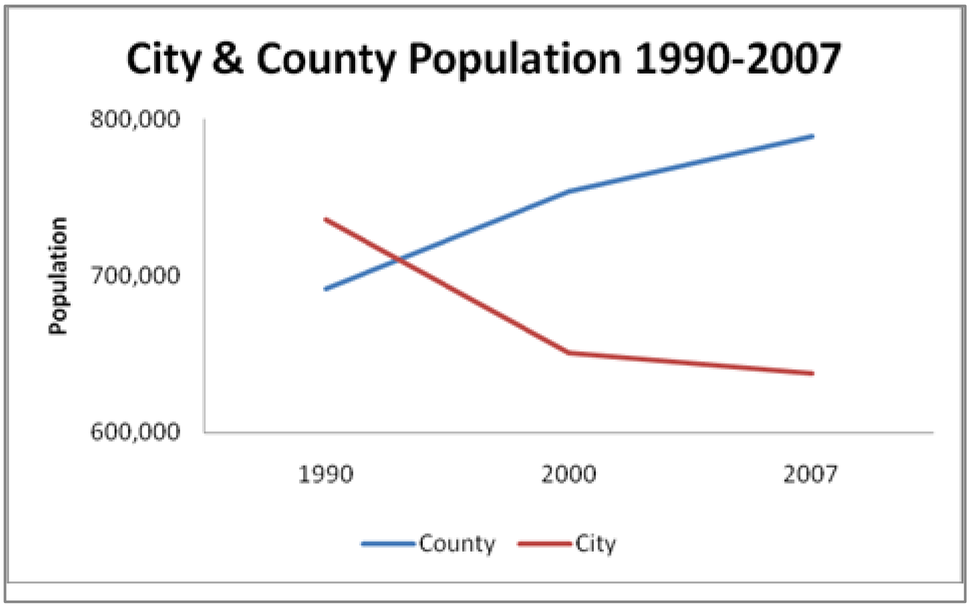
The Range at Red Run is conveniently located in Owings Mills for easy automobile access. The site lies along the south-west side of the 795 highway. The site is bordered by Franklin Boulevard on the north and by Owings Mills Boulevard to the south, both major area roads. It is possible that there will be an additional on and off ramp to 795 very close to the site entrance in the next five to ten years[1], increasing the site's accessibility and desirability. In addition, the site is in close proximity to Reisterstown Road/Route 140, a major area artery way. The Range is also in close proximity to public transportation. The Owings Mills Metro Station, which currently is the last stop on the Baltimore Metro Line, is approximately two and a half miles from the site, and is also in close proximity to the Owings Mills Mall. There are two bus routes that run close to the site, routes fifty six[2] and fifty nine[3]. The site is also located within easy access of air travel. Baltimore International Airport is approximately twenty three miles to the south, while Martin State Airport is located about thirty miles to the east. In addition, Baltimore Penn Station is about 20 miles to the south, making rail travel accessible as well. A map depicting the site location can be found on the following page[4].

[1] Interview with Arthur Adler, Caves Valley Partners
[2] https://www.mtamaryland.com/services/bus/schedule/56color%20(2).pdf13.pdf
[3] https://www.mtamaryland.com/services/bus/schedule/59color%20(2).pdf13.pdf
[4] http://therangeatredrun.com/images/aerialforwebsitehomepage.jpg

In addition to proximity to public transportation, the Range site is within close proximity to many residential units. According to CoStar data, within a three mile radius of the site there were approximately 63,000 residents and within five miles there were over 110,000, as of 2007. Within the same distances, there were approximately 25,000 and 45,000 households, respectively.

Neighborhood and Area Overview—Growth Patterns

When comparing the population data in Baltimore County to Baltimore City it is easy to see the trend of people leaving the City and moving to the County if the data is plotted on a graph. The graph below depicts population trends in the City and County from 1990 through 2007[5][6].



[5] http://factfinder.census.gov/servlet/SAFFPopulation?_event=ChangeGeoContext&geo_id=05000US24510&_geoContext=01000US|04000US06|05000US06075&_street=&_county=Baltimore+city&_cityTown=Baltimore+city&_state=04000US24&_zip=&_lang=en&_sse=on&ActiveGeoDiv=geoSelect&_useEV=&pctxt=fph&pgsl=010&_submenuId=population_0&ds_name=null&_ci_nbr=null&qr_name=null&reg=null%3Anull&_keyword=&_industry=

[6] http://www.baltimorecountymd.gov/Agencies/economicdev/gateway/demographics/index.html

Market Study

Demand Analysis—Consumer Profile

The Durham Group will occupy the entire building as a build-to-suit tenant, which will obviously be the primary demand driver for the building. However, in order to finance the project (especially in today's environment) the building must be designed with other future users in mind.

Because of the small size of the firms likely to occupy the space in the future, the principals of the building's future tenants will reside in relative proximity to the Range, most likely somewhere in the County such as Towson, Owings Mills, or Hunt Valley. Furthermore, given the small size of the building, demand will not be driven by any particular employer or industry, but will mostly be driven by annual tenant rollover from other buildings. This proximity will be a driving force in the decision to locate in Owings Mills as opposed to other employment clusters such as Towson, the BWI area or downtown. In larger firms, location decisions are often driven by average proximity for all employees but often small firms do not take that as a primary consideration. For example, a medical practice will probably not choose an office location because it is convenient for the receptionist or nurse, but instead will choose a location because it is either close to a hospital or close to the doctor's residence.

Demand Analysis—Tastes and Preferences

The Durham Group and possible future tenants have similar tastes and preferences when it comes to selecting office space. They are all interested in securing space that is easily accessible by car and public transportation; within close proximity to retail and restaurants; includes a standard package of amenities and security features; and has an intangible aesthetic appeal that will help in the recruiting and retention of employees. In addition, office tenants seek space with high ceilings, an airy feel and lots of natural light, public transit connections and ample parking.

Demand Analysis—Inferred Demand Analysis

Historically, Baltimore County has had a fast growing population. According to US Census Data, the population of Baltimore County grew 9.0% from 1990 to 2000, while the population of the entire metropolitan area grew only 7.2% over the same period. From 2000 to 2007, according to the American Community Survey, the population of the County grew an additional 4.61% while the metropolitan area grew at almost the same rate, or 4.57%. The table below has more information on the total population of Baltimore County and the metropolitan area.

Total Population Figures, Baltimore County and Metropolitan Area, 2000 to 2007[7][8]				
Year	County	Change	Metro	Change
1990	692,134	5.6%	2,382,172	9.6%
2000	754,292	9.0%	2,552,994	7.2%
2007	788,994	4.61%	2,668,056	4.57%

The recent growth in Baltimore County is expected to continue in the near future. CoStar data suggests that population growth for the area within a five mile radius of the Range site will be about 8% by 2012, while household growth in the same area will be about 9% by 2012. The greater growth in households than population implies that there will be jobs growth in close proximity to the site. This growth will drive demand for office space in the future. The table below has more information on the population in proximity to the Range site.

Demographic Data in Proximity to Range at Red Run[9]			
From the Range Site	**1 Mile Radius**	**3 Mile Radius**	**5 Mile Radius**
2007 Total Population	6,814	62,760	113,123
Pop. Growth 2007-2012	7.84%	8.41%	7.74%
2007 Total Households	2,664	25,030	44,413
HH Growth 2007-2012	8.63%	9.34%	8.68%

[7] US Census 1970 – 2000. Maryland Department of Planning. Planning Data Services.
[8] American Community Survey 2006 and 2007
[9] http://property.costar.com/Property/Detail/Detail.aspx?t=12&id=139552&popup=0

Within Baltimore County, the number of businesses has increased every year since 2001. In fact, the number of business establishments in the County increased 14% from 2000 to 2007. The table below has more information on the number of business establishments located in Baltimore County.

Baltimore County Business Establishments[10]			
Year	**Business Establishments**	**Y-O-Y Growth**	**Total Growth**
2000	19,463	X.X	14.0%
2001	19,358	-0.5%	
2002	19,900	2.8%	
2003	20,050	0.8%	
2004	20,832	3.9%	
2005	21,323	2.4%	
2006	21,740	2.0%	
2007	22,180	2.0%	

Furthermore, the number of people employed within close proximity to the Range site is fairly substantial. Within a five mile radius from the Range site there are over 4,500 businesses with about 66,000 employees. While data specifying the number of employees in larger concentric circles from the Range site could not be found, given the average commuting time in Baltimore County of 33 minutes, it is a safe bet that there are countless more people employed and businesses located in large concentric circles disseminating from the site. The table below illustrates the number of daytime employment in proximity to the Range site.

[10] Maryland Department of Labor, Licensing and Regulation. Employment and Payrolls – County Industry Series 2000-2007

Number of Daytime Employment in Proximity to Range at Red Run[11]						
Employment By Type	**# Businesses**			**# Employees**		
Radius (miles)	**1**	**3**	**5**	**1**	**3**	**5**
Total Retail	88	521	818	2,292	8,908	13,773
Finance/Insurance/RE	43	334	498	2,467	11,987	13,782
Services	134	1,151	2,061	1,413	12,713	21,730
Agriculture/Mining	3	42	74	17	397	615
Construction	14	210	314	114	2,029	2,798
Manufacturing	9	95	126	43	2,243	2,934
Transport/Com/Utilities	7	65	102	77	1,082	1,454
Wholesale Trade	6	115	158	57	1,251	1,594
Government	20	200	399	482	4,064	7,110
Total	324	2,733	4,550	6,962	44,674	65,790

Percent of Daytime Employment in Proximity to Range at Red Run[9]						
Employment By Type	**# Businesses**			**# Employees**		
Radius (miles)	**1**	**3**	**5**	**1**	**3**	**5**
Total Retail	27%	19%	18%	33%	20%	21%
Finance/Insurance/RE	13%	12%	11%	35%	27%	21%
Services	41%	42%	45%	20%	28%	33%
Agriculture/Mining	1%	2%	2%	0%	1%	1%
Construction	4%	8%	7%	2%	5%	4%
Manufacturing	3%	3%	3%	1%	5%	4%
Transport/Com/Utilities	2%	2%	2%	1%	2%	2%
Wholesale Trade	2%	4%	3%	1%	3%	2%
Government	6%	7%	9%	7%	9%	11%
Total	100%	100%	100%	100%	100%	100%

It important to note that there is diversity in the types of businesses located in Baltimore County. The table above illustrates the distribution of firms and employment across different sectors. Services make up 45% of all business enterprises in the County. While Baltimore County has not been immune to the recent economic turmoil, given its diversity in business composition, and its heavy government concentration, services including healthcare, education, and social services, it should be able to weather the current economic storm as well as anywhere else. The apparent relative stability of the region is evident when analyzing recent unemployment data. According to

[11] http://property.costar.com/Property/Detail/Detail.aspx?t=12&id=139552&popup=0

the Bureau of Labor Statistics, Maryland had a 6.8% unemployment rate in April 2009, compared to a national average of 8.9%[12].

While it is useful to know the historic population, employment, and enterprise growth numbers for Baltimore County, it is also useful to know how much space tenants lease, on average. According to CoStar data, 81.5% of office tenants lease less than 10,000 square feet. Note that this number may under represent the reality because CoStar does not track buildings smaller than 5,000 square feet. What this means is that in theory, at least of 81.5% of commercial tenants in Baltimore County could theoretically relocate to Building W. In reality, many of these leases are signed by common tenants. In other words, large tenants that occupy multiple floors in the same building may have different leases for different floors, so the true number of eligible tenants is less than 81.5%, but is still promising. The table below has more information on tenants by size.

Tenant by Size Range, Baltimore Market, Q3 2008[13]		
Tenant Size (SQF)	**Percent of Tenants**	**Target Market**
10,000 +	18.5%	N/A
5,000-9,999	15.2%	81.5%
2,500-4,999	23.3%	
0-2,499	43.0%	

In Baltimore County, approximately 66.3% of tenants occupy spaces less than 5,000 SQF. Within five miles of the Range site 56% of the businesses are in services/finance/insurance/real estate. This implies that about 37% of office space in the county is occupied by small services/finance/insurance/real estate offices. While these tenants do not all have the same needs with regards to floor plate and fit out, they typically desire light airy class-A space, that will promote employee retention and aid in recruiting new employees—after all, no one wants to work in a gloomy environment.

[12] http://www.bls.gov/news.release/laus.htm
[13] CoStar Office Report Q3-08, Baltimore Market Report

Baltimore County has a relatively healthy office market. Countywide, average vacancy is 11.2% on almost twenty five million square feet of office space. The weighted average vacancy rate by square feet is 11.1%. The low vacancy rate is indicative of a strong demand.

Year to date net absorption of office space across Baltimore County was about 255,000 units, with 160,000 units delivered year to date. In addition, there are about 300,000 square feet of office space currently under construction in Baltimore County. Given the current uncertainty and poor condition of the economy it is impressive that the County has managed to have a positive net absorption. The year to date absorption rate is slightly over 1% and there is no reason to believe that this should change substantially before the end of the year. More information about vacancy rates and net absorption broken down by asset class and location in the county can be found in the table below.

Baltimore County Office Statistics, Q3-08[14]

Existing Inventory				Vacancy			YTD Net	YTD	Under
Class	Location	# Blds	Total RBA	Direct SQF	Total SQF	Vac %	Absorption	Deliveries	Const SQF
A	East	21	970,349	156,804	156,804	16.2%	20,783	-	140,152
	West	20	1,636,346	168,225	168,225	10.3%	36,542	110,000	-
	Central	72	6,225,511	790,221	828,543	13.3%	148,434	44,514	120,000
B	East	157	1,466,763	215,923	221703	15.10%	30,265	-	4,400
	West	91	2,267,027	250,741	253621	11.20%	5,794	6,700	-
	Central	275	7,859,718	767,464	789,249	10.00%	45,879	-	38,900
C	East	178	854,691	112,756	112,756	13.20%	(30,808)	-	-
	West	74	897,947	94,423	94,423	4.20%	14,489	-	-
	Central	232	2,749,163	200,064	200,064	7.30%	(15,961)	-	-
Total	County	1,120	24,927,515	2,756,621	2,825,388	11.2%	255,417	161,214	303,452

Inferred analysis suggests that it is likely that demand for office space in Baltimore County will continue to grow. Historically, population, employment, and business establishment counts both in the County and in proximity to the Range site have not just grown, but have done so at a faster pace than the region in general. The County also benefits from low unemployment relative to the

[14] CoStar Office Report Q3-08, Baltimore Market Report

national and regional averages. In addition, relatively low vacancy rates for office space across the County continue to suggest that there is additional demand. The positive year to date absorption in Baltimore County further suggests the demand for space in the market. When considering all of this empirical evidence, it makes sense to conclude that the demand for office space in Baltimore County will continue in the near future, and given the impressive performance of the past few decades, there is reason to believe that it will continue beyond the near term, although at a more stabilized pace than in the past.

Demand Analysis—Fundamental Demand Forecast

Office demand is generated by employment levels and jobs growth. By analyzing predicted job growth and the percent of people that work in offices one can forecast future office demand. Baltimore County had 403,526 employed people in 2007[15]. Assuming the eight percent growth rate over that period (mentioned earlier), there will be 435,808 employed people by 2012 in the County. This yields a five year expected change in employment of 32,282 people. Assuming 70% of them work in offices there will be an additional 22,600 people employed in offices. In 2007, approximately 16.3% of the employed population in the County worked within five miles of the Range. Assuming this statistic is true through 2012 and that the population is evenly distributed throughout the County, there will be an additional 3,700 employees within five miles of the Range.

The conclusions of the fundamental demand forecast support the findings from the inferred demand analysis. The bottom line is that there will likely be an increase in the future demands for office space in the County and specifically in close proximity to the Range.

[15] CoStar Office Report Q3-08, Baltimore Market Report

Supply Analysis—Existing Stock of Competitive Properties

According to the data presented above there is about 25 million square feet of existing office space in Baltimore County. According to another source, there is about 18 million square feet of rentable office space in Baltimore County[16], which would imply that there is about 24 million square feet of total space, assuming an 80% core factor.

Existing Inventory, Baltimore County, Q3-08[17]			
Class	**Location**	**# Blds**	**Total RBA**
A	East	21	970,349
	West	20	1,636,346
	Central	72	6,225,511
B	East	157	1,466,763
	West	91	2,267,027
	Central	275	7,859,718
C	East	178	854,691
	West	74	897,947
	Central	232	2,749,163
Total	County	1,120	24,927,515

Rents in Baltimore County average $20.97[18] per square foot according to CB Richard Ellis. In the metropolitan area, which includes Baltimore City, rents average $22.32[19] according to CoStar.

Within the Owings Mills, Reisterstown Road, Pikesville and Ruxton, the median rent for existing class-A office space was $21.00 but the median building was constructed or renovated in 1998. I believe that newly constructed office buildings will be able to command a rent premium over older buildings. See Addendum B for the average rent for buildings in the market area identified above.

Supply Analysis—Properties Under Construction

[16] CB Richard Ellis Market View Baltimore Office
[17] CoStar Office Report Q3-08, Baltimore Market Report
[18] CB Richard Ellis Market View Baltimore Office
[19] CoStar Office Report Q3-08, Baltimore Market Report

It is unclear how much office space is currently under construction in the County. According to CB Richard Ellis the number is about 480,000 square feet but CoStar estimates there is only about 300,000 square feet of space under construction in the County. Part of this discrepancy stems from CoStar not collecting data on smaller buildings. It is unknown how much of the 180,000 SQF is in the immediate market area, but according to CoStar, within the market area of Owings Mills, Reisterstown Road, Pikesville and Ruxton, there is approximately 1,156,000 SQF of proposed office space. The smallest of these buildings is approximately 40,000 SQF. While all of these buildings, once built, will be competition for Building W, none of them would be suitable as an owner occupied building for the Durham Group or any other firm of similar size looking to occupy an entire building because they are all much too large. The supply analysis supports the claim that Building W is a unique property given its size, because there are few comparable buildings available in the immediate market area. See Addendum B for a list of comparable properties in the market area.

Design Section

The Durham Group will occupy the entire building. However, at some point in the future, the Durham Group will probably choose not to renew their lease. At that point in time, Neustein & Co. will have two options—release or sell. The building was designed for maximum flexibility so that it can be subdivided and leased to multiple tenants when the Durham Group vacates if there is no demand from firms for the entire building.

The program for Lot W is as follows. Lot W will be developed into a single story 6,300 square foot office building. The building can be subdivided into eight equal bays. There will be two plumbing cores, potentially giving each bay a private unisex restroom. Tenants occupying multiple bays will be able to have men's' and women's rest rooms (see the schematic floor plate on the following pages). Four bays are on the parking lot side of the building while the other four are on the forest side of the building.

The site is large enough to support a building larger than 6,300 square feet, however, because the building is being designed to maximize flexibility each of the eight bays has to be easily accessible. If flexibility was not a primary consideration, the building could be expanded on the forest side (towards Red Run Boulevard) and the square footage could be increased by a couple thousand square feet without compromising minimum parking ratios.

The building will have 38 parking spaces, which represents six parking spaces per 1,000 square feet of office space. This ratio exceeds the regulated minimum of 3.3 for general office space and 4.5 for medical office space. The parking ratio also exceeds the median parking ratio for the general market area of 4 spaces per 1,000 SQF by 50%.

As the Durham Group will occupy the entire building the bays will not be subdivided. In addition, there will only be two bathrooms, one for each sex.

The building will have separate thermostats for each bay, allowing tenants to set individual thermostat settings or large tenants to have multiple settings across their suite. The building will have a mid-range tenant improvement (TI) fit out. Because the building is being initially developed as a build to suit, fit out costs will be included in the construction budget. Future leases will have TI expenses commensurate with market standards. Note that the construction budget referenced in the sections below is inclusive of TI fit out.

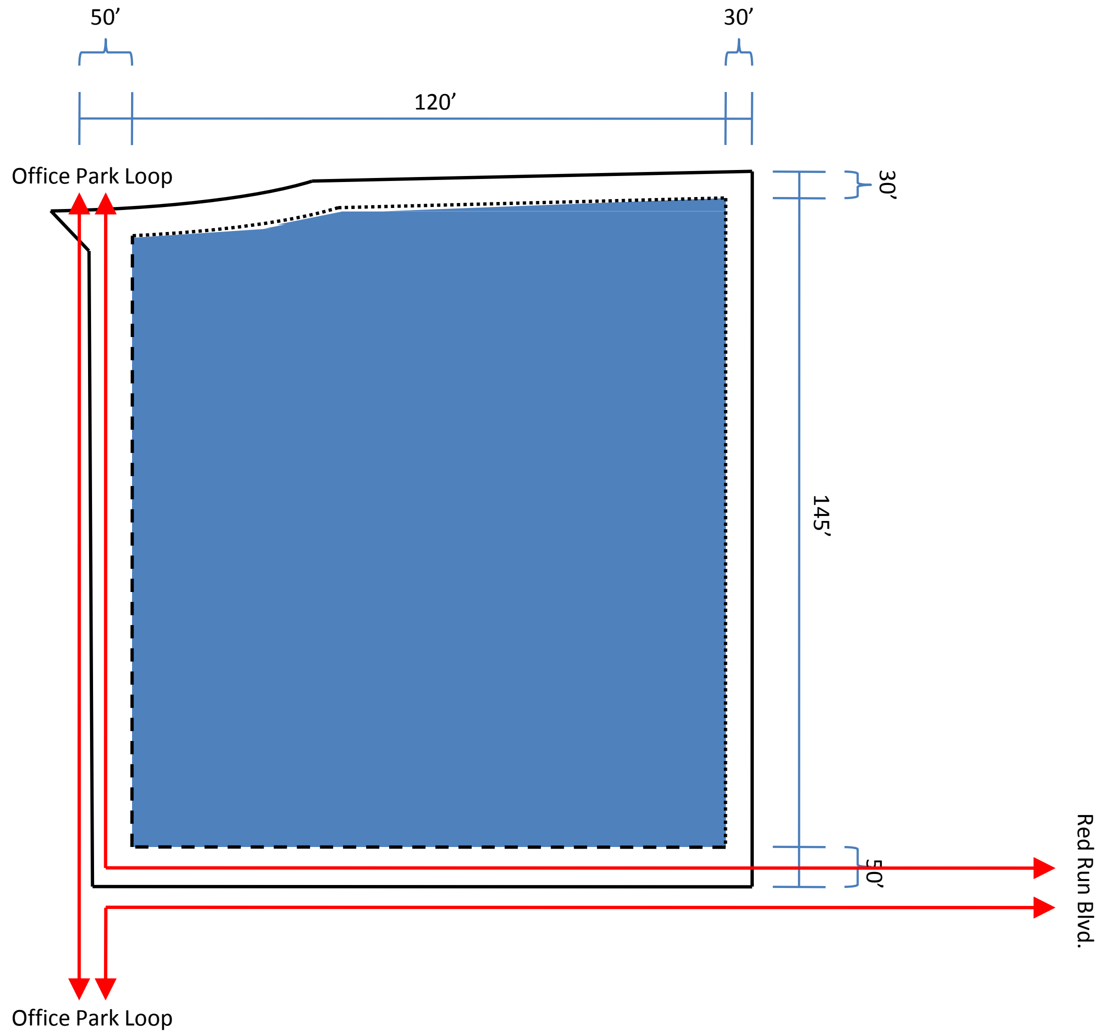
The building has no common interior space so it is extremely efficient. Efficiency was the primary motivation behind the design scheme.

The following pages contain lot dimensions, site layout, a schematic floor plan and a schematic elevation.

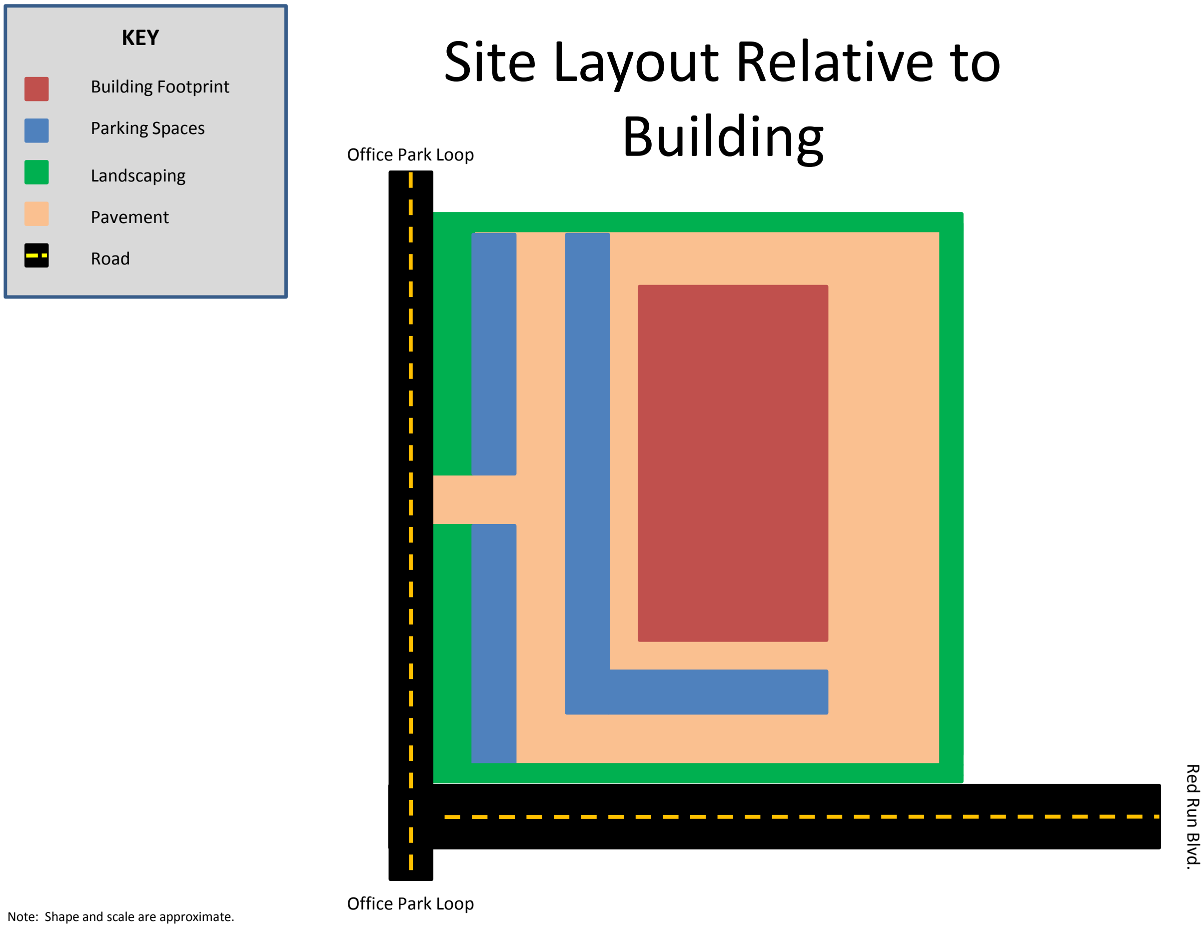
Lot W Dimensions

KEY

———	Property Line
....	30’ Setback
- - - -	50’ Setback
⟷	Road
▭	Buildable Area
50’	Front Setback
30’	Side Setback
30’	Rear Setback
120’ X 145’	Potential Buildable Area

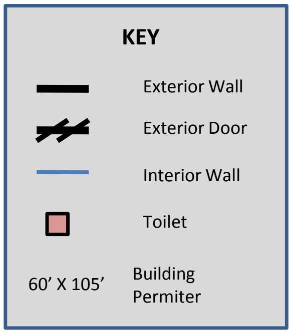


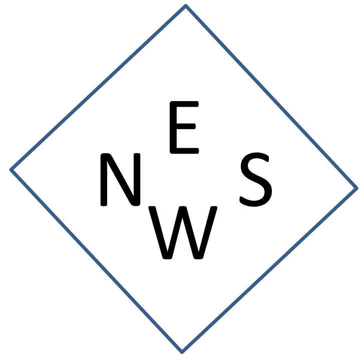
Site Layout Relative to Building



Note: Shape and scale are approximate.

Floor Plate


KEY
Exterior Wall
Exterior Door
Interior Wall
Toilet
60’ X 105’
Building Permiter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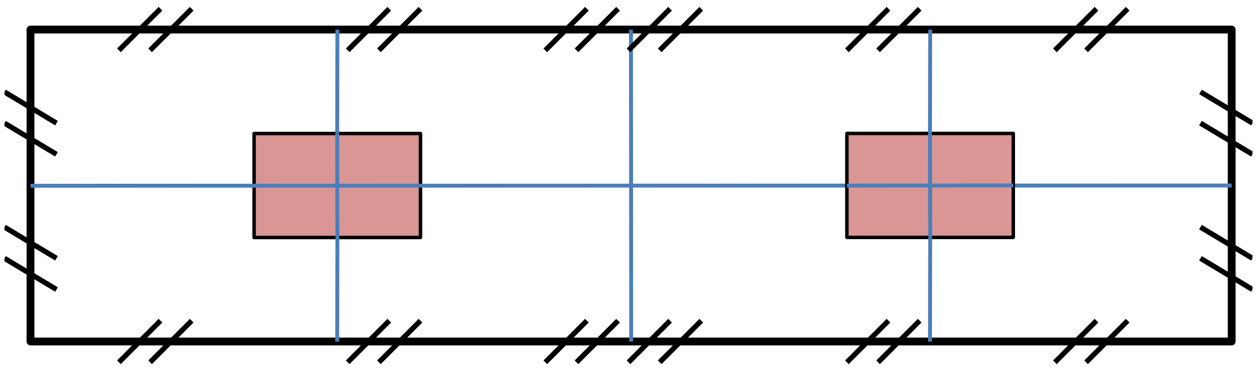
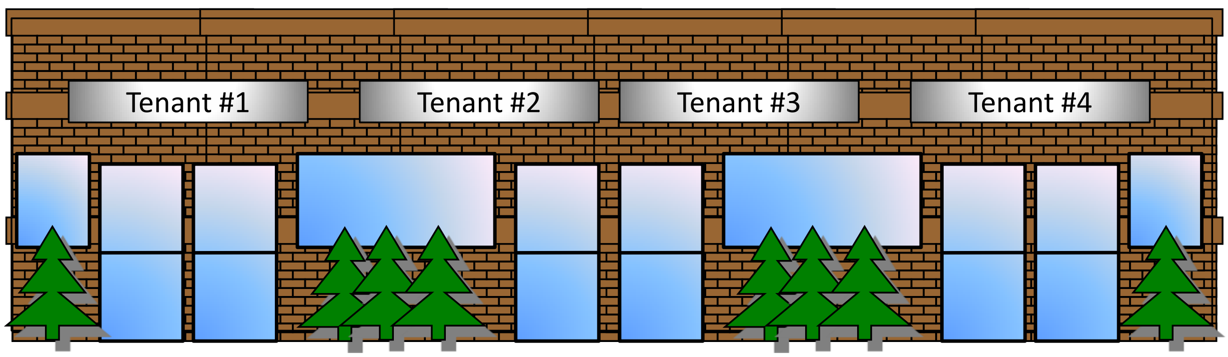


Building Elevation



Note: Illustrative, not to scale.

Construction

The building is being value engineered to maximize value. It will be a single story with a brick on block façade. This siding preference was chosen because it is cheaper than wood, brick veneer, EIFS (a stucco like building skin material), or tilt-up concrete paneling. In addition, the building will have wood trusses instead of steel trusses, another value engineering attempt. Neustein & Co. believes that upgrading building materials will not significantly increase the potential rents for the building, hence the need for value engineering.

The building will be twelve feet tall, allowing for high ceilings and giving a light, airy, and spacious feeling inside. The building will have electric Energy Star heating and cooling systems. These systems will improve the efficiency of the building which is important to tenants. The building will have standard window and door sizes in order to further value engineer, because custom sizes are more expensive. While efficient technologies such as the electric Energy Star heating and cooling system are being incorporated, the building will not be "green" because of the additional cost premium associated with LEED certification. Neustein & Co. is not interested in green building and is not willing to pay the cost premium because they do not believe it will make the building more desirable to tenants. Landscaping will be minimal, with an emphasis on native/local foliage in order to cut costs and minimize care and maintenance expenses.

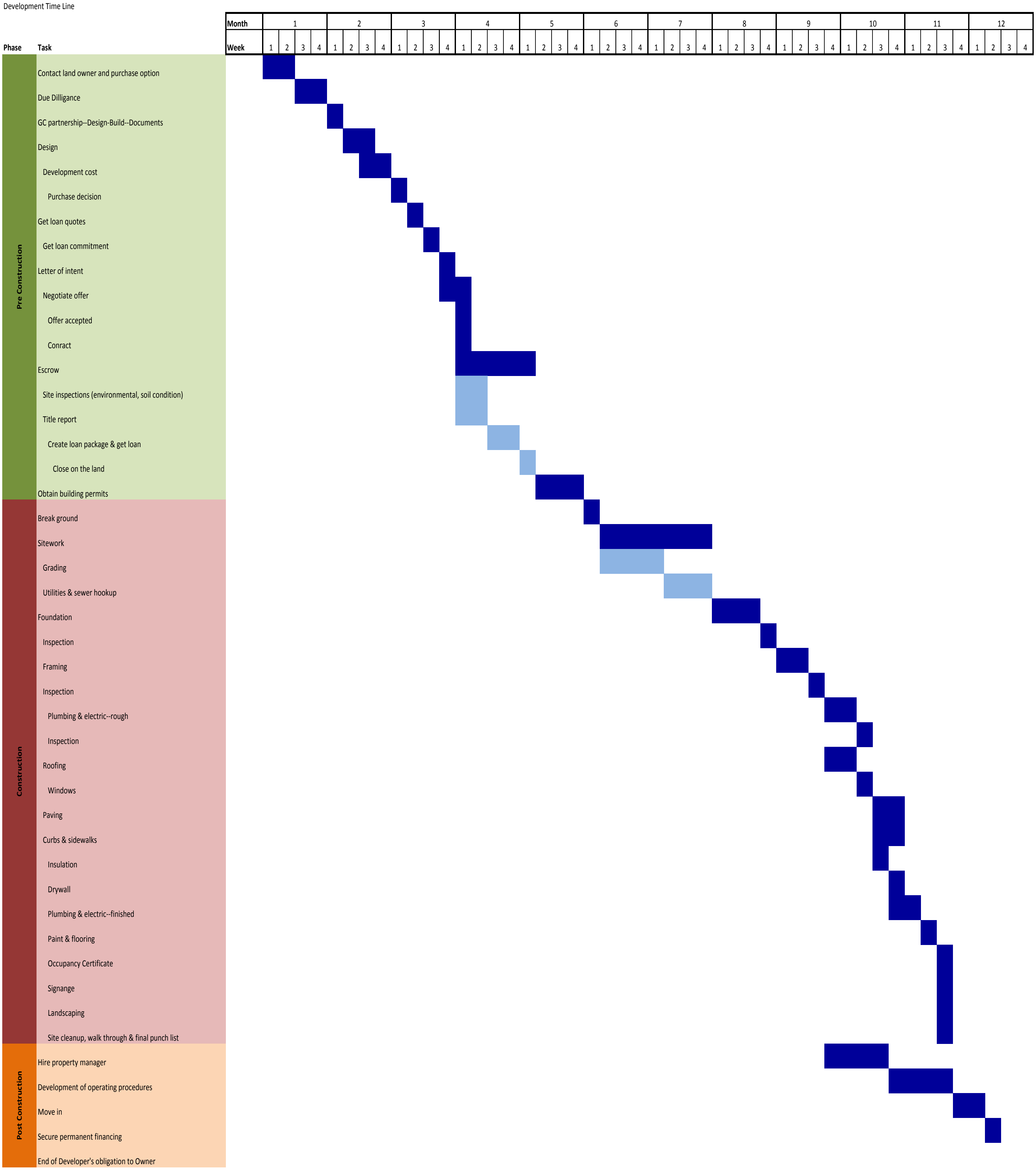
The project will utilize a design-bid-build contract with a guaranteed maximum price in order to protect Neustein & Co. against potential cost overages. The contracts will be similar to the American Institute of Architects AIA A141-2004. The contract consists of the agreement and three exhibits, Exhibit A, Terms and Conditions; Exhibit B, Determination of the Cost of the Work; and Exhibit C, Insurance and Bonds. Exhibit B is not applicable because the owner elected to use a stipulated sum. A141–2004 obligates the builder to execute fully the work required by the design-build documents, which include A141–2004 with its attached exhibits, the project criteria and the design-builder's proposal, including any revisions to those documents accepted by the owner, supplementary and other conditions, addenda and modifications. In addition, the A142-2004 contract between Neustein & Co. and the contractor, and the B143between Neustein & Co. and the architect will be used.

The construction timeline can be found on the following page.

Range at Red Run

Lot W

Development Time Line



The development budget is attached in Addendum E. The asking price for the lot is $495,000 but Neustein & Co. can only do the deal if the land can be acquired for $300,000 (the 12.5% to 15.0% target equity IRR can only be met if the land is purchased for this price, see returns section below). The cost of the land amounts to $47.62 per square foot of building space. The construction budget for the building, with a built out interior and fittings is $966,949 (excluding the cost of land). The construction costs equate to $157.45 per square foot excluding the cost of land. The total project cost is estimated to be $1,291,949 which equates to $205.07 per square foot (inclusive of land and construction).

In the Argus run, TI costs are based on the $30 per foot that is commonly found in the market. For the initial fit-out they are zeroed out because the building is being delivered fit-out, however, at rollover the TI expense will be applied at market value.

The table below contains the construction budget. The following page contains the development budget and loan pricing.

Construction Budget	
Description	**Cost / SQF**
Div 1 -General Conditions	$ 12.12
Div 2 -Sitework	$ 6.47
Div 3 -Concrete	$ 6.92
Div 4 -Masonry	$ 9.33
Div 5 -Metals	$ 14.99
Div 6 -Wood/Plastics	$ 0.56
Div 7 -Thermal/Moisture	$ 8.67
Div 8 -Doors/Windows	$ 10.56
Div 9 -Finishes	$ 18.33
Div 10 -Specialties	$ 0.52
Div 12 -Furnishings	$ 0.07
Div 15 -Mechanical	$ 19.81
Div 16 -Electrical	$ 15.06
Div 20 -Insurance (Liab.,Builder's Risk	$ 1.07
Total Cost / SQF	$ 124.48

Development Budget				Uses	Sources	Sources	
Category			**RentableSF**	**Project Costs**	**Loan Funding**	**Equity (Durham)**	**Deferred Fees**
Land Purchase Price			$ 47.62	$ 300,000	$ -	$ 300,000	
Site Costs		$1.75 /SQF	6.47	40,765	40,765	0	
	Subtotal		$ 54.09	$ 340,765	$ 40,765	$ 300,000	**$0**
Cost to Construct--Includes Fit-Out			$ 118.01	$ 743,463	$ 743,463	$ -	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Hard Costs		$ 118.01	$ 743,463	$ 743,463	$ -	**$0**
Architecture & Engineering		5.00% of hard costs	$ 5.90	$ 37,173	$ 37,173	$ -	
Contractor Profit		2.50% of hard costs	2.95	18,587	18,587	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Soft Costs		$ 8.85	$ 55,760	$ 55,760	$ -	**$0**
Loan Interest Carry			$ 7.94	$ 50,000	$ 50,000	$ -	
Loan Fees		1.0%	1.90	12,000	12,000	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Financing/Carry		$ 9.84	$ 62,000	$ 62,000	$ -	**$0**
Developer's Fee			$ 3.97	$ 25,000	$ -	$ -	$ 25,000
Developer's Overhead			3.97	25,000	25,000	0	
Marketing			0.00	0	0	0	
Operating Deficit			0.00	0	0	0	
Contingency		5.00% of hard+soft	6.34	39,961	39,961	0	
	Subtotal Miscellaneous		$ 14.28	**$ 89,961**	**$ 64,961**	**$ -**	**$ 25,000**
TOTALS			**$ 205.07**	**$ 1,291,949**	**$ 966,949**	**$ 300,000**	**$ 25,000**

Range at Red Run--Lot W
Sources & Uses, Financing, Budget

Office		6,300 sf					
Paving		23,294 sf					
Square Foot Area		6,300 Rentable sf					

Sources & Uses

Sources			Uses			
1st Position Debt	$	966,949	Acquisition Price of Property	$	300,000	$47.62 per sf
Equity Contribution		300,000	Development Costs	$	966,949	$153.48 per sf
Deferred Developer Fee		25,000	Deferred Developer Fee		25,000	
Sub-Total	$	1,291,949	Sub-Total	$	1,291,949	$205.07 per sf
Balance	$	-				

Construction Loan

Stabilized Net Operating Income	$	115,026	1 capped year		
Stabilized Cap Rate		8.00%			
Concluded Value "At Stabilization"	$	1,437,825			
Proposed Acquisiton/Construction Loan Amount	$	968,962			
Proposed Acquisition/Construction Loan Term		24 Months	2.00 Years		
Financial Institution Maximum Loan to Value		70.0%	Actual Loan to Value	67.25%	2.75% variance
Financial Institution Maximum Loan to Cost		75.0%	Actual Loan to Cost	74.84%	0.16% variance
Contributed Equity to Cost				23.22%	
Underwritten Construction Rate - Interest Only Rate (locked)		6.00%	WSJ Prime Rate 3.25%	SPREAD OF 1.00%	
Percentage of Loan Outstanding During Construction/Leaseup		65.00%			
Months Outstanding		15.60 months			
Avg. Outstanding Balance During Construction/Leasing	$	628,517			
Interest Annually	$	37,711			
Interest Monthly	$	3,143			
Interest Carry - Calculated from % O/S	$	49,024	*1.95% variance*		
Budgeted Interest Carry During Construction/Leaseup - from below	$	50,000			
Calculated Interest from Draw Scheudle	$	92,201	*-84.40% variance*		

Permanent Loan - Takeout

Stabilized Net Operating Income	$	115,026					
Pernament Loan Amount	$	1,006,478		Valuation Analysis			
Maximum Loan to Value		70.00%		Stabilized NOI	$	115,026	
Actual Loan to Value		70.00%		Stabilized Value	$	1,437,825	$228.23 per sf
Actual DSC		1.43 x		Stabilized Cap Rate		8.00%	
Required Minimum DSC for Takeout Loan		1.25x		Value/SFNRA	$	228.23	
Interest Rate (locked) for Takeout Loan		7.00%		Loan/SFNRA	$	159.76	
Amortization for Takeout Loan		360 Months	30 Years				
Debt Service		$80,353					

Loan Gap Analysis for Takeout by Pernmanet Lender		
Loan Constant		7.98%
Gross Equity Payback at Refinance	$	39,529
Equity Payback Net of Developer's Fee	$	14,529
Balance of Equity in Deal after Perm Takeout	$	260,471
GAP		**None**

Financing

Neustein & Co. has received three financing quotes for the project. They will likely go with Slavie Federal Savings Bank for the construction loan because its terms are slightly more liberal than those of M&T Bank and Columbia Bank. The loan will be a 2 year interest only loan at prime plus 1% with a 6% floor. The maximum loan-to-value (LTV) will be 75% while the maximum loan-to-cost (LTC) will be limited to 100%. Most lenders require a 65% to 75% LTC ratio, so the deal will be underwritten to this standard instead of Slavie's more liberal 100% LTC limit. Loan fees will be 1%.

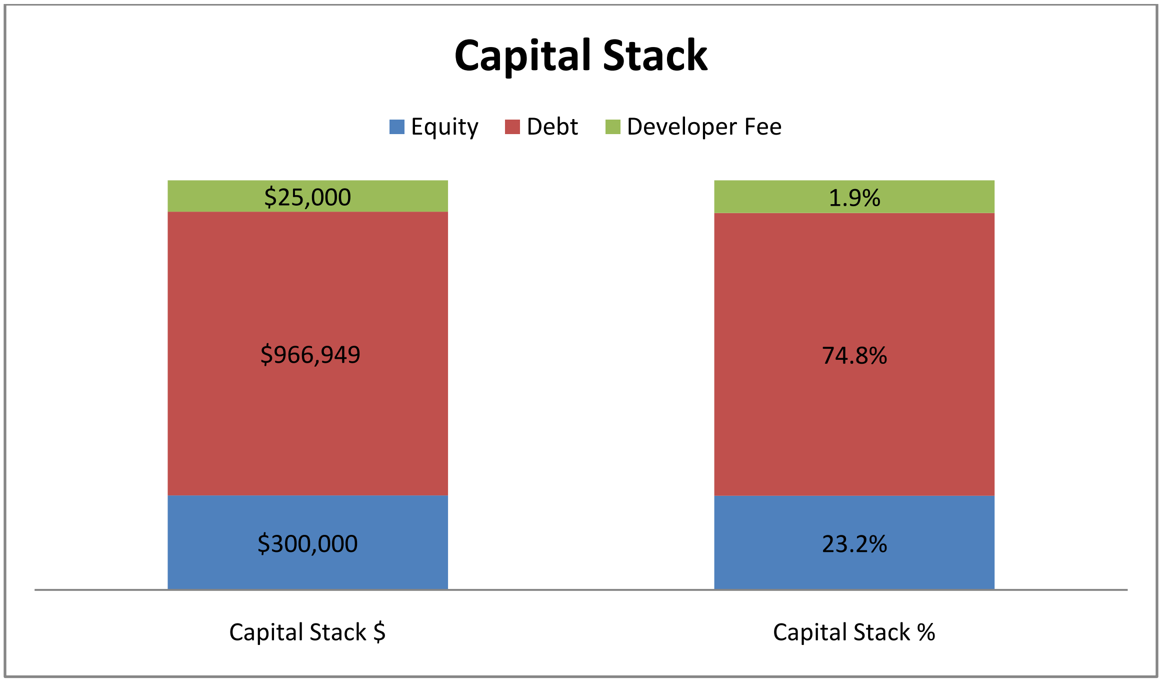
For the permanent financing, the LTV will remain 75%. There will be no loan fees for the permanent financing with the Slavie Federal Savings Bank mini-perm loan. In addition, Slavie's required debt service coverage (DSC) ratio of 1.2 times is more aggressive than the 1.30 and 1.25 required by The Columbia Bank and M&T Bank, respectively.

A summary of the three loan quotes can be found in the following table.

See Addendum C for a lender package and an example of personal net worth statements for personal guarantees.

Lender	The Columbia Bank		M&T Bankcorp		Slavie Federal Bank	
Contact	John Glover		Matt Johnson		Tim Nichols	
	Construction	**Permanent**	**Construction**	**Permanent**	**Construction**	**Permanent**
LTV	65%-70%	65%-70%	65%-70%	65%	75%	75%
LTC	70%-75%	70%-75%	75%	65%	less than 100%	less than 100%
DSCR	1.25-1.30	1.25-1.30	1.35	1.25	1.2	1.2
Interest Rate	Prime + 1.0%	6.5% fixed	LIBOR + 3.5%	6.75% fixed	prime + 1%	6.0%-7.5% fixed
Interest Rate Floor	5%	N/A	4%+350bps	N/A	6-7%	N/A
Loan Fees	1.0%	0.5%	1.0%	1.0%	1%	N/A
Cap rates	9.00%	9.00%	8.25%	8.25%	8-8.5%	8-8.5%
Timing	60-90 days	30 days	90 days	90 days	30-60 days	30-60 days
Loan outstanding balance	65%	N/A	65%	N/A	N/A	N/A
Prelease requirements	70%	70%	50%	50%	50%	50%
Term/Amort	2 years	10/25 years	2 years + extension	10/25 years	18-24 months	5/30 years
Recourse	100%	100%	Partial	Partial	100%	100%
Interest reserves	N/A	N/A	$0.20 / SQF	N/A	Negotiable	Negotiable

The capital stack for the project, as depicted in the graphic below, consists of $300,000 in equity, $25,000 in deferred development fees and $991,948 in debt.



Valuation

The direct cap method used to value Lot W by the banks with regards to calculating the LTV ratio yields a present value of $1,437,825. This value is calculated as follows:

$$Present\ Value = \frac{Stabilized\ CF_1}{Cap\ Rate}$$

$$\$1{,}437{,}825 = \frac{\$115{,}026}{8.00\%}$$

Discounting the projected future cash flows at eight percent yields a value of $1,353,792 which is highly consistent with the value derived with the direct cap method. An eight percent discount rate reflects the risk of the project and is the low range of what banks will underwrite to today. Because this property is effectively 100% preleased to a credit tenant the risk profile of the building is not very high. In addition, the Durham Group seeks to be a long term owner and occupier, minimizing potential cash flow volatilities, which would otherwise further increase the risk profile of the asset and suggest a higher discount rate. Further more, given the strong and stable demographics of the area and likelihood of that continuing in the future, the long-term risk of the area becoming less desirable is low, further decreasing the building's risk profile. A range of present values at different discount rates, for likely, best, and worst case scenarios can be found on the following page.

In conducting the valuation, three scenarios were used. In the likely scenario rents escalate at two percent per year. In the best case scenario they escalate at five percent while in the worst case scenario they are kept flat throughout the period. Because this deal has been underwritten with the potential downside in mind the likely scenario is closer to the worst case scenario than the best case scenario. In addition, the property was valued with a range of discount rates, in order to test its sensitivity to discount rate manipulation. Because the project is 100% preleased, Neustein & Co.

believes eight percent to be the proper discount rate, which is consistent with the lower range of cap rates currently used by banks to underwrite loans on commercial real estate.

NPV of Lot W			
Discount Rate	**Likely**	**Best**	**Worst**
7.00%	$1,437,284	$1,788,183	$1,236,664
7.50%	$1,387,468	$1,724,086	$1,194,938
8.00%	**$1,339,882**	$1,662,888	$1,155,066
8.50%	$1,294,413	$1,604,442	$1,116,952
9.00%	$1,250,951	$1,548,605	$1,080,505
9.50%	$1,209,396	$1,495,244	$1,045,643
10.00%	$1,169,650	$1,444,235	$1,012,285

The analysis above uses the following assumptions.

Inflation	2%
Vacancy	0%
Downtime	12 months
TI	$30/SQF at rollover (escalated)
LC	6%
Likely rental escalation	2%
Best rental escalation	5%
Worst rental escalation	0%

See Addendum E for more valuation detail.

Government Support

There are no government incentives for the Range at Red Run project because of the location and nature of the project. The project is not located in a distressed area that would qualify it for New Market Tax Credits. The project is new construction so there is no possibility of any sort of historic tax credit. The project is not a brownfield so it will not qualify for brownfield remediation credits. The project is not LEED certified (or equivalent) so it will not receive any green building tax credits. The Baltimore Development Corporation will not have any incentives either because it only incentivizes projects in the City.

Project Timeline

The development of Lot W at the Range at Red Run will take approximately one year. The Durham Group would like to be in the building for the third quarter of 2011. This means that Neustein & Co. will have to commence the project in the summer of 2010. Preconstruction activities will take approximately five months. These activities include everything from contacting the land owner, conducting due diligence on the site, hiring the general contractor, designing the building, bidding out to subcontractors, getting loan quotes, negotiating the loan and purchase price, site inspections, closing on the land, and pulling building permits.

The construction period for Lot W will be approximately six months. This time will include site work, foundation, framing, utilities connectivity, drywall and insulation, painting, flooring, paving, windows, finishing, landscaping, and signage. In the event of any major acts of God, the construction period for Lot W may be extended indefinitely.

Once the building is complete the Durham Group will move in immediately. They expect to occupy the building for a minimum of eight years.

A project timeline can be found in the "Construction" section above.

Project Returns

Neustein & Co. is moderately risk adverse and is primarily looking for a way to hedge against inflation as well as make a return on investment. They require an unleveraged IRR of at least 7% and seek investments returning 12.5% to 15.0% leveraged IRR's. It should be noted that these returns can only be achieved if the land can be purchased for $300,000. If the land were to be purchased for the $495,000 asking price, it would be impossible for Neustein & Co. to meet their required returns.

The unleveraged IRR threshold will not be met for every year of the holding period, however on average, the project will meet the 7.0% threshold. A summary of unleveraged IRR over a range of holding periods can be found in the table below.

Unleveraged Returns Summary						
	IRR			Cash on Cash		
Holding Period	Likely	Best	Worst	Likely	Best	Worst
1 Year	3.3%	7.8%	0.3%	3.2%	2.8%	3.5%
2 Years	6.6%	10.6%	3.9%	8.0%	8.5%	7.7%
3 Years	7.9%	11.6%	5.3%	8.2%	8.9%	7.7%
4 Years	9.1%	12.8%	6.7%	8.3%	9.4%	7.7%
5 Years	9.4%	13.0%	7.0%	8.5%	9.9%	7.6%
6 Years	9.6%	13.1%	7.2%	8.7%	10.4%	7.6%
7 Years	9.7%	13.2%	7.2%	8.8%	11.0%	7.6%
8 Years	5.2%	8.6%	2.9%	9.0%	11.5%	7.5%
9 Years	8.0%	11.3%	5.8%	-13.4%	-12.5%	-13.9%
10 Years	8.0%	11.1%	6.0%	9.0%	11.5%	7.6%
Average	7.7%	11.3%	5.2%	5.8%	7.1%	5.1%

While Neustein & Co. will not meet their 12.5 to 15.0% required leveraged IRR threshold every year either, they will average a 14.0% IRR over the period, exceeding their hurdle rate. A summary of leveraged IRR and leverage cash-on-cash returns over a range of holding periods can be found in the table on the following page.

Leveraged Returns Summary						
	IRR			Cash on Cash		
Holding Period	Likely	Best	Worst	Likely	Best	Worst
1 Year	8.1%	19.7%	-0.3%	2.1%	-0.1%	3.2%
2 Years	13.2%	24.2%	4.6%	12.1%	14.6%	10.5%
3 Years	15.4%	25.6%	7.1%	13.0%	16.9%	10.5%
4 Years	18.3%	27.5%	10.7%	13.8%	19.2%	10.4%
5 Years	18.4%	27.0%	11.1%	14.6%	21.7%	10.3%
6 Years	18.4%	26.6%	11.4%	15.5%	24.3%	10.3%
7 Years	18.3%	26.0%	11.3%	16.3%	27.0%	10.2%
8 Years	1.9%	15.7%	N/A	17.1%	29.8%	9.8%
9 Years	13.5%	21.6%	4.7%	-95.4%	-90.9%	-97.9%
10 Years	14.3%	21.4%	7.2%	17.2%	30.0%	10.0%
Average	14.0%	23.5%	7.5%	2.6%	9.2%	-1.3%

Spreadsheets depicting the project returns for each of the three scenarios can be found below and on the following pages.

Returns--Likely

Range at Red Run--Lot W

Return Analysis - after permanent loan takeout

Stabilized Value	$1,437,825												
Terminal Cap Rate for Reversion			8.50%	8.50%	8.50%	8.25%	8.25%	8.25%	8.25%	8.00%	8.00%	8.00%	
Selling Costs for Reversion	6.00%												
Building Size:	6,300 sf												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Net Operating Income			$ 112,772	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ 73,751	$ 129,345	$ 129,127
% Growth				2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.70%	-42.90%	75.38%	-0.17%
5-Yr Net Operating Income Growth								2.08%					0.74%
Property Cash Flow Before Debt			$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ (191,982)	$ 129,345	$ 129,127
$CF / SF			$ 7.41	$ 18.26	$ 18.62	$ 19.00	$ 19.38	$ 19.76	$ 20.16	$ 20.50	$ (30.47)	$ 20.53	$ 20.50
% Growth				146.33%	2.00%	2.00%	2.00%	2.00%	2.00%	1.70%	-248.65%	-167.37%	-0.17%
5-Yr Cash Flow Growth								33.33%					
UNLEVERAGED ANALYSIS													
Unleveraged NOI Return on Investment (1)			7.84%	8.00%	8.16%	8.32%	8.49%	8.66%	8.83%	8.98%	5.13%	9.00%	8.98%
Cash on Cash Return on Investment (3)			3.25%	8.00%	8.16%	8.32%	8.49%	8.66%	8.83%	8.98%	-13.35%	9.00%	8.98%
AVERAGE 5-YR UNLEVERAGED Cash on Cash RETURN			7.24%										
UNLEVERAGED IRR			**3.29%**	**6.60%**	**7.86%**	**9.14%**	**9.40%**	**9.58%**	**9.67%**	**5.25%**	**8.02%**	**8.04%**	
Holding Period	1	2	3	4	5	6	7	8	9	10	11	12	
1 YEAR	($300,000)	($966,949)	$ **1,318,747**										
2 YEARS	($300,000)	($966,949)	$ 46,695	$ **1,412,536**									
3 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ **1,440,793**								
4 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ **1,510,510**							
5 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ **1,540,739**						
6 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ **1,571,519**					
7 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ **1,598,537**				
8 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ **995,725**			
9 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ **1,327,822**		
10 YEARS	($300,000)	($966,949)	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ (191,982)	$ **1,646,587**	
LEVERAGED ANALYSIS													
Property Cash Flow Before Debt			$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ (191,982)	$ 129,345	$ 129,127
Annual Payment			$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353
Equity Payback from Refinance (net of developers fee)			$ 14,529	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Developers Fee			$ 25,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow After Debt			$ 5,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ 44,158	$ 46,645	$ 48,798	$ (272,335)	$ 48,992	$ 48,774
Cash on Cash Return on Investment (3)			2.06%	12.15%	12.95%	13.77%	14.61%	15.47%	16.34%	17.09%	-95.40%	17.16%	17.09%
LEVERAGED IRR			**8.12%**	**13.18%**	**15.41%**	**18.31%**	**18.44%**	**18.44%**	**18.30%**	**1.91%**	**13.53%**	**14.30%**	
Holding Period	1	2	3	4	5	6	7	8	9	10	11	12	
1 YEAR	($285,471)	$25,000	$ **306,669**										
2 YEAR	($285,471)	$25,000	$ 30,870	$ **346,892**									
3 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ **386,904**								
4 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ **469,227**							
5 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ **512,972**						
6 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ **558,245**					
7 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ 44,158	$ **600,805**				
8 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ 44,158	$ 46,645	$ **14,658**			
9 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ 44,158	$ 46,645	$ 48,798	$ **364,625**		
10 YEAR	($285,471)	$25,000	$ 30,870	$ 34,673	$ 36,975	$ 39,322	$ 41,715	$ 44,158	$ 46,645	$ 48,798	$ (272,335)	$ **781,782**	

(1) NOI RETURN ON INVESTMENT = NOI/(PP + CLOSING COSTS)
(2) NOI RETURN ON CUMULATIVE INVESTMENT = NOI/(PP + CLOSING COSTS + CUMULATIVE TIs, LCs, and CAP EX)
(3) CASH ON CASH RETURN = CASH FLOW/PP + CLOSING COSTS

Returns—Best

Range at Red Run--Lot W
Return Analysis - after permanent loan takeout

	1	2	3	4	5	6	7	8	9	10	11	12	13
Stabilized Value	$1,437,825												
Terminal Cap Rate for Reversion			8.50%	8.50%	8.50%	8.25%	8.25%	8.25%	8.25%	8.00%	8.00%	8.00%	
Selling Costs for Reversion	6.00%												
Building Size:	6,300 sf												
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
Net Operating Income			**$ 116,064**	**$ 122,139**	**$ 128,527**	**$ 135,238**	**$ 142,290**	**$ 149,702**	**$ 157,487**	**$ 165,282**	**$ 98,153**	**$ 165,948**	**$ 165,730**
% Growth				5.23%	5.23%	5.22%	5.21%	5.21%	5.20%	4.95%	-40.61%	69.07%	-0.13%
5-Yr Net Operating Income Growth								5.80%					2.14%
Property Cash Flow Before Debt			**$40,564**	**$122,139**	**$128,527**	**$135,238**	**$142,290**	**$149,702**	**$157,487**	**$165,282**	**($179,139)**	**$165,948**	**$165,730**
$CF / SF			$ 6.44	$ 19.39	$ 20.40	$ 21.47	$ 22.59	$ 23.76	$ 25.00	$ 26.24	$ (28.43)	$ 26.34	$ 26.31
% Growth				201.10%	5.23%	5.22%	5.21%	5.21%	5.20%	4.95%	-208.38%	-192.64%	-0.13%
5-Yr Cash Flow Growth								53.81%					
UNLEVERAGED ANALYSIS													
Unleveraged NOI Return on Investment (1)			8.07%	8.49%	8.94%	9.41%	9.90%	10.41%	10.95%	11.50%	6.83%	11.54%	11.53%
Cash on Cash Return on Investment (3)			2.82%	8.49%	8.94%	9.41%	9.90%	10.41%	10.95%	11.50%	-12.46%	11.54%	11.53%
AVERAGE 5-YR UNLEVERAGED Cash on Cash RETURN			7.91%										
UNLEVERAGED IRR			**7.82%**	**10.59%**	**11.63%**	**12.82%**	**13.01%**	**13.14%**	**13.20%**	**8.61%**	**11.27%**	**11.06%**	
Holding Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
1 YEAR	($300,000)	($966,949)	**$ 1,391,278**										
2 YEARS	($300,000)	($966,949)	$ 40,564	**$ 1,543,496**									
3 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	**$ 1,624,100**								
4 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	**$ 1,756,482**							
5 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	**$ 1,847,986**						
6 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	**$ 1,944,099**					
7 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	**$ 2,040,700**				
8 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	$ 157,487	**$ 1,318,580**			
9 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	$ 157,487	$ 165,282	**$ 1,770,750**		
10 YEARS	($300,000)	($966,949)	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	$ 157,487	$ 165,282	$ (179,139)	**$ 2,113,276**	
LEVERAGED ANALYSIS													
Property Cash Flow Before Debt			$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	$ 157,487	$ 165,282	$ (179,139)	$ 165,948	$ 165,730
Annual Payment			$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353
Equity Payback from Refinance (net of developers fee)			$ 14,529	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Developers Fee			$ 25,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow After Debt			$ (261)	$ 41,786	$ 48,174	$ 54,885	$ 61,937	$ 69,349	$ 77,134	$ 84,929	$ (259,492)	$ 85,595	$ 85,377
Cash on Cash Return on Investment (3)			-0.09%	14.64%	16.88%	19.23%	21.70%	24.29%	27.02%	29.75%	-90.90%	29.98%	29.91%
LEVERAGED IRR			**19.71%**	**24.22%**	**25.64%**	**27.50%**	**27.05%**	**26.57%**	**26.05%**	**15.74%**	**21.57%**	**21.43%**	
Holding Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	
1 YEAR	($285,471)	$25,000	**$ 379,199**										
2 YEAR	($285,471)	$25,000	$ 24,739	**$ 477,852**									
3 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	**$ 570,212**								
4 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	**$ 715,198**							
5 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	**$ 820,219**						
6 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	$ 61,937	**$ 930,826**					
7 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	$ 61,937	$ 69,349	**$ 1,042,968**				
8 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	$ 61,937	$ 69,349	$ 77,134	**$ 337,513**			
9 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	$ 61,937	$ 69,349	$ 77,134	$ 84,929	**$ 807,553**		
10 YEAR	($285,471)	$25,000	$ 24,739	$ 41,786	$ 48,174	$ 54,885	$ 61,937	$ 69,349	$ 77,134	$ 84,929	$ (259,492)	**$ 1,275,922**	

(1) NOI RETURN ON INVESTMENT = NOI/(PP + CLOSING COSTS)
(2) NOI RETURN ON CUMULATIVE INVESTMENT = NOI/(PP + CLOSING COSTS + CUMULATIVE Tis, LCs, and CAP EX)
(3) CASH ON CASH RETURN = CASH FLOW/PP + CLOSING COSTS

Returns—Worst

Range at Red Run--Lot W

Return Analysis - after permanent loan takeout

Stabilized Value	$1,437,825												
Terminal Cap Rate for Reversion			8.50%	8.50%	8.50%	8.25%	8.25%	8.25%	8.25%	8.00%	8.00%	8.00%	
Selling Costs for Reversion	6.00%												
Building Size:	6,300 sf												
	1	2	3	4	5	6	7	8	9	10	11	12	13
Net Operating Income			$ 110,578	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ 108,443	$ 60,053	$ 108,797	$ 108,579
% Growth				-0.17%	-0.17%	-0.17%	-0.18%	-0.18%	-0.19%	-0.90%	-44.62%	81.17%	-0.20%
5-Yr Net Operating Income Growth								-0.17%					-0.19%
Property Cash Flow Before Debt			$50,098	$110,394	$110,209	$110,019	$109,825	$109,629	$109,425	$108,443	($199,191)	$108,797	$108,579
$CF / SF			$ 7.95	$ 17.52	$ 17.49	$ 17.46	$ 17.43	$ 17.40	$ 17.37	$ 17.21	$ (31.62)	$ 17.27	$ 17.23
% Growth				120.36%	-0.17%	-0.17%	-0.18%	-0.18%	-0.19%	-0.90%	-283.68%	-154.62%	-0.20%
5-Yr Cash Flow Growth								23.77%					

UNLEVERAGED ANALYSIS

Unleveraged NOI Return on Investment (1)			7.69%	7.68%	7.66%	7.65%	7.64%	7.62%	7.61%	7.54%	4.18%	7.57%	7.55%
Cash on Cash Return on Investment (3)			3.48%	7.68%	7.66%	7.65%	7.64%	7.62%	7.61%	7.54%	-13.85%	7.57%	7.55%
AVERAGE 5-YR UNLEVERAGED Cash on Cash RETURN			6.82%										
UNLEVERAGED IRR			**0.25%**	**3.93%**	**5.32%**	**6.66%**	**6.97%**	**7.17%**	**7.25%**	**2.92%**	**5.75%**	**5.95%**	
Holding Period	1	2	3	4	5	6	7	8	9	10	11	12	
1 YEAR	($300,000)	($966,949)	$ **1,270,926**										
2 YEARS	($300,000)	($966,949)	$ 50,098	$ **1,329,176**									
3 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ **1,326,890**								
4 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ **1,361,358**							
5 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ **1,358,931**						
6 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ **1,356,411**					
7 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ **1,345,018**				
8 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ **814,066**			
9 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ 108,443	$ **1,079,174**		
10 YEARS	($300,000)	($966,949)	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ 108,443	$ (199,191)	$ **1,384,600**	

LEVERAGED ANALYSIS

Property Cash Flow Before Debt			$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ 108,443	$ (199,191)	$ 108,797	$ 108,579
Annual Payment			$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353	$ 80,353
Equity Payback from Refinance (net of developers fee)			$ 14,529	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Developers Fee			$ 25,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow After Debt			$ 9,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ 29,276	$ 29,072	$ 28,090	$ (279,544)	$ 28,444	$ 28,226
Cash on Cash Return on Investment (3)			3.25%	10.52%	10.46%	10.39%	10.32%	10.26%	10.18%	9.84%	-97.92%	9.96%	9.89%
LEVERAGED IRR			**-0.30%**	**4.60%**	**7.07%**	**10.67%**	**11.09%**	**11.37%**	**11.31%**	**#DIV/0!**	**4.69%**	**7.20%**	
Holding Period	1	2	3	4	5	6	7	8	9	10	11	12	
1 YEAR	($285,471)	$25,000	$ **258,847**										
2 YEAR	($285,471)	$25,000	$ 34,273	$ **263,532**									
3 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ **273,001**								
4 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ **320,075**							
5 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ **331,164**						
6 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ **343,138**					
7 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ 29,276	$ **347,286**				
8 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ 29,276	$ 29,072	$ **(167,001)**			
9 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ 29,276	$ 29,072	$ 28,090	$ **115,977**		
10 YEAR	($285,471)	$25,000	$ 34,273	$ 30,041	$ 29,856	$ 29,666	$ 29,472	$ 29,276	$ 29,072	$ 28,090	$ (279,544)	$ **504,384**	

(1) NOI RETURN ON INVESTMENT = NOI/(PP + CLOSING COSTS)

(2) NOI RETURN ON CUMULATIVE INVESTMENT = NOI/(PP + CLOSING COSTS + CUMULATIVE Tis, LCs, and CAP EX)

(3) CASH ON CASH RETURN = CASH FLOW/PP + CLOSING COSTS

Property/Asset Management

The property and asset management plan for the building is as follows:

- **Construction Manager**
  - Neustein & Co. will serve as the construction manager (CM).
  - Neustein & Co. will be compensated as part of their $50,000 development fee.
- **Property Manager**
  - The property will be managed by Harbor Equities.
  - Property management fees will be 5% of effective gross income.
- **Leasing**
  - The property will be leased by KLNB.
  - Leasing commissions will be 6%.

Summary

The Range at Red Run is a unique condo office development located in Owings Mills, Maryland. Neustein & Co. is seeking to develop and lease Lot W.

The building will be a single story 6,300 square foot office building occupied entirely by the Durham Group. The building is being designed for maximum flexibility and efficiency and is dividable into eight equal bays to maximize options in the event of future vacancy. Neustein & Co. will serve as the developer for the project.

Neustein & Co. will be the sole equity partner, contributing $300,000 in equity. The development fee of $50,000 will be paid in part as a deferred fee. $25,000 will be paid throughout the course of the project to cover Neustein & Co.'s costs. The remaining $25,000 will be paid upon completion and will be funded by the equity payback at refinancing.

Neustein & Co. seeks to be a long term holder of the asset. Neustein & Co. seeks an unleveraged return of at least 7% and a leveraged return of 12.5% to 15.0%. Both of these thresholds are likely to be met during the holding period, although depending on when the property is sold, these hurdles may not be met. The Durham Group will likely occupy the building for at least eight years.

The project strengths are:

- Strong location along transportation corridors.
- Close proximity to workforce.
- Close proximity to amenities (i.e. Owings Mills Mall).
- 100% preleased to a credit worthy tenant (the Durham Group).
- Located in Owings Mills, a desirable Baltimore suburb with favorable future growth prospects.
- Will allow Neustein & Co. to attain their goals of hedging against inflation and earning a return above inflation.

The project weaknesses are:

- Potential challenges with financing.
- Unknown future resale demand.
- Unknown future rental potential and desirability at rollover.
- Potential future access points to 795 may be delayed or cancelled, negatively affecting demand.

In summary, the development of Lot W at the Range at Red Run will allow Neustein & Co. to successfully hedge against inflation and earn a healthy return on their investment. After weighing the strengths and weaknesses of the project coupled with the potential investment returns Neustein & Co. is electing to proceed with this development.

ADDENDUM A: Reserved

ADDENDUM B: Backup Market Data

Range Rent Comps--Immediate Market Area

Adress	Name	Status	RBA/GLA	SF Avail	Rent/SF/yr	Land(AC)	% Leased	Yr Blt/Ren	Stories	Typ Flr(SF)	Park Ratio
7 Park Center Ct	McDonogh Crossroa…	Existing	16000	-	-	-	100	1996	2	8000	
20 New Plant Ct	Viper Bldg	Existing	19218	-	-	-	100	1999	2	8700	4
20 Crossroads Dr	McDonogh Crossroads	Existing	20000	2124	20	-	100	1987	2	10000	10
10811 Red Run Blvd	Woodridge Center at…	Existing	22500	-	-	-	100	2000	2	11250	4.8
20 Pleasant Ridge Dr	Owings Mills Office C…	Existing	23785	3112	17	1.5	86.9	1998	2	11892	4
2 Park Center Ct		Existing	31604	-	-	0.75	100	1987	3	10534	6
Reisterstown Rd		Existing	44067	-	-	-	100		3	14689	
11403 Cronridge Dr	Hamilton Corporate…	Existing	45000	5645	14.5	2.64	100	1992	2	20000	5
25 Hooks Ln	Hooks Village	Existing	46450	3859	26.7	-	91.7	1998	3	15500	4
23 Crossroads Dr	McDonogh Crossroa…	Existing	57081	2655	28.12	-	97.3	1988	4	14270	4.5
10085 Red Run Blvd	Physicians Pavilion a…	Existing	58000	9941	17.75	-	90.2	1990	4	14500	5
10045 Red Run Blvd	Owings Mills Corpor…	Existing	59615	16724	Negotiable	13.57	89.3	1989	3	20500	4
500 Redland Ct		Existing	62445	5451	17	15	91.3	2000	3	20815	4
10065 Red Run Blvd	Owings Mills Corpor…	Existing	62602	7704	Negotiable	-	100	1991	2	31301	4
10999 Red Run Blvd	Bldg 1	Existing	64265	26235	18.54	15	59.2	1998	2	32132	4
300 Redland Ct		Existing	64689	31431	17	-	72	2001	3	21563	4
10989 Red Run Blvd	Bldg 2	Existing	70100	27438	15.6	-	69.9	2001	2	35050	4
400 Redland Ct		Existing	70507	27901	17	-	60.4	2004	3	23503	4
1829 Reisterstown Rd	Woodholme Center 1	Existing	80000	11402	28.5	-	91.5	1989	4	20000	5
300 Red Brook Blvd		Existing	80762	13338	20	68	83.5	2000	4	20000	4
700 Red Brook Blvd	Red Brook Corporate…	Existing	88305	10414	22	-	88.2	2004	3	26624	4
11550 Cronridge Dr	Owings Mills Comme…	Existing	92653	-	-	-	100	1996	1	92653	4
400 Red Brook Blvd		Existing	96037	36516	21	-	62	2002	5	20000	4.5
4545 Painters Mill Rd	T Rowe Price Bldg 2	Existing	110000	-	-	6.4	100	1997	4	27500	1.25
4555 Painters Mill Rd	T Rowe Price Bldg 1	Existing	110000	-	-	6.4	100	1997	4	27500	1.25
10090 Red Run Blvd	T Rowe Price Bldg	Existing	110309	-	-	-	100	1990	3	36769	
500 Red Brook Blvd	Toyota Financial Ser…	Existing	110330	-	-	-	100	2001	4	27582	4
100 Painters Mill Rd		Existing	111457	15333	23	1.69	87.2	1997	9	12284	4.5
10453 Mill Run Cir	Owings Mills Corpor…	Existing	117659	-	-	0.8	100	1990	7	16808	3.2
11411 Red Run Blvd		Existing	120000	-	-	20	100	1998	3	30000	4.6
11155 Red Run Blvd	Corporate One	Existing	120327	-	-	17.51	100	1999	4	30089	4.65
1838 Greene Tree Rd	Woodholme Medical…	Existing	128860	14784	28.62	10.5	100	1996	5	25772	6
10451 Mill Run Cir	One Owings Mills Co…	Existing	131140	14944	21.5	-	93.2	1987	10	12922	
800 Red Brook Blvd		Existing	140319	24548	22	-	82.5	2003	5	28064	4
4515 Painters Mill Rd	T Rowe Price Bldg 3	Existing	145000	-	-	6.4	100	1997	4	36250	1.25
600 Red Brook Blvd		Existing	180000	180000	23.5	3.48	0	2008	6	30000	5
10461 Mill Run Cir	Two Owings Mills Co…	Existing	199596	69353	21.5	-	73.3	1988	12	16081	
4525 Painters Mill Rd	T Rowe Price Bldg 4	Existing	200000	-	-						
10455 Mill Run Cir	Owings Mills Corpor…	Existing	272271	-	-	4.31	100	1990	9	30252	
11616 Red Run Blvd	Bldg 3	Proposed	40000	7500	Negotiable	13.2	81.3		2	20000	4.5
11616 Red Run Blvd	Bldg 2	Proposed	60000	60000	Negotiable	13.2	0		3	20000	4.5
11616 Red Run Blvd	Bldg 1	Proposed	80000	80000	Negotiable	13.2	0		4	20000	4.5
Red Run Blvd @ Owi…	Bldg II	Proposed	90000	90000	Negotiable	11.6	0		3	30000	4.8
Red Run Blvd @ Owi…	Bldg I	Proposed	90000	-	-	11.6	100		3	30000	4.8
Painters Mill Rd @ M…	North Campus Office…	Proposed	110000	110000	Negotiable	-	0	2009	5	22000	
Mill Run Cir @ Red R…	5 Corporate Center	Proposed	119000	119000	Negotiable	-	0		7	18000	
Painters Mill Rd @ M…	North Campus Office…	Proposed	132000	132000	Negotiable	-	0	2009	6	22000	
Painters Mill Rd @ M…	North Campus Office…	Proposed	135500	135498	Negotiable	-	0	2009	6	22583	
Painters Mill Rd @ M…	South Entrance Offic…	Proposed	300000	300000	Negotiable	-	0	2009	10	30000	4
Painters Mill Rd @ M…	North Campus Office…	Proposed	300000	300000	Negotiable	-	0	2009	10	30000	
Averages			**100,789**	**57,420**	**$ 21.00**		**72%**	**1998**			**4.00**

Range Sales Comps--Immediate Market Area

Address	Sale Status	Property Type	Sale Price	Sale Date	Size(SF)	Price/SF	Land(AC)	Sale Type	Stories	Yr Blt/Ren	Cls
10925 Boulevard Cir	Sold	Office	$ 11,000,000	8/15/2008	60,000	$ 183.33	1.55	Owner/User	4	2007	A
8 Music Fair Rd	Sold	Flex	$ 3,500,000	1/16/2009	31,744	$ 110.26	1.85	Owner/User	1	1980	B
4 Glyndon Dr	Sold	Office	$ 481,000	3/26/2008	2,000	$ 240.50	-	Investment OR Owner/User	-		B
4 Glyndon Dr	Sold	Office	$ 425,000	1/4/2004	1,883	$ 225.70	-	Investment OR Owner/User	-		B
Averages						**$ 189.95**					

ADDENDUM C: Lender Package, Personal Worth Statement

Lender Package

Memo

TO: **LENDER**

FROM: **Hirsch Neustein**
Neustein & Co.
hln@neusteinco.com
410-XXX-XXXX

RE: Range at Red Run, Lot W

Location: Range at Red Run, Lot W

Current Use**:** Vacant land

Property: 1.03 Acres

6,300 SQF single story office building

38 parking spaces

Landscaping

Construction: Single story brick on block.

Cost of Land: $300,000 (maximum Neustein & Co. can pay to meet required returns)

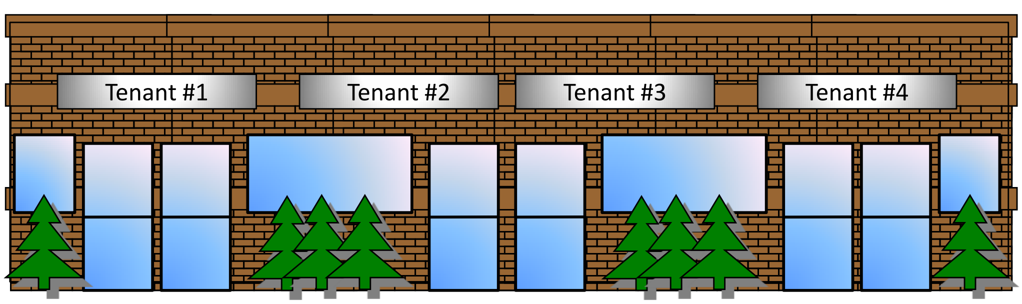
Cost to Construct: $1,000,000

Timeline: 6 month build time

Prelease Commitments: 100%

Project Location

Building Elevation



Note: Illustrative, not to scale.

Potential Income Statement

For the Years Ending	Year 1 Aug-2012
Potential Gross Revenue	
Base Rental Revenue	128,310
Absorption & Turnover Vacancy	
Scheduled Base Rental Revenue	128,310
Expense Reimbursement Revenue	
Tax	11,001
Insurance	2,205
CAM	11,026
Utilities	7,876
Total Reimbursement Revenue	32,108
Total Potential Gross Revenue	160,418
Effective Gross Revenue	160,418
Operating Expenses	
Tax	11,000
Insurance	2,205
CAM	11,025
Utilities	7,875
Management	8,021
Legal	5,000
Admin	1,260
Reserves	1,260
Total Operating Expenses	47,646
Net Operating Income	112,772
Leasing & Capital Costs	
Tenant Improvements	
Leasing Commissions	66,077
Total Leasing & Capital Costs	66,077
Cash Flow Before Debt Service & Taxes	46,695
	===========

Personal Worth Statement

PERSONAL INFORMATION

NAME (APPLICANT)		NAME (CO-APPLICANT)	
	NO. YRS.	HOME ADDRESS	NO. YRS.
_____OWN ______RENT			_____OWN ______RENT
PREVIOUS ADDRESS IF AT HOME ADDRESS LESS THAN 3 YRS)	NO. YRS.	PREVIOUS ADDRESS IF AT HOME ADDRESS LESS THAN 3 YRS)	NO. YRS.
HOME PHONE	SOCIAL SECURITY NO.	HOME PHONE	SOCIAL SECURITY NO.
EMPLOYER	NO. YRS.	EMPLOYER	NO. YRS.
BUSINESS PHONE	TITLE/POSITION	BUSINESS PHONE	TITLE/POSITION
NAME OF PREVIOUS EMPLOYER (IF LESS THAN 3 YRS.)		NAME OF PREVIOUS EMPLOYER (IF LESS THAN 3 YRS.)	
TITLE/POSITION	NO. YRS.	TITLE/POSITION	NO. YRS.

ACTUAL CASH INCOME AND EXPENDITURES STATEMENT FOR YEAR ENDED ____________

ANNUAL INCOME	APPLICANT	CO-APPLICANT	ANNUAL EXPENDITURES	APPLICANT	CO-APPLICANT
SALARY			FEDERAL INCOME & OTHER TAXES		
BONUSES & COMMISSIONS			STATE INCOME & OTHER TAXES		
RENTAL INCOME (GROSS)			RENTAL PROPERTY EXPENSES		
INTEREST & DIVIDEND INCOME			MORTGAGE PAYMENTS (P&I ONLY)		
PARTNERSHIP DISTRIBUTIONS			PROPERTY TAXES		
OTHER INCOME (LIST BELOW) **			PRINCIPAL PAYMENTS ON INSTALLMENT LOANS & CREDIT CARDS		
			INSURANCE (HOME, MEDICAL, LIFE, AUTO, ETC)		
			INVESTMENT EXPENSES(EXCLUDING TAX SHELTERS)		
			ALIMONY/CHILD SUPPORT		
			TUITION		
			OTHER LIVING EXPENSES		
			MEDICAL EXPENSES		
			OTHER EXPENSES		
TOTAL APPLICANT(S)			TOTAL APPLICANT(S)		
	TOTAL INCOME			**TOTAL EXPENDITURES**	

PLEASE ATTACH EXPLANATION IF DIFFERENT INCOME REPORTED ON TAX RETURN.

Any significant change in income or expenditures expected in the next 12 months? __________ Yes __________ No (If yes, explain below.)

** Income from alimony, child support, or separate maintenance income need not be revealed if the applicant or co-applicant does not wish that information to be considered as a basis for repaying obligation.

ASSETS	AMOUNT(S)	LIABILITIES	AMOUNT(S)
CASH AT THE COLUMBIA BANK(SCHEDULE A)		NOTES PAYABLE BANK-SECURED (SCHEDULE F)	
CASH IN OTHER FINANCIAL INSTITUTIONS (SCHEDULE A)		NOTES PAYABLE BANK-UNSECURED (SCHEDULE F)	
MUTUAL FUNDS & MARKETABLE SECURITIES (SCHEDULE B)		NOTES PAYABLE TO OTHERS -SECURED (SCHEDULE F)	
NON-READILY MARKETABLE SECURITIES (SCHEDULE B)		NOTES PAYABLE TO OTHERS -UNSECURED (SCHEDULE F)	
TRUSTS		ACCOUNTS PAYABLES & CREDIT CARDS(SCHEDULE F)	
ACCOUNTS & NOTES RECEIVABLE		MARGIN LOAN(S) PAYABLE	
CASH SURRENDER VALUE OF LIFE INSURANCE(SCHEDULE C)		NOTES DUE PARTNERSHIPS & BUSINESS VENTURES (SCH. D)	
RESIDENTIAL REAL ESTATE (SCHEDULE D)		TAXES PAYABLE - FEDERAL	
INVESTMENT REAL ESTATE (SCHEDULE D)		TAXES PAYABLE - STATE	
PARTNERSHIPS & BUSINESS VENTURES (SCHEDULE E)		TAXES PAYABLE - OTHER	
IRA, KEOGH, 401K, PROFIT-SHARING & OTHER RETIREMENT		MORTGAGE DEBT - RESIDENTIAL REAL ESTATE (SCHEDULE D)	
DEFERRED INCOME		MORTGAGE DEBT - INVESTMENT REAL ESTATE (SCHEDULE D)	
AUTOMOBILES		LIFE INSURANCE POLICY LOANS (SCHEDULE C)	
PERSONAL PROPERTY		OTHER LIABILITIES (LIST BELOW)	
OTHER ASSETS (LIST BELOW)			
		TOTAL LIABILITIES	
		NET WORTH (TOTAL ASSETS - TOTAL LIABILITIES)	
TOTAL ASSETS		**TOTAL LIABILITIES & NET WORTH**	

ARE ANY ASSETS PLEDGED OR RESTRICTED? ____________ IF YES, ATTACH DETAILS REGARDING DOLLAR AMOUNTS AND ASSETS PLEDGED OR RESTRICTED.

CONTINGENT LIABILITIES

Contingent liabilities are financial obligations of other individuals, partnerships, or companies which you have endorsed, guaranteed, or otherwise agreed to or have a statutory obligation to honor in the event of certain contingencies and any direct obligations that are not reflected in the balance sheet above that you will be required to honor in the event of certain contingencies. These include obligations to The Columbia Bank as well as to other banks or creditors of any kind. You must disclose all such guarantees, endorsements, etc., in this schedule.

1. AS GUARANTOR OR ENDORSES
2. ON LEASES OR CONTRACTS
3. LEGAL CLAIMS OR JUDGEMENTS
4. INCOME TAX CLAIM OR DISPUTE
5. STANDBY LETTER OF CREDIT
6. OTHER (ATTACH EXPLANATION)

TYPE NO 1-6)	NAME OF PRIMARY OBLIGOR	DUE TO	MAX. LEGAL AMOUNT	MATURITY	EXPLANATION **

** EXPLANATION: INCLUDE WHETHER OR NOT YOU ANTICIPATE HAVING TO HONOR THIS LIABILITY AND WHETHER SUCH IS COLLATERALIZED.

SCHEDULE A - CASH IN OTHER FINANCIAL INSTITUTIONS

NAME(S) ON ACCOUNT	INSTITUTION & LOCATION	BALANCE	TYPE OF ACCOUNT	ACCOUNT NO.	PLEDGED/RESTRICTED? Y/N

TOTAL IN THE COLUMBIA BANK TO PAGE 2 TOTAL IN OTHER INSTITUTIONS TO PAGE 2

SCHEDULE B - ALL SECURITIES (ATTACH LIST IF MORE SPACE IS NEEDED)

SECURITIES LISTED ON NEW YORK STOCK EXCHANGE, AMERICAN, & NASDAQ NATIONAL MARKET EXCHANGES

NO. SHRS. STOCK/MUTUAL FUNDS OR FACE VALUE OF BONDS	DESCRIPTION	OWNER(S)	WHERE HELD	CURRENT MARKET VALUE	AMOUNT PLEDGED

NON-READILY MARKETABLE SECURITIES HELD (CLOSELY HELD, THINLY TRADED, OR RESTRICTED STOCK)

NO. SHRS. STOCK/MUTUAL FUNDS OR FACE VALUE OF BONDS	DESCRIPTION	OWNER(S)	WHERE HELD	CURRENT MARKET VALUE	AMOUNT PLEDGED

SCHEDULE C - LIFE INSURANCE

INSURANCE COMPANY	FACE AMOUNT OF POLICY	POLICY TYPE	POLICY OWNER(S)	BENEFICIARY(IES)	CASH SURRENDER VALUE	AMT. BORROWED

DO YOU HAVE ____________ MAJOR MEDICAL ____________ PROPERTY & CASUALTY ____________ PERSONAL LIABILITY?

SCHEDULE D - RESIDENTIAL AND INVESTMENT REAL ESTATE AND MORTGAGE DEBT

RESIDENTIAL PROPERTY ADDRESS(ES)	LEGAL OWNER(S)	% OWNERSHIP	WHEN PURCHASED	PURCHASE PRICE	PRESENT MARKET VAL.	PRESENT LOAN BALANCE	LOAN MATURES	LENDER NAME(S)
				TOTALS TO PAGE 2				

INVESTMENT PROPERTY ADDRESS(ES)	LEGAL OWNER(S)	% OWNERSHIP	WHEN PURCHASED	PURCHASE PRICE	PRESENT MARKET VAL.	PRESENT LOAN BALANCE	LOAN MATURES	LENDER NAME(S)
				TOTALS TO PAGE 2				

SCHEDULE E - PARTNERSHIPS AND BUSINESS VENTURES (OTHER THAN REAL ESTATE)

NAME OF INVESTMENT	DATE OF INITIAL INVESTMENT	COST BASIS	% OWNED	CURRENT MARKET VALUE	MAX. BALANCE DUE TO P/S: NOTES, CASH CALL	FINAL CONTRIBUTION DATE
ACTIVE BUSINESS/PROFESSIONAL INVESTMENTS (INDICATE NAME)						
PASSIVE INVESTMENTS (INCLUDING TAX SHELTERS)						
			TOTAL TO PAGE 2			TOTAL TO PAGE 2

SCHEDULE F - NOTES PAYABLE & ACCOUNTS PAYABLE

(AUTO, CREDIT CARDS, LINES OF CREDIT, HOME EQUITY LINES, EDUCATION, DEPT. STORES ETC.)

DUE TO	FACILITY TYPE	LINE AMOUNT	AMT. SECURED	AMT. UNSECURED	COLLATERAL (IF SECURED)	INTEREST RATE	MATURITY DATE	UNPAID BALANCE
							TOTAL TO PAGE 2	

I (we) understand that the following questions are address to me (us) and I (we) have answered them as appropriate. I (we) have attached explanations of all "yes" answers.

____ YES ____ NO 1. Are any of the assets listed herein held under a trust agreement, in estate, or in any other name or capacity?

____ YES ____ NO 2. Are any of your real estate properties used by you in your business?

____ YES ____ NO 3. Do any of your assets secure any debts which have not been reported above?

____ YES ____ NO 4. Have you ever filed for personal bankruptcy, had property subject to foreclosure, or settled or made assignment for the benefit of creditors?

____ YES ____ NO 5.) Has any corporation or partnership in which you were (are) a principal owner or general partner ever filed for bankruptcy, had property subject to foreclosure, or settled or made assignment for the benefit of creditors?

____ YES ____ NO 6.) Are you or any corporation or partnership in which you are a principal owner or general partner, a party to any suit or legal action, or are there any unsatisfied judgements against you?

____ YES ____ NO 7.) Personal tax returns have been filed through (year) _______. Are any income tax returns, whether personal or that of any business in which you are a principal owner or general partner currently being audited or contested?

____ YES ____ NO 8. Are you named as beneficiary of a trust, will, or estate?

____ YES ____ NO 9. Are you an officer, director, or principal shareholder of a banking institution?

The information contained in this statement is provided for the purpose of obtaining, or maintaining credit with The Columbia Bank, the creditor indicated on page one hereof, on behalf of the undersigned, or persons, firms, or corporations in whose behalf the undersigned may either separate or jointly with others, execute a guaranty in your favor. Each of the undersigned understands that The Columbia Bank is relying on information provided herein (including the designation made as to ownership of property) in deciding to grant or continue credit. Each undersigned represents and warrants that the information provided is accurate and complete and that The Columbia Bank may consider this statement as continuing to accurate and correct until written notice of a change is given to The Columbia Bank by the undersigned. The Columbia Bank is authorized to make inquiries necessary to verify the accuracy of the statements made herein, and to determine my/our credit-worthiness. The Columbia Bank is authorized to answer questions about the Bank's credit experience with me/us.

SIGNATURE (APPLICANT)	____________________	DATE SIGNED	________
SOCIAL SECURITY NUMBER	____________________	DATE OF BIRTH	________
SIGNATURE (CO-APPLICANT)	____________________	DATE SIGNED	________
SOCIAL SECURITY NUMBER	____________________	DATE OF BIRTH	________

ADDENDUM D: Contracts

Architect Contract

[Reserved]

General Contractor Contract

[Reserved]

Purchase Contract

CONTRACT OF SALE

ILLUSTRATIVE

THIS CONTRACT (this "Contract") is made and entered into by and between **Caves Valley Partners** ("Seller") and **The Durham Group, LLP** ("Purchaser"), upon the terms and conditions which follow:

PURCHASE AND SALE

Seller hereby agrees to sell and convey to Purchaser, and Purchaser hereby agrees to purchase and acquire from Seller, that tract of land containing 1.03 acres, more or less, located in Baltimore County, Maryland, being more particularly described in *Exhibit "A"*, attached and incorporated by reference, together with Seller's right, title, and interest in and to all easements, streets, alleys, and rights-of-way, and all rights of Seller relating to ingress and egress (all such real property rights and appurtenances being collectively referred to as the "Property"). The Property to be conveyed shall include any of Seller's interest in the oil, gas, lignite, and other minerals (and mineral rights) lying in or under the Real Property, which interests are expressly reserved to Seller. After the Survey has been prepared and approved by Purchaser, the legal description on Exhibit "A" attached hereto will be replaced with the Survey legal description (without any further notice required by the parties hereto), and such Survey legal description shall be used in all documents to be delivered at Closing.

PURCHASE PRICE

The purchase price for the Property shall be $300,000 total.

EARNEST MONEY AND INDEPENDENT CONSIDERATION

Within two (2) business days of the final execution of this Contract by both parties (the "Effective Date"), Purchaser shall deliver the Earnest Money (as described below) to Equitable Land Title Group, 1125 Light St, Baltimore, MD 21230; Attention: Jane Thompson (the "Title Company"). The Earnest Money shall thereafter be held by the Title Company in escrow, to be applied or disposed of by the Title Company as provided in this Contract. The Earnest Money shall be evidenced by delivery of the sum of $10,000.00, by cash or cashier's check (the "Deposit"). If Purchaser fails to timely deliver the Deposit within the time period provided, Seller may, at its option, terminate this Agreement by delivering written notice to Purchaser. If Seller delivers such a termination notice, this Agreement shall terminate and neither Seller nor Purchaser shall have any further rights or obligations pursuant to this Agreement. Within five (5) business days following its receipt of the Deposit, the Title Company shall deliver to Seller $1,000.00 of the Deposit ("Independent Consideration") as consideration for this Agreement. The Deposit (less the Independent Consideration) and any interest thereon is hereinafter referred to as "Earnest Money." Title Company shall deposit the Earnest Money into a non-interest-bearing deposit account maintained at a federally insured bank or savings and loan located in Maryland. If the transaction contemplated hereby is consummated in accordance with the terms and provisions hereof, the Independent Consideration shall be credited against the Purchase Price at Closing (hereafter defined) and the Earnest Money shall be paid to Seller and credited against the Purchase Price. If the transaction is not so consummated, the Earnest Money shall be held and delivered by the Title Company as hereinafter provided, and the Independent Consideration shall be retained by Seller.

PAYMENT OF PURCHASE PRICE

The full amount of the purchase price shall be payable in immediately available funds by bank wire transfer at closing.

SURVEY

Within 25 days after the Effective Date, Seller shall, at Purchaser's sole cost and expense (subject to reimbursement by Seller upon Closing as set provided in paragraph 11.4(e) below), cause to be prepared and furnished to Purchaser and the Title Company a current or recertified on-the-ground plat of survey (the “Survey”) of the Property, prepared by a duly licensed Maryland Registered Professional Land Surveyor in accordance with the requirements established for a Category 1A Land Title Survey of the appropriate “Condition” as established in the most current version of the *Manual of Practice for Land Surveying in Maryland*, published by the Maryland Society of Professional Surveyors. Such Survey shall be staked on the ground, and shall show the location of all utilities, improvements, paved or unpaved roadways, fences, easements, encroachments, protrusions, rights-of-way, and flood plain or flood prone areas, if any, and shall set forth the number of total gross square feet and net square feet comprising the Property, together with the metes and bounds description of the Property and, if applicable, a description by reference to a recorded map or plat. The Survey shall be sufficient to allow the Title Company, at Purchaser’s sole cost and expense, to amend the boundary and survey exception in the owner’s policy of title insurance described in the next section to be amended to read and except only to “shortages in area”.

The term “gross square feet”, as used in this Contract, shall mean the total square feet within the exterior boundaries of the Property. Square footage shall be calculated to the nearest l/l000th of an acre.

TITLE COMMITMENT

Within 20 days after the Effective Date, Seller shall, at Seller’s sole cost and expense, cause the Title Company to deliver to Purchaser a current commitment for an owner’s policy of title insurance (the “Commitment”), setting forth all exceptions to title, including easements, restrictions, rights-of-way, covenants, reservations, mineral leases, and other conditions, if any, of record affecting the Property which would appear in the owner’s title insurance policy, if issued. Accompanying such Commitment, the Title Company shall furnish Purchaser with photocopies of all recorded documents affecting the Property referred to in the Commitment.

REVIEW OF SURVEY AND COMMITMENT

In the event any exceptions appear in the Commitment, title documents, or Survey, other than the standard printed exceptions, that are unacceptable to Purchaser, Purchaser shall, within 15 days after actual receipt of the last of such Commitment, title documents, or Survey, give written Notice of such unacceptability to Seller. The Seller may, if it so elects, eliminate or modify any or all of the unacceptable portions of the Survey and/or Commitment to the reasonable satisfaction of the Purchaser.

In the event that Seller elects not to attempt to cure, or is unable to cure, any such objections within 10 days after actual receipt of written Notice from Purchaser stating Purchaser's objections, Purchaser may (a) terminate this Contract by Notice in writing to Seller and Title Company, and receive an immediate refund of the Earnest Money, or (b) accept such title and Survey as Seller can deliver and proceed to closing by notifying Seller within 10 days after receiving notice from Seller that it will not cure such unacceptable item(s). The failure by Purchaser to give notice to Seller under either (a) or (b) above shall be deemed to be Purchaser's acceptance of the item(s) and election to proceed to Closing. In the event of such termination, this Contract shall become null and void for all purposes, the Earnest Money shall be returned by the Title Company to the Purchaser, the Independent Consideration shall be forwarded by the Title Company to the Seller, and the parties shall have no further obligation or liability to each other under this Contract.

Any exceptions to the Commitment and/or Survey to which Purchaser does not object within such 10 day period, or to which Purchaser objects but are uncured by Seller and subsequently accepted by Purchaser, shall be deemed to be "Permitted Exceptions", and all matters set forth on the Commitment and Survey shall be deemed approved. The Permitted Exceptions shall be described in Exhibit "B" to the "Deed" (described in paragraph 10.2(b) below).

Seller and Purchaser make no warranty or representation and hereby disclaim any liability with respect to the accuracy or completeness of any documents or other items delivered to the other party pursuant to this Contract. In addition, Seller shall have no liability, and Purchaser shall have no claim or defense to its obligations under this Contract, on the basis of Seller's failure or inability to deliver any item required to be delivered pursuant to paragraphs 5.1 and 6.1 of this Contract. In the event that such items are not delivered to Purchaser within 30 days after the Effective Date, Purchaser, as its sole remedy for same, may terminate this Contract by the delivery of written notice to Seller no later than five days after the expiration of such 30 day period, in which event all Earnest Money and the Independent Consideration shall be returned to Purchaser and neither party shall have any further liability under this Contract. In the event that such items are not delivered within 30 days after the Effective Date and Purchaser should fail to so terminate this Contract, then Purchaser shall be deemed to have waived any right to terminate this Contract or assert a claim against Seller on the basis of Seller's failure to deliver the Commitment or Survey and the Review Period shall expire on the date originally scheduled for its expiration.

CONDITIONS TO CLOSING

The obligations of Purchaser to consummate the transactions contemplated by this Contract are subject to and conditional upon the following: Purchaser shall have a period of 90 days from and after the date of full execution of this Contract (the “Review Period”) to inspect the Property, to conduct such tests and feasibility studies of the Property as Purchaser deems advisable, to meet with governmental entities regarding the feasibility of future development of the Property, and to secure financing necessary to purchase the Property. If Purchaser, in its sole discretion, shall determine that the Property is not suitable for Purchaser’s needs or Purchaser is unable to secure such financing prior to the expiration of the Review Period, Purchaser may terminate this Contract by giving written Notice to Seller and the Title Company, which Notice must actually be received by Seller and the Title Company on or before 5:00 P.M. local time on the last day of the Review Period. Upon such termination, the Earnest Money shall be returned to Purchaser, this Contract shall be null and void, and the parties shall have no further rights or obligations to the other.

All approvals shall be obtained on or before the expiration of the Review Period. Seller shall reasonably cooperate with Purchaser in this regard with no obligation to incur any monetary expense.

If Seller has not received said Notice of Purchaser’s intent to terminate, in writing, by the end of the Review Period as discussed above, all conditions precedent to Purchaser’s obligation to purchase the Property pursuant to this Contract shall be deemed satisfied.

TITLE POLICY

At closing, Seller agrees to furnish to Purchaser, at Seller’s sole cost and expense, the owner’s title insurance policy, issued by the Title Company, in the form prescribed by the Board of Insurance Commissioners of the State of Maryland, in Purchaser’s favor, in the full amount of the purchase price for the Property, insuring Purchaser’s indefeasible fee simple title to the Property, subject only to the Permitted Exceptions and the standard printed exceptions contained in the standard form of a Maryland owner’s title insurance policy.

PRORATIONS

Ad valorem taxes for the then-current year shall be prorated to the date of closing. If the closing date occurs before the tax rate is fixed for the then-current year, the apportionment of taxes shall be on the basis of the tax rate for the preceding year, applied to the latest assessed valuation without further adjustment after the closing. Any charges, assessments, or obligations for public improvements that are made against the Property, and all other obligations that may be imposed upon the owner of the Property prior to the closing shall be the responsibility of Seller and shall be paid in full at closing, and any such assessments or obligations made thereafter shall be the sole responsibility of the Purchaser. Purchaser shall be solely responsible for any taxes or assessments attributable to the Property for any period prior to or after the closing date which result from a change in land usage or ownership of the Property shall be paid by Purchaser, and Purchaser shall indemnify and save Seller harmless from and against all claims and liabilities for such taxes. This provision shall survive the closing of this Contract.

CLOSING

The closing of this Contract shall take place at the offices of the Title Company at 1125 Light St

Baltimore, MD 21230, at 3:00 P.M. local time on or before the 30th day following the expiration of the Review Period (as it may be extended), or at such other time, date, and place that Seller and Purchaser may agree upon in writing.

At closing, Seller shall deliver to Purchaser, at Seller's sole cost and expense, each of the following items:

(a)	the owner's title insurance policy required to be delivered by Seller to Purchaser as described above;

(b)	a special warranty deed (the "Deed") duly executed and acknowledged by Seller, and in the form attached to this Contract as *Annex "1"* and incorporated by reference, conveying good and indefeasible fee simple title to the Property to Purchaser, subject only to the Permitted Exceptions;

(c)	an affidavit stating that Seller is not a "foreign person" in compliance with Section 1445 of the United States Internal Revenue Code; and

(d)	such other documents as may be necessary to evidence the authority of Seller to convey the Property, or to effectuate the intents and purposes of this Contract.

At closing, Purchaser shall deliver to Seller each of the following items:

(a) the purchase price as discussed in the preceding paragraphs 2 and 4; and

(b) such other documents as may be necessary to evidence the authority of Purchaser to perform or to effectuate the intents and purposes of this Contract.

Each party shall be responsible for paying the legal fees of its legal counsel in negotiating, preparing, and closing the transaction contemplated by this Contract. All other closing costs, including without limitation, recording and escrow fees, shall be assessed to the respective parties as follows:

(a) the basic premium for the owner's title policy shall be paid by Seller;

(b) mortgagee's title policy and any and all endorsements (including, without limitation, the premium attributable to the amendment of the survey exception to read "shortages in area only," if any) shall be paid by Purchaser;

(c) fees due to or by reason of Purchaser's lender (if any) shall be paid by Purchaser;

(d) escrow fee shall be paid one-half by Seller and one-half by Purchaser;

(e) Up to $800.00 for the actual cost of the Survey shall be reimbursed by Seller to Purchaser upon Closing; and

(f) all filing or recording fees shall be paid by Purchaser.

Possession of the Property shall be delivered to Purchaser by Seller at closing.

DEFAULTS AND REMEDIES

Breach by Seller. In the event that Seller shall fail to fully and timely perform any of its obligations under the terms of this Contract, except by reason of Purchaser's default, Purchaser may, at its option, and as Purchaser's exclusive remedies, (a) terminate this Contract by giving written Notice of termination to the Seller and the Title Company on or before the closing date and thereby be entitled to the immediate return of the Earnest Money, or (b) enforce specific performance under this Contract. Purchaser shall have no right to bring suit for damages against the Seller, said right being expressly waived under this Contract.

Breach by Purchaser. In the event Purchaser shall fail to consummate the purchase of the Property, the conditions of Purchaser's obligations being satisfied and the Purchaser being in default and Seller not being in default under the terms of this Contract, Seller may, as Seller's sole and exclusive remedy, terminate this Contract and retain the Earnest Money as liquidated damages for Purchaser's breach of this Contract. Such amount is agreed upon in advance by and between Seller and Purchaser as liquidated damages, due to the difficulty and inconvenience of ascertaining and measuring actual damages, and the uncertainty of said damages.

COMMISSIONS

If, as, and when the closing occurs, Seller hereby agrees to pay in cash for services in connection with this transaction a commission to Mackenzie Commercial Retail (the "Broker(s)") pursuant to separate commission agreements executed between Seller and such Broker(s). Seller and Purchaser hereby represent and warrant to the other that, except as to the Broker(s) and the real estate sales commission specified above, (a) no broker, agent, finder, or salesman has been involved in the origination, negotiation, or consummation of the transaction contemplated by this Contract, (b) no fee, commission, or similar payment is due to any broker, agent, finder, or salesman as a result of the origination, negotiation, or consummation of the transaction contemplated by this Contract, and (c) Seller and Purchaser each hereby indemnify and agree to hold the other harmless from and against any and all loss, cost, or expense (including attorneys' fees and expenses) resulting from any claim for any fee, commission, or similar payment by any broker, agent, finder, or salesman as a result of any action of Seller or Purchaser, respectively, related to the origination, negotiation, or consummation of the transaction contemplated by this Contract.

NOTICES

Any notice, approval, waiver, objection, or other communication ("Notice") required or permitted to be given under the terms of this Contract shall be in writing, and shall be deemed to have been served and given (a) if hand delivered, when delivered in person to the party to whom Notice is given, or (b) if sent by telephonic document transfer, when sent to the recipient's current facsimile telephone number, unless transmission is completed after 5:00 local time of the recipient, in which case transmission shall be deemed to have been made on the following day, or (c) if mailed, when placed in the United States mail, certified mail, return receipt requested, postage prepaid, addressed to the respective party at the address set forth below:

Seller:

Caves Valley Partners

123 Street

Pikesville, MD 212XX

Attention: X.X.

With copy to:

B. Scott Huffman

PARKS HUFFMAN MCVAY SHEPARD & WELLS, P.C.

503 East Lombard Street

Baltimore, MD 21201

Fax No. 410-469-1000

Purchaser

The Durham Group

987 Street, #XX

Baltimore County, MD 212XX

Attention: Joseph Goldberg

Any party may change its address for Notice by Notice given in accordance with this section, and said change shall be deemed effective only when actually received by the other party.

MISCELLANEOUS

This Contract may be assigned by Purchaser to an entity related to or controlled by Purchaser or its principals.

This Contract shall be binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Contract.

Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the closing of the transactions contemplated by this Contract, shall survive the closing and shall not be merged in the closing.

This Contract shall be construed under and in accordance with the laws of the State of Maryland, and all obligations of the parties created under this Contract are performable in Baltimore County, Maryland.

In case any one or more of the provisions contained in this Contract shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Contract.

This Contract constitutes the sole and only agreement of the parties, and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter contained in this Contract. Any modification, agreement, representation, or obligation of a party which varies from or conflicts with the terms of this Contract must be in a writing signed by the party against whom enforcement is sought. There are no oral agreements between the parties.

Time is of the essence of this Contract.

Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

This Contract may be executed in any number of counterparts, each of which shall be an original, but all of such counterparts shall constitute one and the same instrument.

In the event the final date of any period which is set out in any provision of this Contract falls upon a Saturday, Sunday, or legal holiday under the laws of the United States or the State of Maryland, then, and in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday, or legal holiday.

In the event either Purchaser or Seller should bring suit against the other in respect to any matters provided for in this Contract, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees in connection with such suit.

Each person executing this Contract, by his or her execution, represents and warrants that he or she is fully authorized to do so, and that no further action or consent on the part of the party for whom he or she is acting is required as to the effectiveness and enforceability of this Contract against such party following such execution.

In addition to the acts and deeds recited in this Contract and contemplated to be performed at the closing, Seller and Purchaser agree to perform such other acts and to execute and/or deliver such other instruments and documents as either Seller or Purchaser, or their respective counsel, may reasonably require in order to effect the intents and purposes of this Contract. Further, Seller and Purchaser each agree to deliver to the Title Company affidavits and such other assurances as may reasonably be necessary or required to enable the Title Company to issue the policy(ies) of title insurance as contemplated in this Contract.

Except as otherwise specifically stated in this Contract, Seller hereby specifically disclaims any warranty, guaranty or representation, oral or written, past, present, or future, of, as to, or concerning (a) the nature and condition of the Property or other items to be conveyed hereunder, including, without limitation, the water, soil and geology, the suitability thereof and of the Property or other items conveyed hereunder for any and all activities and uses which Purchaser may elect to conduct thereon, the existence of any environmental hazards or conditions thereon (including but not limited to the presence of asbestos or other hazardous material) or compliance with applicable environmental laws, rules or regulations; (b) except for any warranties contained in the deed or in this Contract, the nature and extent of any right-of-way, lease possession, lien, encumbrance, license, reservation, condition or otherwise; and (c) the compliance of the Property or its operation with any laws, ordinances or regulations of any governmental entity or body. Purchaser acknowledges that it has inspected the Property and that it is relying solely on its own investigation of the same and not on any information provided or to be provided by or on behalf of Seller except as provided by Seller pursuant to this Contract. Purchaser further acknowledges that any information provided with respect to the Property was obtained from a variety of sources, and Seller (1) has not made any independent investigation or verification of such information; and (2) except as otherwise specifically stated herein, does not make any representations as to the accuracy or completeness of such information. The conveyance of the Property shall be made on an "AS IS", "WHERE IS" and "WITH ALL FAULTS" basis, and Purchaser expressly acknowledges that, except as otherwise specified herein, Seller has made no warranty or representation, express or implied, or arising by operation of law, including, but not limited to any warranty of condition, title (except as may be specifically set forth and limited in the special warranty deed or in this Contract), habitability, merchantability or fitness for a particular purpose with respect to the Property, or any portion thereof, all such representations and warranties, as well as any implied warranties being hereby expressly disclaimed.

PURCHASER IS HEREBY ADVISED THAT HE, SHE, OR IT SHOULD BE FURNISHED WITH OR OBTAIN A POLICY OF TITLE INSURANCE, OR PURCHASER SHOULD HAVE THE ABSTRACT COVERING THE PROPERTY EXAMINED BY AN ATTORNEY OF PURCHASER'S OWN SELECTION.

In the event Purchaser has not returned to Seller a duplicate copy of this Contract, fully executed and signed by Purchaser, by 5:00 P.M. on June ___, 2009, this Contract shall be deemed null and void, and neither party shall have any further obligations to the other.

Seller shall retain the right to reasonably approve the architectural plans for any improvements contemplated to be constructed upon the Property, to be compatible with existing or contemplated development of adjacent properties. Prior to Closing, Seller and Purchaser shall negotiate an agreement setting forth such architectural standards to be filed of record, which agreement shall further contain a provision for reciprocal parking and access to adjacent properties.

The Effective Date of this Contract shall be the date this Contract has been signed by whichever of Purchaser or Seller is the last to sign this Contract.

SELLER

Caves Valley Partners

____

Date signed by Seller

By:___________________________________

Printed Name:_________________________

Title:_________________________________

PURCHASER

The Durham Group, LLP

By:___________________________________

Printed Name:_________________________

Title:_________________________________

____

Date signed by Purchaser

RECEIPT

The Title Company hereby acknowledges receipt of a fully executed copy of this Contract and the Earnest Money and Independent Consideration referred to in same, and agrees to accept, deposit in a non-interest bearing account, hold, and return the Earnest Money and Independent Consideration and disburse any funds received under this Contract in accordance with the provisions of this Contract. The Earnest Money is deposited with the Title Company with the understanding that the Title Company is not (a) a party to this Contract and does not assume or have any liability for the performance or the failure of performance by any party to this Contract, except that it shall be liable (subject to the ensuing provisions contained in this paragraph) for its own failure, if any, to hold and disburse the Earnest Money and other funds received hereunder in accordance with the requirements of this paragraph, and (b) liable for any loss of Earnest Money caused by the failure of any banking institution in which such funds have been deposited. If both parties should make a demand for payment of the Earnest Money, the Title Company shall have the right to commence an interpleader action with respect to such funds or to make such other disposition thereof as the parties shall agree, thereby releasing the Title Company from liability to either party. If only one party makes demand for payment of the Earnest Money, the Title Company shall promptly give Notice to the other party of such demand. The Title Company is authorized and directed to honor such demand unless the other party objects to the Title Company in writing within five days after receipt of the Title Company's Notice.

Receipt of Contract and $_____________ Earnest Money in the form of
___________________________________, is acknowledged on this ________ day of
___________________, 20____.

<u>TITLE COMPANY</u>:

ALAMO TITLE COMPANY

1125 Light Street

Baltimore, MD 21230

METRO (443) 451-8800 FAX (443) 451-1000

By:_________________________________

Exhibit "A"

Property Legal Description

Exhibit "B"

Permitted Exceptions

SPECIAL WARRANTY DEED

(CASH SALE)

STATE OF Maryland §

§

COUNTY OF BALTIMORE §

That **Caves Valley Partners** ("Grantor") for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid to Grantor by **The Durham Group, LLP** ("Grantee"), the receipt and sufficiency of all of which are hereby acknowledged and confessed, hereby GRANTS, SELLS, CONVEYS, ASSIGNS and DELIVERS to Grantee the real property situated in Baltimore County, Maryland described in *Exhibit "A"*, attached and incorporated by reference, together with all improvements thereon and fixtures affixed thereto (said real property, improvements and fixtures are referred to as the "Property" but do not include any items specifically conveyed hereunder without covenant or warranty), subject to general real estate taxes and assessments and special assessments on the Property; zoning laws, regulations and ordinances of municipal and other governmental authorities, if any, affecting the Property; and those matters of record affecting the Property or revealed by a survey or inspection of the Property described in *Exhibit "B"*, attached and incorporated by reference (the "Permitted Exceptions").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereto in anywise belonging, into Grantee, Grantee's successors and assigns forever, and Grantor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the Property unto Grantee, its successors and assigns against every person whomsoever lawfully claiming, or to claim the same, or any part thereof by, through or under Grantor, but not otherwise, subject, however, to the Permitted Exceptions.

For the same consideration, Grantor hereby GRANTS SELLS, CONVEYS, ASSIGNS and DELIVERS to Grantee, without covenant or warranty express or implied (whether under Section 5.023 of the Maryland Property Code or otherwise), all right, title and interest, if any, of Grantor, as owner of the Property but not as owner of any other property, in and to (i) strips or gores, if any, between the Property and abutting properties (except to the extent, if any, that such strips or gores abut or provide access to other properties owned by Grantor), (ii) any land lying in or under the bed of any street, alley, road or right-of-way, opened or proposed, abutting or adjacent to the Property, (iii) any leases and rental agreements (whether written or verbal) that grant a possessory interest in or that otherwise grant rights with regard to the use of all or any portion of the Property, and (iv) any easements, rights of way, rights of ingress and egress or other interest in, on, or to, any land, highway, street, road or avenue, open or proposed, in, on, across from, in front of, abutting, adjoining or otherwise appurtenant to the Property, as well as all other rights, privileges and appurtenances owned by Grantor and in any way related to the Property and other rights and interests of Grantor hereunder conveyed; provided, however, that such conveyance is without prejudice to, and does not transfer, any rights or benefits held by Grantor, its successors and assigns to the extent they benefit any other properties owned by Grantor to which such rights are appurtenant.

Notwithstanding anything contained in this deed to the contrary, Grantor hereby reserves for Grantor and Grantor's heirs, successors and assigns forever, all oil, gas, and other minerals in and under and that may be produced from the Property; however reservation of same shall not interfere with Grantee's use of the surface of the Property. If the mineral estate is subject to existing production or an existing lease, this reservation includes the production, the lease, and all benefits from it.

EXCEPT AS OTHERWISE SPECIFICALLY STATED IN THIS CONVEYANCE, GRANTOR HEREBY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, OR CONCERNING (a) THE NATURE AND CONDITION OF THE PROPERTY OR OTHER ITEMS CONVEYED HEREUNDER, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, THE SUITABILITY THEREOF AND OF THE PROPERTY OR OTHER ITEMS CONVEYED HEREUNDER FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY ELECT TO CONDUCT THEREON, THE EXISTENCE OF ANY ENVIRONMENTAL HAZARDS OR CONDITIONS THEREON (INCLUDING BUT NOT LIMITED TO THE PRESENCE OF ASBESTOS OR OTHER HAZARDOUS MATERIAL) OR COMPLIANCE WITH APPLICABLE ENVIRONMENTAL LAWS, RULES OR REGULATIONS; (b) EXCEPT FOR ANY WARRANTIES CONTAINED IN THIS DEED, THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, LEASE POSSESSION, LIEN, ENCUMBRANCE, LICENSE, RESERVATION, CONDITION OR OTHERWISE; AND (c) THE COMPLIANCE OF THE PROPERTY OR OTHER ITEMS CONVEYED HEREUNDER OR ITS OPERATION WITH ANY LAWS, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL ENTITY OR BODY. GRANTEE ACKNOWLEDGES THAT IT HAS INSPECTED THE PROPERTY OR OTHER ITEMS CONVEYED HEREUNDER AND THAT IT IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE SAME AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY OR ON BEHALF OF GRANTOR. GRANTEE FURTHER ACKNOWLEDGES THAT ANY INFORMATION PROVIDED WITH RESPECT TO THE PROPERTY OR OTHER ITEMS CONVEYED HEREUNDER WAS OBTAINED FROM A VARIETY OF SOURCES, AND GRANTOR (1) HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION; AND (2) DOES NOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS CONVEYANCE IS MADE ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, AND GRANTEE

EXPRESSLY ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE SPECIFIED HEREIN, GRANTOR HAS MADE NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF CONDITION, TITLE (EXCEPT AS MAY BE SPECIFICALLY SET FORTH AND LIMITED IN THIS DEED), HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PROPERTY, AND OTHER ITEM CONVEYED HEREUNDER OR ANY PORTION THEREOF, ALL SUCH REPRESENTATIONS AND WARRANTIES, AS WELL AS ANY IMPLIED WARRANTIES BEING HEREBY EXPRESSLY DISCLAIMED.

GRANTEE HEREBY ASSUMES THE PAYMENT OF ALL AD VALOREM TAXES AND ASSESSMENTS AND ALL SPECIAL ASSESSMENTS OF WHATEVER KIND AND CHARACTER AFFECTING THE PROPERTY AND OTHER ITEMS CONVEYED HEREUNDER, INCLUDING BUT NOT LIMITED TO TAXES BECOMING DUE BECAUSE OF A CHANGE IN LAND USAGE OR OWNERSHIP, AND GRANTEE AGREES TO INDEMNIFY AND HOLD HARMLESS GRANTOR FROM ANY AND ALL CLAIMS AND LIABILITY FOR THE PAYMENT THEREOF.

GRANTOR:

Caves Valley Partners

By:_________________________________

Printed Name:________________________

Title:_______________________________

ACCEPTED:

GRANTEE:

The Durham Group, LLP

By:_________________________________

ACKNOWLEDGMENTS

After Recording, Return To:

ADDENDUM E: Financials

Development Budget

Range at Red Run--Lot W
Sources & Uses, Financing, Budget

Office		6,300 sf
Paving		23,294 sf
Square Foot Area		6,300 Rentable sf

Sources & Uses

Sources			**Uses**			
1st Position Debt	$	966,949	Acquisition Price of Property	$	300,000	$47.62 per sf
Equity Contribution		300,000	Development Costs	$	966,949	$153.48 per sf
Deferred Developer Fee		25,000	Deferred Developer Fee		25,000	
Sub-Total	$	1,291,949	Sub-Total	$	1,291,949	$205.07 per sf
Balance	$	-				

Construction Loan

Stabilized Net Operating Income	$	115,026	1 capped year			
Stabilized Cap Rate		**8.00%**				
Concluded Value "At Stabilization"	$	1,437,825				
Proposed Acquisiton/Construction Loan Amount	$	968,962				
Proposed Acquisition/Construction Loan Term		24 Months	**2.00 Years**			
Financial Institution Maximum Loan to Value		**70.0%**		Actual Loan to Value	67.25%	2.75% variance
Financial Institution Maximum Loan to Cost		**75.0%**		Actual Loan to Cost	74.84%	0.16% variance
Contributed Equity to Cost					23.22%	
Underwritten Construction Rate - Interest Only Rate (locked)		**6.00%**	WSJ Prime Rate 3.25%		SPREAD OF 1.00%	
Percentage of Loan Outstanding During Construction/Leaseup		**65.00%**				
Months Outstanding		15.60 months				
Avg. Outstanding Balance During Construction/Leasing	$	628,517				
Interest Annually	$	37,711				
Interest Monthly	$	3,143				
Interest Carry - Calculated from % O/S	$	49,024	***1.95% variance***			
Budgeted Interest Carry During Construction/Leaseup - from below	$	50,000				
Calculated Interest from Draw Scheudle	$	92,201	***-84.40% variance***			

Permanent Loan - Takeout

Stabilized Net Operating Income	$	115,026					
Permanent Loan Amount	$	1,006,478		**Valuation Analysis**			
Maximum Loan to Value		**70.00%**		Stabilized NOI	$	115,026	
Actual Loan to Value		70.00%		Stabilized Value	$	1,437,825	$228.23 per sf
Actual DSC		1.43 x		Stabilized Cap Rate		8.00%	
Required Minimum DSC for Takeout Loan		**1.25x**		Value/SFNRA	$	228.23	
Interest Rate (locked) for Takeout Loan		**7.00%**		Loan/SFNRA	$	159.76	
Amortization for Takeout Loan		360 Months	**30 Years**				
Debt Service		$80,353					
Loan Gap Analysis for Takeout by Pernmanet Lender							
Loan Constant		7.98%					
Gross Equity Payback at Refinance	$	39,529					
Equity Payback Net of Developer's Fee	$	14,529					
Balance of Equity in Deal after Perm Takeout	$	260,471					
GAP		**None**					

Development Budget

Category			RentableSF	Uses Project Costs	Sources Loan Funding	Sources Equity (Durham)	Deferred Fees
Land Purchase Price			$ 47.62	$ 300,000	$ -	$ 300,000	
Site Costs		$1.75 /SQF	6.47	40,765	40,765	0	
	Subtotal		$ 54.09	$ 340,765	$ 40,765	$ 300,000	$0
Cost to Construct--Includes Fit-Out			$ 118.01	$ 743,463	$ 743,463	$ -	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Hard Costs		$ 118.01	$ 743,463	$ 743,463	$ -	$0
Architecture & Engineering		5.00% of hard costs	$ 5.90	$ 37,173	$ 37,173	$ -	
Contractor Profit		2.50% of hard costs	2.95	18,587	18,587	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Soft Costs		$ 8.85	$ 55,760	$ 55,760	$ -	$0
Loan Interest Carry			$ 7.94	$ 50,000	$ 50,000	$ -	
Loan Fees		1.0%	1.90	12,000	12,000	0	
Other			0.00	0	0	0	
Other			0.00	0	0	0	
	Subtotal Financing/Carry		$ 9.84	$ 62,000	$ 62,000	$ -	$0
Developer's Fee			$ 3.97	$ 25,000	$ -	$ -	$ 25,000
Developer's Overhead			3.97	25,000	25,000	0	
Marketing			0.00	0	0	0	
Operating Deficit			0.00	0	0	0	
Contingency		5.00% of hard+soft	6.34	39,961	39,961	0	
	Subtotal Miscellaneous		$ 14.28	**$ 89,961**	**$ 64,961**	**$ -**	**$ 25,000**
TOTALS			**$ 205.07**	**$ 1,291,949**	**$ 966,949**	**$ 300,000**	**$ 25,000**

Proforma--Likely

For the Years Ending	Year 1 Aug-2012	Year 2 Aug-2013	Year 3 Aug-2014	Year 4 Aug-2015	Year 5 Aug-2016	Year 6 Aug-2017	Year 7 Aug-2018	Year 8 Aug-2019	Year 9 Aug-2020	Year 10 Aug-2021	Year 11 Aug-2022
Potential Gross Revenue											
Base Rental Revenue	128,310	130,876	133,494	136,164	138,887	141,665	144,498	147,388	147,629	147,629	147,629
Absorption & Turnover Vacancy									(49,210)		
Scheduled Base Rental Revenue	128,310	130,876	133,494	136,164	138,887	141,665	144,498	147,388	98,419	147,629	147,629
Expense Reimbursement Revenue											
Tax	11,001	11,221	11,445	11,674	11,908	12,146	12,389	12,637	8,649	13,147	13,410
Insurance	2,205	2,249	2,294	2,340	2,387	2,435	2,483	2,533	1,734	2,635	2,688
CAM	11,026	11,246	11,471	11,701	11,935	12,174	12,417	12,665	8,669	13,177	13,441
Utilities	7,876	8,033	8,194	8,358	8,525	8,695	8,869	8,637	6,192	9,412	9,600
Total Reimbursement Revenue	32,108	32,749	33,404	34,073	34,755	35,450	36,158	36,472	25,244	38,371	39,139
Total Potential Gross Revenue	160,418	163,625	166,898	170,237	173,642	177,115	180,656	183,860	123,663	186,000	186,768
Effective Gross Revenue	160,418	163,625	166,898	170,237	173,642	177,115	180,656	183,860	123,663	186,000	186,768
Operating Expenses											
Tax	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409
Insurance	2,205	2,249	2,294	2,340	2,387	2,434	2,483	2,533	2,584	2,635	2,688
CAM	11,025	11,246	11,470	11,700	11,934	12,172	12,416	12,664	12,918	13,176	13,439
Utilities	7,875	8,033	8,193	8,357	8,524	8,695	8,869	9,046	7,997	9,411	9,600
Management	8,021	8,181	8,345	8,512	8,682	8,856	9,033	9,193	6,183	9,300	9,338
Legal	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	4,882	5,975	6,095
Admin	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	984	1,506	1,536
Reserves	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	1,476	1,506	1,536
Total Operating Expenses	47,646	48,599	49,570	50,562	51,574	52,604	53,658	54,709	49,912	56,655	57,641
Net Operating Income	112,772	115,026	117,328	119,675	122,068	124,511	126,998	129,151	73,751	129,345	129,127
Leasing & Capital Costs											
Tenant Improvements									221,444		
Leasing Commissions	66,077								44,289		
Total Leasing & Capital Costs	66,077								265,733		
Cash Flow Before Debt Service & Taxes	46,695	115,026	117,328	119,675	122,068	124,511	126,998	129,151	(191,982)	129,345	129,127

Proforma—Best

For the Years Ending	Year 1 Aug-2012	Year 2 Aug-2013	Year 3 Aug-2014	Year 4 Aug-2015	Year 5 Aug-2016	Year 6 Aug-2017	Year 7 Aug-2018	Year 8 Aug-2019	Year 9 Aug-2020	Year 10 Aug-2021	Year 11 Aug-2022
Potential Gross Revenue											
Base Rental Revenue	$131,775	$138,364	$145,282	$152,546	$160,173	$168,182	$176,591	$185,421	$186,159	$186,159	$186,159
Absorption & Turnover Vacancy									-62,053		
Scheduled Base Rental Revenue	131,775	138,364	145,282	152,546	160,173	168,182	176,591	185,421	124,106	186,159	186,159
Expense Reimbursement Revenue											
Tax	11,001	11,221	11,445	11,674	11,908	12,146	12,389	12,637	8,649	13,147	13,410
Insurance	2,205	2,249	2,294	2,340	2,387	2,435	2,483	2,533	1,734	2,635	2,688
CAM	11,026	11,246	11,471	11,701	11,935	12,174	12,417	12,665	8,669	13,177	13,441
Utilities	7,876	8,033	8,194	8,358	8,525	8,695	8,869	8,637	6,192	9,412	9,600
Total Reimbursement Revenue	32,108	32,749	33,404	34,073	34,755	35,450	36,158	36,472	25,244	38,371	39,139
Total Potential Gross Revenue	163,883	171,113	178,686	186,619	194,928	203,632	212,749	221,893	149,350	224,530	225,298
Effective Gross Revenue	163,883	171,113	178,686	186,619	194,928	203,632	212,749	221,893	149,350	224,530	225,298
Operating Expenses											
Tax	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409
Insurance	2,205	2,249	2,294	2,340	2,387	2,434	2,483	2,533	2,584	2,635	2,688
CAM	11,025	11,246	11,470	11,700	11,934	12,172	12,416	12,664	12,918	13,176	13,439
Utilities	7,875	8,033	8,193	8,357	8,524	8,695	8,869	9,046	7,997	9,411	9,600
Management	8,194	8,556	8,934	9,331	9,746	10,182	10,637	11,095	7,468	11,227	11,265
Legal	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	4,882	5,975	6,095
Admin	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	984	1,506	1,536
Reserves	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	1,476	1,506	1,536
Total Operating Expenses	47,819	48,974	50,159	51,381	52,638	53,930	55,262	56,611	51,197	58,582	59,568
Net Operating Income	116,064	122,139	128,527	135,238	142,290	149,702	157,487	165,282	98,153	165,948	165,730
Leasing & Capital Costs											
Tenant Improvements									221,444		
Leasing Commissions	75,500								55,848		
Total Leasing & Capital Costs	75,500								277,292		
Cash Flow Before Debt Service & Taxes	$40,564	$122,139	$128,527	$135,238	$142,290	$149,702	$157,487	$165,282	($179,139)	$165,948	$165,730

Proforma—Worst

For the Years Ending	Year 1 Aug-2012	Year 2 Aug-2013	Year 3 Aug-2014	Year 4 Aug-2015	Year 5 Aug-2016	Year 6 Aug-2017	Year 7 Aug-2018	Year 8 Aug-2019	Year 9 Aug-2020	Year 10 Aug-2021	Year 11 Aug-2022
Potential Gross Revenue											
Base Rental Revenue	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000	$126,000
Absorption & Turnover Vacancy									-42,000		
Scheduled Base Rental Revenue	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	84,000	126,000	126,000
Expense Reimbursement Revenue											
Tax	11,001	11,221	11,445	11,674	11,908	12,146	12,389	12,637	8,649	13,147	13,410
Insurance	2,205	2,249	2,294	2,340	2,387	2,435	2,483	2,533	1,734	2,635	2,688
CAM	11,026	11,246	11,471	11,701	11,935	12,174	12,417	12,665	8,669	13,177	13,441
Utilities	7,876	8,033	8,194	8,358	8,525	8,695	8,869	8,227	6,192	9,412	9,600
Total Reimbursement Revenue	32,108	32,749	33,404	34,073	34,755	35,450	36,158	36,062	25,244	38,371	39,139
Total Potential Gross Revenue	158,108	158,749	159,404	160,073	160,755	161,450	162,158	162,062	109,244	164,371	165,139
Effective Gross Revenue	158,108	158,749	159,404	160,073	160,755	161,450	162,158	162,062	109,244	164,371	165,139
Operating Expenses											
Tax	11,000	11,220	11,444	11,673	11,907	12,145	12,388	12,636	12,888	13,146	13,409
Insurance	2,205	2,249	2,294	2,340	2,387	2,434	2,483	2,533	2,584	2,635	2,688
CAM	11,025	11,246	11,470	11,700	11,934	12,172	12,416	12,664	12,918	13,176	13,439
Utilities	7,875	8,033	8,193	8,357	8,524	8,695	8,869	9,046	7,997	9,411	9,600
Management	7,905	7,937	7,970	8,004	8,038	8,073	8,108	8,103	5,462	8,219	8,257
Legal	5,000	5,100	5,202	5,306	5,412	5,520	5,631	5,743	4,882	5,975	6,095
Admin	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	984	1,506	1,536
Reserves	1,260	1,285	1,311	1,337	1,364	1,391	1,419	1,447	1,476	1,506	1,536
Total Operating Expenses	47,530	48,355	49,195	50,054	50,930	51,821	52,733	53,619	49,191	55,574	56,560
Net Operating Income	110,578	110,394	110,209	110,019	109,825	109,629	109,425	108,443	60,053	108,797	108,579
Leasing & Capital Costs											
Tenant Improvements									221,444		
Leasing Commissions	60,480								37,800		
Total Leasing & Capital Costs	60,480								259,244		
Cash Flow Before Debt Service & Taxes	$50,098	$110,394	$110,209	$110,019	$109,825	$109,629	$109,425	$108,443	($199,191)	$108,797	$108,579

Valuation

Range at Red Run
Lot W
Valuation--Likely

Terminal Cap Rate 8.00%

	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Property Cash Flow Before Debt	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ (191,982)	$ 129,345	$ 129,127
Reversion	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,614,088	
Total Cash Flow Before Debt	$ 46,695	$ 115,026	$ 117,328	$ 119,675	$ 122,068	$ 124,511	$ 126,998	$ 129,151	$ (191,982)	$ 1,743,433	

7.00% Discount Rate	$1,437,284
7.50% Discount Rate	$1,387,468
8.00% Discount Rate	$1,339,882
8.50% Discount Rate	$1,294,413
9.00% Discount Rate	$1,250,951
9.50% Discount Rate	$1,209,396
10.00% Discount Rate	$1,169,650

Range at Red Run
Lot W
Valuation--Best

Terminal Cap Rate 8.00%

	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Property Cash Flow Before Debt	$40,564	$122,139	$128,527	$135,238	$142,290	$149,702	$157,487	$165,282	($179,139)	$165,948	$165,730
Reversion	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,071,625	
Total Cash Flow Before Debt	$ 40,564	$ 122,139	$ 128,527	$ 135,238	$ 142,290	$ 149,702	$ 157,487	$ 165,282	$ (179,139)	$ 2,237,573	

7.00% Discount Rate	$ 1,788,183.04
7.50% Discount Rate	$ 1,724,085.67
8.00% Discount Rate	$ 1,662,888.46
8.50% Discount Rate	$ 1,604,441.89
9.00% Discount Rate	$ 1,548,604.90
9.50% Discount Rate	$ 1,495,244.44
10.00% Discount Rate	$ 1,444,234.91

Range at Red Run
Lot W
Valuation--Worst

Terminal Cap Rate 8.00%

	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Property Cash Flow Before Debt	$50,098	$110,394	$110,209	$110,019	$109,825	$109,629	$109,425	$108,443	($199,191)	$108,797	$108,579
Reversion	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,357,238	
Total Cash Flow Before Debt	$ 50,098	$ 110,394	$ 110,209	$ 110,019	$ 109,825	$ 109,629	$ 109,425	$ 108,443	$ (199,191)	$ 1,466,035	

7.00% Discount Rate	$1,236,664
7.50% Discount Rate	$1,194,938
8.00% Discount Rate	$1,155,066
8.50% Discount Rate	$1,116,952
9.00% Discount Rate	$1,080,505
9.50% Discount Rate	$1,045,643
10.00% Discount Rate	$1,012,285