

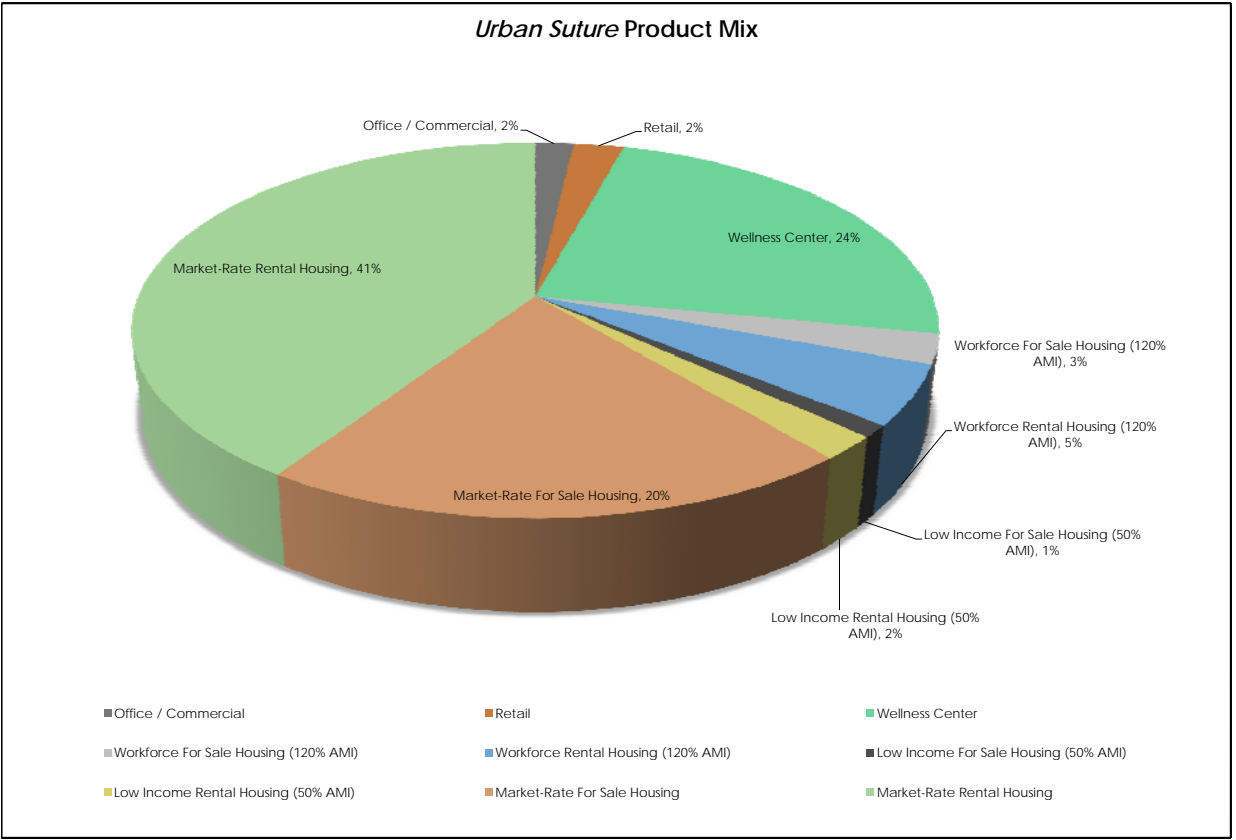
Urban Suture

3.4.0.5.

1. Summary Pro Forma											Team	3405
		Year 0	Phase I			Phase II			Phase III			
		2010-11	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Operating Income												
Market-rate	Rental Housing		\$0	\$2,226,000	\$6,154,880	\$10,368,030	\$14,878,206	\$19,698,673	\$24,843,223	\$30,326,198	\$36,162,509	\$41,875,008
	For-Sale Housing		\$0	\$23,520,000	\$24,225,600	\$28,071,414	\$32,126,174	\$33,089,959	\$34,082,658	\$35,105,138	\$36,158,292	\$37,243,040
Affordable	Rental Housing		\$0	\$338,748	\$775,457	\$1,246,525	\$1,753,491	\$2,297,957	\$2,881,588	\$3,525,843	\$4,209,779	\$4,939,465
	For-Sale Housing		\$0	\$2,907,660	\$3,278,567	\$3,376,924	\$3,478,232	\$3,582,579	\$3,669,868	\$3,800,758	\$3,914,781	\$4,032,224
Office/Commercial	Office/Commercial		\$0	\$939,758	\$2,048,253	\$3,238,486	\$4,514,119	\$5,987,831	\$7,562,724	\$9,126,275	\$10,791,639	\$12,563,275
	Retail		\$0	\$412,461	\$1,367,391	\$2,478,580	\$3,666,852	\$4,935,653	\$6,074,649	\$7,729,319	\$9,261,785	\$10,889,994
	Health Center		\$0	\$832,095	\$1,811,736	\$2,861,717	\$3,985,191	\$5,281,460	\$6,664,804	\$8,036,049	\$9,494,911	\$11,045,226
Total Net Operating Income			\$0	\$31,176,722	\$39,661,884	\$51,641,677	\$64,402,265	\$74,874,111	\$85,779,514	\$97,649,579	\$109,993,695	\$122,588,233
Development Costs												
Market-rate	Rental Housing	(341,412.75)	(28,687,500.00)	(29,452,500.00)	(30,240,450.00)	(31,052,038.50)	(31,887,974.66)	(32,748,988.89)	(33,635,833.56)	(34,549,283.57)	(35,490,137.08)	(36,459,216.19)
	For-Sale Housing	(136,564.75)	(18,775,000.00)	(19,300,000.00)	(19,840,750.00)	(20,397,722.50)	(20,971,404.18)	(21,562,296.30)	(22,170,915.19)	(22,797,792.64)	(23,443,476.42)	(24,108,530.72)
Affordable	Rental Housing	(60,249.00)	(4,312,500.00)	(4,425,000.00)	(4,540,875.00)	(4,660,226.25)	(4,783,158.04)	(4,909,777.78)	(5,040,196.11)	(5,174,527.00)	(5,312,887.81)	(5,455,399.44)
	For-Sale Housing	(24,099.25)	(3,163,235.29)	(3,219,882.35)	(3,278,228.82)	(3,338,325.69)	(3,400,225.46)	(3,463,982.22)	(3,529,651.69)	(3,597,291.24)	(3,666,959.98)	(3,738,718.78)
Office/Commercial	Office/Commercial	(68,692.75)	(11,111,175.00)	(11,370,435.75)	(11,637,474.32)	(11,912,524.05)	(12,195,825.27)	(12,487,625.53)	(12,788,179.80)	(13,097,750.69)	(13,416,608.71)	(13,745,032.47)
	Retail	(70,915.25)	(2,577,881.25)	(5,310,435.38)	(5,469,748.44)	(6,197,224.98)	(6,383,141.73)	(6,574,635.98)	(6,771,875.06)	(6,975,031.31)	(6,531,165.68)	(6,727,100.65)
	Health Center	(79,950.50)	(8,510,062.50)	(8,708,630.63)	(8,913,155.79)	(9,123,816.72)	(9,340,797.47)	(9,564,287.64)	(9,794,482.52)	(10,031,583.25)	(10,275,797.00)	(10,527,337.16)
Infrastructure	Retail		(6,681,833.33)	(9,657,451.67)	(9,947,175.22)	(78,676.34)	(40,518.32)	(41,733.87)	(42,985.88)	(88,550.92)	(91,207.45)	(46,971.83)
	Infrastructure											
Total Development Costs		(781,884.25)	(83,819,187.38)	(91,444,335.77)	(93,867,857.59)	(86,760,555.03)	(89,003,045.11)	(91,353,328.22)	(93,774,119.81)	(96,311,810.62)	(98,228,240.12)	(100,808,307.24)
Annual Cash Flow												
Net Operating Income	Net Operating Income		\$0	\$31,176,722	\$39,661,884	\$51,641,677	\$64,402,265	\$74,874,111	\$85,779,514	\$97,649,579	\$109,993,695	\$122,588,233
	Total Asset Value	10%										\$1,225,882,332
	Total Costs of Sale	6%										(73,552,939.89)
	Total Development Costs		(781,884)	(83,819,187.38)	(91,444,335.77)	(93,867,857.59)	(86,760,555.03)	(89,003,045.11)	(91,353,328.22)	(93,774,119.81)	(96,311,810.62)	(100,808,307.24)
Net Cash Flow			(781,884)	(83,819,187.38)	(60,267,613.28)	(54,205,973.84)	(35,118,878.41)	(24,600,780.35)	(16,479,217.19)	(7,994,606.22)	\$1,337,768	\$11,765,455
Net Present Value @ 15%		\$84,072,251										
Unleveraged IRR Before Taxes		21%										

Multiyear Development Program													
Project Buildout by Development Units			Total Buildout	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market-rate	Rental Housing	(units)	212	212	212	212	212	212	213	213	213	213	213
	For-Sale Housing	(units)	85	85	85	85	85	85	85	85	85	85	85
Affordable	Rental Housing	(units)	38	38	38	38	38	38	38	38	38	38	38
	For-Sale Housing	(units)	15	15	15	15	15	15	15	15	15	15	15
	Office/Commercial	(s.f.)	49,383	49,383	49,383	49,383	49,383	49,383	49,383	49,383	49,383	49,383	49,383
	Retail	(s.f.)	20,623	41,246	41,246	45,371	45,371	45,371	45,371	45,371	45,371	41,246	41,246
	Health Center	(s.f.)	37,823	37,823	37,823	37,823	37,823	37,823	37,823	37,823	37,823	37,823	37,823
Project Buildout by Area & Phase				Phase I	Phase II	Phase III	Total	Absorption		Phase I	Phase II	Phase III	Total
Market-rate	Rental Housing	(s.f.)	508,800	680,000	511,200	1,700,000	MR Rent	(units)	400	1000	725	2125	
	For-Sale Housing	(s.f.)	255,000	340,000	255,000	850,000	MR Sale	(units)	160	390	300	850	
Affordable	Rental Housing	(s.f.)	90,000	120,000	90,000	300,000	AFF Rent	(units)	77	168	130	375	
	For-Sale Housing	(s.f.)	45,000	60,000	45,000	150,000	AFF Sale	(units)	32	67	51	150	
	Office/Commercial	(s.f.)	148,149	197,532	148,149	493,830	Office	(s.f.)	103704.3	227161.8	162963.9	493830	
	Retail	(s.f.)	103,115	181,483	127,863	412,461	Retail	(s.f.)	65993.76	197981.28	148485.96	412461	
	Health Center	(s.f.)	113,468	151,290	113,468	378,225	Health	(s.f.)	79427.25	173983.5	124814.25	378225	
	Total	(s.f.)	1,263,532	1,730,305	1,290,679	4,284,516							

3. Summary Charts			
Market Rate Rental Housing		Assumptions	Affordable Rental Housing
Inflation Factor	3%	Inflation Factor	3%
Average Unit Size	800 sf	Average Unit Size	800 sf
Monthly Rent per SF	\$2.00	Rent/SF/Mo <i>Workforce</i>	\$1.72
Occupancy Factor	0.95	Rent/SF/Mo <i>Low Income</i>	\$0.71
Ann.Operating Expenses	\$4.25/sf	Occupancy Factor	0.95
Demo & Remediation	\$1.75/sf	Ann.Operating Expenses	\$4.25/sf
Construction Costs	\$150/sf	Demo & Remediation	\$1.75/sf
Infrastructure Costs	\$25,000/prkng stall	Construction Costs	\$125/sf
Cap Rate	9%	Infrastructure Costs	\$25,000/prkng stall
		Cap Rate	9%
Market Rate For Sale Housing		Assumptions	Affordable For Sale Housing
Inflation Factor	3%	Inflation Factor	3%
Average Unit Size	1000 sf	Average Unit Size	1000 sf
Sales Price,per SF	\$350	Rent/SF/Mo <i>Workforce</i>	\$300
Builder Profit	10%	Rent/SF/Mo <i>Low Income</i>	\$135
Demo & Remediation	\$1.75/sf	Builder Profit	8%
Construction Costs	\$175/sf	Demo & Remediation	\$1.75/sf
Infrastructure Costs	\$25,000/prkng stall	Construction Costs	\$150/sf
		Infrastructure Costs	\$25,000/prkng stall
Office / Commercial		Assumptions	Retail
Inflation Factor	3%	Inflation Factor	3%
Net Rentable Area	90%	Net Rentable Area	90%
Vacancy Factor	11%	Vacancy Factor	4%
Net Lease Revenue per SF	\$27	Net Lease Revenue per SF	\$25
O&M Expense per SF	\$5.00	O&M Expense per SF	\$4.00
Demo & Remediation	\$1.75/sf	Demo & Remediation	\$1.75/sf
Construction Costs	\$175/sf	Construction Costs	\$125/sf
Infrastructure Costs	\$25,000/prkng stall	Cap Rate	12%
Cap Rate	11%		
Wellness Center		Assumptions	Financial Summary
Inflation Factor	3%		
Net Rentable Area	90%	Present Value	\$84,072,251
Vacancy Factor	10%	Value Post-Redevelopment	\$1,225,882,332
Net Lease Revenue per SF	\$30	Unleveraged IRR (BI)	21%
O&M Expense per SF	\$5.00		
Demo & Remediation	\$1.75/sf		
Construction Costs	\$175/sf		
Infrastructure Costs	\$25,000/prkng stall		
Cap Rate	10%		



KEY ASSUMPTIONS		
General Construction costs are based on local construction costs averages	Rental Housing Rent per month is derived from a survey of comparable products on <i>apartments.com</i> Unit Size is derived from a survey of comparable products on <i>apartments.com</i>	Office / Commercial Vacancy Rate is based on a 10-year average from the Grubb & Ellis San Diego Office Market Report 2009 Revenue per square foot is based on a 10 year average for Class B office space from the Grubb & Ellis San Diego Office Market Report 2009
Parking Parking is assumed to be a two-story floor underground structure for all buildings Parking cost per stall is \$25,000 Residential parking is based on 0.6 stalls per unit Total parking stalls for Commercial and Wellness Center uses are based on two stalls per 1000 square feet To promote walkability and use of public transportation, there is no parking dedicated to retail use	For Sale Housing Sales price per square foot is derived from a survey of comparable products on <i>Windermere.com</i> Workforce Housing sales price per square foot is based on US Department of Housing & Urban Development 2009 San Diego Area Median Income Report at 120%; adjusted for a 0.28 mortgage capture ratio and monthly utilities and transportation costs Low Income Housing sales price per square foot is based on US Department of Housing & Urban Development 2009 San Diego Area Median Income report at 50%; adjusted for a 0.28 mortgage capture ratio and monthly utilities, and transportation costs	Retail Vacancy rate is derived from the Marcus & Millichap San Diego Retail 2009 Report Rental rate is derived from the Marcus & Millichap San Diego Retail 2009 Report
Infrastructure Landscaping costs are to cover the additional parks and open space in excess of the space allocated for the East Village Green Sidewalk Extension costs are to cover widening of selected sidewalks by an average of six feet		Wellness Center Vacancy Rate is based on the Grubb & Ellis San Diego Office Market Report 2009 Revenue per square foot is based the Grubb & Ellis San Diego Office Market Report 2009