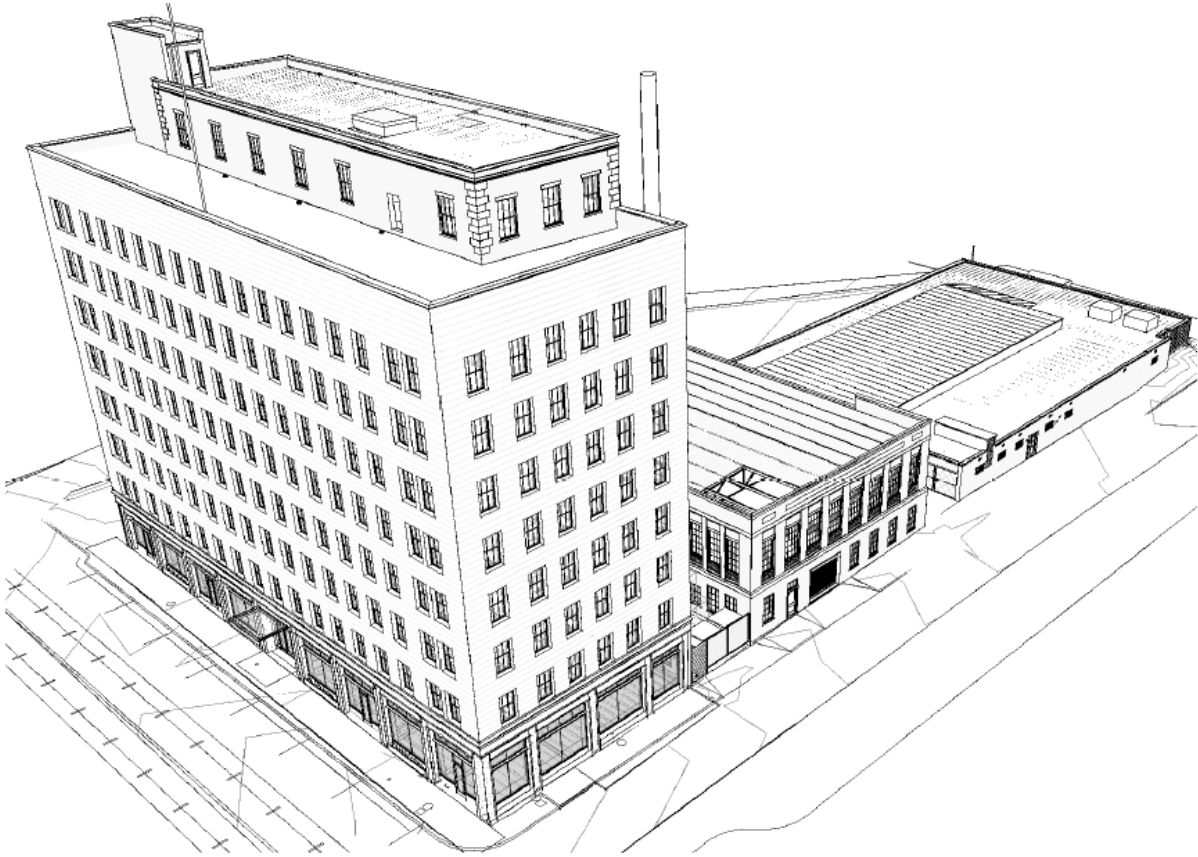


Medical Arts Building



1. Background

Stuart Harris, Owner Representative
Walk-Off Properties, LLC
6070 Poplar Ave, Suite 300
Memphis, TN 38119-3907
901-341-2760

Walk-Off Properties, LLC is comprised of a group of Memphis-based investors with a strong commitment to the City and to Downtown thriving. The group has a diverse background in both equity and real estate investment management with experience in value-add office, multi-family, and retail assets in mid-market urban centers. They have engaged in a number of projects involving debt refinancing, development wind-downs, acquisitions and dispositions.

2. Project

The historic Medical Arts Building, also known as the Hickman Building, located Downtown at 240 Madison Avenue, will be preserved and adapted for a mix of modern city uses – a place active 24/7/365 with office, residential, retail, and garage parking. The former American Legion building at 251 Court Avenue will also be adapted into a parking garage.

240 MADISON AVE



The development includes 60,000 leasable square-feet, with a committed long-term office tenant, 40 apartments, and street-level retail space. A principle investor has also committed to a long-term lease of the roof-top shell space, which will be finished as a penthouse apartment as a separate project.

The project eliminates a half-block of long-time blighted void, furthers redevelopment along the Madison Avenue corridor, and helps link The Edge and Medical Center with Downtown.

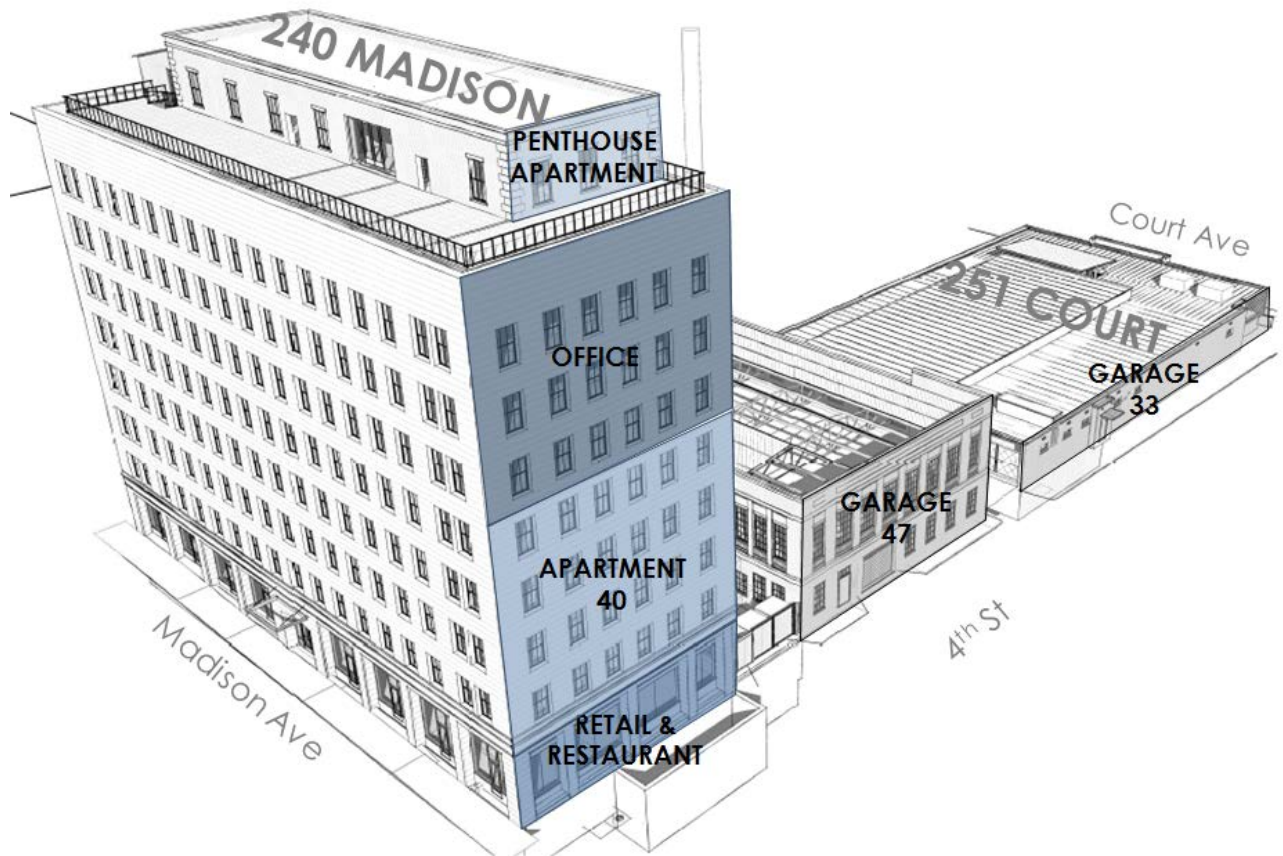
Rich with architectural character, and situated in an emergent area among the Downtown core, The Edge Arts District, and the Medical Center District, the revived tower neighbors AutoZone Park, YMCA, Pressbox Lofts, Visible Music College and Downtown Elementary School. Medical Arts Building is on the trolley line, within a 10 minute walk of all Downtown, from Cannon Center to FedEx Forum.

“Located in downtown Memphis, Tennessee, the Medical Arts Building was constructed in 1925-1926 as an eight-story, reinforced concrete office structure with an associated two-story reinforced concrete parking garage. The structure was designed by the Cincinnati architectural firm of Tietig and Lee in an exuberant form of the Commercial Gothic Revival style. The Gothic Revival design is concentrated on the Madison Avenue and Fourth Street facades constructed in deeply-cut white glazed terra cotta.

The building was constructed to specifically address the needs of the private medical practitioner with shared equipment and services provided in the plan of the structure. ... The Medical Arts Building was constructed in response to the mushrooming growth of the Memphis health care profession that began at the turn of the 20th century.”

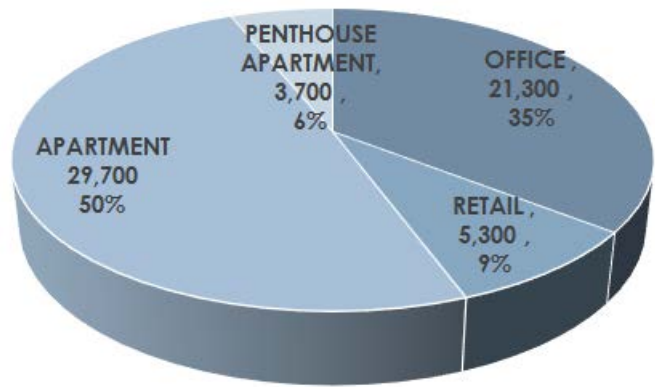
-- National Register of Historic Places Nomination, 1984

DEVELOPMENT

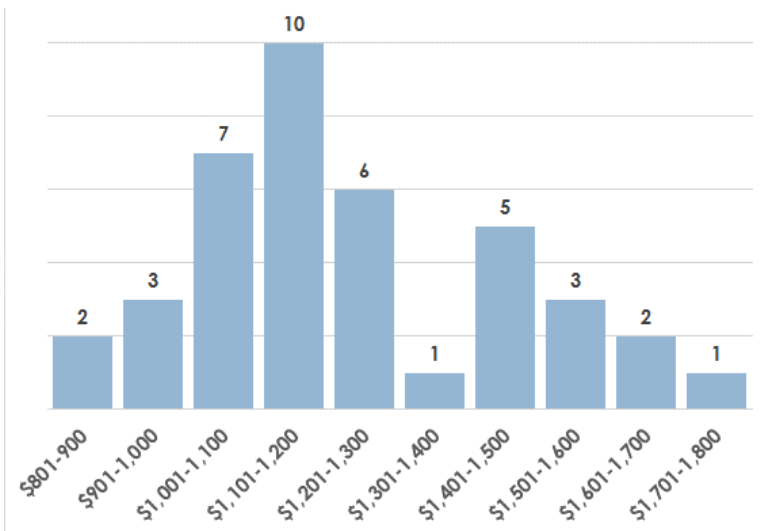
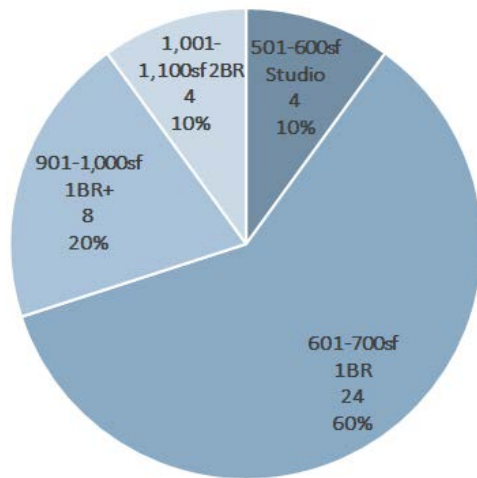


USES & MIX

OFFICE	21,325
RETAIL	5,257
APARTMENT	29,689
PENTHOUSE APARTMENT	3,682
SPACE [nsf]	59,953
APARTMENT #	40
APARTMENT SIZE avg sf	742
GARAGE PARKING #	80



APARTMENT MIX

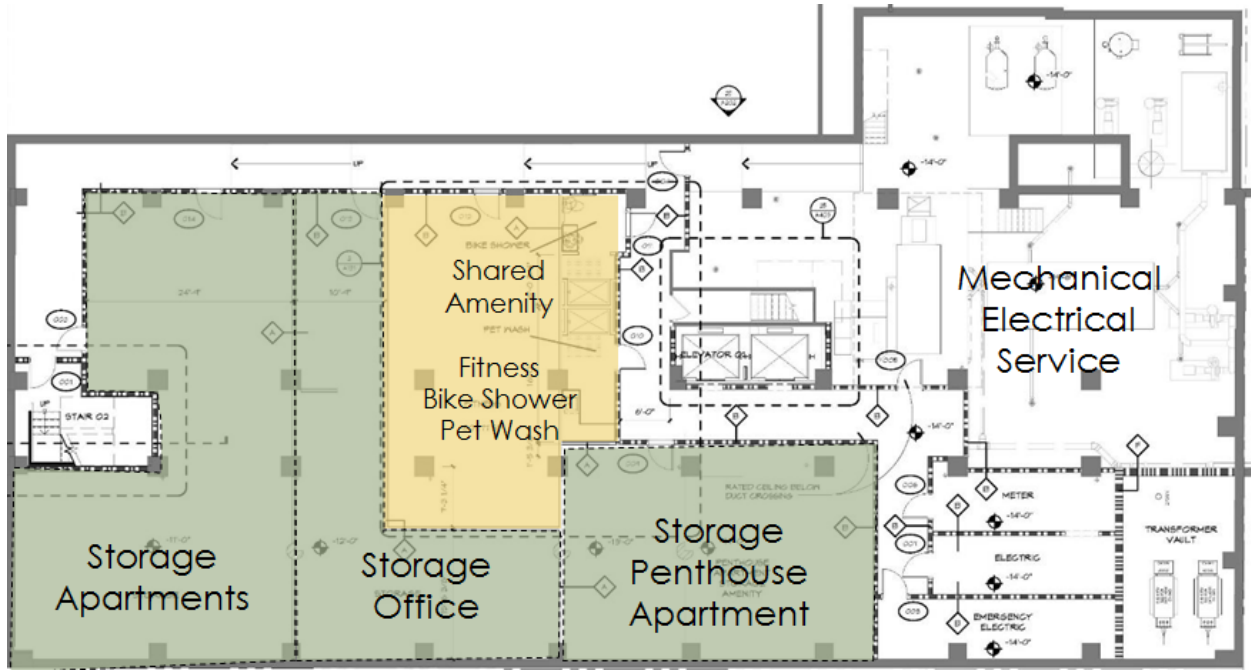


EXTERIOR

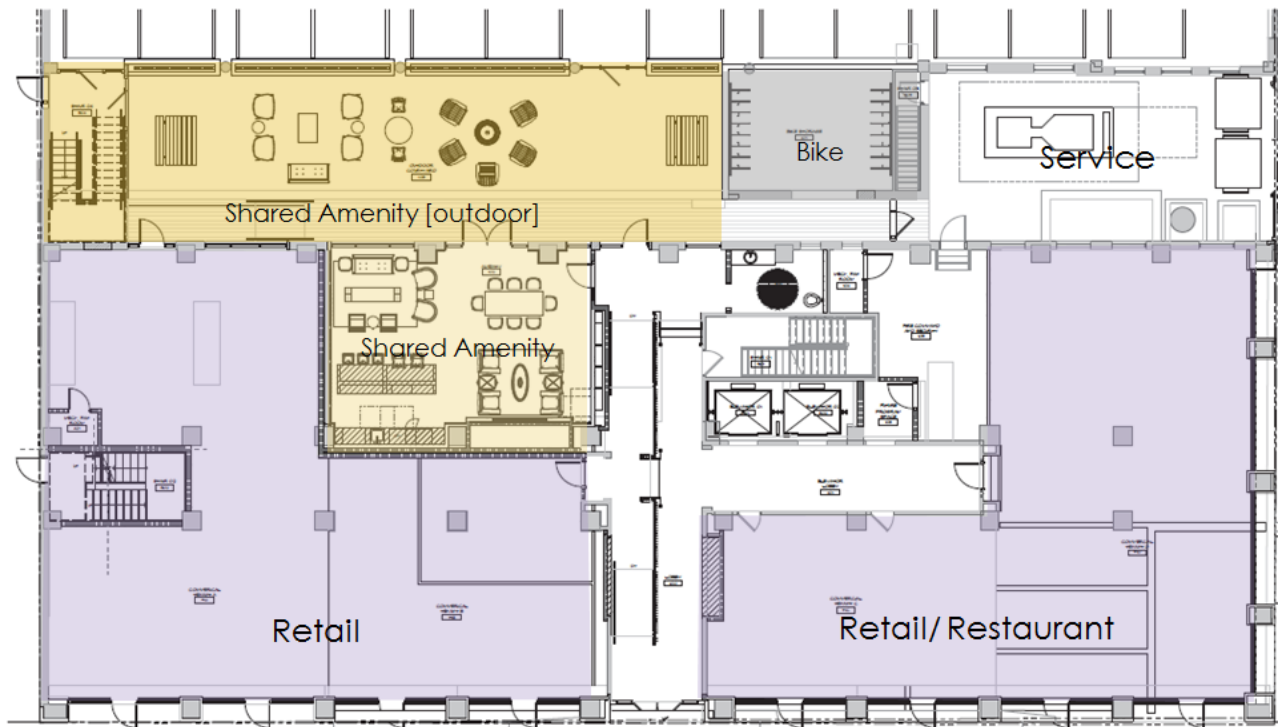
The building's terra cotta exterior will be repaired and restored. The street-level facade, which at some point had received an historically unsympathetic remodel, will be a more contemporary storefront.



B BASEMENT



1 STREET LEVEL



APARTMENTS 2-5



6-8 OFFICE



MECHANICAL

A high-efficiency central water source heat pump system will be shared for heating and cooling all building uses.

MARKETING

The small amount of retail space is being marketed through proactive networking, with several promising tenants attracted by the building's prominence and mix of future uses. Retail space is expected leased within 6-9 months of construction completion

Apartments will be marketed and leased by an experienced third-party property manager.

Office and Penthouse are pre-leased with long-term commitments.

PUBLIC REALM

The project will improve the perimeter sidewalks and landscape. The east-west public alley between the project's garages, as well as city parcel west of the development property, are ill-maintained and need improvement and pedestrian friendly lighting. The project cannot also bear the cost of public realm repairs, so improvements concepts will be pursued as potential public/ private collaborations.

3. Site Control

Property is owned by the developers.

Stuart Harris, Owner Representative
 Walk-Off Properties, LLC
 6070 Poplar Ave, Suite 300
 Memphis, TN 38119-3907
 901-341-2760

4. Financials

FINANCIAL BACKGROUND

Developer financial backgrounds and status will be submitted separately by Owner Representative, Stuart Harris.

Orion Federal Credit Union has committed to finance the project. (Commitment letter attached)	Adam Thornton Commercial Mortgage Loan Originator Orion Federal Credit Union 7845 Highway 64, Memphis, TN 38133 901-266-2751	11,256,816 loan 4.125% 10-Year term 25-Year amortization
Historic Tax Credits are being marketed to tax credit investors, to be confirmed by closing.		

SOURCES & USES

Property Cost	\$ 1,157,700	7%
Hard Cost	\$ 12,824,433	78%
Furnishings & Equipment Cost	\$ 221,100	1%
Soft Cost	\$ 2,133,002	13%
USES	16,340,000	
Property	\$ -	0%
Equity	\$ 1,960,348	12%
Equity Historic Tax Credit	\$ 2,376,218	15%
Tenant Funded Office Finish	\$ 746,375	5%
Development Loan	\$ 11,253,294	69%
SOURCES	16,340,000	

PRO FORMA

YEAR	WITH PILOT														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Inflation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Income	1,339,185	1,352,576	1,366,102	1,379,763	1,393,561	1,407,496	1,421,571	1,435,787	1,450,145	1,464,646	1,479,293	1,494,086	1,509,027	1,524,117	1,539,358
Expense	(276,761)	(279,529)	(282,324)	(285,148)	(287,999)	(290,879)	(293,788)	(296,726)	(299,693)	(302,690)	(305,717)	(308,774)	(311,862)	(314,980)	(318,130)
Tax w/ PILOT	(74,639)	(75,386)	(76,140)	(76,901)	(77,670)	(78,447)	(79,231)	(80,024)	(80,824)	(81,632)	(82,448)	(83,273)	(84,106)	(84,947)	(85,796)
Net Operating Income	\$987,784	\$997,662	\$1,007,638	\$1,017,715	\$1,027,892	\$1,038,171	\$1,048,552	\$1,059,038	\$1,069,628	\$1,080,325	\$1,091,128	\$1,102,039	\$1,113,059	\$1,124,190	\$1,135,432
Debt Service	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)
Cash Flow	\$ 256,200	\$ 266,100	\$ 276,100	\$ 286,200	\$ 296,300	\$ 306,600	\$ 317,000	\$ 327,500	\$ 338,100	\$ 348,800	\$ 359,600	\$ 370,500	\$ 381,500	\$ 392,600	\$ 403,900
Return On Equity	13.1%	13.6%	14.1%	14.6%	15.1%	15.6%	16.2%	16.7%	17.2%	17.8%	18.3%	18.9%	19.5%	20.0%	20.6%
Debt Service Coverage	1.35	1.36	1.38	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.49	1.51	1.52	1.54	1.55

YEAR	WITHOUT PILOT														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Inflation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Income	1,339,185	1,352,576	1,366,102	1,379,763	1,393,561	1,407,496	1,421,571	1,435,787	1,450,145	1,464,646	1,479,293	1,494,086	1,509,027	1,524,117	1,539,358
Expense	(276,761)	(279,529)	(282,324)	(285,148)	(287,999)	(290,879)	(293,788)	(296,726)	(299,693)	(302,690)	(305,717)	(308,774)	(311,862)	(314,980)	(318,130)
Tax w/o PILOT	(280,153)	(282,954)	(285,784)	(288,642)	(291,528)	(294,443)	(297,388)	(300,362)	(303,365)	(306,399)	(309,463)	(312,557)	(315,683)	(318,840)	(322,028)
Net Operating Income	\$ 782,271	\$ 790,093	\$ 797,994	\$ 805,974	\$ 814,034	\$ 822,174	\$ 830,396	\$ 838,700	\$ 847,087	\$ 855,558	\$ 864,113	\$ 872,755	\$ 881,482	\$ 890,297	\$ 899,200
Debt Service	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)
Cash Flow	\$50,700	\$58,500	\$66,400	\$74,400	\$82,500	\$90,600	\$98,800	\$107,100	\$115,500	\$124,000	\$132,600	\$141,200	\$149,900	\$158,700	\$167,600
Return On Equity	2.6%	3.0%	3.4%	3.8%	4.2%	4.6%	5.0%	5.5%	5.9%	6.3%	6.8%	7.2%	7.6%	8.1%	8.5%
Debt Service Coverage	1.07	1.08	1.09	1.10	1.11	1.12	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.22	1.23

PILOT SCORING

Primary Qualification	RESIDENTIAL	40 Apartments	5.0
Secondary Qualification	OFFICE	15,000 -50,000 sf	1.0
PROJECT DEVELOPMENT COST		\$15 – \$20 million	4.0
National Register of Historic Places			5.0
YEARS			15.0

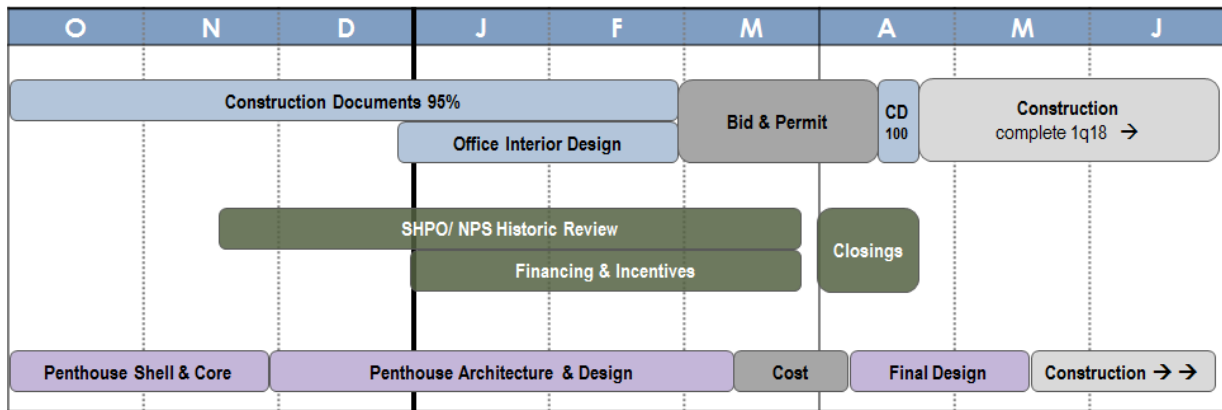
PILOT NEED

PILOT is needed because

- The development is not financially viable or justifiable as a reasonable investment without a PILOT.
- Without a PILOT, debt service coverage is less than 1.2 and therefore project financing is not attainable.
- Without a PILOT, return on investment is less than 4% and therefore developers would not pursue the development.

The development project has methodically optimized value of development features and designs, minimized development cost, maximized projected attainable rent, and minimized projected operating expense.

5. Timeline



6. Project Team

OWNER REPRESENTATIVE	Stuart Harris	Walk-Off Properties, LLC 6070 Poplar Ave, Suite 300, Memphis, TN 38119-3907 901-341-2760
PROJECT CONSULTANT	Scott Bojko	589 Montaigne Blvd Memphis, TN 38103 901-527-6932
ARCHITECT	Rob Norcross	LRK Architects 175 Toyota Plaza STE 500, Memphis, TN 38103 901-521-1440
CONTRACTOR	Richard Meena	Montgomery Martin Contractors 8245 Tournament Dr # 300, Memphis, TN 38125 901-374-9400
ATTORNEY	John A. Stemmler B. Taylor Gray	Bass, Berry & Sims PLC 100 Peabody Place, Suite 1300, Memphis, TN 38103-3672 901-543-5900

MINORITY/WOMEN BUSINESS ENTERPRISE UTILIZATION PLAN

The MAB project make a best-faith efforts, including affirmative steps to include at least 20% participation, of total contract dollars, by Minority/Women Business Enterprises (M/WBEs).

An M/WBE utilization plan will be provided when construction bidding is complete and subcontracts awarded.

Among the tactics to be used, MMC will use M/WBE lists and support organizations, as well as reach out to, request bids from, and hold bid conferences with W/MBEs.

"We are committed to and affirmatively embrace the concept of inclusion. We work hard to include a diverse mix of subcontractors and material suppliers in the construction of our projects. As a standard practice, Montgomery Martin Contractors provides business outreach opportunities."
 -- General Contractor, Montgomery Martin Contractors

7. Credit References

Developer credit references will be submitted separately by Owner Representative, Stuart Harris.

8. Items for Lease Preparation

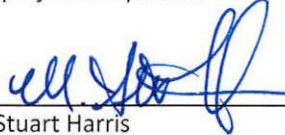
LESSEE from CCRFC	TAX PARCELS
Walk-Off Properties, LLC	1 of 2: 240 MADISON AVE ID: 002026 00011
Stuart Harris, Owner Representative	2 of 2: 251 COURT AVE ID: 002026 00010
6070 Poplar Ave, Suite 300	
Memphis, TN 38119-3907	
901-341-2760	

9. Disclosures

Developer disclosures will be submitted separately by Owner Representative, Stuart Harris.

10. Applicant Affirmation

This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of M/WBE contractors. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.



Stuart Harris
OWNER REPRESENTATIVE
Walk-Off Properties, LLC
6070 Poplar Ave, Suite 300
Memphis, TN 38119-3907
901-341-2760

3/6/17
DATE

PILOT APPLICATION

Exhibits

- Financing commitment letter
- Financial assumptions



February 27, 2017

Subject: Commitment Letter

Dear Walk Off Properties, LLC

On behalf of Orion Federal Credit Union, I am pleased to provide you with preliminary approval of the following credit arrangement.

This proposal outlines selected basic conditions to the following credit. It is not meant to define all of the terms involved in this financing and funding of the facility described herein, and shall be subject to the conditions precedent described in this proposal.

BORROWER: Walk Off Properties, LLC

GUARANTORS:

LENDER: Orion Federal Credit Union ("The Credit Union")

TYPE OF FACILITY: Commercial Real Estate Loan

AMOUNT: \$11,256,816

PURPOSE: 15-month construction term, followed by a 10-year term with a 25-year amortization.

INTEREST RATE: Upon acceptance of this commitment, per the terms outlined below, the initial interest rate on this loan will be locked at 4.125%. The borrower will have an open Money Market account which will accrue .25% interest, until May 01, 2017 at

which time the rate is subject to change if the loan has not funded.

ADJUSTMENTS: **15-month construction term, followed by a 10-year term with a 25-year amortization.**

AMORTIZATION: **25 years**
The remaining economic life of the building at the subject property must exceed the amortization period by at least five years—as determined by a Credit Union approved appraiser.

TERM: **10 year maturity after the 15-month construction phase**

REPAYMENT: **Interest paid monthly on the full \$11,256,816 during the 15-month construction phase.**

FEES: **1% origination less \$20,000 incentive, in addition to any broker or other fees and out of pocket expenses, which will be paid by borrower.**

COLLATERAL: **First trust deed on 240 Madison Avenue, Memphis TN and 251 Court Avenue, Memphis, TN**

LOAN TO VALUE: **Maximum loan to value of 75%.**

ANNUAL DEBT COVERAGE: **1.25 times or above.**

INSURANCE: **Hazard insurance on the subject property for at least the replacement value. Flood Insurance will be required if a flood hazard determination indicates that the property is located in an area subject to flooding. Earthquake Insurance may be required if the property is located in a high-risk**

seismically active area. Title insurance showing the Credit Union's lien in first position.

**PREPAY
PENALTY:**

None

ENVIRONMENTAL:

A Phase I Report and completion of an Environmental Questionnaire will be required prior to final loan approval. Depending on the findings of this Report, other tests and remedial action may be necessary.

**CONDITIONS
PRECEDENT:**

- 1. Final approval and loan funding are subject to all conditions defined herein and to the execution and delivery of all definitive loan documentation to the Credit Union, containing such terms, conditions, representations and warranties as the Credit Union, in its discretion requires, all in form, substance and execution satisfactory to the Credit Union. As used herein Loan Documentation shall include but not be limited to Loan Agreement, Note, and Trust Deed.**
- 2. A firm reliance by the Credit Union that the information submitted by all parties relevant to this transaction prior to the issuance of this Commitment Letter continues to be true, correct and complete. Any information disclosed or discovered subsequent to the issuance of this Commitment Letter, which, in the sole discretion of the Credit Union, is deemed to be adverse or which materially affects the creditworthiness of Borrower or the Guarantors, will excuse the Credit Union from further performance hereunder and render this Commitment void. All expenses incurred by the Credit Union prior thereto will be the responsibility of the Borrower.**

- 3. The loan contemplated under this Commitment may be part of an IRS §1031 or IRS §1033 tax-deferred exchange. The closing of the loan contemplated under this Commitment could be delayed by (i) the Lender's internal workload and processes, (ii) the completion and/or value conclusion of real estate appraisals, (iii) the Lender's or the principal's third party inspections, (iv) the discovery of relevant information previously undisclosed by the Seller, real estate agents, or Borrower, (v) the failure of Seller, Borrower, or Seller's or Borrower's employees and agents to act in a timely manner, and/or (vi) the interference or neglect of any third party involved in securing the contemplated loan. Borrower acknowledges that these circumstances could cause the closing of the loan and/or escrow to be delayed beyond the date allowed under IRS guidelines. As a result, Borrower's transaction may not qualify for a tax-deferred exchange and Borrower might realize a taxable event. Although Orion Federal Credit Union will act conscientiously to avoid delays, Borrower acknowledges that Orion Federal Credit Union has no control over the events enumerated above, and Borrower hereby releases and holds Orion Federal Credit Union harmless from any and all liability arising out of or related to Borrower's IRS tax-deferred exchange.**
- 4. Orion Federal Credit Union often secures the investment of participating lenders to purchase a portion of the loans it originates. If a portion of this loan will be sold, your loan package will be submitted to the participating Credit Union's Investment Committee(s) for review; and final loan approval and loan funding will be subject to their concurrence in the participation. This transaction will be transparent to you as the borrower, but is a necessary stipulation on our part. If a portion of your loan is sold to a**

- Federally Chartered Credit Union and you incur a penalty for prepaying your loan, the fee that you pay may be reduced on a pro rata basis, commensurate to the percentage that was sold.**
- 5. A copy of the Articles of Incorporation, Partnership Agreement, LLC Agreement, Trust Agreement, or other document that establishes the ownership and borrowing authority of the borrowing entity, if not an individual. Also please provide entity's Taxpayer ID Number.**
 - 6. Receipt and satisfactory review of an Appraisal Report performed by a Credit Union approved appraiser that confirms a LTV not to exceed 75% and Debt Coverage Ratio at not less than 1.25 times.**
 - 7. Confirmation of pre-development soft costs.**
 - 8. Confirmation of SSAM's commitment to lease all of the office space for at least ten years.**
 - 9. Confirmation of the SSAM's CEO's commitment to lease the penthouse for at least five years.**
 - 10. Financing is contingent upon the project receiving a 15-year PILOT under the Downtown Payment-in-Lieu-of-Tax program as shown in the development pro forma.**

REPRESENTATIONS AND WARRANTIES; COVENANTS; EVENTS OF DEFAULT:

There are various representations and warranties, affirmative and negative covenants, events of default and miscellaneous provisions, which are customary in the Credit Union's documentation for financing of this type. They will include but will not be limited to the following:

- 1. Credit Union will obtain updated credit reports on the borrower(s)/guarantor(s) on an on-going basis.**
- 2. As requested by the Credit Union, borrower(s)/guarantor(s) will provide the required information, which may include a rent roll and operating statements on the subject property, personal financial statements, business financial statements, real estate schedules and tax returns including all schedules.**
- 3. Borrower(s)/guarantor(s) will furnish such additional information and statements as Credit Union may request from time to time.**
- 4. Borrower to provide the Credit Union with annual internally prepared financial statements and CPA prepared tax returns within 120 days of fiscal year end.**
- 5. Guarantors to provide the Credit Union annually with updated personal financial statements and copies of their most recent Federal Tax Returns, within 60 days of anniversary date of their prior year's statements.**

We are pleased to present this proposal to you. If you agree to the terms and conditions contained herein, please indicate your acceptance by signing the enclosed copy and returning it to the Credit Union at your earliest opportunity. This conditional commitment shall expire at 3:00 p.m. on May 01, 2017, unless prior to such time we have received an executed copy of this letter. If you have any questions on the terms presented herein, please contact Adam Thornton at 901-266-2751.

SCENARIO	30	\$/sf	\$/#	%
OFFICE	21,325			36%
RETAIL	5,257			9%
APARTMENT	29,689			50%
PENTHOUSE APARTMENT	3,682			6%
SPACE [nsf]	59,953			
APARTMENT #	40			
APARTMENT SIZE avg sf	742			
GARAGE PARKING #	80			
Construction Cost	DD100 10/13/16 est			
Office Rent [\$/nsf]	\$ 22.00			
Apartment Rent [\$/nsf]	\$ 1.65			
Interest Rate	4.25%	25 year		
DEVELOPMENT BUDGET				
Property Cost	\$ 1,157,700			7%
Hard Cost	\$ 12,824,433			78%
Furnishings & Equipment Cost	\$ 221,100			1%
Soft Cost	\$ 2,133,002			13%
USES	16,340,000			
Property	\$ -			0%
Equity	\$ 1,960,348			12%
Equity Historic Tax Credit	\$ 2,376,218			15%
Tenant Funded Office Finish	\$ 746,375			5%
Development Loan	\$ 11,253,294			69%
SOURCES	16,340,000			
OPERATING PRO FORMA				
Income	\$ 1,339,185			
Expense	\$ (351,401)			
Net Operating Income	\$ 987,784			
Debt Service	\$ (731,561)			
Cash Flow	\$ 260,000			
% of Income	19%			
Return On Equity	13.1%			
Return On Equity (w/o PILOT)	2.6%			
Debt Service Coverage	1.4			

SCENARIO	30	\$/sf	\$/#	%
OFFICE	21,325			36%
RETAIL	5,257			9%
APARTMENT	29,689			50%
PENTHOUSE APARTMENT	3,682			6%
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GARAGE PARKING #	80			
Construction Cost	DD100 10/13/16 est			
Office Rent [\$/nsf]	\$ 22.00			
Apartment Rent [\$/nsf]	\$ 1.65			
Interest Rate	4.25%	25	year	
DEVELOPMENT BUDGET detail				
Property Cost	\$ 1,157,700			
Office	\$ 4,438,847	\$ 208		
Retail + finish allowance	\$ 832,261	\$ 158		
Apartment	\$ 5,612,952	\$ 189	\$ 140,000	
Penthouse shell	\$ 358,185	\$ 97		
Garages	\$ 971,501		\$ 12,100	
contingency	\$ 610,687			5%
HARD COST	\$ 12,824,433			
Furnishings & Equipment	\$ 221,100			
Architecture & Engineering	\$ 761,200	% of hard cost	6%	
Due Diligence	\$ 47,900			
Financing Fees & Expense	\$ 169,472			
Historic Tax Credit Expense	\$ 111,500			
PILOT Fee & Expense	\$ 242,922			
Legal Other	\$ 17,500			
Developer Fee	\$ -			
Project Consulting	\$ 70,000			
Branding, marketing	\$ 30,000			
	\$ -			
Interest during Dev	\$ 358,699			
Property Tax during Dev	\$ 42,147			
Maint/Utility/Insur during Dev	\$ 12,000			
Insurance Builder's Risk	\$ 40,000			
Lease-up Reserve	\$ 128,090			
contingency	\$ 101,572			5%
SOFT COST	\$ 2,133,002			
TOTAL DEVELOPMENT	16,336,235			

SCENARIO	30	\$/sf	\$/#	%
OFFICE	21,325			36%
RETAIL	5,257			9%
APARTMENT	29,689			50%
PENTHOUSE APARTMENT	3,682			6%
SPACE [nsf]	59,953			
APARTMENT #	40			
APARTMENT SIZE avg sf	742			
GARAGE PARKING #	80			
Construction Cost	DD100 10/13/16 est			
Office Rent [\$/nsf]	\$ 22.00			
Apartment Rent [\$/nsf]	\$ 1.65			
Interest Rate	4.25%	25 year		
OPERATING PRO FORMA detail				
Rent Office	\$ 469,150	\$ 22.00		
Rent Retail	\$ 73,598	\$ 14.00		
Rent Apartment	\$ 587,842	\$ 1.65		
Rent Penthouse shell	\$ 51,548	\$ 14.00		
Rent Storage	\$ 25,200	\$ 7.71	\$ 360	
Rent Parking	\$ 96,900		\$ 101	
Expense Reimbursements	\$ 89,224			
Loss vacancy	\$ (54,277)			-4%
INCOME	\$ 1,339,185			
Op Expense commercial + parking	\$ (59,430)	\$ (1.96)		
Op Expense apartments	\$ (121,500)	\$ (4.09)	\$ (3,038)	
City Tax	\$ (8,510)			
County Tax	\$ (44,563)	\$ (1.24)		
CBID Tax	\$ (21,567)			
Management Fee	\$ (53,567)			-4%
Reserves apartment	\$ (8,000)		\$ (200)	
Reserves commercial	\$ (34,264)	\$ (1.13)		
EXPENSE	\$ (351,401)			
Net Operating Income	\$ 990,000			
Debt Service	\$ (731,561)			
Cash Flow	\$ 260,000			
% of Income	19%			
Return On Equity	13.1%			
Return On Equity (w/o PILOT)	2.6%			
Debt Service Coverage	1.4			

		WITH PILOT														
YEAR		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Inflation															
Income	1.0%	1,339,185	1,352,576	1,366,102	1,379,763	1,393,561	1,407,496	1,421,571	1,435,787	1,450,145	1,464,646	1,479,293	1,494,086	1,509,027	1,524,117	1,539,358
Expense	1.0%	(276,761)	(279,529)	(282,324)	(285,148)	(287,999)	(290,879)	(293,788)	(296,726)	(299,693)	(302,690)	(305,717)	(308,774)	(311,862)	(314,980)	(318,130)
Tax	w/ PILOT	(74,639)	(75,386)	(76,140)	(76,901)	(77,670)	(78,447)	(79,231)	(80,024)	(80,824)	(81,632)	(82,448)	(83,273)	(84,106)	(84,947)	(85,796)
Net Operating Income		\$987,784	\$997,662	\$1,007,638	\$1,017,715	\$1,027,892	\$1,038,171	\$1,048,552	\$1,059,038	\$1,069,628	\$1,080,325	\$1,091,128	\$1,102,039	\$1,113,059	\$1,124,190	\$1,135,432
Debt Service		(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)
Cash Flow		\$256,200	\$266,100	\$276,100	\$286,200	\$296,300	\$306,600	\$317,000	\$327,500	\$338,100	\$348,800	\$359,600	\$370,500	\$381,500	\$392,600	\$403,900
Return On Equity		13.1%	13.6%	14.1%	14.6%	15.1%	15.6%	16.2%	16.7%	17.2%	17.8%	18.3%	18.9%	19.5%	20.0%	20.6%
Debt Service Coverage		1.35	1.36	1.38	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.49	1.51	1.52	1.54	1.55
		WITHOUT PILOT														
YEAR		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Inflation															
Income	1.0%	1,339,185	1,352,576	1,366,102	1,379,763	1,393,561	1,407,496	1,421,571	1,435,787	1,450,145	1,464,646	1,479,293	1,494,086	1,509,027	1,524,117	1,539,358
Expense	1.0%	(276,761)	(279,529)	(282,324)	(285,148)	(287,999)	(290,879)	(293,788)	(296,726)	(299,693)	(302,690)	(305,717)	(308,774)	(311,862)	(314,980)	(318,130)
Tax	w/o PILOT	(280,153)	(282,954)	(285,784)	(288,642)	(291,528)	(294,443)	(297,388)	(300,362)	(303,365)	(306,399)	(309,463)	(312,557)	(315,683)	(318,840)	(322,028)
Net Operating Income		\$782,271	\$790,093	\$797,994	\$805,974	\$814,034	\$822,174	\$830,396	\$838,700	\$847,087	\$855,558	\$864,113	\$872,755	\$881,482	\$890,297	\$899,200
Debt Service		(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)	(731,561)
Cash Flow		\$50,700	\$58,500	\$66,400	\$74,400	\$82,500	\$90,600	\$98,800	\$107,100	\$115,500	\$124,000	\$132,600	\$141,200	\$149,900	\$158,700	\$167,600
Return On Equity		2.6%	3.0%	3.4%	3.8%	4.2%	4.6%	5.0%	5.5%	5.9%	6.3%	6.8%	7.2%	7.6%	8.1%	8.5%
Debt Service Coverage		1.07	1.08	1.09	1.10	1.11	1.12	1.14	1.15	1.16	1.17	1.18	1.19	1.20	1.22	1.23

Carry Cost Computations

INTEREST (Development Period)

Loan	\$ 11,253,294	
weighting	75%	(>50% means costs biased toward beginning)
Timetable [months]	12	months
Rate	4.250%	
Interest Approximation	\$ 358,699	

TAX (Development Period)

Appraisal	\$ 625,700	pre-development
Assessment	\$ 250,280	40%
Rate Memphis + Shelby	8.42%	
Timetable [months]	24	months
Tax	\$ 42,147	

LEASE-UP Reserve Apartments

Lease-up period	4.1 month	1.5	unit/wk post construction
Leasable residential	29,689 sf	33%	pre-leased
Rent residential	\$ 1.65 /sf		
	weighting		50% of lease-up period rent
Lease-up rent reserve	\$ 100,491		

LEASE-UP Reserve Retail

Lease-up period	9	month
Leasable Retail	5,257	sf
Rent Retail	\$ 14.00	/sf
	weighting	50% of lease-up period rent
Lease-up rent reserve	\$ 27,599	

Financing & Legal

	TOTAL	Financing	PILOT	Historic Tax Credit	Legal
Loan Origination Lender Fee	112,533	112,533			
Appraisal Fees	6,000	6,000			
Environmental Reports	4,000	4,000			
Title Search & Insurance	10,000	10,000			
Flood Certification Fee	100	100			
Plans Review	300	300			
No Start Certification	500	500			
Other Loan closing expenses	200	200			
Construction Inspector Lender	7,200	7,200			
Shelby County Register Indebtedness Tax	12,939	12,939			
Shelby County Register Recording & othe	700	700			
Legal Closing Developer Loan & PILOT	7,500	7,500			
Legal Closing Lender Loan	7,500	7,500			
PILOT Application Fee	1,000		1,000		
PILOT Fee	241,422		241,422		
PILOT, DRB, other application printing	500		500		
National Park Service Application	6,500			6,500	
Historic Tax Credit Accounting	15,000			15,000	
Historic Tax Credit Marketing & Legal	75,000			75,000	
Historic Tax Credit Accounting Cost Certifi	5,000			5,000	
Legal Closing Tax Credit	10,000			10,000	
Legal Owner Partnership	10,000				10,000
Legal Project	7,500				7,500
	541,394	169,472	242,922	111,500	17,500

DEBT SERVICE

Loan	\$ 11,253,294	
Interest Rate term	4.25%	25 year
	annual	monthly
Debt service	\$ (731,561)	\$ (60,963)

All information is estimated and approximate.

PROPERTY		12/05/16
240 Madison land	\$	269,600
240 Madison building	\$	20,100
251 Court land	\$	179,700
251 Court building	\$	156,300
TOTAL PROPERTY	\$	625,700

Shelby County Tax Assessor

PRE-DEVELOPMENT TAX APPRAISAL	
Land Appraisal	\$ 449,300
Building Appraisal	\$ 176,400
Total Appraisal	\$ 625,700

POST-DEVELOPMENT APPRAISAL (projected)	
Predevelopment Appraisal	\$ 625,700
Improvements x 60%	\$ 7,694,660
	\$ 12,824,433 60%
Postdevelopment Appraisal	\$ 8,320,000

PROPERTY TAX	
BASIS AFTER DEVELOPMENT	
City Tax basis [w/PILOT]	\$ 625,700 =predevelopment appraisal + 0% added appraisal
County Tax basis [w/PILOT]	\$ 2,549,365 =predevelopment appraisal + 25% added appraisal
CBID Tax basis [PILOT n/a]	\$ 8,295,000 =postdevelopment appraisal less \$ 25,000

ASSESSED AT: 40% commercial

City Tax rate	3.40%
County Tax rate	4.37%
CBID Tax rate	0.65%
TN F&E Tax	\$ -

	Property Taxes		
	w/o PILOT	w/PILOT	Development
City	\$ 113,152	\$ 8,510	\$ 8,510
County	\$ 145,434	\$ 44,563	\$ 10,937
CBID	\$ 21,567	\$ 21,567	\$ 1,627
	\$ 280,153	\$ 74,639	\$ 21,074

PILOT SCORING			YEARS
Primary Qualification	RESIDENTIAL	40 Apartments	5.0
Secondary Qualification	OFFICE	15,000 -50,000 sf	1.0
PROJECT DEVELOPMENT COST		\$15 – \$20 million	4.0
National Register of Historic Places			5.0

YEARS 15.0

# Apartment	40		
Residential	742	29,689	sf
Commercial		30,264	sf
		59,953	sf

OPERATING EXPENSE

APARTMENT	Annual	/unit	/sf
Staff & Administrative	\$ 45,000	\$ 1,125	
Marketing	\$ 7,500	\$ 188	
Maintenance & Services	\$ 45,000	\$ 1,125	
Utilities - Common Areas	\$ 8,000	\$ 200	
Insurance	\$ 16,000	\$ 400	
Parking	\$ -	\$ -	
OPERATIONS	\$ 121,500	\$ 3,038	
City Tax	\$ 4,003	\$ 100	allocation
County Tax	\$ 20,964	\$ 524	allocation
CBID Tax	\$ 10,146	\$ 254	allocation
State Franchise Tax			
TAX	35,114	878	\$ 0.59
Management Fee	\$ 22,374	\$ 559	4%
Reserves	\$ 8,000	\$ 200	
FEE & RESERVES	\$ 30,374	\$ 759	
TOTAL Apartment	\$ 186,987	\$ 4,675	\$ 3.12

COMMERCIAL			
Commercial Operating expense	\$ 59,430	\$ 2.00	/sf
Commercial Reserves	\$ 34,264	\$ 1.00	/sf
Commercial Management Fee	\$ 31,194		4%

Parking Operating expense	\$ 75	/space
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VACANCY	
Office	0%
Retail	15%
Apartment	6%
Penthouse	0%
Parking	6%



	SIZE sf	RENT	
tot	29,689	\$ 48,995	40 apartments
avg	742	\$ 1,225	\$1.65 /sf rent
min	541	\$ 850	
max	1,081	\$ 1,725	

A3a alt	A3b	A2		S1a	A5b	2
654	662	680		541	978	
\$ 1,000	\$ 950	\$ 975		\$ 850	\$ 1,350	
\$ 1.53	\$ 1.44	\$ 1.43		\$ 1.57	\$ 1.38	
B1 alt	A1	A1	A1	A1	A5a	10
1,058	621	621	621	621	948	7,384
\$ 1,475	\$ 1,135	\$ 1,135	\$ 1,135	\$ 1,135	\$ 1,400	\$ 11,405
\$ 1.39	\$ 1.83	\$ 1.83	\$ 1.83	\$ 1.83	\$ 1.48	\$ 1.54

A3a	A3b	A2		S1a	A5b	3
682	662	680		541	978	
\$ 1,050	\$ 1,000	\$ 1,025		\$ 875	\$ 1,400	
\$ 1.54	\$ 1.51	\$ 1.51		\$ 1.62	\$ 1.43	
B1	A1	A1	A1	A1	A5a	10
1,081	621	621	621	621	948	7,435
\$ 1,550	\$ 1,185	\$ 1,185	\$ 1,185	\$ 1,185	\$ 1,475	\$ 11,930
\$ 1.43	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.91	\$ 1.56	\$ 1.60

A3a	A3b	A2		S1a	A5b	4
682	662	680		541	978	
\$ 1,100	\$ 1,050	\$ 1,075		\$ 925	\$ 1,475	
\$ 1.61	\$ 1.59	\$ 1.58		\$ 1.71	\$ 1.51	
B1	A1	A1	A1	A1	A5a	10
1,081	621	621	621	621	948	7,435
\$ 1,625	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,235	\$ 1,550	\$ 12,505
\$ 1.50	\$ 1.99	\$ 1.99	\$ 1.99	\$ 1.99	\$ 1.64	\$ 1.68

A3a	A3b	A2		S1a	A5b	5
682	662	680		541	978	
\$ 1,175	\$ 1,100	\$ 1,125		\$ 1,000	\$ 1,550	
\$ 1.72	\$ 1.66	\$ 1.65		\$ 1.85	\$ 1.58	
B1	A1	A1	A1	A1	A5a	10
1,081	621	621	621	621	948	7,435
\$ 1,725	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,625	\$ 13,155
\$ 1.60	\$ 2.07	\$ 2.07	\$ 2.07	\$ 2.07	\$ 1.71	\$ 1.77