

**Proposed FASB change to Rent Accounting - Old vs. New**  
**Comparing Current vs. Proposed GAAP changes to Rent Lease Accounting.**

Prepared by: Lucernex Technologies Inc. sales@Lucernex.com 972.403.7100  
October 24, 2010 [www.Lucernex.com](http://www.Lucernex.com)

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**FINANCIAL SUMMARY - Selected Key Assumptions Only**

City: Austin  
 Property: 1 Main  
 Scenario: 3rd LL Counter  
 Prepared by: Lucernex Technologies sales@Lucernex.com 972.403.7100



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SELECTED KEY ASSUMPTIONS		BASE RENT		OPERATING EXPENSES & TAXES	
Discount Rate	NPV @ 8.00%	Base Rent - \$/rsf/yr	\$24.00	Base Year for Op. Exp.	2011
Tax Rate	35.00%	Months of Free Rent	6.5	Estimated Operating Expenses	\$8.00
Imputed Interest Rate	After Tax @ 0.00%	Annual percent increase	3.00%	Base Year Operating Expenses	\$8.00
		Rent Schedule - \$/rsf/yr		Annual % increase (eff. 1/2012)	3.0%
Rentable SF	10,000	10/2010	\$0.00	Pass through costs start	1/2012
Usable SF	8,696	9/2011	\$19.71		
Add-On Factor	15%	10/2011	\$24.00		
Loss Factor	13.04%	2/2012	\$24.72		
		2/2013	\$25.46		
Lease Commencement	20 Feb 2011	2/2014	\$26.23		
Lease Termination Date	30 Nov 2016	2/2015	\$27.01		
Lease Term	5 Yrs. & 9 Mos. & 11 Days	2/2016	\$27.82		
Rent Accrual Start Date	12 Oct 2010				
Renewal Options	None				
				<b>PROJECT COSTS \$/rsf</b>	
				Construction Cost	\$35.00
				LL Construction Allowance	\$10.00
				Net Cost to Tenant	\$25.00
				Notes:	
				The rental rate 9/2011 reflects a partial month of free rent. Free rent has been adjusted to reflect the TOTAL Months of Free Rent.	
<b>GAAP ASSUMPTIONS</b>					
Use GAAP for P&L Rent	Straight Line				
Use GAAP for Other Rents & Parking	see P&L report				
Use GAAP for LL Const. Allowance	Yes				
Use GAAP for Restoration	No				
Capital vs. Operating Lease Test	Not Calculated				

Notes:

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified independently.

**Notes & Observations on Old vs. New (Current vs. Proposed FASB changes to Rent Accounting)**

Under the proposed FASB changes, the straight line calculation of rent starts from the Transaction Date, even if the Transaction Date is a Partial Month, October 12, 2010 in this example. Note: Until the proposed FASB changes are finalized the Transaction Date is called the Rent Accrual Start Date in LseMod.

Free Rent is adjusted to represent the TOTAL months of Free Rent including partial months, in this case 6.5 months by adjusting the rent from the Lease Commencement Date.

Currently there are different interpretations of the FASB proposal regarding Executory costs. This analysis assumes that Executory costs are to be excluded. The adjustment excluding Executory Costs begins with the partial month when the Lease Commences (see sheet named Calculations Old v New).

This analysis does NOT include Renewal Options / Right-To-Extend, a concept currently under review by FASB. LseMod includes the ability to include 5 renewal options for a total of 360 months (30 years).

The P&L Impact in the first 2 years is **HIGHER in the Old** than in the New, due we believe to the Transaction Date being different from the Lease Commencement Date (see Difference on GAAP Rent Old vs New sheet) and Free Rent.

Note 1: In virtually every example we have seen as of October 1, 2010 comparing the Old vs. New, the P&L Cost was Lower, perhaps because those examples did not include a Transaction Date.

Note 2: ASSUMING the Transaction Date equals the Construction Start Date (typically used in current GAAP), but not often the same in practice; then the Year 1 cost will be probably be higher in the Current GAAP.

Note 3: We tested by extending the term to 12 years (assuming a 5 year renewal) and the Year 1 cost was still higher in the OLD.

The sheet named Calculations Old v New shows the actual calculations for the proposed New GAAP by month, the balance sheet calculations, and a comparison by month of the Old vs Proposed New GAAP Rent Accounting.

**About Lx LseMod Version 15:**

Demos over the Internet will begin November 1, 2010. Beta testing of Lx LseMod Corporate v15 will begin December 1, 2010.

Includes the report - GAAP Rent Old vs New and the ability to include Renewal Options in the calculations.

Will include Percentage Rents by the end of Q1 2011.

Uses Exact Dates in its calculations vs. having all dates start on the 1st of the month and end on the last day of the month.

Includes an Excel Data Entry Form that can be filled in by anyone (i.e. non-licensed users), emailed to a licensed Lx LseMod user, and that licensed user can click a button and populate Lx LseMod with all the imported data.

Includes a wide variety of assumptions - see sheet Possible Assumptions to see the assumptions that can be included in LseMod.

Can be easily customized to include internal lease approval forms.

Includes Mid-Term Capital, Mid-Term Landlord Incentives, and the option to show the LL Incentives based on GAAP.

Not Shown: An example from Lx Lease Scenarios \*, the companion program included when you purchased Lx LseMod. A particular strength of Lx LseMod is the ability to quickly and easily evaluate and compare scenarios with changes AUTOMATICALLY flowing through and updated in the scenario analysis.

\* Scenarios typically allow analysis of multiple properties, different start and end dates, and constantly CHANGING assumptions.

Developed by a Fortune 500 Corporate Real Estate Manager,  
 The Professional's Choice - LseMod is Lease Modeling made Easy  
 Easy to Use, Easy to Understand, Easy to Explain!

**Contact us about scheduling a personal demo over the Internet. sales@Lucernex.com or 972..403.7100**

City: Austin

Property: 1 Main

Scenario: 3rd LL Counter

Prepared by: Lucernex Technologies sales@Lucernex.com 972.403.7100



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**DISCLAIMER:** This report is for demonstration purposes and reflects Lucernex Technologies Inc.'s understanding of the PROPOSED new Right-To-Use Lease Accounting rules as of October 1, 2010. It does not provide Lucernex Technologies Inc. accounting guidance. Check with your own qualified advisor.

**ASSUMPTIONS:** The proposed Right-To-Use Lease Accounting calls for the Landlord's Cost of Borrowing as a Discount Rate, or if that is not known; the Tenant's incremental borrowing rate. For this example the Tenant's Incremental Borrowing rate of 7% was used. Users can change the Discount Rate. For this example, the Transaction Date was assumed to be the Rent Accrual Start Date. When the new FASB rules become effective and assuming there is no change in the proposal for determining Transaction date, LseMod will change the Rent Accrual Start Date terminology to Transaction Date.

**RENEWAL OPTIONS:** This analysis does NOT include Renewal Options / Right-To-Extend, a concept currently under review by FASB. LseMod includes the ability to include 5 renewal options for a total of 360 months (30 years).

Lease Term is from Feb 20, 2011 to Nov 30, 2016

Rent Accrual Start Date is Oct 12, 2010

Year	2010	2011	2012	2013	2014	2015	2016	Total
Months Leased Each Year		10.32	12	12	12	12	11	69.32
Months of Free Rent		6.5						6.5

**A - Cash Flow**

Net Cash Rent		76,429	246,600	253,998	261,618	269,466	254,365	1,362,476
Pass Through Operating Expenses			2,400	4,872	7,418	10,041	11,680	36,411
Capital								
Construction		350,000						350,000
Less Landlord Allowance		-100,000						-100,000
<b>Total Cash Flow</b>		<b>326,429</b>	<b>249,000</b>	<b>258,870</b>	<b>269,036</b>	<b>279,507</b>	<b>266,045</b>	<b>1,648,887</b>

**B - P&L Current GAAP**

Base Rent	(a)	48,937	222,007	222,007	222,007	222,007	203,506	1,362,476
Less Landlord Const. Allowance	(c)		-14,889	-17,311	-17,311	-17,311	-15,868	-100,000
Net Rent on the P&L		48,937	207,117	204,696	204,696	204,696	187,638	1,262,476
Pass Through Operating Expenses				2,400	4,872	7,418	10,041	36,411
Depreciation of Construction Cost	(c)		51,607	60,000	60,000	60,000	58,393	350,000
<b>Total Before Tax P&amp;L Cost</b>		<b>48,937</b>	<b>258,725</b>	<b>267,096</b>	<b>269,568</b>	<b>272,114</b>	<b>274,737</b>	<b>1,648,887</b>
Taxes @ 35%		-17,128	-90,554	-93,484	-94,349	-95,240	-90,199	-577,110
<b>Total After Tax P&amp;L Cost</b>		<b>31,809</b>	<b>168,171</b>	<b>173,612</b>	<b>175,219</b>	<b>176,874</b>	<b>178,579</b>	<b>1,071,777</b>
EBITDA	(d)	48,937	207,117	207,096	209,568	212,114	199,318	1,298,887

**C - P&L PROPOSED GAAP Right-To-Use Lease Accounting**

Amortization of Right-To-Use	(e)	26,501	120,222	120,222	120,222	120,222	110,204	737,815
Interest Expense on Lease Obligation @ 7%		12,987	53,549	48,029	39,172	29,131	17,804	205,851
Total of Right-to-Use Charges		39,488	173,771	168,252	159,394	149,353	138,026	943,666
Add-in Executory Costs in Cash Flow Rent			25,476	80,000	80,000	80,000	73,333	418,810
Less Landlord Const. Allowance	(c)		-14,889	-17,311	-17,311	-17,311	-15,868	-100,000
Total Right-to-Use, Executory, LL Allow.		39,488	184,358	230,941	222,083	212,042	200,716	1,262,476
Pass Through Operating Expenses				2,400	4,872	7,418	10,041	36,411
Depreciation of Construction Cost	(c)		51,607	60,000	60,000	60,000	58,393	350,000
Months of Renewal Options Included:		0						
<b>Total Before Tax P&amp;L Cost</b>		<b>39,488</b>	<b>235,966</b>	<b>293,341</b>	<b>286,955</b>	<b>279,460</b>	<b>270,756</b>	<b>1,648,887</b>
Taxes @ 35%		-13,821	-82,588	-102,669	-100,434	-97,811	-94,765	-577,110
<b>Total After Tax P&amp;L Cost</b>		<b>25,667</b>	<b>153,378</b>	<b>190,672</b>	<b>186,521</b>	<b>181,649</b>	<b>175,992</b>	<b>1,071,777</b>
EBITDA	(d)	39,488	10,587	65,089	67,561	70,107	72,730	355,220

**Balance Sheet Impact**

Start of Reporting Period - Lease Obligation		0	750,803	753,399	634,829	500,003	347,516	175,853
End of Reporting Period - Lease Obligation	(f)	750,803	753,399	634,829	500,003	347,516	175,853	0

**D - Difference (New - Old) (C - B)**

Before Tax P&L Cost		-9,449	-22,759	26,245	17,388	7,346	-3,980	-14,791	0
Cumulative		-9,449	-32,208	-5,963	11,425	18,771	14,791	0	
Percent Difference by Year		-19.3%	-8.8%	9.8%	6.5%	2.7%	-1.4%	-5.7%	
After Tax P&L Cost		-6,142	-14,793	17,059	11,302	4,775	-2,587	-9,614	0
Cumulative		-6,142	-20,935	-3,876	7,426	12,201	9,614	0	
Percent Difference by Year		-19.3%	-8.8%	9.8%	6.5%	2.7%	-1.4%	-5.7%	
EBITDA		-48,937	-196,530	-142,007	-142,007	-142,007	-142,007	-130,173	-943,666
Percent Difference by Year		n/m	-94.9%	-68.6%	-67.8%	-66.9%	-66.1%	-65.3%	-72.7%

(a) Straight line rent, LL Allowance credit to rent

(d) EBITDA based on just costs shown in Cash Flow above

(b) Straight Line starts on Rent Accrual Start Date

(e) Straight Line PV starting 10/2010. PV discounted at 7% using an BOM payment.

(c) Credit to Rent, Depreciation includes LL Allow.

(f) If Renewal Options are included, the balance at the end of the Lease Term, will not be 0.

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Lease Term is from Feb 20, 2011 to Nov 30, 2016		Rent Accrual Start Date is Oct 12, 2010								
Year	2010	2011	2012	2013	2014	2015	2016	Total		
Months Leased Each Year		10.32	12	12	12	12	11	69.32		
Months of Free Rent		6.5						6.5		
<b>\$/rsf - CASH COST (per SF and Total Cost) based on 10,000 rsf</b>								<b>Avg. / Year</b>	<b>Total</b>	
<b>ON-GOING COSTS (RUN RATE CASH FLOW)</b>										
Cash Base Rent		\$24.00	\$24.66	\$25.40	\$26.16	\$26.95	\$27.75	\$25.84	1,492,476	
Less Free Rent and Special Adjustments		-\$15.12						-\$2.25	-130,000	
Net Cash Rent	\$0.00	\$8.89	\$24.66	\$25.40	\$26.16	\$26.95	\$27.75	\$23.59	1,362,476	
Operating Expenses			\$0.24	\$0.49	\$0.74	\$1.00	\$1.27	\$0.63	36,411	
<b>TOTAL ON-GOING COSTS (RUN RATE CASH FLOW)</b>	<b>\$0.00</b>	<b>\$8.89</b>	<b>\$24.90</b>	<b>\$25.89</b>	<b>\$26.90</b>	<b>\$27.95</b>	<b>\$29.02</b>	<b>\$24.22</b>	<b>1,398,887</b>	
Construction		\$35.00						\$6.06	350,000	
Less Landlord Allowance		-\$10.00						-\$1.73	-100,000	
Total	\$0.00	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4.33	250,000	
<b>CALCULATED TOTAL</b> (based on before tax cost below)	<b>\$0.00</b>	<b>\$37.96</b>	<b>\$24.90</b>	<b>\$25.89</b>	<b>\$26.90</b>	<b>\$27.95</b>	<b>\$29.02</b>	<b>\$28.54</b>	<b>1,648,887</b>	
<b>TOTAL BEFORE TAX CASH FLOW</b>		326,429	249,000	258,870	269,036	279,507	266,045	\$28.54	1,648,887	
Taxes @ 35%	-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-\$9.99	-577,110	
<b>TOTAL AFTER TAX CASH FLOW</b>	<b>-17,128</b>	<b>235,875</b>	<b>155,516</b>	<b>164,521</b>	<b>173,796</b>	<b>183,349</b>	<b>175,846</b>	<b>\$18.55</b>	<b>1,071,777</b>	
Before Tax Cash Flow NPV @8%, starting 10/2010								\$22.53	1,301,318	
After Tax Cash Flow NPV @8%, starting 10/2010								\$14.66	846,784	
NER - Before Tax Cash Cash Flow @8.0%								\$28.77	287,735	
NER - After Tax Cash Cash Flow @8.0%								\$18.73	187,279	
Net Effective Rate Total is Total per year										
<b>CASH FLOW (Total Annual Cost)</b>								<b>Total</b>	<b>Avg. / Year</b>	
<b>ON-GOING COSTS (RUN RATE CASH FLOW)</b>										
Cash Base Rent		206,429	246,600	253,998	261,618	269,466	254,365	1,492,476	\$25.84	
Less Free Rent and Special Adjustments		-130,000						-130,000	-\$2.25	
Net Cash Rent	0	76,429	246,600	253,998	261,618	269,466	254,365	1,362,476	\$23.59	
Operating Expenses			2,400	4,872	7,418	10,041	11,680	36,411	\$0.63	
<b>TOTAL ON-GOING COSTS (RUN RATE CASH FLOW)</b>	<b>0</b>	<b>76,429</b>	<b>249,000</b>	<b>258,870</b>	<b>269,036</b>	<b>279,507</b>	<b>266,045</b>	<b>1,398,887</b>	<b>\$24.22</b>	
Construction		350,000						350,000	\$6.06	
Less Landlord Allowance		-100,000						-100,000	-\$1.73	
Total	0	250,000	0	0	0	0	0	250,000	\$4.33	
<b>TOTAL BEFORE TAX CASH FLOW</b>	<b>0</b>	<b>326,429</b>	<b>249,000</b>	<b>258,870</b>	<b>269,036</b>	<b>279,507</b>	<b>266,045</b>	<b>1,648,887</b>	<b>\$28.54</b>	
Cumulative	0	326,429	575,429	834,299	1,103,335	1,382,842	1,648,887			
Average Monthly Cost		31,631	20,750	21,573	22,420	23,292	24,186	23,787		
Taxes @ 35%	-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-577,110	-\$9.99	
<b>TOTAL AFTER TAX CASH FLOW</b>	<b>-17,128</b>	<b>235,875</b>	<b>155,516</b>	<b>164,521</b>	<b>173,796</b>	<b>183,349</b>	<b>175,846</b>	<b>1,071,777</b>	<b>\$18.55</b>	
Before Tax Cash Flow NPV @8%, starting 10/2010								\$22.53	1,301,318	
After Tax Cash Flow NPV @8%, starting 10/2010								\$14.66	846,784	
NER - Before Tax Cash Cash Flow @8.0%								\$28.77	287,735	
NER - After Tax Cash Cash Flow @8.0%								\$18.73	187,279	
Net Effective Rate Total is Total per year										
<b>P&amp;L REPORT (based on Current GAAP for an Operating Lease)</b>								<b>Total</b>	<b>Avg. / Year</b>	
<b>ON-GOING COSTS (RUN RATE P&amp;L)</b>										
Base Rent	Straight Line	48,937	222,007	222,007	222,007	222,007	222,007	203,506	1,362,476	\$23.59
Less Landlord Const. Allowance	per GAAP		-14,889	-17,311	-17,311	-17,311	-17,311	-15,868	-100,000	-\$1.73
Net Rent on the P&L		48,937	207,117	204,696	204,696	204,696	204,696	187,638	1,262,476	\$21.85
Total Operating Expenses & Real Estate Taxes			2,400	4,872	7,418	10,041	11,680	36,411	36,411	\$0.63
<b>DEPRECIATION</b>										
Construction Costs	GAAP, includes LL Const. Allow.		51,607	60,000	60,000	60,000	60,000	58,393	350,000	\$6.06
<b>TOTAL DEPRECIATION</b>		<b>0</b>	<b>51,607</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>58,393</b>	<b>350,000</b>	<b>\$6.06</b>
<b>TOTAL ON-GOING COSTS (RUN RATE P&amp;L)</b>		<b>48,937</b>	<b>258,725</b>	<b>267,096</b>	<b>269,568</b>	<b>272,114</b>	<b>274,737</b>	<b>257,711</b>	<b>1,648,887</b>	<b>\$28.54</b>
<b>INTERNAL COSTS (not taxable)</b>										
Cost of Funds / Imputed Internal Interest			0	0	0	0	0	0	0	\$0.00
<b>TOTAL BEFORE TAX P&amp;L</b>		<b>48,937</b>	<b>258,725</b>	<b>267,096</b>	<b>269,568</b>	<b>272,114</b>	<b>274,737</b>	<b>257,711</b>	<b>1,648,887</b>	<b>\$28.54</b>
Taxes @ 35%		-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-577,110	-\$9.99
<b>TOTAL AFTER TAX P&amp;L</b>		<b>31,809</b>	<b>168,171</b>	<b>173,612</b>	<b>175,219</b>	<b>176,874</b>	<b>178,579</b>	<b>167,512</b>	<b>1,071,777</b>	<b>\$18.55</b>
EBITDA		48,937	207,117	207,096	209,568	212,114	214,737	199,318	1,298,887	\$22.49

Notes:

The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified independently.

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City: Austin  
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SELECTED KEY ASSUMPTIONS		BASE RENT		OPERATING EXPENSES & TAXES	
Discount Rate	NPV @ 8.00%	Base Rent - \$/rsf/yr	\$24.00	Base Year for Op. Exp.	2011
Tax Rate	35.00%	Months of Free Rent	6.5	Estimated Operating Expenses	\$8.00
Imputed Interest Rate	After Tax @ 0.00%	Annual percent increase	3.00%	Base Year Operating Expenses	\$8.00
		Rent Schedule - \$/rsf/yr		Annual % increase (eff. 1/2012)	3.0%
Rentable SF	10,000	10/2010	\$0.00	Pass through costs start	1/2012
Usable SF	8,696	9/2011	\$19.71		
Add-On Factor	15%	10/2011	\$24.00		
Loss Factor	13.04%	2/2012	\$24.72		
		2/2013	\$25.46		
Lease Commencement	20 Feb 2011	2/2014	\$26.23		
Lease Termination Date	30 Nov 2016	2/2015	\$27.01		
Lease Term	5 Yrs. & 9 Mos. & 11 Days	2/2016	\$27.82		
Rent Accrual Start Date	12 Oct 2010				
Renewal Options	None				
<b>GAAP ASSUMPTIONS</b>		<b>PROJECT COSTS \$/rsf</b>			
Use GAAP for P&L Rent	Straight Line	Construction Cost	\$35.00		
Use GAAP for Other Rents & Parking	see P&L report	LL Construction Allowance	\$10.00		
Use GAAP for LL Const. Allowance	Yes	Net Cost to Tenant	\$25.00		
Use GAAP for Restoration	No				
Capital vs. Operating Lease Test	Not Calculated				

Notes:  
 The rental rate 9/2011 reflects a partial month of free rent. Free rent has been adjusted to reflect the TOTAL Months of Free Rent.

Lease Term is from Feb 20, 2011 to Nov 30, 2016		Rent Accrual Start Date is Oct 12, 2010						Total	
Year		2010	2011	2012	2013	2014	2015	2016	
<b>Months Leased Each Year</b>		10.32	12	12	12	12	12	11	69.32
<b>Months of Free Rent</b>		6.5							6.5

\$/rsf - CASH COST (per SF and Total Cost) based on 10,000 rsf									Avg. / Year	Total
<b>ON-GOING COSTS (RUN RATE CASH FLOW)</b>										
Cash Base Rent		\$24.00	\$24.66	\$25.40	\$26.16	\$26.95	\$27.75		\$25.84	1,492,476
Less Free Rent and Special Adjustments			-\$15.12						-\$2.25	-130,000
Net Cash Rent	\$0.00	\$8.89	\$24.66	\$25.40	\$26.16	\$26.95	\$27.75		\$23.59	1,362,476
Operating Expenses			\$0.24	\$0.49	\$0.74	\$1.00	\$1.27		\$0.63	36,411
<b>TOTAL ON-GOING COSTS (RUN RATE CASH FLOW)</b>	\$0.00	\$8.89	\$24.90	\$25.89	\$26.90	\$27.95	\$29.02		\$24.22	1,398,887
Construction		\$35.00							\$6.06	350,000
Less Landlord Allowance		-\$10.00							-\$1.73	-100,000
Total	\$0.00	\$25.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$4.33	250,000
<b>CALCULATED TOTAL</b> (based on before tax cost below)	\$0.00	\$37.96	\$24.90	\$25.89	\$26.90	\$27.95	\$29.02		\$28.54	1,648,887
<b>TOTAL BEFORE TAX CASH FLOW</b>		326,429	249,000	258,870	269,036	279,507	266,045		\$28.54	1,648,887
Taxes @ 35%		-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-\$9.99	-577,110
<b>TOTAL AFTER TAX CASH FLOW</b>		-17,128	235,875	155,516	164,521	173,796	183,349	175,846	\$18.55	1,071,777
Before Tax Cash Flow NPV @8%, starting 10/2010									\$22.53	1,301,318
After Tax Cash Flow NPV @8%, starting 10/2010									\$14.66	846,784
NER - Before Tax Cash Cash Flow @8.0%									\$28.77	287,735
NER - After Tax Cash Cash Flow @8.0%									\$18.73	187,279

<b>CASH FLOW (Total Annual Cost)</b>									Total	Avg. / Year
<b>ON-GOING COSTS (RUN RATE CASH FLOW)</b>										
Cash Base Rent		206,429	246,600	253,998	261,618	269,466	254,365		1,492,476	\$25.84
Less Free Rent and Special Adjustments		-130,000							-130,000	-\$2.25
Net Cash Rent	0	76,429	246,600	253,998	261,618	269,466	254,365		1,362,476	\$23.59
Operating Expenses			2,400	4,872	7,418	10,041	11,680		36,411	\$0.63
<b>TOTAL ON-GOING COSTS (RUN RATE CASH FLOW)</b>	0	76,429	249,000	258,870	269,036	279,507	266,045		1,398,887	\$24.22
Construction		350,000							350,000	\$6.06
Less Landlord Allowance		-100,000							-100,000	-\$1.73
Total	0	250,000	0	0	0	0	0		250,000	\$4.33
<b>TOTAL BEFORE TAX CASH FLOW</b>	0	326,429	249,000	258,870	269,036	279,507	266,045		1,648,887	\$28.54
Cumulative	0	326,429	575,429	834,299	1,103,335	1,382,842	1,648,887			
Average Monthly Cost		31,631	20,750	21,573	22,420	23,292	24,186		23,787	
Taxes @ 35%		-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-\$77,110	-\$9.99
<b>TOTAL AFTER TAX CASH FLOW</b>		-17,128	235,875	155,516	164,521	173,796	183,349	175,846	1,071,777	\$18.55
Before Tax Cash Flow NPV @8%, starting 10/2010									1,301,318	\$22.53
After Tax Cash Flow NPV @8%, starting 10/2010									846,784	\$14.66
NER - Before Tax Cash Cash Flow @8.0%									287,735	\$28.77
NER - After Tax Cash Cash Flow @8.0%									187,279	\$18.73

<b>P&amp;L REPORT (based on Current GAAP for an Operating Lease)</b>									Total	Avg. / Year
<b>ON-GOING COSTS (RUN RATE P&amp;L)</b>										
Base Rent	Straight Line	48,937	222,007	222,007	222,007	222,007	203,506		1,362,476	\$23.59
Less Landlord Const. Allowance	per GAAP		-14,889	-17,311	-17,311	-17,311	-15,868		-100,000	-\$1.73
Net Rent on the P&L		48,937	207,117	204,696	204,696	204,696	187,638		1,262,476	\$21.85
Total Operating Expenses & Real Estate Taxes			2,400	4,872	7,418	10,041	11,680		36,411	\$0.63
<b>DEPRECIATION</b>										
Construction Costs	GAAP, includes LL Const. Allow.		51,607	60,000	60,000	60,000	58,393		350,000	\$6.06
<b>TOTAL DEPRECIATION</b>		0	51,607	60,000	60,000	60,000	58,393		350,000	\$6.06
<b>TOTAL ON-GOING COSTS (RUN RATE P&amp;L)</b>		48,937	258,725	267,096	269,568	272,114	274,737	257,711	1,648,887	\$28.54
<b>INTERNAL COSTS (not taxable)</b>										
Cost of Funds / Imputed Internal Interest			0	0	0	0	0		0	\$0.00
<b>TOTAL BEFORE TAX P&amp;L</b>		48,937	258,725	267,096	269,568	272,114	274,737	257,711	1,648,887	\$28.54
Taxes @ 35%		-17,128	-90,554	-93,484	-94,349	-95,240	-96,158	-90,199	-\$77,110	-\$9.99
<b>TOTAL AFTER TAX P&amp;L</b>		31,809	168,171	173,612	175,219	176,874	178,579	167,512	1,071,777	\$18.55
EBITDA		48,937	207,117	207,096	209,568	212,114	214,737	199,318	1,298,887	\$22.49

Notes:  
 The information contained herein has been given to us by sources we deem reliable, but we do not guarantee it. All data should be verified independently.

# Rent Calculations

Date	Lease Month	Cash Flow NPV Calc. Month	NPV Calc. Month	Cash Base Rent w/o Free Rent w/o Add'l Inputs	Free Rent Free Rent adjusted to reflect TOTAL months of free rent.	Adjustments from Add'l inputs sheet	Actual Cash Base Rent Paid	Present Value of Base Rent @ 8.00% Starting 2/2011	\$/sf based on 10,000 rsf	Percentage Rent	Present Value of % Rent @ 8.00% Starting 2/2011	Net Rent w/o Base Year OpX & Taxes if applicable	Present Value of Net Rent @ 8.00% Starting 2/2011	Gross Rent w/ OpX, Taxes & OpX Tenant Pays Directly	Present Value of Gross Rent @ 8.00% Starting 2/2011
(a) Month Rent Accrual Starts	(p) Partial Month	(a)	(a)	(A)	(B)	(C)	(A+B+C)								
10/2010	(p)	1	0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
11/2010		2	0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
12/2010		3	0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
1/2011		4	0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
2/2011	(p)	1	5	\$6,429	-\$6,429	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
3/2011		2	6	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
4/2011		3	7	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
5/2011		4	8	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
6/2011		5	9	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
7/2011		6	10	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
8/2011		7	11	\$20,000	-\$20,000	\$0	\$0	\$0	\$0.00	\$0	\$0	\$0	\$0	\$0	\$0
9/2011		8	12	\$20,000	-\$3,571	\$0	\$16,429	\$15,682	\$19.71	\$0	\$0	\$9,762	\$9,318	\$16,429	\$15,682
10/2011		9	13	\$20,000	\$0	\$0	\$20,000	\$18,965	\$24.00	\$0	\$0	\$13,333	\$12,643	\$20,000	\$18,965
11/2011		10	14	\$20,000	\$0	\$0	\$20,000	\$18,839	\$24.00	\$0	\$0	\$13,333	\$12,559	\$20,000	\$18,839
12/2011		11	15	\$20,000	\$0	\$0	\$20,000	\$18,714	\$24.00	\$0	\$0	\$13,333	\$12,476	\$20,000	\$18,714
1/2012		12	16	\$20,000	\$0	\$0	\$20,000	\$18,590	\$24.00	\$0	\$0	\$13,333	\$12,394	\$20,000	\$18,776
2/2012		13	17	\$20,600	\$0	\$0	\$20,600	\$19,021	\$24.72	\$0	\$0	\$13,933	\$12,866	\$20,800	\$19,206
3/2012		14	18	\$20,600	\$0	\$0	\$20,600	\$18,895	\$24.72	\$0	\$0	\$13,933	\$12,780	\$20,800	\$19,079
4/2012		15	19	\$20,600	\$0	\$0	\$20,600	\$18,770	\$24.72	\$0	\$0	\$13,933	\$12,696	\$20,800	\$18,952
5/2012		16	20	\$20,600	\$0	\$0	\$20,600	\$18,646	\$24.72	\$0	\$0	\$13,933	\$12,612	\$20,800	\$18,827
6/2012		17	21	\$20,600	\$0	\$0	\$20,600	\$18,522	\$24.72	\$0	\$0	\$13,933	\$12,528	\$20,800	\$18,702
7/2012		18	22	\$20,600	\$0	\$0	\$20,600	\$18,400	\$24.72	\$0	\$0	\$13,933	\$12,445	\$20,800	\$18,578
8/2012		19	23	\$20,600	\$0	\$0	\$20,600	\$18,278	\$24.72	\$0	\$0	\$13,933	\$12,363	\$20,800	\$18,455
9/2012		20	24	\$20,600	\$0	\$0	\$20,600	\$18,157	\$24.72	\$0	\$0	\$13,933	\$12,281	\$20,800	\$18,333
10/2012		21	25	\$20,600	\$0	\$0	\$20,600	\$18,037	\$24.72	\$0	\$0	\$13,933	\$12,199	\$20,800	\$18,212
11/2012		22	26	\$20,600	\$0	\$0	\$20,600	\$17,917	\$24.72	\$0	\$0	\$13,933	\$12,119	\$20,800	\$18,091
12/2012		23	27	\$20,600	\$0	\$0	\$20,600	\$17,798	\$24.72	\$0	\$0	\$13,933	\$12,038	\$20,800	\$17,971
1/2013		24	28	\$21,218	\$0	\$0	\$21,218	\$17,681	\$25.46	\$0	\$0	\$14,551	\$11,959	\$21,006	\$18,029
2/2013		25	29	\$21,218	\$0	\$0	\$21,218	\$18,090	\$25.46	\$0	\$0	\$14,551	\$12,406	\$21,624	\$18,437
3/2013		26	30	\$21,218	\$0	\$0	\$21,218	\$17,971	\$25.46	\$0	\$0	\$14,551	\$12,324	\$21,624	\$18,314
4/2013		27	31	\$21,218	\$0	\$0	\$21,218	\$17,852	\$25.46	\$0	\$0	\$14,551	\$12,243	\$21,624	\$18,193
5/2013		28	32	\$21,218	\$0	\$0	\$21,218	\$17,733	\$25.46	\$0	\$0	\$14,551	\$12,162	\$21,624	\$18,073
6/2013		29	33	\$21,218	\$0	\$0	\$21,218	\$17,616	\$25.46	\$0	\$0	\$14,551	\$12,081	\$21,624	\$17,953
7/2013		30	34	\$21,218	\$0	\$0	\$21,218	\$17,499	\$25.46	\$0	\$0	\$14,551	\$12,001	\$21,624	\$17,834
8/2013		31	35	\$21,218	\$0	\$0	\$21,218	\$17,383	\$25.46	\$0	\$0	\$14,551	\$11,922	\$21,624	\$17,716
9/2013		32	36	\$21,218	\$0	\$0	\$21,218	\$17,268	\$25.46	\$0	\$0	\$14,551	\$11,843	\$21,624	\$17,599
10/2013		33	37	\$21,218	\$0	\$0	\$21,218	\$17,154	\$25.46	\$0	\$0	\$14,551	\$11,764	\$21,624	\$17,482
11/2013		34	38	\$21,218	\$0	\$0	\$21,218	\$17,040	\$25.46	\$0	\$0	\$14,551	\$11,686	\$21,624	\$17,366
12/2013		35	39	\$21,218	\$0	\$0	\$21,218	\$16,927	\$25.46	\$0	\$0	\$14,551	\$11,609	\$21,624	\$17,251
1/2014		36	40	\$21,855	\$0	\$0	\$21,855	\$16,815	\$25.46	\$0	\$0	\$15,188	\$11,532	\$21,836	\$17,305
2/2014		37	41	\$21,855	\$0	\$0	\$21,855	\$17,205	\$26.23	\$0	\$0	\$15,188	\$11,957	\$22,473	\$17,692
3/2014		38	42	\$21,855	\$0	\$0	\$21,855	\$17,091	\$26.23	\$0	\$0	\$15,188	\$11,878	\$22,473	\$17,575
4/2014		39	43	\$21,855	\$0	\$0	\$21,855	\$16,978	\$26.23	\$0	\$0	\$15,188	\$11,799	\$22,473	\$17,458
5/2014		40	44	\$21,855	\$0	\$0	\$21,855	\$16,866	\$26.23	\$0	\$0	\$15,188	\$11,721	\$22,473	\$17,343
6/2014		41	45	\$21,855	\$0	\$0	\$21,855	\$16,754	\$26.23	\$0	\$0	\$15,188	\$11,643	\$22,473	\$17,228
7/2014		42	46	\$21,855	\$0	\$0	\$21,855	\$16,643	\$26.23	\$0	\$0	\$15,188	\$11,566	\$22,473	\$17,114
8/2014		43	47	\$21,855	\$0	\$0	\$21,855	\$16,533	\$26.23	\$0	\$0	\$15,188	\$11,489	\$22,473	\$17,000
9/2014		44	48	\$21,855	\$0	\$0	\$21,855	\$16,423	\$26.23	\$0	\$0	\$15,188	\$11,413	\$22,473	\$16,888
10/2014		45	49	\$21,855	\$0	\$0	\$21,855	\$16,314	\$26.23	\$0	\$0	\$15,188	\$11,338	\$22,473	\$16,776
11/2014		46	50	\$21,855	\$0	\$0	\$21,855	\$16,206	\$26.23	\$0	\$0	\$15,188	\$11,263	\$22,473	\$16,665
12/2014		47	51	\$21,855	\$0	\$0	\$21,855	\$16,099	\$26.23	\$0	\$0	\$15,188	\$11,188	\$22,473	\$16,554
1/2015		48	52	\$21,855	\$0	\$0	\$21,855	\$15,992	\$26.23	\$0	\$0	\$15,188	\$11,114	\$22,691	\$16,605
2/2015		49	53	\$22,510	\$0	\$0	\$22,510	\$16,363	\$27.01	\$0	\$0	\$15,844	\$11,517	\$23,347	\$16,971
3/2015		50	54	\$22,510	\$0	\$0	\$22,510	\$16,255	\$27.01	\$0	\$0	\$15,844	\$11,441	\$23,347	\$16,859
4/2015		51	55	\$22,510	\$0	\$0	\$22,510	\$16,147	\$27.01	\$0	\$0	\$15,844	\$11,365	\$23,347	\$16,747
5/2015		52	56	\$22,510	\$0	\$0	\$22,510	\$16,040	\$27.01	\$0	\$0	\$15,844	\$11,290	\$23,347	\$16,636
6/2015		53	57	\$22,510	\$0	\$0	\$22,510	\$15,934	\$27.01	\$0	\$0	\$15,844	\$11,215	\$23,347	\$16,526
7/2015		54	58	\$22,510	\$0	\$0	\$22,510	\$15,828	\$27.01	\$0	\$0	\$15,844	\$11,141	\$23,347	\$16,417
8/2015		55	59	\$22,510	\$0	\$0	\$22,510	\$15,724	\$27.01	\$0	\$0	\$15,844	\$11,067	\$23,347	\$16,308
9/2015		56	60	\$22,510	\$0	\$0	\$22,510	\$15,619	\$27.01	\$0	\$0	\$15,844	\$10,994	\$23,347	\$16,200
10/2015		57	61	\$22,510	\$0	\$0	\$22,510	\$15,516	\$27.01	\$0	\$0	\$15,844	\$10,921	\$23,347	\$16,093
11/2015		58	62	\$22,510	\$0	\$0	\$22,510	\$15,413	\$27.01	\$0	\$0	\$15,844	\$10,848	\$23,347	\$15,986
12/2015		59	63	\$22,510	\$0	\$0	\$22,510	\$15,311	\$27.01	\$0	\$0	\$15,844	\$10,777	\$23,347	\$15,880
1/2016		60	64	\$23,185	\$0	\$0	\$23,185	\$15,210	\$27.82	\$0	\$0	\$16,519	\$10,705	\$23,572	\$15,927
2/2016		61	65	\$23,185	\$0	\$0	\$23,185	\$15,562	\$27.82	\$0	\$0	\$16,519	\$11,088	\$24,247	\$16,275
3/2016		62	66	\$23,185	\$0	\$0	\$23,185	\$15,459	\$27.82	\$0	\$0	\$16,519	\$11,014	\$24,247	\$16,167
4/2016		63	67	\$23,185	\$0	\$0	\$23,185	\$15,357	\$27.82	\$0	\$0	\$16,519	\$10,941	\$24,247	\$16,060
5/2016		64	68	\$23,185	\$0	\$0	\$23,185	\$15,255	\$27.82	\$0	\$0	\$16,519	\$10,869	\$24,247	\$15,954
6/2016		65	69	\$23,185	\$0	\$0	\$23,185	\$15,154	\$27.82	\$0	\$0	\$16,519	\$10,797	\$24,247	\$15,848
7/2016		66	70	\$23,185	\$0	\$0	\$23,185	\$15,054	\$27.82	\$0	\$0	\$16,519	\$10,725	\$24,247	\$15,743
8/2016		67	71	\$23,185	\$0	\$0	\$23,185	\$14,954	\$27.82	\$0	\$0	\$16,519	\$10,654	\$24,247	\$15,639
9/2016		68	72	\$23,185	\$0	\$0	\$23,185	\$14,855	\$27.82	\$0	\$0	\$16,519	\$10,584	\$24,247	\$15,535
10/2016		69	73	\$23,185	\$0	\$0	\$23,185	\$14,757	\$27.82	\$0	\$0	\$16,519	\$10,514	\$24,247	\$15,433
11/2016		70	74	\$23,185	\$0	\$0	\$23,185	\$14,659	\$27.82	\$0	\$0	\$16,519	\$10,444	\$24,247	\$15,330
<b>Totals</b>				\$1,492,476	-\$130,000	\$0	\$1,362,476	\$1,059,794		\$0	\$0	\$942,476	\$731,125	\$1,398,887	\$1,086,368

**Current**

**New (Proposed) GAAP Rent Accounting**

**Difference**

Date	Lease Month	Cash Flow NPV Calc. Month	P&L Rent with Current GAAP	Cash Rent	Less Executory Costs if applicable	Adjusted NNN Cash Rent	Present Value of Adj. NNN Rent Discounted @ 7% BOM Payment Starting 10/2010	P&L Rent Amortization (Right-To-Use) PV / Possesion Term	Begin Month Balance Sheet - PV Adj NNN Rent	Balance Sheet After Payment	Interest Expense charged to P&L @ 7%	End of Month Balance Sheet - PV Adj NNN Rent	Difference New - Old Current GAAP without Executory Costs
			<i>Straight Line starts on Rent Accrual Start Date</i>					<i>G</i>	<i>B</i>	<i>C = B - A</i>	<i>D = % x C</i>	<i>C + D</i>	<i>G + H - (E + F)</i>
(a) Month Rent Accrual Starts	(p) Partial Month		<i>E</i>	<i>F</i>		<i>A</i>							
10/2010	(p)	(a)	1	\$11,936	\$0	\$0	\$0	\$6,464	\$737,815	\$737,815	\$4,304	\$742,119	-\$1,168
11/2010			2	\$18,501	\$0	\$0	\$0	\$10,019	\$742,119	\$742,119	\$4,329	\$746,448	-\$4,153
12/2010			3	\$18,501	\$0	\$0	\$0	\$10,019	\$746,448	\$746,448	\$4,354	\$750,803	-\$4,128
1/2011			4	\$18,501	\$0	\$0	\$0	\$10,019	\$750,803	\$750,803	\$4,380	\$755,182	-\$4,102
2/2011	(p)	1	5	\$18,501	\$0	\$0	\$0	\$10,019	\$755,182	\$755,182	\$4,405	\$759,587	-\$4,077
3/2011		2	6	\$18,501	\$0	\$0	\$0	\$10,019	\$759,587	\$759,587	\$4,431	\$764,018	-\$4,051
4/2011		3	7	\$18,501	\$0	\$0	\$0	\$10,019	\$764,018	\$764,018	\$4,457	\$768,475	-\$4,025
5/2011		4	8	\$18,501	\$0	\$0	\$0	\$10,019	\$768,475	\$768,475	\$4,483	\$772,958	-\$3,999
6/2011		5	9	\$18,501	\$0	\$0	\$0	\$10,019	\$772,958	\$772,958	\$4,509	\$777,467	-\$3,973
7/2011		6	10	\$18,501	\$0	\$0	\$0	\$10,019	\$777,467	\$777,467	\$4,535	\$782,002	-\$3,947
8/2011		7	11	\$18,501	\$0	\$0	\$0	\$10,019	\$782,002	\$782,002	\$4,562	\$786,564	-\$3,920
9/2011		8	12	\$18,501	\$16,429	-\$5,476	\$10,952	\$10,274	\$786,564	\$775,611	\$4,524	\$780,136	\$1,519
10/2011		9	13	\$18,501	\$20,000	-\$6,667	\$13,333	\$12,434	\$780,136	\$766,802	\$4,473	\$771,275	\$2,658
11/2011		10	14	\$18,501	\$20,000	-\$6,667	\$13,333	\$12,362	\$771,275	\$757,942	\$4,421	\$762,363	\$2,666
12/2011		11	15	\$18,501	\$20,000	-\$6,667	\$13,333	\$12,291	\$762,363	\$749,030	\$4,369	\$753,399	\$2,554
1/2012		12	16	\$18,501	\$20,000	-\$6,667	\$13,333	\$12,219	\$753,399	\$740,066	\$4,317	\$744,383	\$2,502
2/2012		13	17	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,695	\$744,383	\$730,450	\$4,261	\$734,711	\$2,446
3/2012		14	18	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,622	\$734,711	\$720,777	\$4,205	\$724,982	\$2,389
4/2012		15	19	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,548	\$724,982	\$711,049	\$4,148	\$715,196	\$2,332
5/2012		16	20	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,476	\$715,196	\$701,263	\$4,091	\$705,354	\$2,275
6/2012		17	21	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,403	\$705,354	\$691,420	\$4,033	\$695,454	\$2,218
7/2012		18	22	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,331	\$695,454	\$681,520	\$3,976	\$685,496	\$2,160
8/2012		19	23	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,260	\$685,496	\$671,563	\$3,917	\$675,480	\$2,102
9/2012		20	24	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,189	\$675,480	\$661,547	\$3,859	\$665,406	\$2,044
10/2012		21	25	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,118	\$665,406	\$651,472	\$3,800	\$655,273	\$1,985
11/2012		22	26	\$18,501	\$20,600	-\$6,667	\$13,933	\$12,048	\$655,273	\$641,339	\$3,741	\$645,080	\$1,926
12/2012		23	27	\$18,501	\$20,600	-\$6,667	\$13,933	\$11,978	\$645,080	\$631,147	\$3,682	\$634,829	\$1,866
1/2013		24	28	\$18,501	\$20,600	-\$6,667	\$13,933	\$11,908	\$634,829	\$620,896	\$3,622	\$624,517	\$1,807
2/2013		25	29	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,364	\$624,517	\$609,966	\$3,558	\$613,524	\$1,743
3/2013		26	30	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,293	\$613,524	\$598,973	\$3,494	\$602,467	\$1,679
4/2013		27	31	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,221	\$598,973	\$587,916	\$3,430	\$591,345	\$1,614
5/2013		28	32	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,151	\$587,916	\$576,794	\$3,365	\$580,158	\$1,549
6/2013		29	33	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,080	\$576,794	\$565,607	\$3,299	\$568,906	\$1,484
7/2013		30	34	\$18,501	\$21,218	-\$6,667	\$14,551	\$12,010	\$565,607	\$554,355	\$3,234	\$557,589	\$1,418
8/2013		31	35	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,940	\$554,355	\$543,037	\$3,168	\$546,205	\$1,352
9/2013		32	36	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,871	\$543,037	\$531,654	\$3,101	\$534,755	\$1,286
10/2013		33	37	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,802	\$531,654	\$520,204	\$3,035	\$523,238	\$1,219
11/2013		34	38	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,734	\$520,204	\$508,687	\$2,967	\$511,654	\$1,152
12/2013		35	39	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,666	\$508,687	\$497,103	\$2,900	\$500,003	\$1,084
1/2014		36	40	\$18,501	\$21,218	-\$6,667	\$14,551	\$11,598	\$497,103	\$500,003	\$2,832	\$488,283	\$1,016
2/2014		37	41	\$18,501	\$21,855	-\$6,667	\$15,188	\$12,035	\$488,283	\$473,095	\$2,760	\$475,855	\$944
3/2014		38	42	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,965	\$473,095	\$460,667	\$2,687	\$463,354	\$872
4/2014		39	43	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,896	\$460,667	\$448,167	\$2,614	\$450,781	\$799
5/2014		40	44	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,827	\$448,167	\$435,593	\$2,541	\$438,134	\$726
6/2014		41	45	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,758	\$435,593	\$422,946	\$2,467	\$425,413	\$652
7/2014		42	46	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,690	\$422,946	\$410,225	\$2,393	\$412,618	\$578
8/2014		43	47	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,623	\$410,225	\$397,431	\$2,318	\$399,749	\$503
9/2014		44	48	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,555	\$397,431	\$384,561	\$2,243	\$386,804	\$428
10/2014		45	49	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,488	\$384,561	\$371,616	\$2,168	\$373,784	\$352
11/2014		46	50	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,421	\$371,616	\$358,596	\$2,092	\$360,688	\$276
12/2014		47	51	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,355	\$358,596	\$345,500	\$2,015	\$347,516	\$200
1/2015		48	52	\$18,501	\$21,855	-\$6,667	\$15,188	\$11,289	\$345,500	\$332,328	\$1,939	\$334,266	\$123
2/2015		49	53	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,708	\$332,328	\$318,423	\$1,857	\$320,280	\$42
3/2015		50	54	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,641	\$318,423	\$304,437	\$1,776	\$306,213	-\$39
4/2015		51	55	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,573	\$304,437	\$290,369	\$1,694	\$292,063	-\$122
5/2015		52	56	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,506	\$290,369	\$276,219	\$1,611	\$277,831	-\$204
6/2015		53	57	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,439	\$276,219	\$262,087	\$1,528	\$263,515	-\$287
7/2015		54	58	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,373	\$262,087	\$247,672	\$1,445	\$249,117	-\$371
8/2015		55	59	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,307	\$247,672	\$233,273	\$1,361	\$234,634	-\$455
9/2015		56	60	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,241	\$233,273	\$218,790	\$1,276	\$220,067	-\$539
10/2015		57	61	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,176	\$218,790	\$204,223	\$1,191	\$205,415	-\$624
11/2015		58	62	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,111	\$204,223	\$189,571	\$1,106	\$190,677	-\$710
12/2015		59	63	\$18,501	\$22,510	-\$6,667	\$15,844	\$11,047	\$189,571	\$174,833	\$1,020	\$175,853	-\$796
1/2016		60	64	\$18,501	\$22,510	-\$6,667	\$15,844	\$10,983	\$174,833	\$160,010	\$933	\$160,943	-\$882
2/2016		61	65	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,384	\$160,010	\$144,424	\$842	\$145,267	-\$973
3/2016		62	66	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,318	\$144,424	\$128,748	\$751	\$129,499	-\$1,064
4/2016		63	67	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,253	\$128,748	\$112,980	\$659	\$113,639	-\$1,156
5/2016		64	68	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,188	\$112,980	\$97,120	\$567	\$97,687	-\$1,249
6/2016		65	69	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,123	\$97,120	\$81,168	\$473	\$81,642	-\$1,342
7/2016		66	70	\$18,501	\$23,185	-\$6,667	\$16,519	\$11,058	\$81,168	\$65,123	\$380	\$65,503	-\$1,435
8/2016		67	71	\$18,501	\$23,185	-\$6,667	\$16,519	\$10,994	\$65,123	\$48,984	\$286	\$49,270	-\$1,530
9/2016		68	72	\$18,501	\$23,185	-\$6,667	\$16,519	\$10,930	\$48,984	\$32,751	\$191	\$32,942	-\$1,624
10/2016		69	73	\$18,501	\$23,185	-\$6,667	\$16,519	\$10,867	\$32,751	\$16,423	\$96	\$16,519	-\$1,720
11/2016		70	74	\$18,501	\$23,185	-\$6,667	\$16,519	\$10,804	\$16,423	-\$0	-\$0	-\$0	-\$1,815
Totals				\$1,362,476	\$1,362,476	-\$418,810	\$943,666	\$737,815	\$737,815	n/a	\$35,288,773	\$205,851	-\$0

**KEY ASSUMPTIONS**

City: Austin  
 Property: 1 Main  
 Scenario: 3rd LL Counter  
 Prepared by: Lucernex Technologies sales@Lucernex.com 972.403.7100

Lx LseMod Corporate v15 includes the assumptions below. Virtually every description can be changed, e.g. Furniture, and virtually every line item can be adjusted on a Monthly basis.  
**Contact Lucernex at sales@Lucernex.com or 972.403.7100 to learn more.**

12Oct10  
 Revision 1.0



**FINANCIAL & PROJECT**

Proposal Date  
 Discount Rate NPV @ 8.00%  
 Tax Rate 35.00%  
 Imputed Interest Rate After Tax @ 0.00%  
 Type of Project  
 Type of Office  
 Lease Commencement Date 20 Feb 2011  
 Lease Termination Date 30 Nov 2016  
 Lease Term (69.32 months) 5 Yrs. & 9 Mos. & 11 Days  
 Rent Accrual Start Date 12 Oct 2010  
 Renewal Options None  
 Percentage Rent None  
 Rentable SF 10,000  
 Usable SF 8,696  
 Add-On Factor 15%  
 Loss Factor 13.04%

**GAAP ASSUMPTIONS**

Use GAAP for P&L Rent Straight Line  
 Use GAAP for Other Rents & Parking see P&L report  
 Use GAAP for LL Const. Allowance Yes  
 Use GAAP for Restoration No  
 Capital vs. Operating Lease Test Not Calculated

**BASE RENT**

Base Rent - \$/rsf/yr \$24.00  
 Months of Free Rent 6.5  
 Annual percent increase 3.00%  
 Rent Schedule - \$/rsf/yr  
 10/2010 \$0.00 2/2016 \$27.82  
 9/2011 \$19.71  
 10/2011 \$24.00  
 2/2012 \$24.72  
 2/2013 \$25.46  
 2/2014 \$26.23  
 2/2015 \$27.01

**OPERATING EXPENSES & TAXES**

Base Year for Op. Exp. 2011  
 Estimated Operating Expenses \$8.00  
 Base Year Operating Expenses \$8.00  
 Annual % increase (eff. 1/2012) 3.0%  
 Pass through costs start 1/2012  
 Base Year for Taxes  
 Estimated Real Estate Taxes in Op. Exp.  
 Base Year Real Estate Taxes  
 Annual % increase  
 Pass through costs start  
 Cap Controllable Expenses n/a  
 Special Taxes n/a

**OpX PAID DIRECTLY**

Tenant Electric  
 Janitorial  
 After Hrs. HVAC  
 Security Service  
 Other  
 Total

**KEY METRICS**

Cost / Current HdCt / Yr.  
 Cost / Planned HdCt / Yr  
 Cost / Workstation / Yr  
 rsf / Current HdCt  
 rsf / Planned HdCt

**OTHER LL INCENTIVES**

Moving  
 Yr 3 TI Allowance  
 Other  
 Other

Notes:

**PROJECT COSTS**

	\$/rsf		Deprec.*
Construction Cost	\$35.00	\$350,000	70 Y
LL Construction Allowance	\$10.00	\$100,000	
Construction Financing	\$0.00	\$0	
Net Cost to Tenant	\$25.00	\$250,000	

	Expense	Capital	Deprec.*
Moving			
Furniture			
Voice & Data			
IT Infrastructure			
Security Systems			
Other			
Total			
<i>Other Expense Or Capital Costs</i>			
Legal Fees			
Consultants			
Video Conf. Equip.			
Satellite Dish			
Other			
Total			
<i>Miscellaneous Expenses</i>			
Artwork			
Interior Signage			
Other			
Other			
Total			

\* Months of depreciation, Yes or No for write-off at end of term.

**SPECIAL COSTS / CREDITS**

	\$/rsf	Date
Restore Old Office		
BuyOut of Lease		
Other		
Other		
Other		
Security Deposit		
Restoration New Office		
Restoration Carryover Accrual		

**PARKING**

Spaces  
 Cost / Space / Month  
 Annual % Increase  
 Increase Starts  
 Months Free Parking  
 Parking Ratio:

**OTHER RENTS**

Storage Rent  
 Roof Rent (Sat Dish)  
 Signage  
 Other  
 Total

**OTHER MONTHLY COSTS**

Rented Furniture  
 Copier Rental  
 Other  
 Other  
 Total

**DEPRECIATION ADJUSTMENTS**

Depreciation Write-off  
 Furn Deprec. Carry-over  
 Other Deprec. Carry-over

**MIDTERM CAPITAL**

New Construction  
 Upgrade IT Infrastructure  
 Other  
 Other



## Streamline Your Operations with Lucernex

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