THE LONDON GROUP
Realty Advisors

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RE: Economic Alternative Analysis for 1122 4th Street

The London Group Realty Advisors has completed an economic analysis of the five development options pertaining to the California Theater site at 1122 4th Street in San Diego, CA ("Subject Property"). The purpose of this analysis is to analyze the impact on the profitability of the project and how each alternative impacts the reasonable use of land.

We have analyzed the proposed Base Project as well as five alternatives for development of the property, which includes:

- **The Base Project**: Clear the entire site and develop a new mixed-use project.
- **Alternative 1 – Proposed Project**: Clear entire site and construct a new mixed-use tower as proposed in the Base Project with a reconstruction of the 4th Avenue and C Street façades from the existing 9-story office tower in a manner that replicates their existing appearance on that portion of the newly constructed building.
- **Alternative 2**: Develop a new mixed-use development; clear the California Theater but retain and rehabilitate the existing nine-story tower.
- **Alternative 3**: Clear the theater portion of the site with the exception of the ground floor C Street façade, retain and rehabilitate the C Street façade with retail on the ground floor and decorative elements above, retain and rehabilitate the 9-story office tower, and add a new 40-story mixed-use tower with ground floor retail, residential dwelling units and adequate parking.
- **Alternative 4**: Clear the theater portion of the site with the exception of the ground floor C Street façade, retain and rehabilitate, or reconstruct if necessary, the C Street façade with

retail on the ground floor, retain and rehabilitate, or reconstruct if necessary, the 9-story office tower, add a new 40-story mixed-use tower with ground floor retail, residential dwelling units and adequate parking. Create a 20' wide galleria running north and south between the rear façade of the 9-story office tower and any new construction to the west of that galleria, creating open space from the ground level through the ninth floor.

- **Alternative 5**: Perform a full rehabilitation of California Theater and the nine-story office tower and restore to original or other appropriate uses.

Conclusions of Economic Alternatives

We analyzed the project performance of the Base Project that is proposed for the Subject Property. The Base Project assumes that the entire site is cleared for a new mixed-use development. The development is planned to include 310,651 square feet of net saleable residential (282 for-sale condominiums) and 10,900 square feet of retail. The total gross square footage, including parking, is 607,000 square feet.

We have assumed a project duration of three years for the Base Project as well as Alternative 1, the proposed project, and Alternatives 2 through 4. The total estimated costs of construction are estimated at $175.4 million, which includes a land acquisition of $5 million. The total estimated net sales revenue is approximately $201.5 million. The resulting net profit is estimated at $26.1 million, which is realized over the three year investment period.

Alternative 1 - Proposed Project adds significant costs to the Base Project without enhancing the revenue or value of the development. Overall, it diminishes the financial returns of the Base Project, which is already marginally financeable due to relatively low profit margins.

Alternatives 2, 3 and 4 add an order-of-magnitude higher costs that result in single-digit returns (Alternative 4 is negative). These three alternatives result in a project that is not economically feasible, nor financeable. There is not enough profit margin, or financial "cushion," for private investors and other sources of capital to achieve their required minimum rates of return. Nor does it give investors and lenders a comfort level that the development could sustain cost overruns or revenue corrections (e.g. lower sale prices). Based on performing feasibility analyses and consulting services on hundreds of real estate projects, it is our experience that a mixed-use redevelopment project requires the margin on gross revenue to exceed 10% for a project to be economically feasible and to qualify for project financing. In fact, in our experience, even a 10% margin may not be financeable. None of Alternatives 2, 3 or 4 achieve a margin on gross revenue of 10% and, as a result, are not economically feasible alternatives.

Alternative 5 is a full rehabilitation of the California Theater and existing 9-story office tower and restore it to original or other appropriate uses. This development alternative results in a net loss of $33.8 million, which demonstrates that a subsidy of at least an equal amount is required just to break even on the investment. As a result, Alternative 5 is not economically feasible.

The table on the following page demonstrates the impact on project profit for each of the five development alternatives.

Summary of Scenarios
1122 4th Street

Base Project

Clear Entire Site and Develop New Mixed-Use Project

# Units:	**282**
Residential S.F.	310,651
Retail S.F.	10,900
Total Net Useable S.F.	321,551
Net Development Profit	**$26,081,666**

Alternative 1 - Proposed Project

New Mixed-Use Development That Includes Reconstruction and Replication of the 4th Avenue and C Street Facades from the Existing 9-Story Office Tower

# Units:	**282**
Residential S.F.	310,651
Retail S.F.	10,900
Total Net Useable S.F.	321,551
Net Development Profit	**$24,031,627**
Difference From Base Project ($)	**-$2,050,039**
Difference From Base Project (%)	**-7.9%**

Alternative 2

New Mixed-Use Development; Clear CA Theater; Retain and Rehabilitate Existing 9-Story Tower

# Units:	**282**
Residential S.F.	310,651
Retail S.F.	10,900
Total Net Useable S.F.	321,551
Net Development Profit	**$17,904,459**
Difference From Base Project ($)	**-$8,177,207**
Difference From Base Project (%)	**-31.4%**

Alternative 3

New Mixed-Use Development; Retain and Rehabilitate C Street Façade; Retain and Rehabilitate 9-Story Office Tower

# Units:	**282**
Residential S.F.	310,651
Retail S.F.	10,900
Total Net Useable S.F.	321,551
Net Development Profit	**$14,446,930**
Difference From Base Project ($)	**-$11,634,736**
Difference From Base Project (%)	**-44.6%**

Alternative 4

New Mixed-Use Development; Retain, Rehabilitate or Reconstruct C Street Façade and 9-Story Office Tower; Create 20' Wide Galleria

# Units:	**282**
Residential S.F.	310,923
Retail S.F.	10,900
Total Net Useable S.F.	321,823
Net Development Profit	**($14,534,455)**
Difference From Base Project ($)	**-$40,616,121**
Difference From Base Project (%)	**-155.7%**

Alternative 5

Full Rehabilitation of CA Theater and Existing 9-Story Tower

Theater:	2,000 seats
Office	29,350
Retail	4,640
Net Development Profit	**-$33,780,804**
Difference From Base Project ($)	**-$59,862,470**
Difference From Base Project (%)	**-229.5%**

Source: The London Group Realty Advisors

Approach to Analysis

To determine the impact to the project, we prepared a financial proforma for the five alternatives and compared the performance to the Base Project proforma. For each of the proforma inputs we were furnished with both revenue and cost assumptions, as well as project timelines, as follows:

- 6 months for permits
- 24 months for construction
- 6 months of disposition and unit sales
- Construction costs are provided by BCCI
- Market revenues and timing assumptions are provided by Overture
- Affordable housing prices based on 2014 figures from San Diego Housing Commission

The following summarizes the financial proformas we have prepared for analyzing the project, which are included in the Appendix.

Base Project

The Base Project assumes that the entire site is cleared and a new mixed-use project is developed. The project includes 310,651 square feet of net saleable residential (282 for-sale condominiums) and 10,900 square feet of retail. The total gross square footage, including parking, is 607,000 square feet.

The total estimated net sales revenue is $201.5 million. The total estimated costs of construction are estimated at $175.4 million. The resulting net profit is calculated at $26.1 million.

Alternative 1-Proposed Project

Alternative 1 assumes construction of a new mixed-use project that includes reconstruction and replication of the 4th Avenue and C Street facades from the existing 9-story office tower. The project design is the same as the Base Project and includes 310,651 square feet of net saleable residential (282 for-sale condominiums) with 10,900 square feet of retail. The total gross square footage, including parking, is 607,000 square feet.

The total estimated net sales revenue is the same as the Base Project at $201.5 million. However, the estimated construction costs are increased by $2.1 million to a total of $177.5 million. The resulting net profit is calculated at $24.0 million. **This is a reduction in total profit of negative 7.9%, or $2.1 million, compared to the Base Project.**

Alternative 2

Alternative 2 assumes that the California Theater is cleared from the site, but the existing 9-story tower is retained and rehabilitated to accommodate residential. The project design is the same as the Base Project and includes 310,651 square feet of net saleable residential (282 for-sale condominiums) with 10,900 square feet of retail. The total gross square footage, including parking, is 607,000 square feet.

The total estimated net sales revenue is the same as the Base Project at $201.5 million. However, the estimated construction costs are increased by $8.2 million to a total of $183.6 million. The resulting net profit is calculated to be $17.9 million. **This is a reduction in total profit of negative 25.5%, or $6.1 million, compared to the Proposed Project.**

Alternative 3

Alternative 3 assumes a new mixed-use development with the C Street façade retained and rehabilitated and the 9-story office tower retained and rehabilitated. The project design is the same as the Base Project and includes 310,651 square feet of net saleable residential (282 for-sale condominiums) with 10,900 square feet of retail. The total gross square footage, including parking, is 607,000 square feet.

The total estimated net sales revenue is the same as the Base Project at $201.5 million. However, the estimated construction costs are increased by $11.6 million to a total of $187.1 million. The resulting net profit is calculated to be $14.4 million. **This is a reduction in total profit of negative 39.9%, or $9.6 million, compared to the Proposed Project.**

Alternative 4

Alternative 4 assumes a new mixed-use development that retains and rehabilitates, or reconstructs if necessary, the C Street façade with retail on the ground floor. The 9-story office tower would also be retained and rehabilitated, or reconstructed if necessary. This alternative also includes a 20-foot wide galleria between the rear façade of the 9-story office building and any new construction to the west of that galleria. This project comprises a total of 647,000 gross square feet and includes seven levels of underground parking. There is also a 20-foot setback between the existing structure and new construction. The project design includes 310,923 square feet of net saleable residential (282 for-sale condominiums) with 10,900 square feet of retail.

The total estimated net sales revenue is estimated to be $201.7 million with total construction costs of approximately $216.2 million. The result is a project loss of $14.5 million. **This is a reduction in total profit of negative 160.5%, or $38.6 million, compared to the Proposed Project.**

Alternative 5

Alternative 5 assumes a full rehabilitation of both the California Theater and the existing 9-story office tower. In this scenario, the buildings are restored to their original uses as an approximately 2,000-seat theater, 29,350 square feet of office and 4,640 square feet of retail. Total costs of restoration and construction are estimated at $40.8 million.

In our research of theaters in San Diego and Southern California, we have determined that there is no "sale value" for the theater. That is because there is no positive income that is generated by a theater for investors or owners. At best, operating a theater is a break-even proposition, with most theaters operating at a deficit.

Our research included interviews with theater operators throughout Southern California. Two operators[1], one from a city-owned facility and the other a privately owned non-profit entity, indicated that ticket sales and facility rentals do not typically cover operating costs. These locations depend largely on donations to cover the deficit created from low revenues compared to higher expenses.

Therefore, a developer who would invest in rehabilitating the theater would not receive any value or significant income to recover the money spent on reconstruction. In the case of the California Theater, the loss would be substantial.

Our analysis of the office component demonstrates a value of approximately $4.9 million for the 29,350 square feet of space ($168 per square foot). The rents and sale value are in-line with what is being achieved for the better quality Class B office space in Downtown San Diego.

The retail component is estimated to have a value of approximately $2.1 million for the 4,640 square-foot space ($446 per square foot). The rents and sale value are consistent with the better quality, and located, retail space in Downtown San Diego.

Combined, Alternative 5 has a total value of approximately $7.0 million, which is based solely on the office and retail components. Based on the estimated costs of construction of $40.8 million, the result is a loss of negative $33.8 million.

Should you have any questions regarding this analysis, please contact us.

Sincerely,

Gary H. London   Nathan Moeder

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[1] Avo Theater- Vista, CA (Robert Tannenbaum- Theatre Rental and Events Manager) and Segerstrom Center for the Arts - Costa Mesa, CA (Whitney Kofford- Theater Operations)

APPENDIX

Alternative 1 - Proposed Project 1122 4th Street

New Mixed-Use Development That Includes Reconstruction of the 4th Avenue and C Street Facades from the Existing 9-Story Office Tower

FINANCING	
Loan Amount	$124,233,161
Loan to Value	70%
Interest Rate	6.00%

DEVELOPMENT SUMMARY		
Gross Building S.F.		607,000 S.F.
Bldg Core & Parking	47% of Gross S.F.	285,449
Commercial S.F.		10,900 S.F.
Net Residential S.F.		310,651 S.F.

Market Rate Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	117	93,015	$628,300	$790
2 BR	1,250	92	115,000	$790,314	$632
3 BR	1,522	53	80,645	$954,014	$627
Subtotal Market Rate	**1,102**	**262**	**288,660**	**$751,079**	**$682**

Affordable Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	9	7,155	$235,884	$297
2 BR	1,250	7	8,750	$263,079	$210
3 BR	1,522	4	6,086	$293,982	$193
Subtotal Affordable	**1,100**	**20**	**21,991**	**$257,022**	**$234**
Total/Av. Wt.	**1,102**	**282**	**310,651**	**$716,040**	**$650**

Project Timing	**Months**
Permits	6
Construction	24
Disposition	6
Total (Months)	**36**

CONSTRUCTION BUDGET		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Acquisition		$5,000,000	$8.24	$17,730
Land Closing Costs		$54,925	$0.09	$195
Hard Costs		$132,951,210	$219.03	$471,458
Soft Costs	17.9%	$23,741,279	$39.11	$84,189
Miscellaneous (Sales office, Market, Opex)		$4,232,971	$6.97	$15,011
Const. Loan Interest		$11,495,559	$18.94	$40,764
Contingency	incl	$0	$0.00	$0.00
Total Project Costs		**$177,475,944**	**$292.38**	**$629,347**
Less: Loan Amount		**$124,233,161**		
Initial Investment:		**$53,242,783**		

INVESTEMENT PERFORMANCE			
Gross Revenue: Market Rate Units		$196,782,713	$751,079 avg price
Gross Revenue: Affordable Units		$5,140,437	$257,022 avg price
Total Gross Revenue		**$201,923,150**	
Sales Commission	2.5%	($5,048,079)	
Other Costs of Sale	0.0%	$0	
Net Residential Revenue		**$196,875,071**	
Retail Revenue		$4,632,500	$425 psf
Total Net Revenue		**$201,507,571**	
Development Costs		($177,475,944)	
Net Profit		**$24,031,627**	
Margin on Total Cost		**13.5%**	
Margin on Gross Revenue		**11.6%**	
Equity Investment		$53,242,783	
Return On Investment (ROI)		**45%**	

Source: The London Group Realty Advisors, Overture, SD Housing Commission, Clark Construction

Alternative 2 - 1122 4th Street

New Mixed-Use Development; Clear CA Theater; Renovate Existing 9-Story Tower

FINANCING	
Loan Amount	$128,522,179
Loan to Value	70%
Interest Rate	6.00%

DEVELOPMENT SUMMARY					
Gross Building S.F.					607,000 S.F.
Bldg Core & Parking		47% of Gross S.F.			285,449
Commercial S.F.					10,900 S.F.
Net Residential S.F.					310,651 S.F.

Market Rate Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	117	93,015	$628,300	$790
2 BR	1,250	92	115,000	$790,314	$632
3 BR	1,522	53	80,645	$954,014	$627
Subtotal Market Rate	**1,102**	**262**	**288,660**	**$751,079**	**$682**

Affordable Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	9	7,155	$235,884	$297
2 BR	1,250	7	8,750	$263,079	$210
3 BR	1,522	4	6,086	$293,982	$193
Subtotal Affordable	**1,100**	**20**	**21,991**	**$257,022**	**$234**
Total/Av. Wt.	**1,102**	**282**	**310,651**	**$716,040**	**$650**

Project Timing	Months
Permits	6
Construction	24
Disposition	6
Total (Months)	**36**

CONSTRUCTION BUDGET		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Acquisition		$5,000,000	$8.24	$17,730
Land Closing Costs		$54,925	$0.09	$195
Hard Costs		$137,813,280	$227.04	$488,700
Soft Costs	17.9%	$24,609,506	$40.54	$87,268
Miscellaneous (Sales office, Market, Opex)		$4,232,971	$6.97	$15,011
Const. Loan Interest		$11,892,431	$19.59	$42,172
Contingency	incl	$0	$0.00	$0.00
Total Project Costs		**$183,603,113**	**$302.48**	**$651,075**
Less: Loan Amount		**$128,522,179**		
Initial Investment:		**$55,080,934**		

INVESTEMENT PERFORMANCE			
Gross Revenue: Market Rate Units		$196,782,713	$751,079 avg price
Gross Revenue: Affordable Units		$5,140,437	$257,022 avg price
Total Gross Revenue		**$201,923,150**	
Sales Commission	2.5%	($5,048,079)	
Other Costs of Sale	0.0%	$0	
Net Residential Revenue		**$196,875,071**	
Retail Revenue		$4,632,500	$425 psf
Total Net Revenue		**$201,507,571**	
Development Costs		($183,603,113)	
Net Profit		**$17,904,459**	
Margin on Total Cost		**9.8%**	
Margin on Gross Revenue		**8.7%**	
Equity Investment		$55,080,934	
Return On Investment (ROI)		**33%**	

Source: The London Group Realty Advisors, Overture, SD Housing Commission, Clark Construction

Alternative 3 - 1122 4th Street

New Mixed-Use Development; Retain and Rehabilitate C Street Façade; Retain and Rehabilitate 9-Story Office Tower

FINANCING	
Loan Amount	$130,942,449
Loan to Value	70%
Interest Rate	6.00%

DEVELOPMENT SUMMARY					
Gross Building S.F.					607,000 S.F.
Bldg Core & Parking		47% of Gross S.F.			285,449
Commercial S.F.					10,900 S.F.
Net Residential S.F.					310,651 S.F.
	Average		Total	Sale	
Market Rate Units	Unit Size	# of Units	Net Rentable	Price	$/S.F.
1 BR	795	117	93,015	$628,300	$790
2 BR	1,250	92	115,000	$790,314	$632
3 BR	1,522	53	80,645	$954,014	$627
Subtotal Market Rate	**1,102**	**262**	**288,660**	**$751,079**	**$682**
	Average		Total	Sale	
Affordable Units	Unit Size	# of Units	Net Rentable	Price	$/S.F.
1 BR	795	9	7,155	$235,884	$297
2 BR	1,250	7	8,750	$263,079	$210
3 BR	1,522	4	6,086	$293,982	$193
Subtotal Affordable	**1,100**	**20**	**21,991**	**$257,022**	**$234**
Total/Av. Wt.	**1,102**	**282**	**310,651**	**$716,040**	**$650**
Project Timing					**Months**
Permits					6
Construction					24
Disposition					6
Total (Months)					**36**

CONSTRUCTION BUDGET		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Acquisition		$5,000,000	$8.24	$17,730
Land Closing Costs		$54,925	$0.09	$195
Hard Costs		$140,556,920	$231.56	$498,429
Soft Costs	17.9%	$25,099,442	$41.35	$89,005
Miscellaneous (Sales office, Market, Opex)		$4,232,971	$6.97	$15,011
Const. Loan Interest		$12,116,383	$19.96	$42,966
Contingency	incl	$0	$0.00	$0.00
Total Project Costs		**$187,060,641**	**$308.17**	**$663,336**
Less: Loan Amount		**$130,942,449**		
Initial Investment:		**$56,118,192**		

INVESTEMENT PERFORMANCE			
Gross Revenue: Market Rate Units		$196,782,713	$751,079 avg price
Gross Revenue: Affordable Units		$5,140,437	$257,022 avg price
Total Gross Revenue		**$201,923,150**	
Sales Commission	2.5%	($5,048,079)	
Other Costs of Sale	0.0%	$0	
Net Residential Revenue		**$196,875,071**	
Retail Revenue		$4,632,500	$425 psf
Total Net Revenue		**$201,507,571**	
Development Costs		($187,060,641)	
Net Profit		**$14,446,930**	
Margin on Total Cost		**7.7%**	
Margin on Gross Revenue		**7.0%**	
Equity Investment		$56,118,192	
Return On Investment (ROI)		**26%**	

Source: The London Group Realty Advisors, Overture, SD Housing Commission, Clark Construction

Alternative 4 - 1122 4th Street

New Mixed-Use Development; Retain, Rehabilitate or Reconstruct C Street Façade and 9-Story Office Tower; Create 20' Wide Galleria

FINANCING	
Loan Amount	$151,349,905
Loan to Value	70%
Interest Rate	6.00%

DEVELOPMENT SUMMARY					
Gross Building S.F.					647,000 S.F.
Bldg Core & Parking		50% of Gross S.F.			325,177
Commercial S.F.					10,900 S.F.
Net Residential S.F.					310,923 S.F.
Market Rate Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	115	91,425	$634,730.00	$798
2 BR	1,250	90	112,500	$798,403	$639
3 BR	1,522	53	80,645	$963,778	$633
Subtotal Market Rate	**1,103**	**258**	**284,570**	**$759,420**	**$689**
Affordable Units	Average Unit Size	# of Units	Total Net Rentable	Sale Price	$/S.F.
1 BR	795	11	8,745	$235,884	$297
2 BR	1,250	8	10,000	$263,079	$210
3 BR	1,522	5	7,608	$293,982	$193
Subtotal Affordable	**1,098**	**24**	**26,353**	**$257,053**	**$234**
Total/Av. Wt.	**1,103**	**282**	**310,923**	**$716,666**	**$650**
Project Timing					**Months**
Permits					6
Construction					24
Disposition					6
Total (Months)					**36**

CONSTRUCTION BUDGET		Total Cost	Cost Per Gross S.F.	Cost/Unit
Land Acquisition		$5,000,000	$7.73	$17,730
Land Closing Costs		$54,925	$0.08	$195
Hard Costs		$163,691,000	$253.00	$580,465
Soft Costs	17.9%	$29,230,526	$45.18	$103,654
Miscellaneous (Sales office, Market, Opex)		$4,232,971	$6.54	$15,011
Const. Loan Interest		$14,004,729	$21.65	$49,662
Contingency	incl	$0	$0.00	$0.00
Total Project Costs		**$216,214,150**	**$334.18**	**$766,717**
Less: Loan Amount		**$151,349,905**		
Initial Investment:		**$64,864,245**		

INVESTEMENT PERFORMANCE			
Gross Revenue: Market Rate Units		$195,930,422	$759,420 avg price
Gross Revenue: Affordable Units		$6,169,266	$257,053 avg price
Total Gross Revenue		**$202,099,688**	
Sales Commission	2.5%	($5,052,492)	
Other Costs of Sale	0.0%	$0	
Net Residential Revenue		**$197,047,196**	
Retail Revenue		$4,632,500	$425 psf
Total Net Revenue		**$201,679,696**	
Development Costs		($216,214,150)	
Net Profit		**($14,534,455)**	
Margin on Total Cost		**-6.7%**	
Margin on Gross Revenue		**-7.0%**	
Equity Investment		$64,864,245	
Return On Investment (ROI)		**-22%**	

Source: The London Group Realty Advisors, Overture, SD Housing Commission, Clark Construction

Alternative 5 - 1122 4th Street

Full Renovation of CA Theater and Existing 9-Story Tower

THEATER

Theater count is estimated at 2,000 seats.

Based on our research, at best it is a break-even proposition. Ultimately, theaters struggle to cover their operating costs.

Most are also owned by a municipality and instead of receiving revenue from operations, the municipality will subsidize operations and/or will rely on donations.

We have found no instances where there is excess revenue to afford rent payments, or master lease payments, to a landlord.

OFFICE

			Comments
Office SF		29,350	
Occupied SF		26,415	90% Occupancy
Monthly Rent PSF		$1.80	based on Class B space
Gross Annual Rent		570,564	
Less: Op. Ex.	35%	(199,697)	based on Class B bldgs
NOI		370,867	
Cap Rate		7.5%	
Value		**$4,944,888**	
Value PSF		$168	

RETAIL

			Comments
Retail SF		4,640	
Occupied SF		4,176	90% Occupancy
Monthly Rent PSF		$2.75	based on Class B space
Gross Annual Rent		137,808	
Less: Op. Ex.	2.50%	(3,445)	NNN Lease
NOI		134,363	
Cap Rate		6.5%	
Value		**$2,067,120**	
Value PSF		$446	

Project Value		
Theater	$0	
Office	$4,944,888	excludes costs of sale at disposition
Retail	$2,067,120	excludes costs of sale at disposition
Subtotal	$7,012,008	
Less: Project Costs	($40,792,812)	hard costs from BCCI
Net Profit	**($33,780,804)**	

Source: The London Group Realty Advisors

CORPORATE PROFILE

THE LONDON GROUP
Realty Advisors

REPRESENTATIVE SERVICES

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	Valuation
Government Processing	Capital Access	Economic Analysis

The London Group is a full service real estate investment and development consulting, capital access and publishing firm. We determine the answers to the questions: Should I purchase the property? If so, how much should I pay and what is my potential rate of return? What type of project should I invest in or develop? What type of deal should I structure?

To answer these questions we conduct market analysis, feasibility studies, provide financial structuring advice and general economic consulting. Often we 'package' the deal and provide access to capital sources. We also have capabilities in pre-development consulting including asset management and disposition and in providing team coordination, processing and disposition services (packaging and promotion).

The Real Estate & Economic Monitor is a newsletter published by The London Group providing market trend analysis and commentary for the serious real estate investor. The principals of the firm, Gary London and Nathan Moeder, bring acknowledged credentials and experience as advisors and analysts to many successful projects and assignments throughout North America. It is available and regularly updated on the World Wide Web at the following address: http://www.londongroup.com/.

The London Group also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff.

Clients who are actively investigating and investing in apartment projects, retail centers and commercial projects have regularly sought our advice and financial analysis capabilities.

We have analyzed, packaged and achieved capital for a wide variety of real estate projects including hotels, office buildings, retail shopping centers and residential housing communities. We are generalists with experiences ranging from large scale, master planned communities to urban redevelopment projects, spanning all land uses and most development issues. These engagements have been undertaken throughout North America for a number of different clients including developers, investors, financial institutions, insurance companies, major landholders and public agencies.

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