

ATTACHMENT B
This is a guide for calculations and any numbers included are for illustrative purposes only

Line	Example of:	Initial Period										
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	Gross Income:											
1	Operations (incl. Net Total Rate of Return Swap Proceeds if applicable)	\$ 19,000,000	\$ 19,200,000	\$ 22,000,000	\$ 33,000,000	\$ 25,000,000	\$ 35,500,000	\$ 36,000,000	\$ 36,500,000	\$ 10,500,000	\$ 10,700,000	
2	Sublease of Land			\$ 400,000	\$ 412,000	\$ 424,360	\$ 437,091	\$ 450,204	\$ 463,710	\$ 477,621	\$ 491,950	
3	Air Rights Conveyance (from B-1)					\$ 4,000,000						
4	Sale Amount from Sale of Entire Interest (from B-2)								\$ 40,000,000		\$ 20,000,000	
5	Sale Amount from Sale of Portion of Interest (from B-3)											
6	Total Gross Income (Sum Lines 1 to 5)	\$ 19,000,000	\$ 19,200,000	\$ 22,400,000	\$ 33,412,000	\$ 29,424,360	\$ 35,937,091	\$ 36,450,204	\$ 76,963,710	\$ 10,977,621	\$ 31,191,950	
	Allowable Expenses:											
7	Operations	\$ (9,000,000)	\$ (9,000,000)	\$ (9,300,000)	\$ (9,500,000)	\$ (9,785,000)	\$ (14,078,550)	\$ (14,500,907)	\$ (14,935,934)	\$ (4,000,000)	\$ (4,120,000)	
8	Sublease of Additional Land after Initial Project Phase			\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	
9	Total Allowable Expense (Sum Lines 7 & 8)	\$ (9,000,000)	\$ (9,000,000)	\$ (9,400,000)	\$ (9,600,000)	\$ (9,885,000)	\$ (14,178,550)	\$ (14,600,907)	\$ (15,035,934)	\$ (4,100,000)	\$ (4,220,000)	
10	Net Operating Income [NOI] (Line 6 plus Line 9)	\$ 10,000,000	\$ 10,200,000	\$ 13,000,000	\$ 23,812,000	\$ 19,539,360	\$ 21,758,541	\$ 21,849,297	\$ 61,927,776	\$ 6,877,621	\$ 26,971,950	
	Then Project Costs:											
11	Beginning Year Project Cost	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 196,400,000	\$ 256,400,000	\$ 256,400,000	\$ 256,400,000	\$ 60,000,000	
12	Project Cost Adjustment: From New Development (Positive)						\$ 60,000,000					
13	Project Cost Adjustment: From Sale, Partial Sale, Recovery or Cost Related to Conveyance (Negative)					\$ (3,600,000)				\$ (196,400,000)		
14	Then Project Cost (Sum of Line 11 to Line 13)	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 196,400,000	\$ 256,400,000	\$ 256,400,000	\$ 256,400,000	\$ 60,000,000	\$ 60,000,000	
15	Pre-Incentive Annual Cash-on-Cost (Line 10 divided by Line 14)	5.00%	5.10%	6.50%	11.91%	9.95%	8.49%	8.52%	24.15%	11.46%	44.95%	
16	Annual Threshold Cash-on-Cost	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	
17	Incentive (see Footnote 1 below)	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ -	\$ -	\$ -	
18	Post-Incentive Cash-on-Cost (Line 10 + Line 17 divided by Line 14)	5.45%	5.55%	6.95%	12.36%	10.41%	8.84%	8.87%	24.15%	11.46%	44.95%	
19	NOI Required to Achieve Threshold (Line 14 multiplied by Line 16)	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 19,640,000	\$ 25,640,000	\$ 25,640,000	\$ 25,640,000	\$ 6,000,000	\$ 6,000,000	
20	Annual Shortfall/Overage after Incentive (Line 10 plus Line 17 minus Line 19); OR in the event of a Full or Partial Sale, the Imputed Annual Shortfall/Overage from Line O in Attachment B-4 (See Footnote 4)	\$ (9,100,000)	\$ (8,900,000)	\$ (6,100,000)	\$ 4,712,000	\$ 799,360	\$ (2,981,459)	\$ (2,890,703)	\$ 36,287,776	\$ 877,621	\$ 20,610,912	
21	Prior Year Cumulative Shortfall (Line 22 from Prior Year); unless prior year is greater than \$0.00 then \$0.00	\$ -	\$ (9,100,000)	\$ (18,000,000)	\$ (24,100,000)	\$ (19,388,000)	\$ (18,588,640)	\$ (21,570,099)	\$ (24,460,802)	\$ -	\$ -	
22	Cumulative Shortfall/Overage (Line 20 + Line 21); also see footnote 3 below	\$ (9,100,000)	\$ (18,000,000)	\$ (24,100,000)	\$ (19,388,000)	\$ (18,588,640)	\$ (21,570,099)	\$ (24,460,802)	\$ 11,826,974	\$ 877,621	\$ 20,610,912	
23	City Cumulative Incentive Balance at beginning of Year (\$0 in Year 1 then Line 26 from prior year)	\$ -	\$ 900,000	\$ 1,833,480	\$ 2,801,685	\$ 3,805,908	\$ 4,847,488	\$ 5,927,814	\$ 7,048,329	\$ 1,397,040	\$ 1,010,200	
24	Interest On Incentive Balance (Line 23 multiplied by 3.72%)	\$ -	\$ 33,480	\$ 68,205	\$ 104,223	\$ 141,580	\$ 180,327	\$ 220,515	\$ 262,198	\$ 51,970	\$ 37,579	
25	Repayment to City (see Footnote 2 below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,913,487	\$ 438,810	\$ 1,047,779	
26	City Cumulative Incentives Balance at End of Year (Sum Line 17, Line 23 and Line 24 minus Line 25)	\$ 900,000	\$ 1,833,480	\$ 2,801,685	\$ 3,805,908	\$ 4,847,488	\$ 5,927,814	\$ 7,048,329	\$ 1,397,040	\$ 1,010,200	\$ -	

Footnote 1: Year 1 to 5: \$900,000. Then, if Line 15 is greater than Line 16 then \$0.00. However, if Line 15 is less than Line 16 then the Incentive is the lesser of \$900,000 or the number required so that Line 20 is equal to \$0.00. Furthermore the payment of Incentive is subject to the 100% of increment limit in the 1st 5 years and 50% of increment limit in subsequent years (2.1 in Agreement). Also subject to cessation of CRA payment obligations (2.2 in agreement) and other terms associated with repayment during the Initial Term when Cumulative Shortfall is \$0.00

Footnote 2: If Line 22 is greater than \$0.00 and Line 23 is greater than \$0.00 then the lesser of 50% of Line 22 or Line 23 plus Line 24; if Line 22 is less than \$0.00 then \$0.00; if Line 23 plus Line 24 = \$0.00 then \$0.00

Footnote 3: While 2.1 in the Agreement indicates "in no case shall the Cumulative Shortfall be less than \$0.00"; for illustrative purposes associated with calculations, shortfalls are in fact shown as negatives in Line 22 and Overages which are addressed differently in the Agreement (and trigger repayment to the City) are shown as positive numbers.

Footnote 4: In the case of a Portion Interest sale (such as Year 8 in this example), the Annual Cash-on-Cost return must be calculated separately at the end of the fiscal year for that portion which is not sold as if it was a separate project with its own proportion project cost; The result of this calculation will populate Line K in Attachment B-4

Attachment B-1

Net Proceeds from Conveyance of Air Rights

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Gross Conveyance Proceeds	\$ 8,000,000
Third Party Conveyance Cost	\$ (400,000)
Adjusted Conveyance Proceeds	\$ 7,600,000
Project Cost Recovery (to reduce then project costs) ¹	\$ (3,600,000)
To Be Accounted as Revenue	\$ 4,000,000

Attachment B-2

Sales Amount from Sale of Entire Interest

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Gross Sales Proceeds	\$ 80,000,000
Third Party Sale Costs	\$ (5,000,000)
Net Sales Proceeds of Entire Interest	\$ 75,000,000
Unspent Reserves	\$ 5,000,000
Lesser of sum of the then Outstanding Debt and Nominal Equity, or Then Project Cost	\$ (60,000,000)
Sales Amount from Sale of Entire Interest	\$ 20,000,000

Attachment B-3

Sales Amount from Portion of Interest

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Gross Sales Proceeds from Partial Sale	\$ 248,000,000
Third Party Sale Costs	\$ (15,000,000)
Net Sales Proceeds from Portion of Interest	\$ 233,000,000
Unspent Reserves Allocated to Portion of Interest	\$ 2,000,000
Lesser of sum of the then Outstanding Debt and Nominal Equity on the Applicable/Prorated Portion, or then Applicable/Prorated Project Cost	\$ (195,000,000)
Sales Amount from Sale of Portion of Interest	\$ 40,000,000

¹ An example of a cost recovery would be a structured parking podium (or other project cost) paid for by the Developer or New Developer Entity and the cost for all or a portion of which is then recovered from a ground sub-lessee or as part of conveyance of air rights.

Attachment B4: Mid Year Sale

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Line	Mid-Year Sale Example - From Portion or Entire Interest	Example	Notes:
A	Trailing 12 month Gross Income from the date of sale (not including sales proceeds)	\$ 11,091,950	Only for that portion of project being sold
B	Trailing 12 month Allowable Expenses	\$ (4,220,000)	Only for that portion of project being sold
C	Imputed Net Operating Income from Operations (Line A +B)	\$ 6,871,950	Only for that portion of project being sold
D	Then Project Cost (Line 14 from Attachment B)	\$ 56,400,000	Only for that portion of project being sold
E	Imputed Annual Cash-on-Cost (Line C divided by D)	12.18%	
F	Annual Cash-on-Cost Threshold	10.00%	
G	NOI Required to Achieve Threshold (Line D x Line F)	\$ 5,640,000	
H	Imputed Annual Shortfall/Overage (Line C - Line G)	\$ 1,231,950	Only for that portion of project being sold
I	Day of Sale divided by 365 or 366 (i.e. Day of Sale: June 30th would be 181 or 182)	49.59%	Sale date is June 30th in a non-leap year or 181/365
J	Adjusted Imputed Shortfall/Overage reflecting the Partial Year (Line H x Line I)	\$ 610,912	Only for that portion of project being sold
K	Shortfall/Overage from that Portion of Project Not Being Sold	\$ -	Requires calculation exclusive for portion not-being-sold based upon Attachment B if total project is not sold
L	Sales Amount	\$ 20,000,000	From Attachment B-2 or B-3
M	Imputed Shortfall/Overage (Pre-Incentive) Line J + Line K + Line L	\$ 20,610,912	If negative then City Incentive Paid per Agreement; if positive no incentive
N	Incentive (only if Line M is negative)	\$ -	Based upon calculation of incentive per Agreement
O	Shortfall/Overage Post-Incentive Line M + Line N (to be inserted in Line 20 Attachment B for Project(s) Sales Years)	\$ 20,610,912	To be inserted in Line 20 Attachment B for Project Sales Years