



Center Revenue Finance Corporation Board Meeting

To: Center City Revenue Finance Corporation (CCRFC)
From: Downtown Memphis Commission (DMC) Staff
Date: June 10, 2016
RE: Peabody Place Centre, GP- Request to Amend Existing PILOT Lease for ServiceMaster's Relocation to Downtown Memphis and Occupancy of former Peabody Place Retail & Entertainment Center

ServiceMaster has decided to consolidate and move its corporate headquarters to 150 Peabody Place, formerly the Peabody Place Retail & Entertainment Center. This decision is not only great for Downtown Memphis in that it brings approximately 1000 employees and contractors to, and reactivates a large and vacant building, it also benefits the city, county, and state, in that a major company is retained. As part of a comprehensive effort to not only retain ServiceMaster in the city, county, and state, but also to make it attractive and financially feasible for them to move their headquarters to Downtown Memphis, Peabody Place Centre, GP (PPC) is requesting that the CCRFC amend PPC's existing PILOT lease, of which includes the demised premises (Retail Center Unit 3). Amending the existing lease could potentially mitigate operating expenses, which is essential to ServiceMaster's decision that its move to Downtown Memphis would be feasible.

In 1997 CCRFC entered into a PILOT lease with Hotel Peabody, LLC (now known as Hotel Peabody GP, "Hotel Peabody"). The PPC PILOT lease is a sublease from Hotel Peabody which commenced in 1999 and will expire on December 31, 2037. The proposed amendments will amend the sublease and will include the demised premises leased to ServiceMaster. The amended sublease will provide a 20 year PILOT for the space leased to ServiceMaster, commencing January 1, 2018 and expiring December 31, 2037. Both the PILOT lease with Hotel Peabody and the sublease to PPC will still expire on December 31, 2037.

Financial Analysis:

The renovation of the former retail center for ServiceMaster's corporate headquarters will result in approximately 340,000 square feet of Class A office space. PPC's building shell improvements are estimated to cost approximately \$12,000,000. ServiceMaster's portion of the design and renovation/construction budget is estimated at approximately \$14,795,000. PPC will perform its work separately (contracts etc.) from ServiceMaster's work. Total design and renovation costs (excluding other Soft Costs) will be approximately \$27,795,000. Construction is anticipated to begin in October 2016 and be completed by December 2017.

The annual city and county taxes on the property using the base assessment in the current PILOT lease would be \$86,779. The amendment allowing for the building to be renovated and brought back into productive use would result in an estimated annual payment in lieu of taxes of \$203,005 for the term of the PILOT Lease. The amendment allowing for the building to be renovated and brought back into productive use would result in a cumulative increase in taxes of approximately \$2,324,507 to the city and county, not including expected increases in sales tax revenue.

The DMC's Strategic Plan encourages facilitating and accelerating real estate development and incentivizing Downtown development when necessary to increase investment and economic development. A key objective in the plan, and a key initiative of the DMC is to increase and retain office tenants. Supporting ServiceMaster's relocation to Downtown Memphis is consistent with DMC's Strategic Plan and its initiatives.

The DMC staff recommends approval of the PILOT amendment request, subject to the following conditions:

- Design plans for the project, in its entirety, must be submitted to and approved by the DMC Design Review Board.
- The project must be compliant with all applicable woman and minority-owned business and disadvantaged business mandates, to include the DMC Equal Business Opportunity (EBO) Program.
- The amended PILOT lease shall be subject to all current standard requirements and conditions.

PILOT Request	
Requested PILOT Term (years)	20.0
Project Type	Rehabilitation
Current Amounts	
Base Appraisal	\$2,792,133
Base Assessment	\$1,116,853
Annual City Tax on Base Assessment	\$37,973
Annual County Tax on Base Assessment	\$48,806
Annual RE Taxes on Base Assessment	\$86,779
Project Costs	
Acquisition Cost	\$1,674,600
Building Shell Improvements	\$11,997,920
Tenant Improvements	\$14,795,000
Total Project Costs w/o PILOT fee	\$28,467,520
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$14,795,000
PILOT fee	\$221,925
Total Project Costs w/ PILOT fee	\$28,689,445
Hard Costs Investment Check - 93.4%	YES
Valuation & CBID Assessment	
Current Value	\$1,674,600
Percentage of Hard Costs	\$16,075,752
Estimated Appraisal after Improvements	\$17,750,352
Estimated Assessment after Improvements	\$7,100,141
Located in the CBID?	Yes
Estimated Annual CBID Assessment after Improvements	\$46,086
Annual RE Taxes	
<i>Hypothetical taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$241,405
Estimated Hypothetical Annual County Tax without PILOT*	\$310,276
Estimated Hypothetical Total Annual Taxes without PILOT*	\$551,681
<i>Estimated taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$88,831
Estimated Annual County Tax with PILOT	\$114,174
Estimated Total Annual Taxes with PILOT	\$203,005
Estimated Annual Benefit	\$348,676
Cumulative RE Taxes	
<i>Hypothetical taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$4,828,096
Estimated Hypothetical Cumulative County Tax without PILOT*	\$6,205,523
Estimated Total Hypothetical Cumulative Taxes without PILOT*	\$11,033,619
<i>Estimated taxes with PILOT</i>	
Estimated Cumulative City Taxes with PILOT	\$1,776,619
Estimated Cumulative County Tax with PILOT	\$2,283,478
Estimated Total Cumulative Taxes with PILOT	\$4,060,097
Estimated Cumulative Benefit over 20-year PILOT	\$6,973,522
Estimated Cumulative Increase in Taxes due to PILOT*	\$2,324,507

*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".

**APPLICATION TO AMEND CURRENT
P.I.L.O.T. LEASE**

Submitted to:

**MEMPHIS CENTER CITY
REVENUE FINANCE CORPORATION
TO PROVIDE FINANCIAL INCENTIVES TO:**

**SERVICEMASTER GLOBAL HOLDINGS, INC.
CORPORATE HEADQUARTERS
150 PEABODY PLACE
MEMPHIS, TN 38103**

Submitted by:

Peabody Place Centre GP

June 9, 2016

1. Provide the following:

a. State the name, address and telephone number of the applying entity.

Peabody Place Centre, GP
100 Peabody Place Avenue, Suite 1400
Memphis, TN 38103
901-260-7400

b. State the name(s) of the applying entity's representatives and any other financial guarantors of the Project and their addresses and telephone numbers if different from above. Entity.

Ron Belz
President, Peabody Place, Inc.
General Partner of Peabody Place Centre, GP

2. Provide background information about the applicant and guarantors, including development experience, if any, and all other relevant information this organization may need to consider while reviewing the application. Describe the corporate or partnership structure as applicable.

Belz has been in the real estate development business for over 70 years. Belz has developed industrial, retail, office, residential, apartments and mixed use projects in eight states. Belz has been a leader in the revitalization of Downtown Memphis.

3. Briefly describe the proposed Project. Include in this section:

a. Intended usage:

ServiceMaster Global Holdings, Inc. a public company traded on the New York Stock Exchange, is seeking to consolidate and move its corporate headquarters to the heart of downtown Memphis.

ServiceMaster has determined that the site in downtown Memphis would be desirable in recruiting, hiring and retaining its present workforce – a city rich in history, music, food and culture. The new headquarters will serve as the hub for the ServiceMaster Innovation Center and state-of-art, collaborative work spaces.

While the proposed location in downtown Memphis is attractive for ServiceMaster's corporate headquarters, the building itself presents significant challenges to convert it from its former use as an enclosed urban retail mall and entertainment venue to office use. Because of the high cost of retrofitting the space for its proposed use, ServiceMaster needs the requested public assistance

In order to make this project economically competitive with alternative locations.

ServiceMaster's decision to move its headquarters to the former Peabody Place will play a key role in the continued revitalization of downtown Memphis by investing in and bringing new life to an existing structure that has been closed to the public since 2009. The plan to have more than 950 employees, plus a significant number of additional independent contractors work in the downtown offices also will be a boost to the downtown economy.

ServiceMaster's global headquarters in downtown Memphis will support local economic development plans and expanded community partnerships. The Memphis downtown community is going to get a great neighbor.

b. Economic and environmental impact:

This currently vacant building will be occupied by the ServiceMaster Corporate offices, which will bring more than 950 employees plus a significant number of additional independent contractors to Downtown Memphis. These workers as well as the visitors to the ServiceMaster Headquarters will increase the business to downtown restaurants, shops, hotels and other establishments.

c. The square footage of the building / land area to be renovated:

Total Building Area:	Approximately 360,000 SF
ServiceMaster Leased Area:	Approximately 340,000 SF
Potential Retail Area:	Approximately 20,000 SF

d. All other information needed to fully explain the project:

The building consists of 4 levels with ground floor access on 2 levels – 2nd Street and 3rd Street. A 12,000 SF loading dock provides off-street service and loading for the building. A half-acre atrium covered with a dramatic skylight forms the central focal point of the project providing an attractive naturally lit space. ServiceMaster will occupy all of the office space surrounding the atrium. This new office space was previously utilized as a retail entertainment center. Significant renovation will be required to transform this space into corporate offices.

e. Attach architectural plans and renderings and any available history on the subject:

(See Attached)

- f. A letter from a certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage:

N/A

4. State the marketing plans for the Project identifying the intended market. What types of lessees are anticipated? If the project is speculative how long is full occupancy expected to take and who will manage the project?

Project's office component is to be fully occupied by ServiceMaster through a long-term lease.

5. Provide the following:

- a. State the location of the proposed project by street address and legal description:

- a) 150 Peabody Place Avenue, Memphis, TN 38103
Unit 3 of Peabody Place Centre Condominium as described in Master Deed, Declaration of Covenants, Conditions and Restrictions of Peabody Place Centre Condominiums as recorded as Instrument No. JM 5809, Register's Office, Shelby County, Tennessee.

- b. Name the property owner at the time of application submittal:

CCRFC (Subject to a lease to Hotel Peabody, GP and a sub-lease to Peabody Place Centre, GP)

- c. If the Applicant does not presently own the property, does the Applicant have a valid option to purchase the property?

(See 5-b)

- d. Describe any and all existing financing, options and liens on the property.

Lincoln Life & Annuity Company of New York	\$ 7,325,000
Section 108 Loan	\$ 6,540,000
Section 108 Accrued Interest	\$ 3,654,000
CDBG	<u>\$ 2,750,000</u>
Total	\$20,269,000

6. State the estimated Project costs broken down by component (i.e., land, buildings, equipment, soft costs, etc.) Attach bid estimates and show amounts to be paid from loans and equity amounts.

Tenant Improvement Allowance (TIA)	\$	14,795,000
PILOT Fee (1.5% of TIA)	\$	221,925
Total	\$	15,016,925

See Footnote # 1 below. ¹

7. Are changes needed to the public space around the Project (For example, sidewalks, lighting, and planting)?

Minor improvements needed to sidewalks and some trees need replacing

8. State the proposed time schedule for the Project including the dates anticipated for the following:

- a. Closing of the loan or contributing financing availability:

8/1/16

- b. First expenditure of funds with regard to the project

6/1/16

- c. Anticipated date construction will begin

10/1/16

- d. Anticipated completion date

12/1/17 for Landlord's Work

¹ Other Costs include (a) Land cost from Assessor's records \$1,674,000; (b) Soft costs of \$750,000, include items such as loan origination fees, third party reports, lenders, etc.; (c) design, demolition & replacement of existing core and shell improvements of \$12,000,000 – Landlord previously paid PILOT Fee on these improvements as part of its current PILOT.

9. Financial Background:

- a. **Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements.**
- b. **State the relationship any applicant or guarantor has had with any accounting firm over the last five years and reason for change, if any.**
N/A
- c. **Attach three years tax returns if Applicant is an individual**

N/A

10. Name any of the following that will be involved with the Project (with address and phone numbers):

- a. **Andrea Bienstock, Belz Corporate Counsel**
Belz Enterprises
100 Peabody Place, Suite 1400
Memphis, TN 38103
901-260-7246

- b. **LRK, Architects**
175 Toyota Plaza, Suite 600
Memphis, TN 38103
901-521-1440

CSA, Structural Engineers
9700 Village Circle, Suite 300
Lakeland, TN 38002
901-260-7850

Barham Cain Mynatt, Mechanical Engineers
1015 Cordova Station Avenue
Cordova, TN 38018
901-685-2371

Depouw Engineers, Electrical Engineers
9056 S. Corporate Edge Drive
Germantown, TN 38138
901-754-2535

IA, Interior Design
3455 Peachtree Road, N.E., Suite 325
Atlanta, GA 30326
404-495-0919

c. Belz Construction Services, LLC, General Contractor (For Landlord's work)
100 Peabody Place, Suite 1400
Memphis, TN 38103
901-260-7207

d. N/A

e. N/A

11. Give three credit references for you personally, and three for your business:

Carl E. Peoples
Goldman Sachs
Carl.peoples@gs.com
404.846.7211

Kevin Briske
First Tennessee Bank
kmbriske@firsttennessee.com
901.523.4105

John Pettey
Raymond James-Morgan Keegan
John.pettey@raymondjames.com
901.818.7623

12. Please disclose whether any applicant, guarantor, or any other person involved with the project is currently engaged in any civil or criminal proceeding. Also disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. Please supply detailed information.

Except normal litigation occurring in the ordinary course of business.

13. State law requires that title to the projects be conveyed to CCRFC in order for it to grand payments in lieu of taxes; CCRFC then leases the property to the applicant or entity designated by the applicant. Indicate who the lessee will be for the Project.

Lessee: Hotel Peabody, G.P. with a sublease to Peabody Place Centre, G.P.

a. State the tax parcel number for all property involved with the Project and the current assessed value of the Property

002051 A00003

b. Are any assessments presently under appeal? If so, describe the status of the appeal.

No

c. Will the Project result in the subdivision of any present tax parcel?

No

14. Provide the following information about the loan or proposed loan for the Project.

a. Name, address, and phone number of lender and contact person with lender:

N/A

b. Amount of loan:

N/A

c. Attach lender's commitment letter:

N/A

15. Attach cash flow pro-forma at least five (5) years along with a statement of Sources and Uses of Funds for the project (this may be prepared by applicant). Sample formats are attached.

(See Attached)

16. Attach information about the financial history of the Project and previous attempts to develop, if possible.

The Project was opened in 2001 as a Retail-Entertainment Center, anchored by a multi-screen cinema. After several years of operation, the cinema owner reduced the number of screens in operation and then following financial difficulties, the owner ceased operations in 2008. This had a serious negative impact on the entire center. The Center closed in 2009 and has remained vacant until now.

17. EBO.

The project will be compliant with the DMC EBO program. Landlord will work with the DMC staff along with the Mid South Minority Business Council and other organizations to maximize minority and women owned business participation in the project's development. The EBO plan will include the establishment of a digital plan room providing information about the Landlord's portion of the construction activities in the project, meetings with organizations assisting minority and women owned businesses to brief them on the project and opportunities to bid on the Landlord's components of the project and other appropriate activities to inform minority and women owned businesses about the project.

18. The following statement on the following page must be included along with a dated signature of the applicant or applicant's representatives.

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 minority 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.

APPLICANT SIGNATURE

Ronald A. Boly

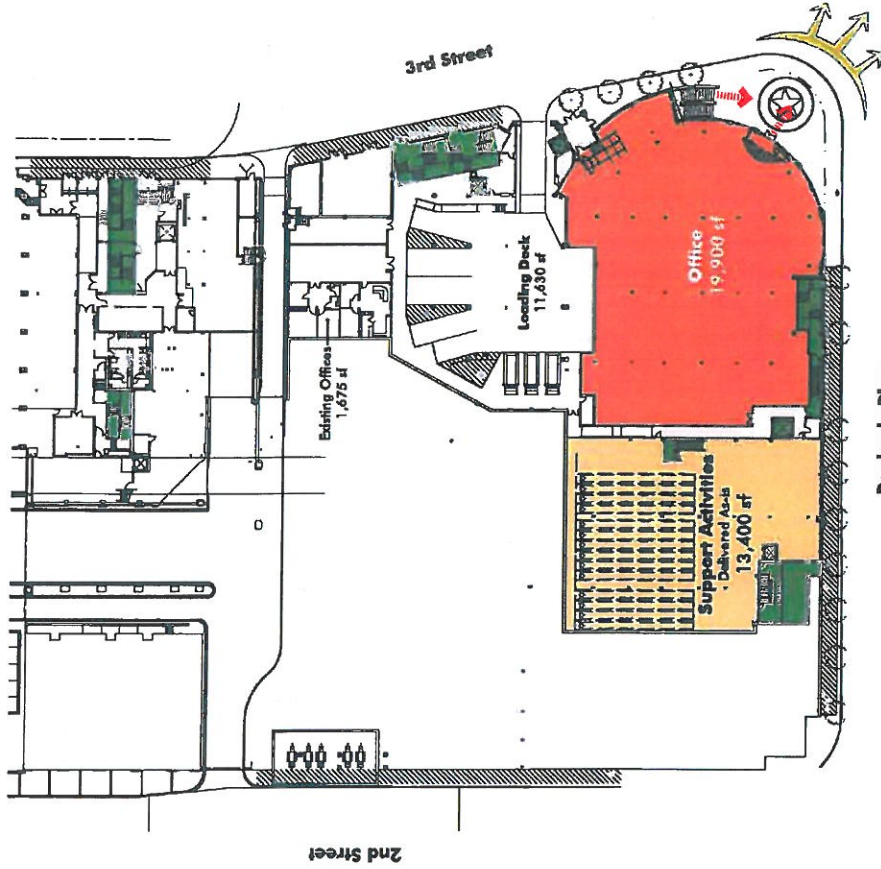
DATE

6/9/2016

Attachment for Item 3.e

Architectural Plans and Renderings

L245 TOTALS	
Office	19,900 sf
Support Activities	13,400 sf
Loading Dock	11,630 sf
Existing Offices	1,675 sf
	<hr/>
	46,605 sf



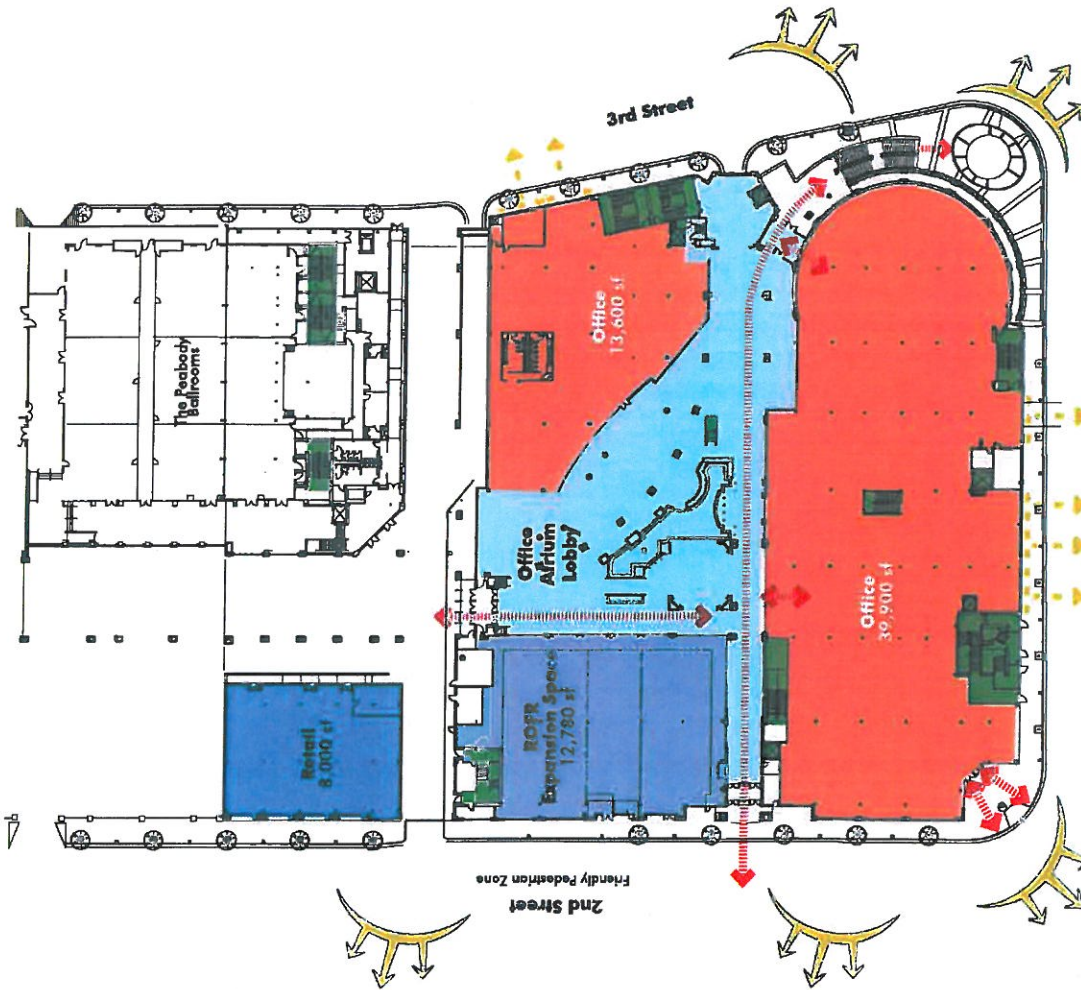
- Fixed Circulation Elements
- Retail\Entertainment\Restaurants
- Atrium Lobby
- Office Space
- Support Activities
- Proposed Storefront Line
- ↔ Major Entry or Access
- ↗ ↘ ↙ ↚ Views
- ⬆ ⬇ ⬇ ⬆ Potential Window Opening for Views and Daylight

0 15 30 60 90
↑ Floor Plan L245



Lower Level

Bob Peabody Place © 2016 LRK Inc. All Rights Reserved. LRK Project No. 01_16029.00 REVISED 04.27.2016



L260 TOTALS	
Retail	8,000 sf
Office	53,500 sf
Office Atrium Lobby	22,800 sf
ROFR Expansion Space	12,780 sf
TOTAL	97,080 sf

- Right of First Refusal (ROFR) Expansion Space
- Fixed Circulation Elements
- Retail\Entertainment\Restaurants
- Atrium Lobby
- Office Space
- Support Activities
- Proposed Storefront Line
- ➔ Major Entry or Access
- ➔ Views
- ➔ Potential Window Opening for Views and Daylight



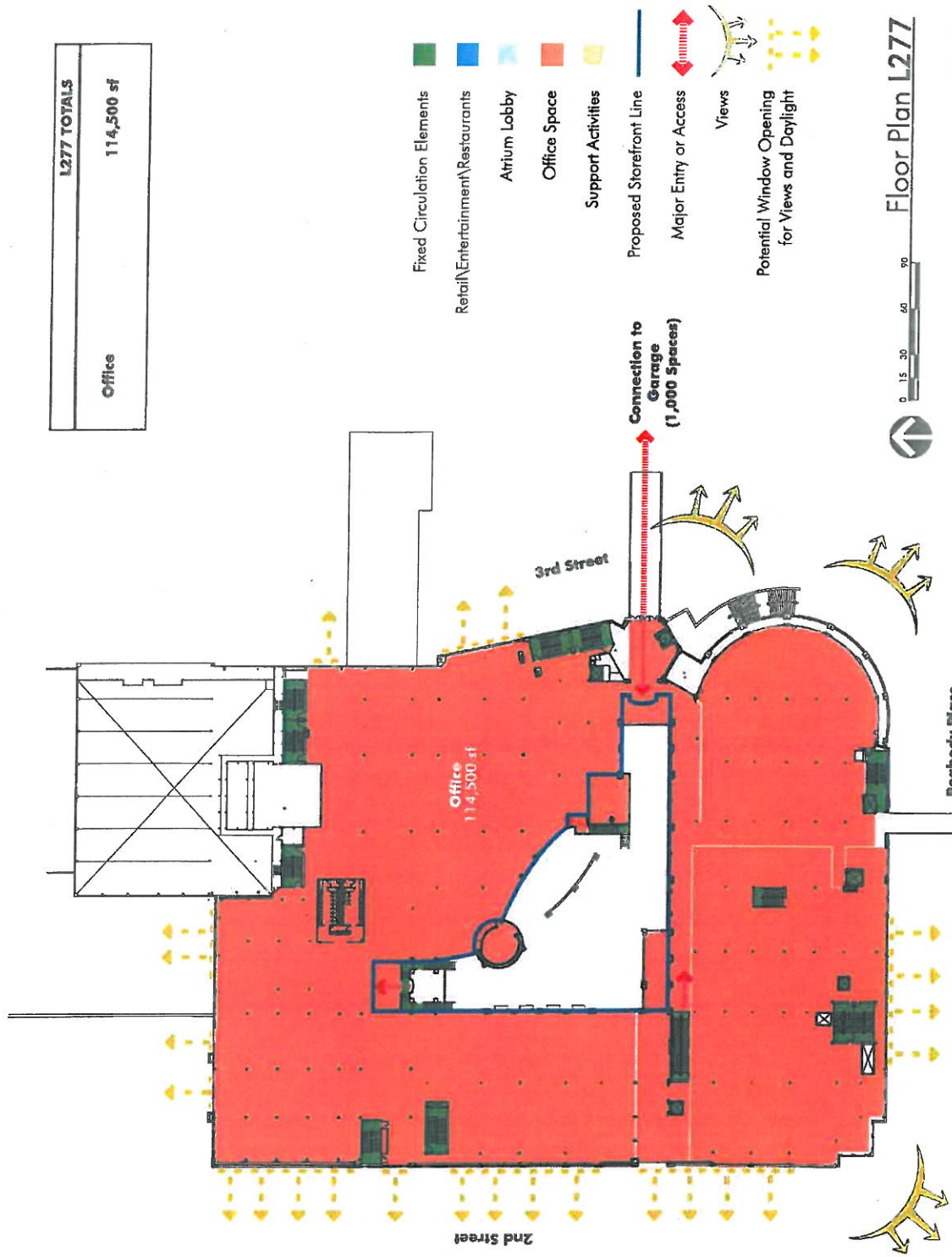
Floor Plan L260



2nd Street Level

Ball, Peabody Place © 2016 LRK Inc. All Rights Reserved. LRK Project No. 01.14029.00 REVISED 05.11.2016

L277 TOTALS
Office 114,500 sf



- Fixed Circulation Elements
- Retail/Entertainment/Restaurants
- Atrium Lobby
- Office Space
- Support Activities
- Proposed Storefront Line
- ↔ Major Entry or Access
- ↔ Views
- ↔ Potential Window Opening for Views and Daylight

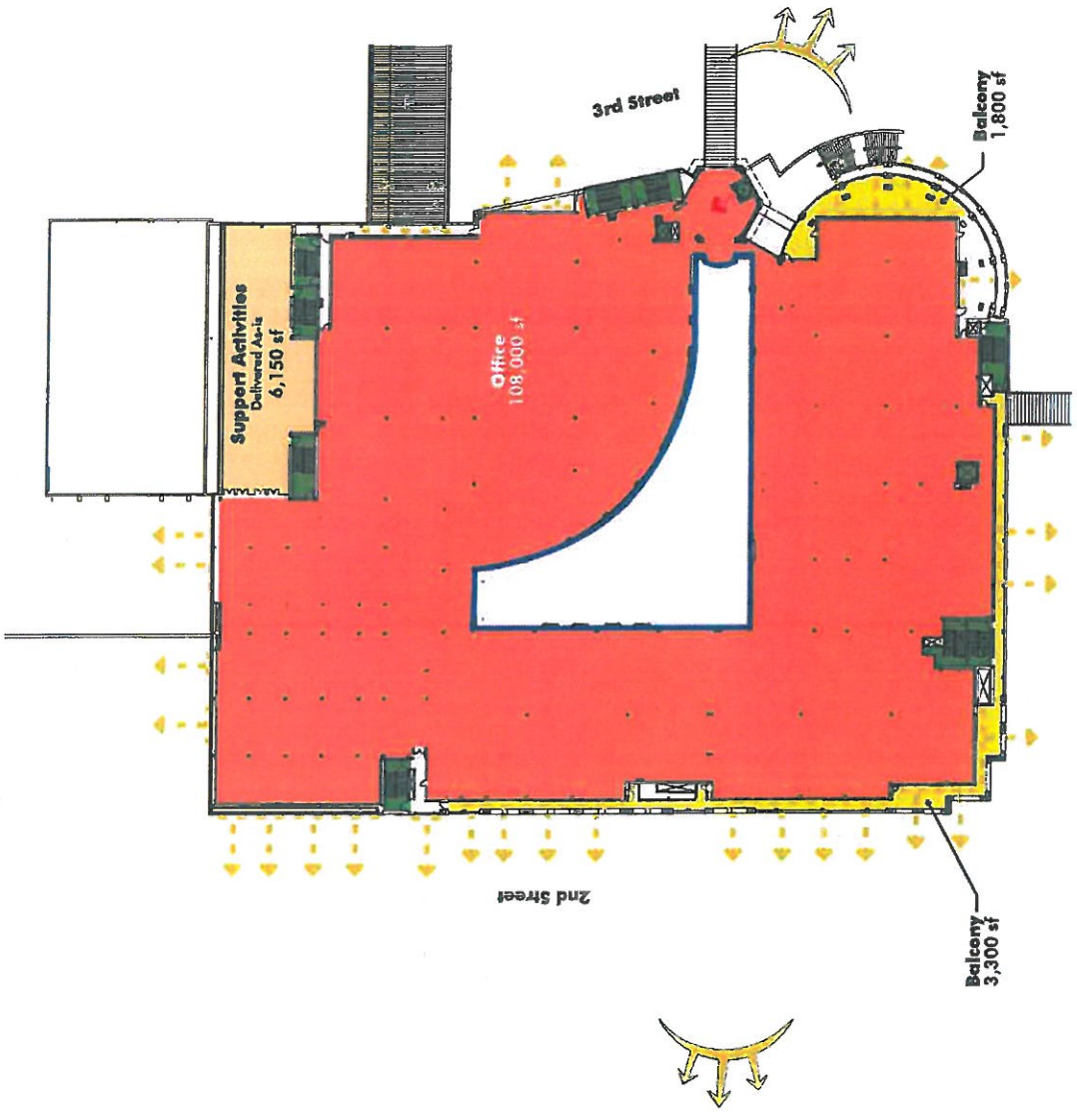
0 15 30 60 90
 ↑
 Floor Plan L277



Parking Bridge Level

Ball Peabody Place © 2014 LRK Inc. All Rights Reserved. LRK Project No. 01.1.6029.00 REVISED 04.27.2014

L294 TOTALS	
Office	108,000 sf
Support Activities	6,150 sf
	<u>114,150 sf</u>
Exterior Balcony	5,100 sf



- Exterior Balcony
- Fixed Circulation Elements
- Retail\Entertainment\Restaurants
- Atrium Lobby
- Office Space
- Support Activities
- Proposed Storefront Line
- ↔ Major Entry or Access
- ↔ Views
- ↔ Potential Window Opening for Views and Daylight



Upper Level

Peabody Place © 2016 LRK Inc. All Rights Reserved. LRK Project No. 01.16029.00 REVISED 04.27.2016



THE PEABODY HOTEL

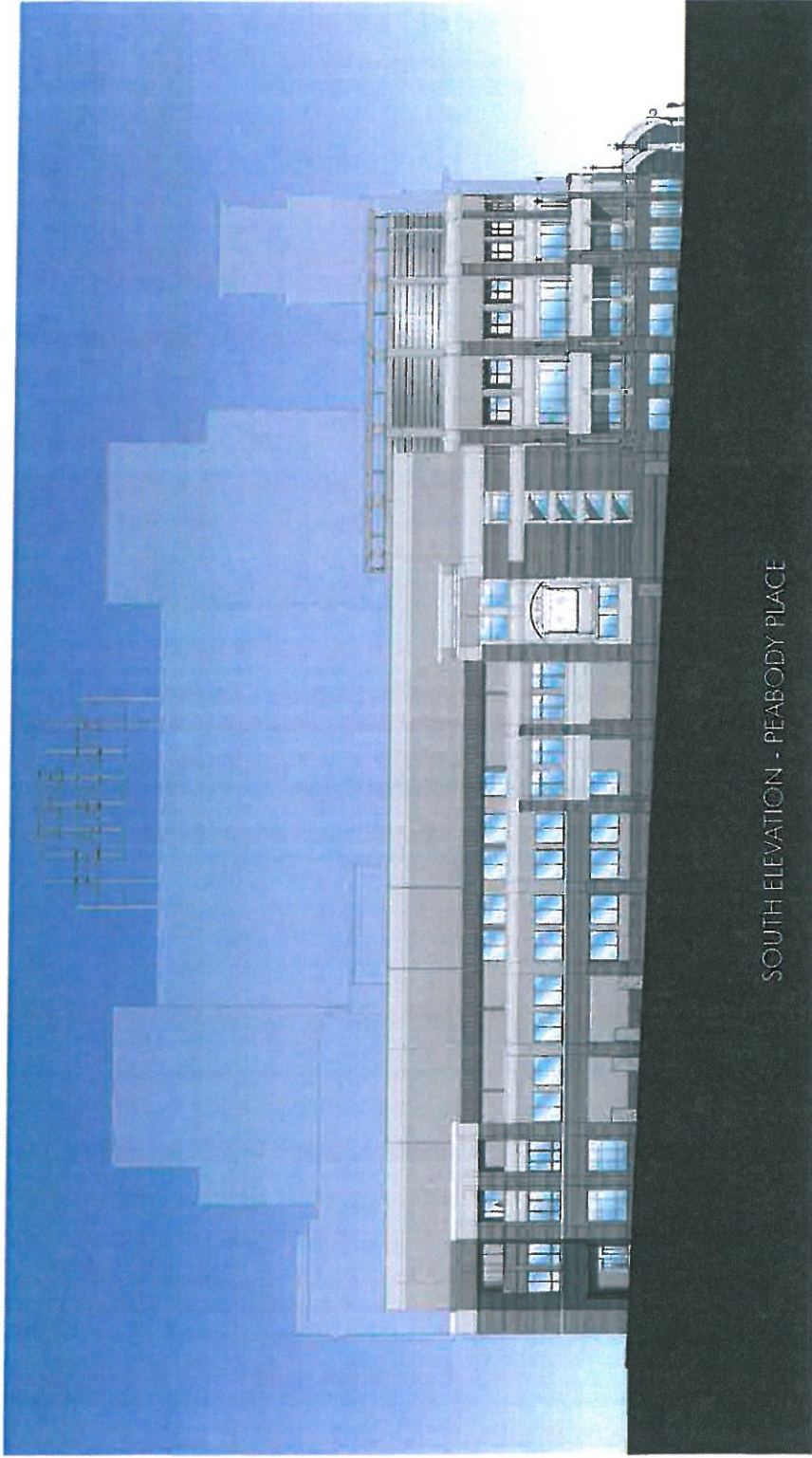
PEABODY PLACE

WEST ELEVATION - 2ND STREET



Proposed Elevation Rendering

Ball Peabody Place © 2014 LRK Inc. All Rights Reserved. LRK Project No. 01.14029.00 REVISED 06.27.2016



2ND STREET

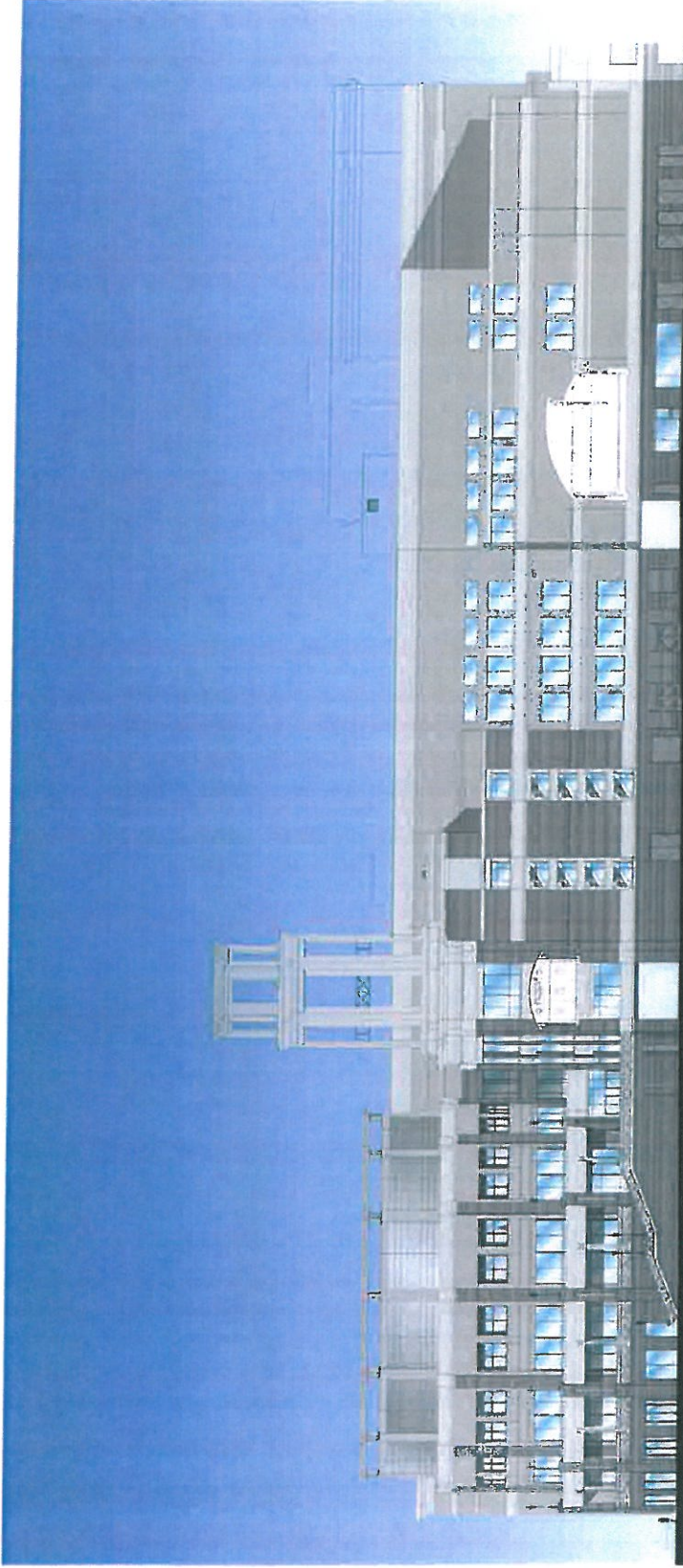
3RD STREET

SOUTH ELEVATION - PEABODY PLACE



Proposed Elevation Rendering

Bank Peabody Place © 2016 LRK Inc. All Rights Reserved. LRK Project No. 0116029.00. REVISED 05.27.2016



PEABODY PLACE

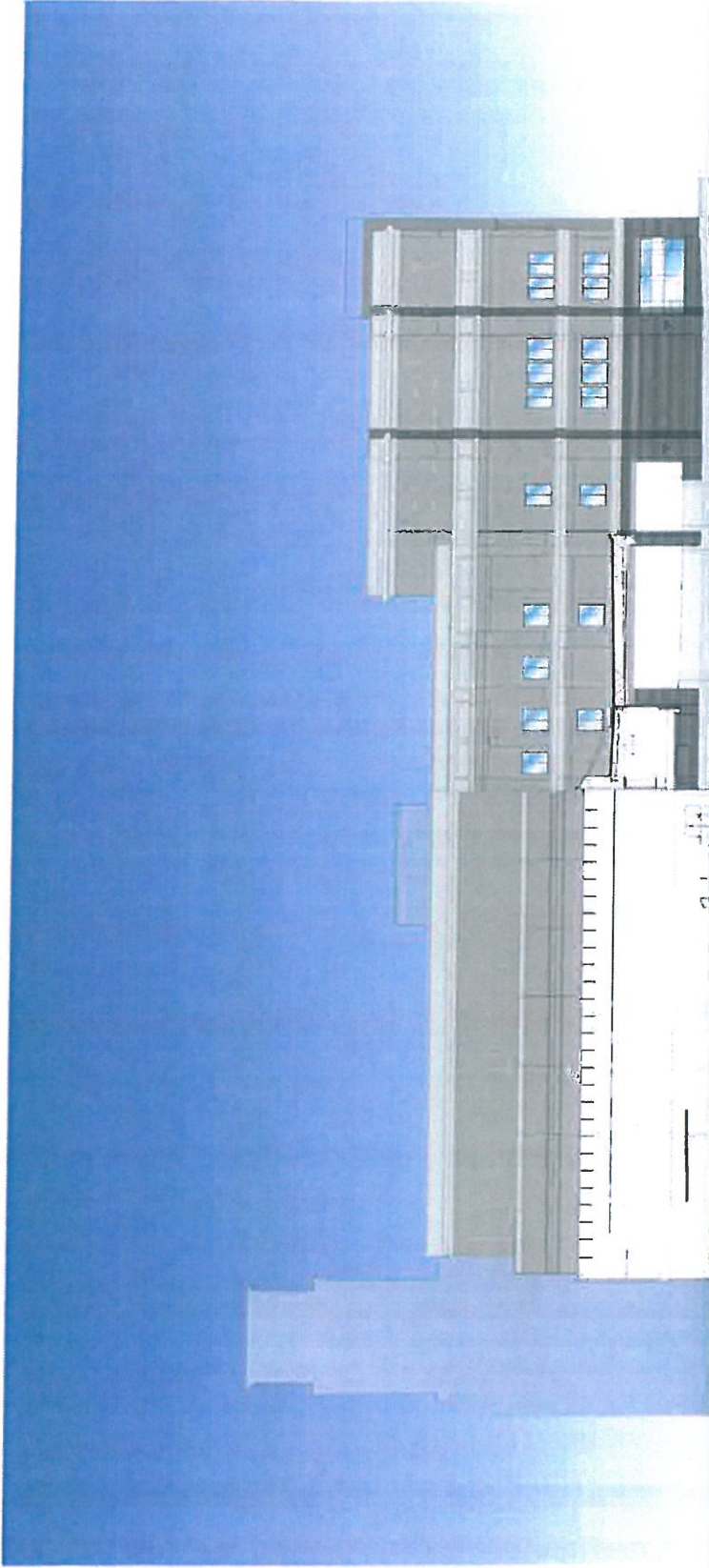
THE PEABODY HOTEL

EAST ELEVATION - 3RD STREET

Proposed Elevation Rendering

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2ND STREET

3RD STREET

NORTH ELEVATION

Proposed Elevation Rendering

Ball Pebody Home © 2016 LDK, Inc. All Rights Reserved. LDK Project No. 0116029.00 REVISED 06.27.2016



Attachment for Item 15

Pro Forma

ServiceMember Lease Summary
 Rental Income With/Without PILOT Amendment

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026
With PILOT Amendment									
Base Rental Income-ServiceMember	\$ -	\$ -	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,571,655	\$ 4,571,655
Op Exp Reimb Income-ServiceMember	\$ 2,206,150	\$ 2,269,354	\$ 2,319,938	\$ 2,377,506	\$ 2,437,884	\$ 2,498,319	\$ 2,560,777	\$ 2,624,795	\$ 2,690,416
Total Income-SVM	\$ 2,206,150	\$ 2,269,354	\$ 6,610,488	\$ 6,668,056	\$ 6,727,934	\$ 6,788,869	\$ 6,851,327	\$ 7,196,451	\$ 7,262,071
Without PILOT Amendment									
Base Rental Income-ServiceMember	\$ -	\$ -	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,290,550	\$ 4,571,655	\$ 4,571,655
Op Exp Reimb Income-ServiceMember	\$ 2,484,180	\$ 2,546,284	\$ 2,609,941	\$ 2,675,150	\$ 2,742,070	\$ 2,812,859	\$ 2,889,722	\$ 3,028,465	\$ 3,200,176
Total Income-SVM	\$ 2,484,180	\$ 2,546,284	\$ 6,900,491	\$ 6,965,700	\$ 7,032,620	\$ 7,103,409	\$ 7,180,272	\$ 7,600,120	\$ 7,771,831
Rental Increase	\$ (276,030)	\$ (272,931)	\$ (290,004)	\$ (297,254)	\$ (304,685)	\$ (312,547)	\$ (320,945)	\$ (329,666)	\$ (338,760)

ServiceMaster Lease Summary
 Rental Income With/Without PILOT Amendment

	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037
With PILOT Amendment											
Base Rental Income-ServiceMaster	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655
Op Exp Reimb Income-ServiceMaster	\$ 2,757,677	\$ 2,826,619	\$ 2,897,284	\$ 2,969,716	\$ 3,043,959	\$ 3,120,058	\$ 3,198,090	\$ 3,278,011	\$ 3,359,851	\$ 3,443,600	\$ 3,530,059
Total Income-SVM	\$ 7,329,332	\$ 7,398,274	\$ 7,469,939	\$ 7,542,066	\$ 7,626,309	\$ 7,712,408	\$ 7,800,410	\$ 7,890,361	\$ 7,981,706	\$ 8,075,255	\$ 8,171,714
Without PILOT Amendment											
Base Rental Income-ServiceMaster	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655	\$ 4,571,655
Op Exp Reimb Income-ServiceMaster	\$ 3,991,006	\$ 3,476,708	\$ 3,569,871	\$ 3,652,712	\$ 3,744,029	\$ 3,833,630	\$ 3,928,371	\$ 4,028,300	\$ 4,132,708	\$ 4,242,025	\$ 4,356,925
Total Income-SVM	\$ 8,562,661	\$ 8,048,363	\$ 8,141,526	\$ 8,224,367	\$ 8,315,684	\$ 8,407,285	\$ 8,500,026	\$ 8,593,955	\$ 8,708,363	\$ 8,813,680	\$ 8,930,580
Rental Income	\$ (634,229)	\$ (650,089)	\$ (669,587)	\$ (682,953)	\$ (700,070)	\$ (717,572)	\$ (735,511)	\$ (753,994)	\$ (772,746)	\$ (792,065)	\$ (811,867)

Pembrey Place Centre
 ServiceMaster Redevelopment
 Including PILOT Amendment

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026
Base Rental Income-ServiceMaster			4,290,550	4,290,550	4,290,550	4,290,550	4,290,550	4,571,655	4,571,655
Op Exp Reimb Income-ServiceMaster	2,206,150	2,269,354	2,319,638	2,377,996	2,437,384	2,499,319	2,560,777	2,624,796	2,690,416
Total Income-SVM	2,206,150	2,269,354	6,610,188	6,668,486	6,727,934	6,789,869	6,851,327	7,196,451	7,262,071
Retail Income	736,980	739,227	741,519	743,869	746,277	813,499	816,029	818,623	821,281
Less Vacancy-Retail	(73,689)	(73,928)	(74,152)	(74,387)	(74,628)	(81,350)	(81,603)	(81,862)	(82,128)
Total Retail Income	663,291	665,304	667,367	669,482	671,649	732,148	734,426	736,761	739,153
Operating Expenses	(2,359,610)	(2,412,450)	(2,472,762)	(2,534,591)	(2,597,945)	(2,662,894)	(2,729,466)	(2,797,793)	(2,867,645)
Net Income Before Debt Svc	317,681	516,207	4,805,093	4,803,387	4,801,569	4,858,124	4,856,287	5,135,509	5,133,579
Capital Reserve	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)
NOI	445,540	444,066	4,732,952	4,731,246	4,729,428	4,785,983	4,784,146	5,063,368	5,061,438
Less TI	(415,000)	-	-	-	-	-	-	-	-
Less Commissions	(150,000)	-	-	-	(150,000)	-	-	-	-
Cash Flow Before Debt Service	(119,460)	444,066	4,732,952	4,731,246	4,729,428	4,855,983	4,784,146	5,063,368	5,061,438
Debt Service	(9,257,851)	(9,257,851)	(4,283,785)	(4,283,785)	(4,283,785)	(4,283,735)	(4,283,735)	(4,283,735)	(4,283,735)
Cash Flow After Debt Service	(9,377,311)	(2,813,785)	449,217	447,532	445,763	352,249	500,412	779,634	777,704

Peabody Pinos Centre
ServiceMaster Redevelopment
Including PILOT Amendment

	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037
Base Rental Income-ServiceMaster	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655	4,571,655
Op Exp Reimb Income-ServiceMaster	2,757,577	2,826,619	2,897,284	2,969,716	3,048,959	3,120,058	3,196,060	3,278,011	3,359,961	3,443,960	3,530,059
Total Income-SVM	7,329,232	7,398,274	7,468,939	7,553,056	7,626,308	7,692,408	7,758,410	7,824,666	7,891,616	7,959,615	8,027,714
Recall Income	824,006	826,799	829,662	832,597	835,605	838,688	841,846	845,079	848,387	851,761	855,200
Less Vacancy-Partial	(82,401)	(82,609)	(82,817)	(83,026)	(83,236)	(83,446)	(83,656)	(83,866)	(84,076)	(84,286)	(84,496)
Total Recall Income	741,605	744,190	746,845	749,337	751,844	754,319	756,768	759,193	761,611	764,025	766,434
Operating Expenses	(2,939,385)	(3,072,820)	(3,208,140)	(3,346,244)	(3,486,477)	(3,629,509)	(3,776,229)	(3,926,447)	(4,080,674)	(4,239,921)	(4,403,299)
Net Income Before Debt Svc	5,131,601	5,119,573	5,127,405	5,136,050	5,145,236	5,154,973	5,165,260	5,176,100	5,187,500	5,199,469	5,211,908
Capital Reserve	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)
NOI	5,059,460	5,057,432	5,055,264	5,063,909	5,073,095	5,082,832	5,093,119	5,103,959	5,115,359	5,127,328	5,139,767
Less TI	(519,500)	-	-	-	-	-	-	(628,400)	(1,500,000)	(900,000)	-
Less Commissions	-	(150,000)	-	-	-	(150,000)	-	-	(900,000)	-	-
Cash Flow Before Debt Service	4,539,960	4,907,432	5,055,264	5,063,909	5,073,095	5,359,407	5,271,308	4,795,556	3,945,356	5,745,886	5,743,333
Debt Service	(4,283,785)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)
Cash Flow After Debt Service	256,175	1,511,549	1,659,380	1,668,025	1,677,211	1,963,523	1,875,424	1,399,672	(47,527)	2,350,002	2,347,449

Peabody Place Centre
 ServiceMaster Redevelopment
 Excluding PILOT Amendment

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026
Base Rental Income-ServiceMaster	-	-	4,290,550	4,290,550	4,290,550	4,290,550	4,290,550	4,290,550	4,571,655
Op Exp Reimb Income-ServiceMaster	2,484,180	2,545,204	2,609,941	2,675,190	2,743,070	3,072,899	3,149,722	3,228,465	3,905,176
Total Income-SYM	2,484,180	2,546,284	6,900,491	6,965,740	7,033,620	7,363,449	7,440,272	7,500,120	7,880,831
Retail Income	736,990	739,227	741,519	749,869	746,277	813,498	816,029	818,523	821,281
Less Vacancy-Retail	(73,689)	(73,923)	(74,152)	(74,387)	(74,628)	(61,350)	(61,603)	(61,862)	(62,128)
Total Retail Income	663,291	665,304	667,367	675,482	671,649	752,148	754,426	756,661	759,153
Operating Expenses	(2,647,823)	(2,734,019)	(2,781,969)	(2,851,415)	(2,922,701)	(3,275,324)	(3,357,207)	(3,441,137)	(3,527,166)
Net Income Before Debt Svc	499,648	497,570	4,785,989	4,789,806	4,781,568	4,820,274	4,817,491	5,095,743	5,097,619
Capital Reserve	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)
NDI	427,507	425,429	4,713,848	4,717,665	4,709,427	4,748,133	4,745,350	5,023,602	5,020,678
Less TI	(415,600)	-	-	-	-	-	-	-	-
Less Commissions	(150,000)	-	-	-	-	(150,000)	-	-	-
Cash Flow Before Debt Service	(198,093)	425,429	4,713,848	4,717,665	4,709,427	4,598,133	4,745,350	5,023,602	5,020,678
Debt Service	(3,257,852)	(3,257,852)	(4,283,735)	(4,283,735)	(4,283,735)	(4,283,735)	(4,283,735)	(4,283,735)	(4,283,735)
Cash Flow After Debt Service	(3,455,945)	(2,832,423)	430,113	433,930	425,691	314,398	461,615	739,867	736,943

Peebody Place Centre
ServiceMaster Redevelopment
Excluding PILOT Amendment

	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037
Base Rental Income-ServiceMaster	4,571,655	4,571,655	4,571,655	4,571,650	4,571,650	4,571,650	4,571,650	4,571,650	4,571,650	4,571,650	4,571,650
Op Exp Reimb Income-ServiceMaster	3,201,906	3,476,703	3,553,611	3,652,712	3,744,029	3,837,630	3,932,571	4,031,810	4,132,708	4,236,025	4,341,926
Total Income-SVM	7,773,561	8,048,358	8,125,266	8,224,362	8,315,679	8,409,280	8,504,221	8,603,460	8,704,358	8,807,675	8,913,576
Retail Income	824,006	826,739	829,662	832,597	835,605	838,688	841,846	845,079	848,387	851,769	855,227
Less Vacancy-Retail	(82,403)	(82,600)	(82,866)	(83,100)	(83,400)	(83,723)	(84,076)	(84,459)	(84,872)	(85,315)	(85,787)
Total Retail Income	741,603	744,139	746,796	749,497	752,205	754,965	757,770	760,620	763,515	766,454	769,440
Operating Expenses	(2,615,345)	(2,705,728)	(2,799,371)	(2,898,381)	(2,990,664)	(3,086,431)	(3,185,991)	(3,289,546)	(3,392,406)	(3,498,970)	(3,609,547)
Net Income Before Debt Svc	5,089,822	5,086,750	5,083,601	5,080,116	5,076,015	5,071,849	5,067,229	5,062,174	5,056,683	5,050,705	5,044,259
Capital Reserve	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)	(72,141)
NOI	5,017,681	5,014,609	5,011,460	5,007,975	5,003,874	4,999,708	4,995,088	4,990,033	4,984,542	4,978,564	4,972,118
Less TI	(519,500)	-	-	-	-	-	-	-	-	-	-
Less Commissions	-	(150,000)	-	-	-	-	(150,000)	-	(500,000)	-	-
Cash Flow Before Debt Service	4,498,181	4,864,609	5,011,460	5,007,975	5,003,874	4,999,708	4,995,088	4,990,033	4,984,542	4,978,564	4,972,118
Debt Service	(4,203,735)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)	(3,395,884)
Cash Flow After Debt Service	214,446	1,468,724	1,615,575	1,612,091	1,607,990	1,603,824	1,599,204	1,594,149	1,588,658	1,583,680	1,578,234

Sources and Uses

Sources

New Loan \$ 39,542,920

Uses

Building Shell Improvements	11,997,920
Payment to Tenant	14,795,000
Soft Costs	750,000
Interest Carry	1,200,000
Commissions	3,300,000
Current Debt Pay Down	7,500,000
Total Uses	<u>\$ 39,542,920</u>

Note> Other Existing Outstanding Debt

Section 108 Loan	6,540,000
Section 108 Accrued Interest	3,654,000
CDBG	2,750,000
Total	<u>12,944,000</u>