MIAMIBEACH

Special City Commission Meeting

City Hall, Commission Chambers, 3rd Floor, 1700 Convention Center Drive
December 13, 2013

Mayor Philip Levine
Vice-Mayor Deede Weithorn
Commissioner Michael Grieco
Commissioner Joy Malakoff
Commissioner Micky Steinberg
Commissioner Edward L. Tobin
Commissioner Jonah Wolfson

City Manager Jimmy Morales
City Attorney Jose Smith
City Clerk Rafael E. Granado

Visit us at ***www.miamibeachfl.gov*** *for agendas and video "streaming" of City Commission Meetings.*

ATTENTION ALL LOBBYISTS

Chapter 2, Article VII, Division 3 of the City Code of Miami Beach entitled "Lobbyists" requires the registration of all lobbyists with the City Clerk prior to engaging in any lobbying activity with the City Commission, any City Board or Committee, or any personnel as defined in the subject Code sections. Copies of the City Code sections on lobbyists laws are available in the City Clerk's office. Questions regarding the provisions of the Ordinance should be directed to the Office of the City Attorney.

Call to Order at 4:00 p.m.

AGENDA

C7 - Resolutions

C7AA Pursuant To Section 2.0 Of The City Charter, The City Manager Hereby Requests That A Special Meeting Of The City Commission Be Called For Friday, December 13, 2013 At 4:00 p.m. To Reconsider Item C7AA From The December 11, 2013 City Commission Agenda.

The Resolution Authorized The City Manager To Decline The Right Of First Offer Transaction, As Required Per The Terms The Ground Lease Between The City Of Miami Beach (Owner) And Pelican Investment Holdings, LLC (Tenant), Dated December 1, 1999, Involving Improvements At 1027-1041 Collins Avenue (Project); And Approved The Sale Of The Project, Subject To Satisfactory Completion By City Staff Of The City's Due Diligence, Payment By Tenant To City Of The City's Due Diligence Costs, And Payment Of The Settlement Offer The Resolution Further Authorized The City Manager And The City Clerk To Execute Any And Al Closing Documents On Behalf Of The City.

(Tourism, Culture & Economic Development Department)

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MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM (EMERGENCY MEETING)

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: December 13, 2013

SUBJECT: PURSUANT TO SECTION 2.04 OF OUR CITY CHARTER, I HEREBY REQUEST THAT A SPECIAL MEETING OF THE CITY COMMISSION BE CALLED FOR FRIDAY, DECEMBER 13, 2013 AT 4:00 P.M. TO RECONSIDER THE RESOLUTION C7AA FROM THE DECEMBER 11, 2013 CITY COMMISSION AGENDA.

THE RESOLUTION AUTHORIZED THE CITY MANAGER TO DECLINE THE RIGHT OF FIRST OFFER TRANSACTION, AS REQUIRED PER THE TERMS THE GROUND LEASE BETWEEN THE CITY OF MIAMI BEACH (OWNER) AND PELICAN INVESTMENT HOLDINGS, LLC (TENANT), DATED DECEMBER 1, 1999, INVOLVING IMPROVEMENTS AT 1027-1041 COLLINS AVENUE (PROJECT); AND APPROVED THE SALE OF THE PROJECT, SUBJECT TO SATISFACTORY COMPLETION BY CITY STAFF OF THE CITY'S DUE DILIGENCE, PAYMENT BY TENANT TO CITY OF THE CITY'S DUE DILIGENCE COSTS, AND PAYMENT OF THE SETTLEMENT OFFER. THE RESOLUTION FURTHER AUTHORIZED THE CITY MANAGER AND THE CITY CLERK TO EXECUTE ANY AND AL CLOSING DOCUMENTS ON BEHALF OF THE CITY.

Background

On December 11, 2013, the City Commission adopted Resolution No. 20013-28438, whereby the Mayor and City Commission authorized the City Manager to decline, in writing, the Right of First Offer Transaction, as required pursuant to the terms of Section 36.2 of the Agreement of Lease ("Ground Lease") between City ("Owner") and Pelican Investment Holdings, LLC ("Tenant"), dated as of December 1, 1999, involving the improvements to Property (the "Project") located at 1027 Collins Avenue, Miami Beach, Florida, and 1041 Collins Avenue, Miami Beach, Florida; the Commission further approved the Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., subject to and conditioned upon City staff's successful completion of its evaluation of the Proposed Purchaser in accordance with Article 10 of the Lease (the "City's Due Diligence"); and payment to the City of its reasonable costs incurred in connection with the proposed Sale including, without limitation, reimbursement of the City's Due Diligence costs and payment of the Settlement Offer; and further authorizing the City Manager and City Clerk to execute any and all closing documents on behalf of the City.

Agenda Item C7AA
Date 12-13-11

Analysis

In determining whether or not to recommend exercising the Owner's Reciprocal Right of First Refusal, the City Commission considered a comparison of the revenue stream utilizing the rates as currently charged by the City for City-owned and managed parking garages as compared to the rates currently being charged by the Tenant for this Parking Facility. The Pelican Garage Offering Memorandum sets forth the current business model for the Garage Facility, a copy of which is attached hereto and made a part hereof as Exhibit "1". The City, via applicable City ordinances, has had a longstanding position of keeping the parking rates below market for the benefit of its residents and visitors and therefore cannot compete with the income stream of a privately operated garage. The last amendment to the garage parking rates which took place in 2008 maintained the rates for short to medium stays ($1.00 per hour, up to fifteen hours, at garages within the entertainment district) with a gradual increase up to a flat rate of $20.00 for longer term stays.

When analyzing the gross revenues, per parking space, for the 7th Street and 16th Street City-owned garages ("City Garages") as compared with the Garage Facility, the City Garages generate approximately 53% of the gross revenues generated by the Pelican Garage Facility. It was on that basis that Staff recommended declining the right of first offer. However, if you analyze the offer, based upon the rates currently being charged by the Pelican Garage Facility (which are current market parking rates), adjusted annually by 4%, the financial impact is positive. Attached is a comparative analysis utilizing several assumptions for consideration, using data provided by the Tenant which has not been independently verified by the City, a copy of which is attached hereto as Exhibit "2". These scenarios were not presented at the December 11, 2013 Commission Meeting, as historically the City has not operated a garage facility, based upon market rates.

Based upon the foregoing, the Mayor and City Commission should consider whether or not the City should purchase the Project and under what terms it should be operated. This Garage Facility is primarily used by tourists and valet for the surrounding business district. If the Mayor and City Commission are inclined to increase the parking rates, commensurate with the current market rates, then the Garage Facility would operate with a positive cash flow and the City would also gain control of the garage immediately, instead of waiting an additional 36 years. At a later time, the purchase price would likely go up and may not be as affordable as at this time. Additionally, the City would then have control over the parking rates for this garage.

CONCLUSION

The Administration has presented this additional information for your review and consideration and is seeking direction from the Mayor and City Commission as to how to proceed.

JLM\KGB\MS\GNT

Attachments:
"1" - Offering Memorandum
"2" - Comparative Analysis
"3" – Memorandum from the December 11, 2013 Commission Meeting

F:\ECON\$ALL\ASSET\RESOLUTIONS\PELICAN GARAGE\RESOLUTIONS\COMMISSION MEMO SALE OF THE PELICAN GARAGE Emergency Meeting DECEMBER 13, 2013

PELICAN GARAGE
MIAMI BEACH, FL

AN HFF EXCLUSIVE OFFERING

Exhibit "1"
5

PELICAN GARAGE
MIAMI BEACH, FL

This confidential offering memorandum, information provided in the provided Offering Materials and myHFF on-line document center (collectively, the "Offering Materials") are intended solely for the limited use by a potential purchaser ("Potential Purchaser") in considering whether to purchase the leasehold interest in the Pelican Garage (the "Property") located in Miami Beach, Florida. The Property is owned by Pelican Investment Holdings, LLC (the "Owner"). For purposes of these conditions of offering (the "Conditions of Offering), Holliday Fenoglio Fowler, L.P. ("HFF") is an agent of the Owner.

The Offering Materials, which are provided subject to these Conditions of Offering, contain brief, selected information pertaining to the business and affairs of the Property. They do not, however, purport to be all-inclusive or to contain all of the information which a Potential Purchaser may desire or require. Any party in possession of the Offering Materials is bound by the Conditions of Offering.

The Offering Materials contain certain documents, such as, but not limited to, rent rolls and lease abstracts that are described in summary form. The summaries do not purport to be complete nor necessarily accurate descriptions of the full documents involved. The Potential Purchaser must rely solely on its own review of the full documents. All financial projections are provided for general reference purposes only in that they are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and HFF. Any graphics or drawings included in the Offering Materials are included to assist the reader in visualizing the Property. HFF has made no survey of the Property, and assumes no responsibility in connection with such matters. HFF has had neither a legal review of title or development rights of the Property nor an engineering review with regard to the environmental, physical, and mechanical integrity of the Property, and no representations with respect to such matters are made hereby. Neither Owner nor any of its partners, officers, employees, or agents make any representation or warranty, express or implied, as to the accuracy or completeness of this information, and no liability of any kind whatsoever is assumed by Owner with respect thereto.

The Offering Materials relating to a possible sale of the Property (the "Sale Opportunity"), which may be furnished to the Potential Purchaser by the Owner or HFF, shall continue to be the property of the Owner and HFF. The Offering Materials will be used by the Potential Purchaser and the Related Parties (as hereinafter defined) solely for the purpose of evaluating the Sale Opportunity and not for any other purpose unrelated to the Sale Opportunity, and may not be copied or duplicated without the Owner's or HFF's prior written consent and must be returned to HFF immediately upon request or when the Potential Purchaser decides not to pursue, or terminates discussion or negotiations with respect to, the Sale Opportunity or the Property.

The Potential Purchaser acknowledges that the Sale Opportunity and the Offering Materials are considered confidential and proprietary information of Owner and HFF, and will not disclose the Sale Opportunity, make any Offering Materials available, or disclose any of the contents thereof, to any person without Owner's or HFF's prior written consent; provided, however, that the Sale Opportunity and the Offering Materials may be disclosed to the Potential Purchaser's partners, employees, legal counsel, advisors, institutional lenders, and other capital source(s) (collectively, the "Related Parties") as required for an evaluation of the Sale Opportunity and/or the Property, provided such Related Parties are (a) informed by the Potential Purchaser of the confidential nature of the Sale Opportunity and the Offering Materials and these Conditions of Offering and (b) directed by the Potential Purchaser to keep the Sale Opportunity, the Offering Materials, and related information strictly confidential in accordance with these Conditions of Offering. The Potential Purchaser shall be responsible for any violation of this provision by any of the Related Parties.

POTENTIAL PURCHASER HEREBY AGREES TO INDEMNIFY OWNER AND HFF FROM ANY LOSS OR DAMAGE, WHICH OWNER MAY SUFFER AS A RESULT OF POTENTIAL PURCHASER'S OR ITS RELATED PARTIES' BREACH OF THESE CONDITIONS OF OFFERING.

OWNER EXPRESSLY RESERVES THE RIGHT AT OWNER'S SOLE, SINGULAR, EXCLUSIVE AND ARBITRARY DISCRETION TO REJECT ANY OR ALL PROPOSALS OR EXPRESSIONS OF INTEREST IN THIS SALE OPPORTUNITY AND TO TERMINATE DISCUSSIONS WITH ANY PARTY IN CONNECTION THEREWITH AT ANY TIME WITHOUT NOTICE.

THE OFFERING MATERIALS SHALL NOT BE DEEMED TO REPRESENT THE STATE OF AFFAIRS OF THE SALE OPPORTUNITY OR THE PROPERTY, OR CONSTITUTE AN INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE SALE OPPORTUNITY OR THE PROPERTY SINCE THE DATE OF PREPARATION OF THIS INFORMATION.

THE INFORMATION PROVIDED HAS BEEN GATHERED FROM SOURCES DEEMED RELIABLE, BUT THE OWNER AND HFF DO NOT WARRANT OR REPRESENT THAT THE INFORMATION IS TRUE OR CORRECT. YOU ARE ADVISED TO VERIFY INFORMATION INDEPENDENTLY.

The Owner reserves the right to make any change, to add, delete, or modify the information or to withdraw the Sale Opportunity from consideration at any time, without notice.

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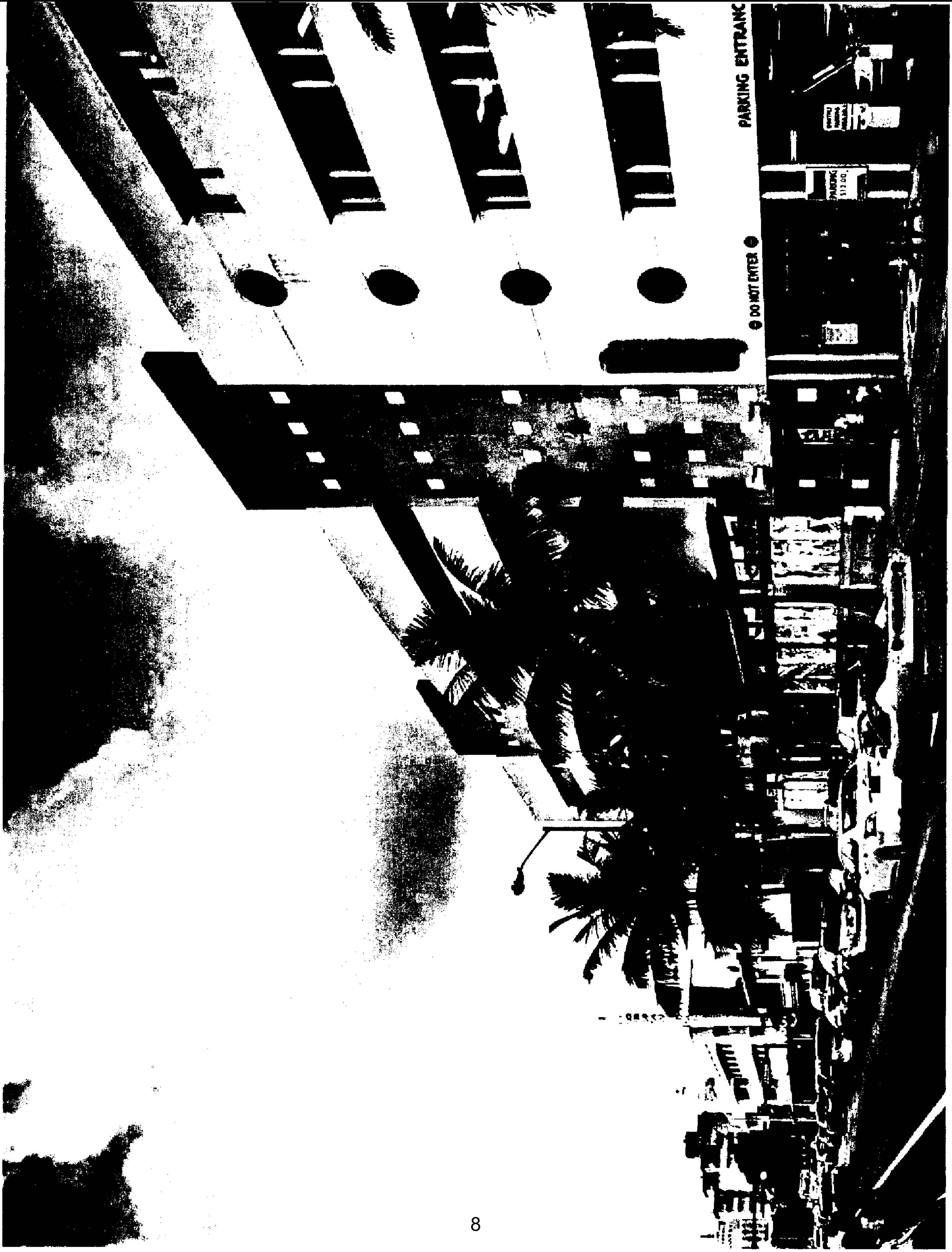
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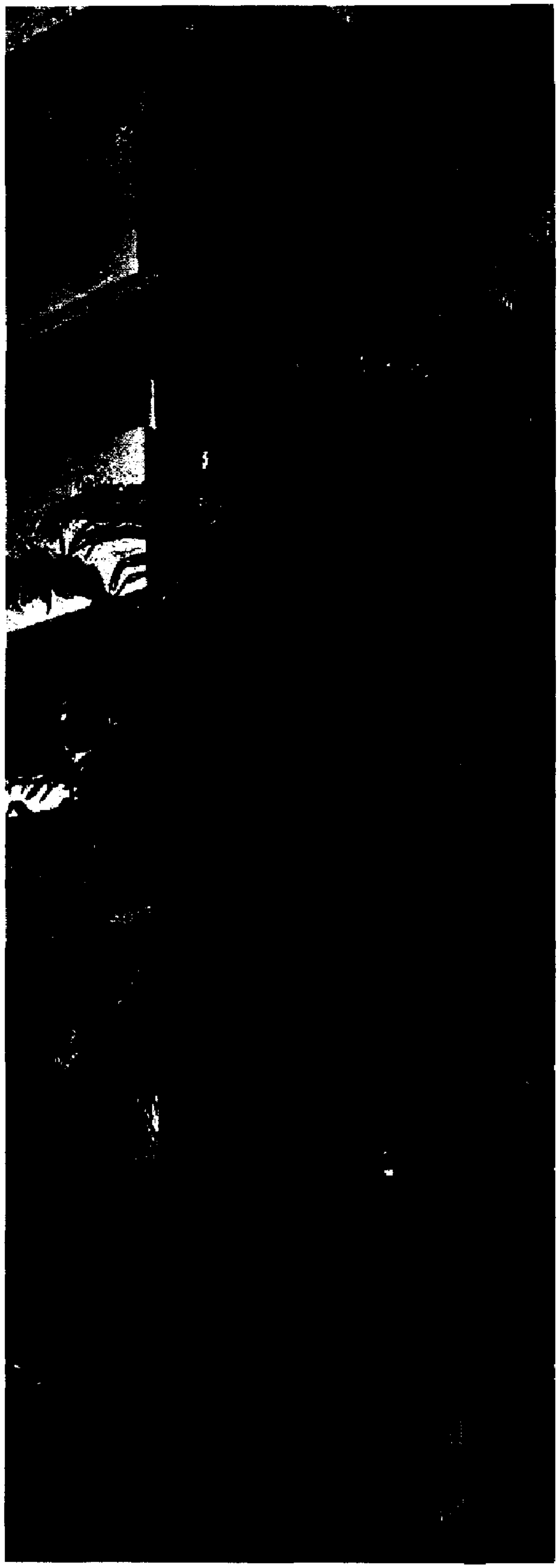


THE OFFERING

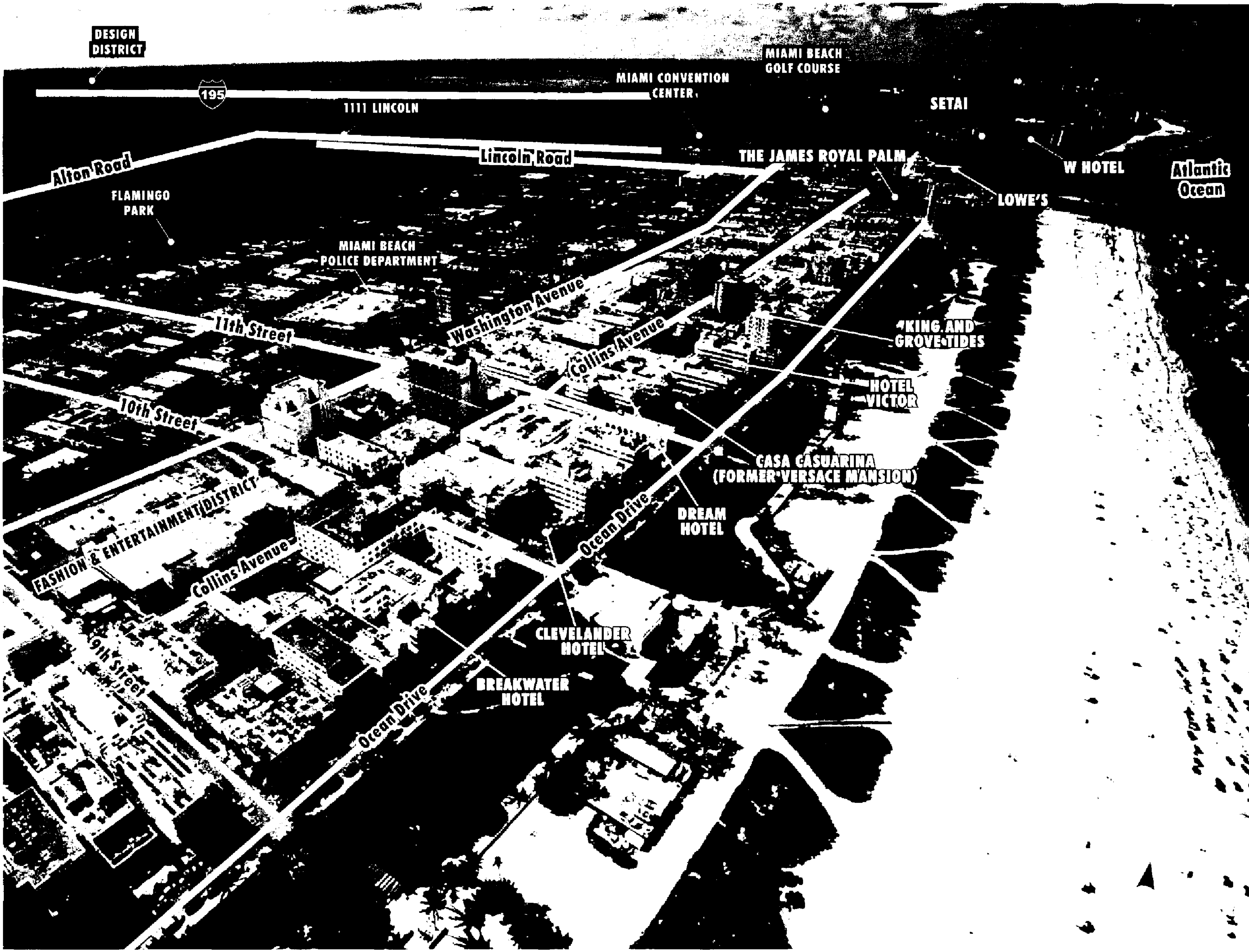
HFF is pleased to exclusively offer for sale the leasehold interest in the Pelican Garage (the "Property" or the "Garage"), a 329-space parking garage and retail building located within one of the highest barrier markets in the US—Miami Beach, Florida. This offering represents a rare opportunity to acquire an institutional-quality, high-volume parking facility located on Collins Avenue, just half a block from the beach and surrounded by numerous hotels, nightclubs, residential towers, retail destinations, and entertainment venues. Opportunities to acquire urban infill parking assets on Miami Beach are extremely rare and infrequently offered for sale.

PROPERTY OVERVIEW	
Address	1021-1041 Collins Avenue, Miami Beach, FL 33139
Year Built	2001
Interest Offered	Leasehold through December 2039 with one automatic 10 year renewal option
Ground Lessor	City of Miami Beach
Site Size (SF/Acres)	21,140 SF / 0.49 AC
Parking Spaces*	329
Retail Tenancy	Surf Style[1]
Retail Rentable SF	3,350
Occupancy	100%
Frontage	Collins Avenue: 151 feet
Lot Dimensions	140' X 151'
Zoning	MXE/HPD, mixed-use entertainment and historic preservation

PARKING GARAGE SUMMARY

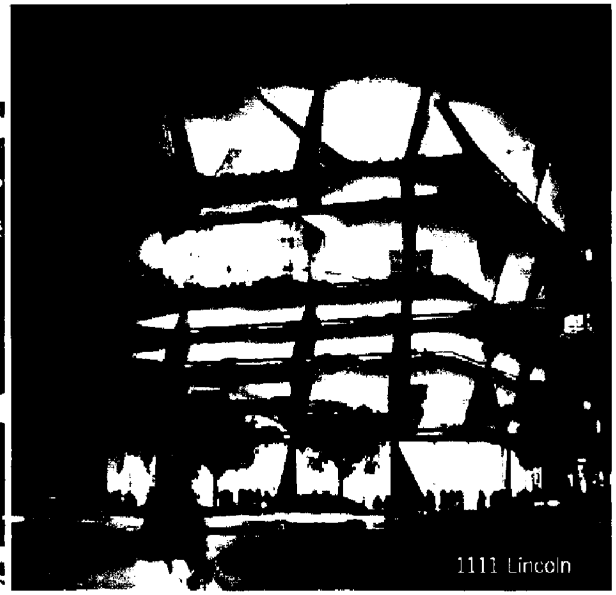
Level	*Total Spaces*	*Tandem Spaces*	*Enclosed SF*	*Floor Area (SF)*
1	16	0	3,350 (retail) 442 (service)	18,945
2	41	4	3,415 (attic)	18,945
3	63	15	27	18,945
4	63	15	27	18,945
5	63	15	27	18,945
6	56	9	27	18,945
Roof level	27	0	814	16,875
Total	**329**	**58**	**8,129**	**129,661**

[1]Surf Style is a regional tenant (http://www.surfstyle.com/t-about.aspx) with 40 locations in South Florida, Tampa Bay, the Florida panhandle, Alabama and Mississippi.



DESIGN DISTRICT
195
1111 LINCOLN
MIAMI CONVENTION CENTER
MIAMI BEACH GOLF COURSE
SETAI
W HOTEL
Atlantic Ocean
LOWE'S
THE JAMES ROYAL PALM
Lincoln Road
Alton Road
FLAMINGO PARK
MIAMI BEACH POLICE DEPARTMENT
Washington Avenue
Collins Avenue
11th Street
10th Street
KING AND GROVE TIDES
HOTEL VICTOR
CASA CASUARINA (FORMER VERSACE MANSION)
DREAM HOTEL
Ocean Drive
FASHION & ENTERTAINMENT DISTRICT
Collins Avenue
9th Street
CLEVELANDER HOTEL
BREAKWATER HOTEL
Ocean Drive

Fairwin[illegible]ent Rendering

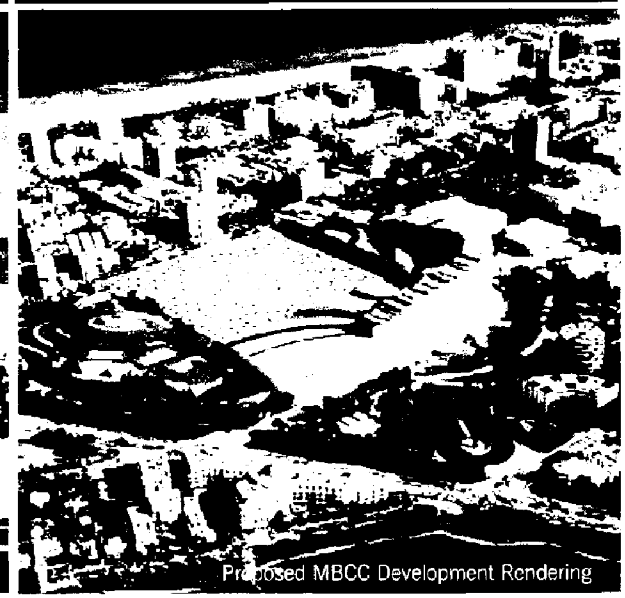


1111 Lincoln

Mansion Nightclub in Fashion & Entertainment District

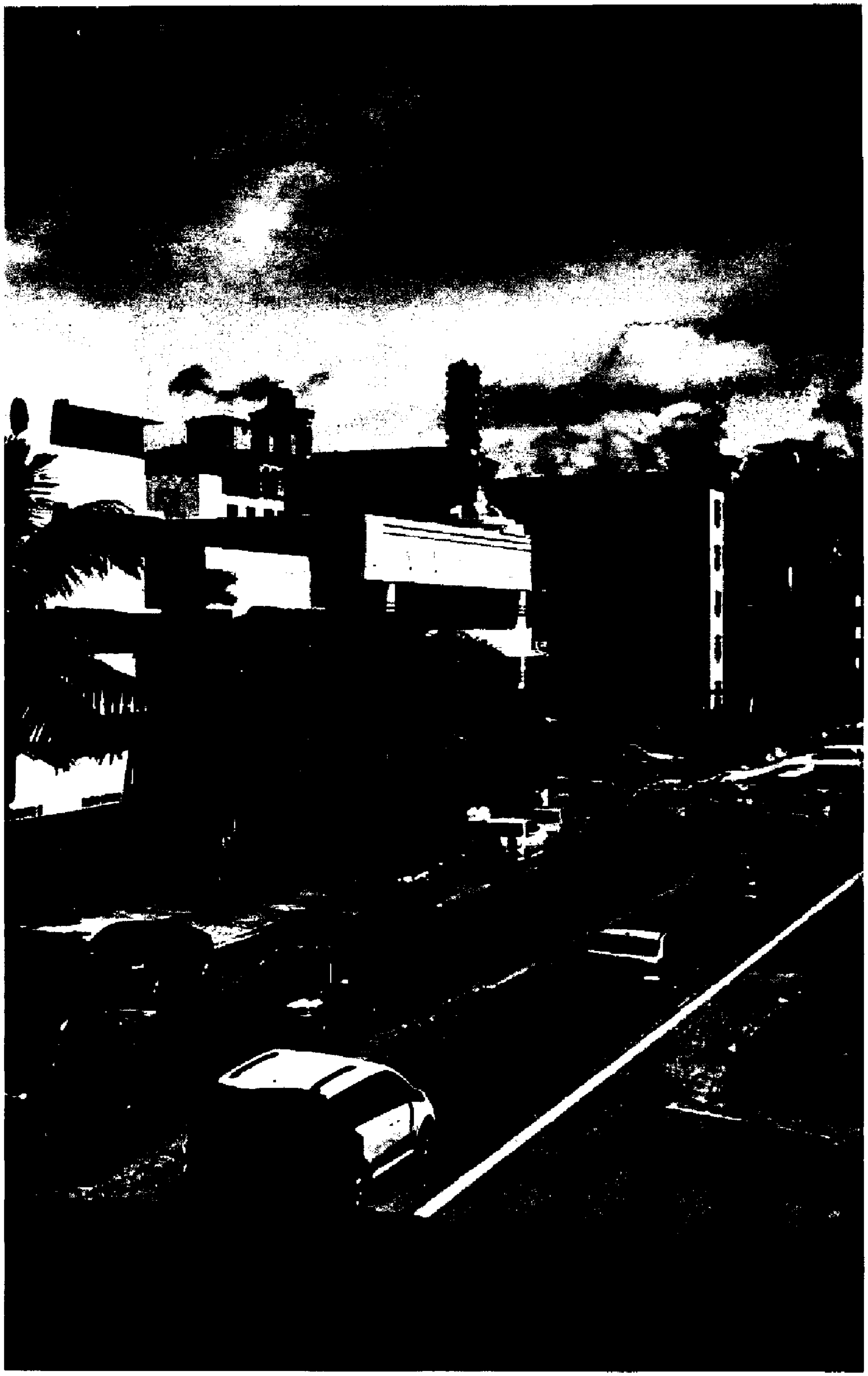
Retail along Fashion & Enterainment District

New World Center



Proposed MBCC Development Rendering

HFF

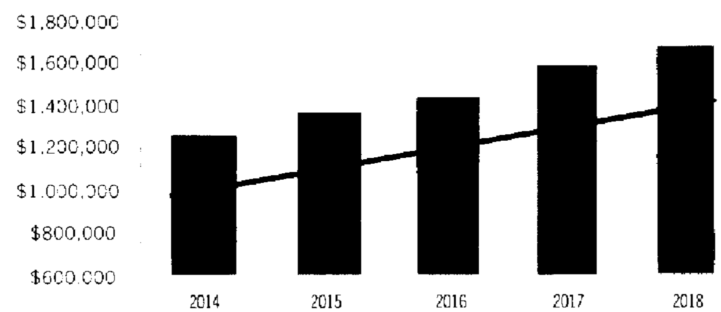


INVESTMENT HIGHLIGHTS

RARE GENERATIONAL OPPORTUNITY. The Pelican Garage represents a rare opportunity to acquire a dominant urban infill parking facility with stable cash flow and significant value enhancement potential located in the heart of Miami Beach, one of the strongest tourist markets in the US. The dearth of existing parking garages located in Miami Beach, as well as the lack of developable land makes the Pelican Garage a "generational" investment opportunity for a prospective buyer.

STABLE CASH FLOW WITH SIGNIFICANT GROWTH POTENTIAL. The Property has seen consistent income growth in recent years, and currently achieves an annualized net income of roughly $1.34 million. This figure represents a nearly 35% increase over 2010 income and is projected to grow another 26% over the next five years. This type of growth is reflective of the high demand for parking in Miami Beach, and the supply-constrained nature of this market and the number of hotels under development and in need of parking. With limited parking supply in Miami Beach and demand continuing to increase for both transient and contractual revenue, the Property will be a direct beneficiary of the potential to continue to increase occupancy and income over time.

Pelican Garage
Annual Net Operating Income



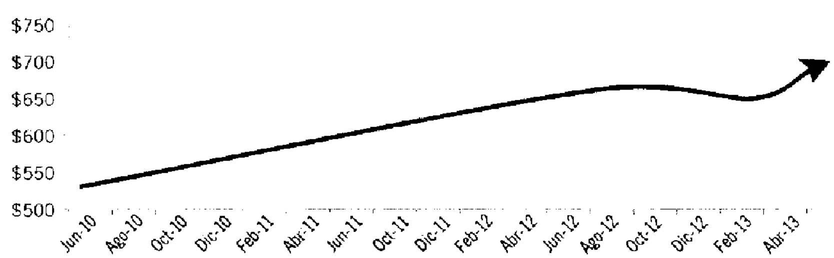
PELICAN GARAGE
MIAMI BEACH, FL

SUPPLY/DEMAND IMBALANCE. As land prices increase in Miami Beach and a boom of new hotel, residential, and commercial developments are delivered, existing lots and parking structures are increasingly being converted to alternative uses. New developments at 500 Alton Road and 1000 17th Street are collectively taking two surface lots and one garage off the market at the same time that demand is approaching an all-time high. A new owner of the Property can reap the benefits of an increasingly tight market supply by owning one of a limited number of dedicated garages in South Beach.

EPICENTER LOCATION. The Property is located in the heart of Miami Beach, one of the most desirable and highly trafficked destinations in the world, with ample entertainment, nightclubs, retail, and dining destinations in all directions. The Garage is located on Collins Avenue half a block from the beach and is within half a block of the heart of Ocean Drive, Española Way, and Lincoln Road. These addresses all provide important retail, nightlife, and entertainment venues for locals and tourists alike and are substantial demand generators for the Property at all times of the day. The Property is located within one block of the Breakwater/ Edison, Congress, Dream, Essex House, Victor, and Clevelander hotels, collectively housing 309 hotel rooms, and is also within close proximity to numerous residential and retail properties.

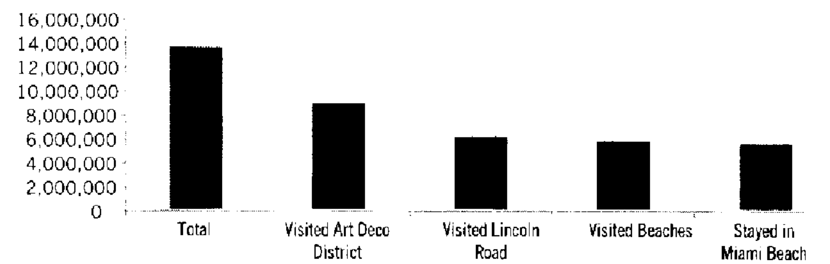
MIAMI BEACH'S SIZZLING RESIDENTIAL MARKET. Condo prices on South Beach have continued to recover from the recent downturn. The current average price per square foot of $694 is up 6.9% over the prior quarter, 4.8% over the prior year, and over 31% in since 2010.

South Beach Average Condo Price PSF



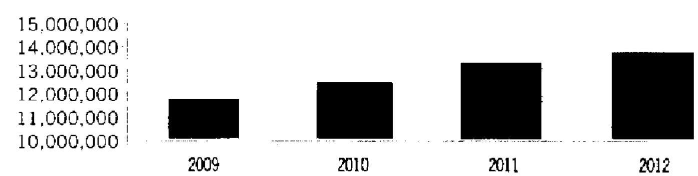
INTERNATIONAL TOURISM HUB. Miami Beach is the most-visited tourist destination in greater Miami and is its prime hotel market. In 2012, 42% of the 13.9 million overnight visitors to Miami-Dade County stayed on Miami Beach, nearly double the next-largest submarket of greater Miami. In addition, 65.7% of overnight visitors reported spending time in South Beach's Art Deco District, 43.5% of visitors visited the beaches and 46% visited the shops and restaurants of Lincoln Road; these are the top three tourist magnets in Greater Miami in 2013 and all are within walking distance of the Pelican Garage. The in-migration of foreign travelers and unique locational advantage, easily accessible from Europe and Latin America, has given Miami Beach an unrivaled, desirable address. The chart below shows the great popularity of Miami Beach, particularly South Beach, as a tourism market in Miami-Dade County.

Overnight Visitors to Miami-Dade County, 2012

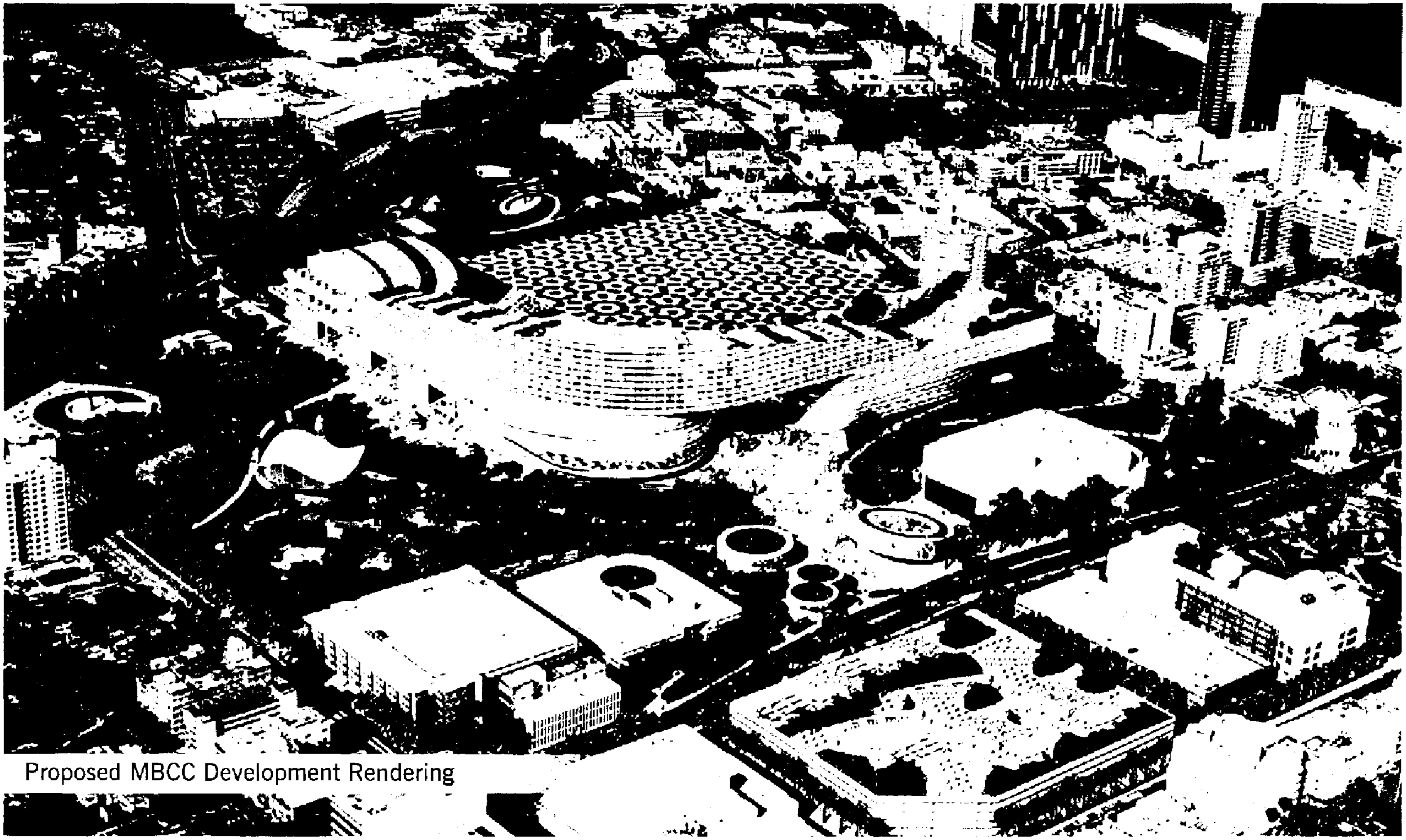


Source: Greater Miami Convention and Visitors Bureau

Miami-Dade County Overnight Visitation 2009-2012

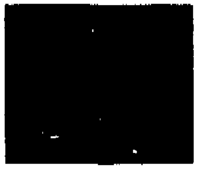


MIAMI BEACH DEVELOPMENT RENAISSANCE. Miami, and more specifically Miami Beach, is one of the most dynamic tourism markets in North America today. The lodging market has seen incredible growth in fundamental performance over the last two years, while major developments, including the Frank Gehry-designed New World Center and future Miami Beach Convention Center are primed to completely transform Miami Beach, creating even more demand from all tourism segments. The proposed $1 billion+ expansion of the Miami Beach Convention Center will bring with it numerous new office, retail, and lodging offerings, as well as significant convention business creating a massive new demand segment for parking.



Proposed MBCC Development Rendering

PELICAN GARAGE
MIAMI BEACH, FL



Loews Miami Beach Opens

Award winning Lincoln Center mixed-use development opens on Lincoln & Alton

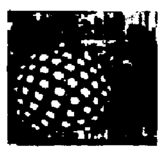
Adaptive reuse of historic Chase S&L Branch to accommodate Banana Republic

Victoria's Secret opens in historic Mead Building

Miami Beach resident population 99,933

Miami Beach overnight visitors 4.3M

555 Washington mixed-use property completed

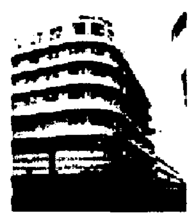


Inauguaral Art Basel Show

140,000 SF Lincoln Place office building completed on the south side of Lincoln Road

Historic Renovation of Ritz Carlton Lincoln Road

Setai Hotel Opens



Historic Sony Building Renovated & Converted to Office Condo

Apple Store opens in historic Chrysler Building

1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008

Fontainebleau $1.0 B renovation completed

Eden Roc $210 M renovation completed

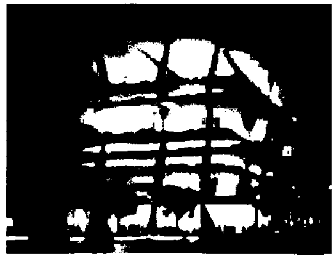
511 room W Hotel Opens

$22.4 M renovation of Miami Beach's 17.5-acre South Pointe Park

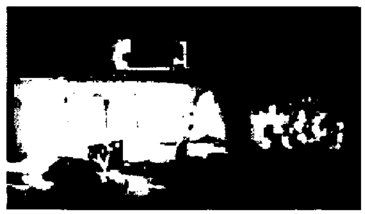
5th & Alton Vertical Power Center Opens

Lincoln Road's 50th Anniversary

Complete renovation of 350 Lincoln mixed-use property



1111 Lincoln Road completed



Mid-2010-New $154M New World Symphony Campus completed

550-Space Frank Gehry Designed Garage Completed

Mid-2010-New World Symphony relocates administrative functions to new campus

420 Lincoln mixed-use project by Enrique Norten completed

New World Symphony Grand opening

2.5 Acre Lincoln Park Completed

Forever 21 & H&M announce Flagship Store Development

Art Basel draws 50,000 in record setting year

Miami Beach resident population is projected to be 110,000

Convention Center completes $55M renovations

2009 2010 2011 2015

PELICAN GARAGE
MIAMI BEACH, FL

VALUE-ADD OPPORTUNITIES

Valet Contracts with New Hotels. The booming hotel market, with some of the highest occupancy and RevPAR numbers in the United States, brings opportunity for valet parking contracts with new hotels along Ocean Drive, Collins Avenue, and beyond. Several new valet contracts have been signed by the current owner, including the Edison/Breakwater Hotel, Hotel Victor, the Dream Hotel and the Wyndham Garden. However potential for new contracts also exists with the recently reopened Blue Moon, Winter Haven, and the soon-to-reopen Fairwind immediately across the street from the Property. The table and corresponding map below provides an overview of new hotel product recently completed or soon to be delivered in Miami Beach. **These hotels have zero on-site parking available for guests other than valet parking.**

NEARBY SOUTH BEACH HOTEL DEVELOPMENT

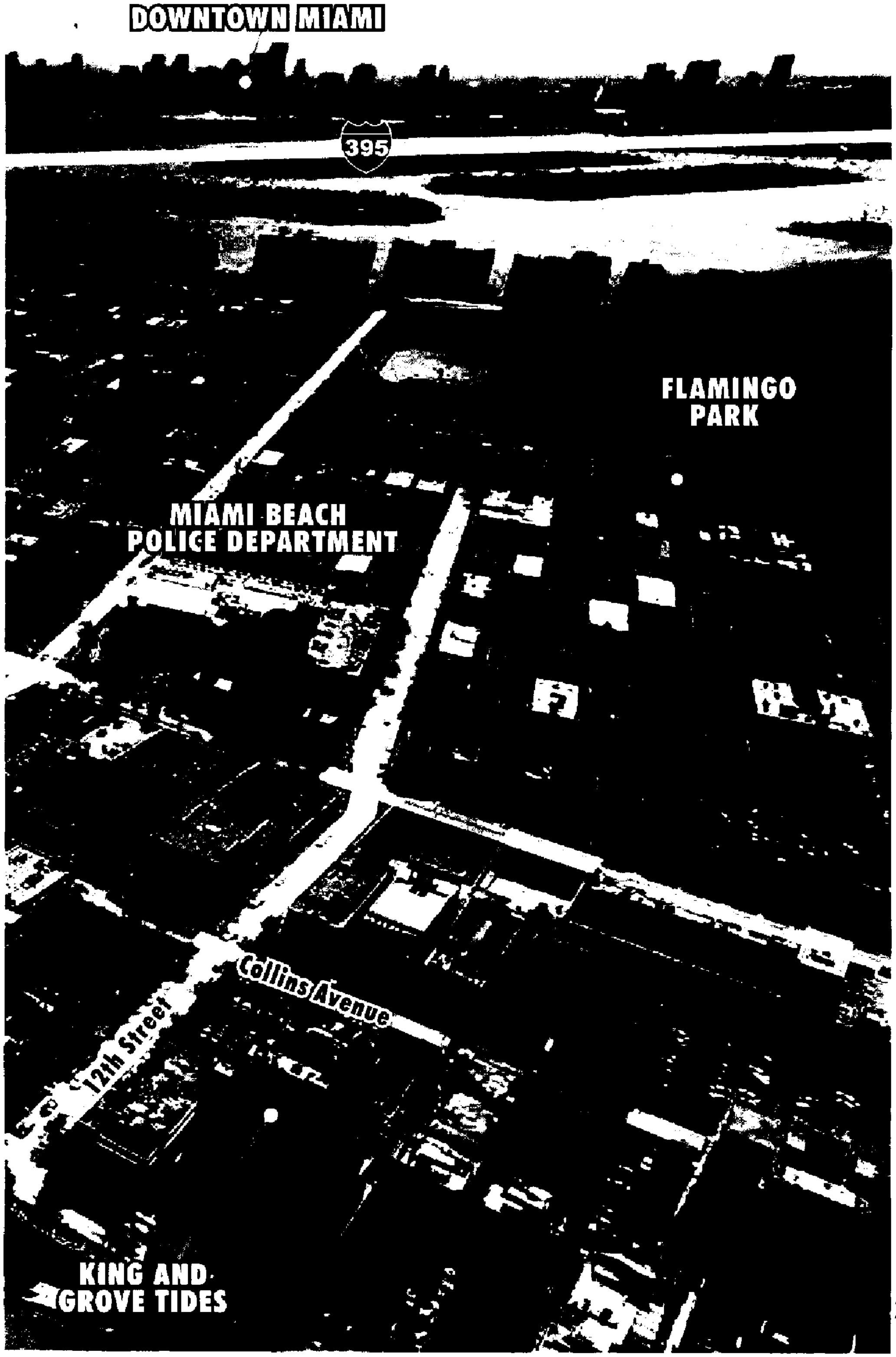
Name	*Address*	*Expected Delivery*	*Number of Rooms*	*Blocks from Property*
Fairwind	1000 Collins Ave	Late 2014	80	0
Blue Moon	944 Collins Ave	Opened Dec 2012	75	1
Winter Haven	1400 Ocean Drive	Opened Dec 2012	70	5
James at Royal Palm	1545 Collins Ave	Opened Dec 2012	393	5
Haddon Hall	1500 Collins Ave	2015	155	5
Gale Hotel/ Kaskades at Gale	1690 Collins Ave	Opened Dec 2012	114	8
Redbury	1776 Collins Ave	Fall 2013	69	9
Lennox Hotel	1900 Collins Ave	Mid-2014	62	11
Total			**1,018**	

Garage Rental Revenue Mark to Market. Given Miami's position as a rapidly transforming global gateway city and one of the largest MSA's in the nation, the Property is well-positioned to take advantage of an increase in parking rates in the coming years. The convergence of rising costs for alternative land uses, increasing development density, and attrition of existing parking lots will put upward pressure on parking rates and create a unique mark-to-market pricing opportunity for the Property.

Leverage Success of 1111 Lincoln Road. The redevelopment of 1111 Lincoln Road in 2010 included the construction of a now world renowned 300-space parking garage and 40,000 SF of retail space. In addition to its parking and retail uses, the success of ancillary uses at the 1111 Lincoln garage including exclusive parties and weddings demonstrates the potential to create new channels for revenue at the Property. In addition to 1111 Lincoln, utilizing rooftop and other building spaces has become more prevalent in many Miami Beach developments such as the Dream, Clevelander, Townhouse, and Perry hotels and the 605 Lincoln Office building.

Alternative Value Enhancement Potential. The opportunity exists, subject to city approvals, to grow revenue over the near-term by adding signage to the garage façade, expanding third-party advertising/marketing within the Property, and demising the existing retail bay to capture the premium in rent for smaller spaces.

KEY BISCAYNE
Atlantic Ocean
FISHER ISLAND
PORT OF MIAMI
5TH & ALTON
FASHION & ENTERTAINMENT DISTRICT
Washington Avenue
Collins Avenue
Ocean Drive
11th Street
BREAKWATER HOTEL
CLEVELANDER HOTEL
CASA CASUARINA (FORMER VERSACE MANSION)
DREAM HOTEL
HOTEL VICTOR
N



Property Location

The Pelican Garage is strategically located along the east side of Collins Avenue, just north of 10th Street at 1021 - 1041 Collins Avenue, Miami Beach, Florida 33139, in the heart of the "Art Deco District" of South Beach. Its location one block from the beach and proximate to numerous hotels, retail, and entertainment venue affords its unique proposition. The Property caters not only to daytime beach traffic but also to nighttime restaurant, hotel, and entertainment patrons.

Access and Visibility

The Property is accessed from one point of ingress/egress along Collins Avenue with an additional egress point from the alleyway in the rear of the Property, a unique advantage when delivering cars to valet clients. The Property is highly visible from Collins Avenue heading north or south.

Property Description

Pelican Garage and Retail consists of a rectangular shaped lot containing 151 feet of frontage along Collins Avenue and a depth of 140 feet along the northern and southern boundaries. The total site size is 21,140 square feet. Access to the subject site is via the east side of Collins Avenue and a 20 foot alley to the rear of the property.

The Property was built in 2001 and contains 329 parking spaces, including 27 rooftop parking spaces and 4 on-street spaces. The ground floor retail store, which contains 3,350 square feet, is currently occupied by Surf Style, an established regional client. The store includes a typical storefront glass finish along Collins Avenue. The interior improvements, which were completed by the tenant, include ceramic tile floors and painted drywall. The store has a two-story, exposed beam, ceiling height.

PARKING RATES

PELICAN GARAGE PARKING RATES

Interval	*Rate ($)*
0-1 hours	$3
1-3 hours	$7
3-5 hours	$12
5-10 hours	$15
10-24 hours	$25
Weekend	$15-$25 per 12 hours depending on demand
Monthly	$150 for weekdays only; $250 for unlimited access


Elevator

Zoning

The Property is zoned MXE/HPD, a mixed use entertainment and historical preservation district ("HPD") by the City of Miami Beach, Florida. All "Art Deco" buildings are given the HPD designation by the city. The intent of the MXE district is to encourage restoration of existing structures and allow for new construction. Properties within the HPD districts are not required to provide on-site parking spaces. The Property is not historically designated by the Miami Beach historical preservation board and therefore is immune from the special requirements of the HPD designation.

Conditional Use Permit

The Pelican Garage is subject to a Conditional Use Permit that, among other things, delineates the quantity parking spaces that can be used for valet service. According to the modified conditional use permit dated 02/22/2011, 100 spaces within the garage are permitted to be used for valet storage. Furthermore, the pickup and drop off of sites by valet operators for storage at the Pelican Garage may not exceed a radius of 1,800 feet from the property line. A copy of this document is available on the document center.

Parking Spaces

The parking garage currently contains 329 spaces, including 4 on-street spaces, and includes 116 tandem spaces to be used for valet parking. Based on the current occupancy, the garage can likely accommodate additional valet contracts. There are six handicap and two baby stroller designated spaces. The remaining spaces are typically utilized by the general public or for potential valet parking overflow.

Ground Lease

The Property operates under a ground lease from the City of Miami Beach through December 2039 and is automatically extended for an additional 10 years. The remaining term of the lease is approximately 36 years (including the option period).

Base Rent under the ground lease is currently $94,080 per year plus percentage rent equal to 2.5% of the revenue from the parking garage and the base rent of the retail space. The base rent of the ground lease increases by 12% every five years and will increase again in 2016. There is a re-valuation of the rent scheduled to occur when the option is exercised in December 2039.

Retail Lease

The 3,350 square foot retail space is occupied by Surf Style under a triple net (NNN) lease through August 2017. Surf Style has 15 locations in Florida, 7 locations in Alabama, and 2 locations in Mississippi (www.surfstyle.com). The tenant has been in occupancy since 2001, and has one additional option to extend for five years. The tenant exercised its first option to extend its previous lease upon expiration in August 2012. The current rental rate stands at $73.51 per square foot. The rent for the remaining option is at fair market rate but no less than $277,165 annually ($82.74 PSF).

Parking Management

The parking garage is operated by Denison Parking, under a management agreement through June 2014. Denison Parking is an experienced operator and was selected as the exclusive parking provider to Simon Property Group (NYSE:SPG), the largest operator of indoor malls in the United States. The management agreement provides a monthly management fee of $3,000 plus and an incentive fee of 10% of revenues over budget. Denison has been operating under this contract since 2009. The contract can be cancelled by either party on 30 day written notice.

Utilities

Public utilities are available to the site and services are provided as follows:

UTILITIES AND SERVICES	
Electricity	FPL
Water and Sewer	City of Miami Beach
Police and Fire	City of Miami Beach

Description of Improvements

Foundation	Concrete spread footings with concrete slab on grade
Exterior Walls/Finish	Reinforced concrete with stucco
Roofing	Concrete slab parking deck
Life Safety	Fire sprinklers as per code
Elevators	Two passenger elevators in the center in the building

PELICAN GARAGE
MIAMI BEACH, FL

KEY FINANCIAL ASSUMPTIONS

PARKING GARAGE REVENUES

Parking Garage revenue is derived from three primary sources: transient, monthly, and valet services provided to surrounding hotels. The majority of the income is provided by transient and currently accounts for more than 70% of the gross parking income. Overall, the Property's net operating income has grown 10% in 2011, 7% in 2012, and is projected to grow 6% in 2013. The Property continues to increase revenue despite that fact that it infrequently reaches capacity. An ideal balance of parking rate adjustments in conjunction with the garage's occupancy will be the key towards sustained operating income growth.

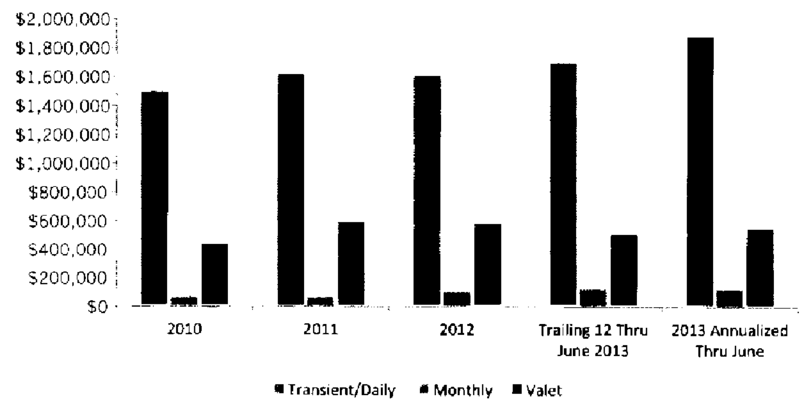
Monthly Parking

Monthly parking will generate approximately $137,000 of gross parking revenue in 2013 and is currently derived by approximately 40 accounts totaling 147 parkers. Primarily, local residents and employees of the commercial and hospitality space nearby. Monthly parking at the Property ranges from $150 per month on weekdays only to $250 per month for unlimited access including weekends. The projection assumes $150,906 in 2014 as per Denison's forecast and grows this figure by 4.0% per annum through 2018.

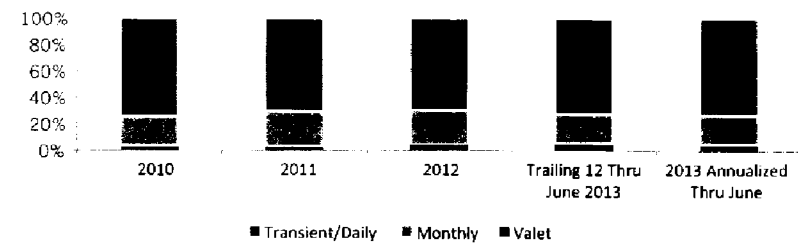
Daily Parking (Transient) Income

Transient income will generate approximately $1,741,000 of gross parking revenue in 2013 and is derived by visitors coming to Miami Beach to enjoy its beaches, hotels, restaurants, and nightlife. Given the diversity of available activities throughout the day, both day and nighttime traffic is particularly high in the immediate vicinity. The Property's ideal, central location allows it to benefit from both day and night traffic cycles. The projection assumes strong 4.0% annual growth in transient income in 2014 as a result of rate growth and occupancy improvement.

Garage Revenue by Source



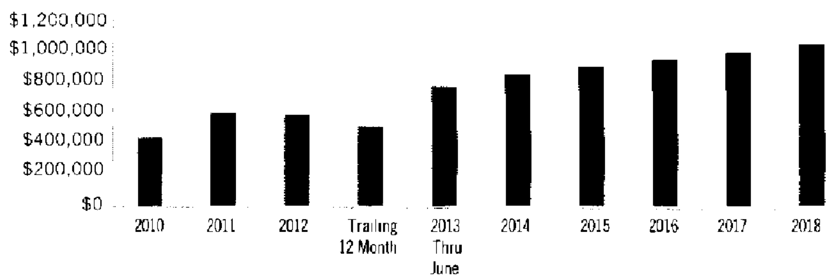
Garage Revenue by Source



Valet Parking

Valet parking will generate $770,757 of gross parking revenue in 2013 and is currently derived from eight contracts with nearby hotels. Growth in valet parking income has been particularly robust with nearly 72% growth in this source of revenue since 2010. The 2013 figure reflects only partial year operation for four of the valet contracts which were signed in the second quarter of this year. These new hotels are The Wyndham, The Ocean, The Breakwater/Edison, and The Victor. They will begin in July billing in arrears, so the actual numbers will reflect the burden of the contract without the full income benefit.

Valet Parking - Historical and Pro forma Revenue

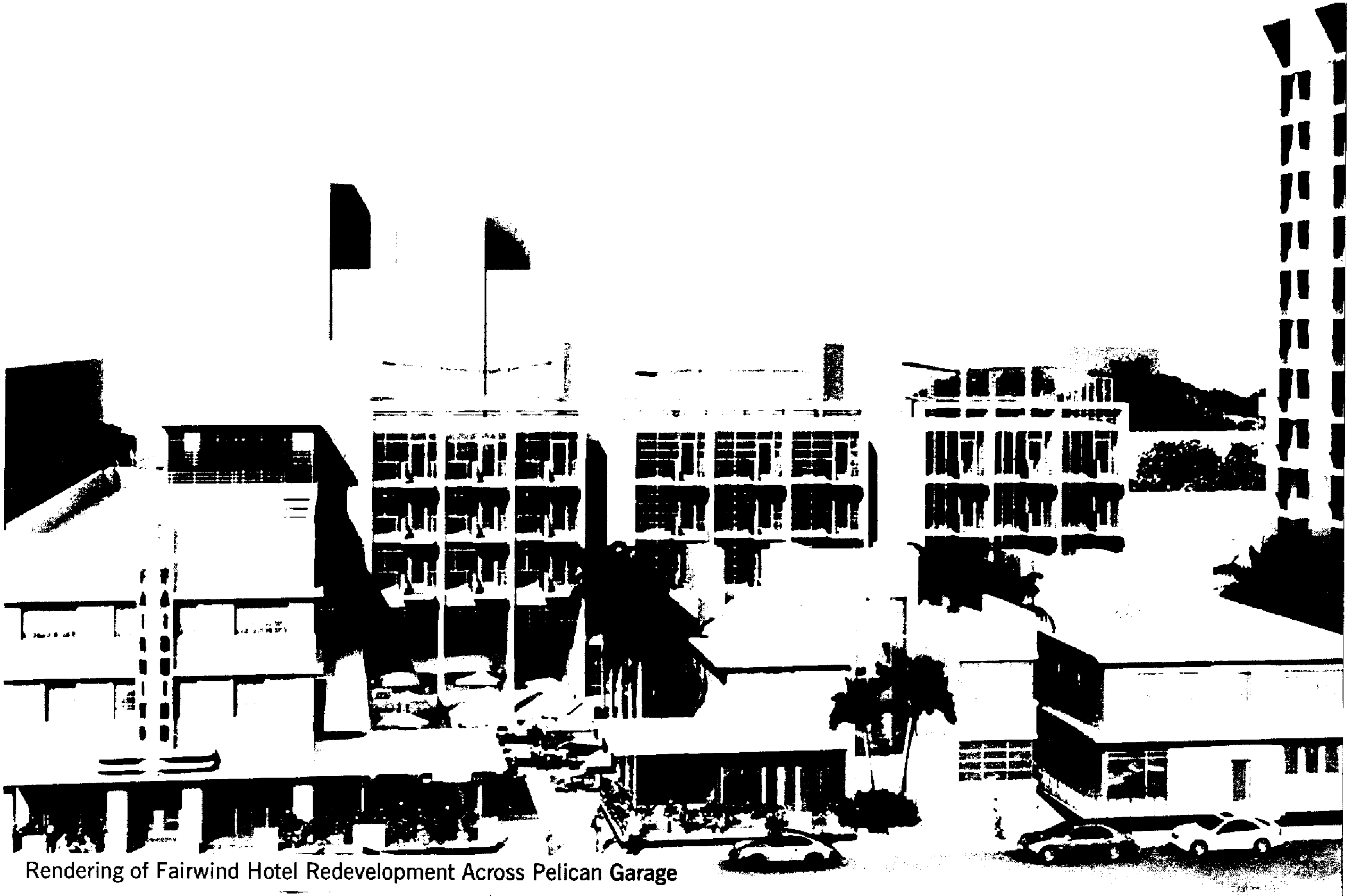


The typical valet contract is structured as a fixed cost to the hotel, ranging between $23.00 and $29.00 per vehicle and may include some limited validations or concessions. The hotels currently under contract for valet services at the Pelican Garage typically mark-up the valet charge to the customer above the rate contracted with Denison. The mark-up ranges between $35 and $38 per vehicle. The per vehicle charge is a gross figure including sales tax with the hotel deducting a percentage for credit card processing and other ancillary charges. There is no other cost to the hotel and Denison is responsible for all expenses and payroll related to operating the valet stand 24 hours. Payments are made by customers directly to the hotel and remit to the garage operator every 30 days. The table that follows provides a summary of the Garage's existing hotel valet contracts.

VALET PARKING CONTRACT SUMMARY

Hotel Property	*Price Per Vehicle Per Night*	*Additional Provisions*
The Garden Wyndham	$23.00 plus tax	None
The Ocean	$25.00	If owner collects more than $35.00 per day from registered guests, 50% of the excess amount is received by Operator.
Hotel Victor	$24.00 plus tax	Lease also provides 20 complimentary transient valet parking passes per month.
Breakwater	$25.00. Reimbursement of 6.00% of Revenue to hotel for transient (non-overnight) hotel guests.	If owner collects more than $35.00 per day from registered guests, 50% of the excess amount is received by Operator.
Essex House and Clevelander Hotels	$29.00	Hotel guests who self-park are charged $22.00 the first night and $21.00 each additional night (available May-December only). 'Group sales' valet parking is $23.00 per night (available May-December only) Hotel receives complimentary parking for 20 valet vehicles per month. Hotel currently rents 3 advertising boards in the garage and is entitled to one complimentary advertising board.
Congress	$24.00 plus tax	Higher parking rates can be implemented for holiday and event weekends.
Dream	$23.00	Higher parking rates can be implemented for holiday and event weekends, but not to exceed $34.00 per day. Hotel receives $250.00 in complimentary transient valet services each month. Hotel guests entitled to 3 hours of valet parking at a flat rate of $15.00. After 3 hours, standard rates apply. Hotel can reduce the rate to $15.00 per vehicle for up to 15 events annually.

PELICAN GARAGE
MIAMI BEACH, FL



Rendering of Fairwind Hotel Redevelopment Across Pelican Garage

As noted earlier in the offering memorandum, a number of new boutique hotels along Collins Avenue have recently opened or are currently under construction. It is expected that between 2011 and 2015, more than 1,000 new hotel rooms will be added to the area's supply within a one mile radius. **These hotels have zero on-site parking available for guests other than valet parking.** New hotel brands at these properties include Marriott Autograph, Joie de Vivre, and King and Grove.

In particular, the property immediately across from the Pelican Garage is the Fairwind Hotel, which is currently being redeveloped by the Chetrit Group into an 80+ room Art Deco hotel. This trend in the hospitality sector provides a prime opportunity for the Pelican Garage to capture new valet contract business given its proximity to these hotels and the ability to offer faster vehicle turnaround as a result.

POTENTIAL HOTEL TARGETS FOR VALET CONTRACTS

Name	*Address*	*Expected Delivery*	*Number of Rooms*
Fairwind	1000 Collins Ave	Late-2014	80
Blue Moon	944 Collins Ave	Opened Dec 2012	75
Winter Haven	1400 Ocean Drive	Opened Dec 2012	70
Total			**225**

The majority of the hotels along Collins and Washington Avenues as well as Ocean Drive provide valet services with most parking operators utilizing the city owned facilities on the 700 block of Collins Avenue, the 500 block of Alton Road, and surface lots on 1st Street. Hotels proximate to the Pelican Garage using the latter two parking facilities for valet services experience wait times of up to an hour in peak times for each vehicle due to the distance and traffic generated in Miami Beach. The convenience provided by the proximity of the Pelican Garage combined with the clientele drawn to these new hotels provides the perfect opportunity to establish long term contracts with new hotels and negotiate higher nightly rates in line with other major MSA's across the country. Under the current operations, the Pelican Garage can easily accommodate an additional capacity from hotel contracts.

The projection assumes $847,832 in 2014 as per Denison's forecast and includes a full year of operations for the new contracts. The projection then grows this figure by 8.0% per annum through 2018.

Retail Revenue and the South Beach Fashion & Entertainment District

Surf Style is under lease through August 2017 with a fixed rent schedule currently at $73.71 per square foot, triple net and reimburses the landlord for its full pro-rata share of expenses, insurance and real estate taxes. The tenant has one remaining lease renewal option at fair market value. The projection assumes a retail market rate of $100 per square foot upon the tenant's lease renewal or expiration in 2017.

The South Beach Fashion District, generally defined as the area along Collins and Washington Avenues between 5th to 10th Streets, is comprised of more than 250,000 square feet of upscale retail stores. The retail stores are supported by several parking garages, one of the most prominent being the Pelican Garage. The tenancy along the South Beach Fashion District has evolved to include high-profile international brands, top-rated restaurants, and premium boutiques that seek entry into this lucrative retail market. Since 2000, the South Beach Fashion District has gradually evolved into one of the most sought after retail corridors in the country. The district is home to flagship locations for several leading names in the fashion industry including Barney's Co-Op, A/X Armani Exchange, Ralph Lauren, Kenneth Cole, Levi's, Diesel, Adriano Goldschmied, Victoria's Secret, Sephora, MNG by Mango, Zara, Tommy Hilfiger and Guess to name a few. Recent activity in the area includes the opening of a three-story, 13,000 square foot Victoria's Secret, UGG Concept Store and the expansion of the A/X Armani Exchange store.

The overall Miami Beach submarket commands the highest rents in Miami-Dade County--averaging $64.57 per square foot, triple net, as of the second quarter 2013. Average rents in the Fashion District regularly exceed $100 per square foot, triple net, with recent leases signed in the $105 per square foot triple net range. The Fashion District is able to capture a significant premium over the local market given its strong appeal and tourist traffic as well as its proximity to numerous hotel properties.

Tenants in Fashion & Entertainment District

OPERATING EXPENSES

Unless otherwise noted below, all operating expenses are based on the 2014 forecast provided by Denison Parking and grown at 3% per annum.

City Space Metered Rentals

At each property that the owner has a contracted valet agreement, the parking operator uses city-owned, metered spaces that it leases from the City of Miami Beach to provide valet services. The cost to lease those spaces from the City of Miami Beach is $17.00 per day per metered space. The hotels typically have 2 metered spaces that are covered and designated for valet use. Due to the additional capacity in the garage, this expense is assumed to grow as the garage obtains additional hotel valet contracts.

Management Fee and Management Incentive Fee

Denison Parking currently manages the garage, with an agreement through June 2014. The management agreement provides a monthly management fee of $3,000 plus and an incentive fee of 10% of revenues over budget. Denison has been operating under this contract since 2009. Total management fee has ranged from 2.5-2.9% since 2010 and the project assumes 2.75% on average through 2018.

Real Estate Taxes

Real property assessments in Miami Dade County are based on the January 1st value of a property, with a preliminary assessment notification to the property owner during the summer. Property owners may appeal the preliminary assessment at that time. Final tax notices are forwarded to property owners during October and are payable by March 31st of the following year. The Property's 2012 real estate taxes have been paid, with no prior year real estate taxes due. The table below provides an overview of the 2012 assessments and taxes for the Property.

For purposes of our financial pro forma, real estate taxes are assumed to be assessed at 80% of the projected sale price of the property at the current millage rate for Miami Beach.

2012 REAL ESTATE TAXES - PELICAN PARKING GARAGE

Folio Number	*2012 Assessed Value*	*Millage Rate*	*Total Real Estate Taxes*
02-3234-008-0221	$2,760,000	20.47	$56,497
02-3234-008-0220	$6,342,000	20.47	$129,821
Total	**$9,102,000**		**$186,318**

NOTE: The 2013 preliminary tax values are now available, however tax bills have not yet been issued.

Ground Lease Payment

Base Rent under the ground lease is currently $94,080 per year plus percentage rent equal to 2.5% of the revenue from the parking garage and the base rent of the retail space. The base rent increases by 12% every five years and will increase again in 2016. There is a re-valuation of the rent scheduled to occur when the option is exercised in December 2039.

2012 OPERATING STATEMENT AND 2013 PROFORMA

	HISTORICAL OPERATIONS					*PROFORMA OPERATIONS*				
	2010	*2011*	*2012*	*TTM*	*2013 Thru June: Budget thru Dec*	*2014*	*2015*	*2016*	*2017*	*2018*
Monthly Parking	$78,230	$76,293	$114,796	$130,310	$137,187	$150,906	$156,942	$163,220	$169,748	$176,538
Daily Parking	1,512,355	1,628,607	1,622,307	1,713,295	1,741,287	1,915,416	1,992,032	2,071,714	2,154,582	2,240,765
Valet Parking[1]	448,484	605,510	595,656	521,025	770,757	847,832	915,659	988,911	1,068,024	1,153,466
Gross Parking Revenue[2]	2,039,069	2,310,410	2,332,759	2,364,630	2,649,231	2,914,154	3,064,633	3,223,845	3,392,355	3,570,770
Sales and Parking Tax	(131,336)	(151,390)	(144,964)	(144,029)	(155,875)	(171,462)	(214,524)	(225,669)	(237,465)	(249,954)
Net Parking Revenue	**1,907,733**	**2,159,020**	**2,187,795**	**2,220,601**	**2,493,356**	**2,742,691**	**2,850,109**	**2,998,176**	**3,154,890**	**3,320,816**
Operating Expenses										
Janitorial	7,496	4,354	5,448	5,680	4,689	5,158	5,313	5,472	5,637	5,806
Liability Insurance Premiums	11,860	22,032	27,852	32,372	45,176	49,694	51,184	52,720	54,302	55,931
Repairs and Maintenance	28,433	29,961	38,270	38,575	32,094	35,304	36,363	37,454	38,577	39,735
Telephone Expense	7,791	8,051	12,783	12,543	10,519	11,571	11,919	12,276	12,644	13,024
Ticket, Supplies, & Misc.	44,946	65,129	73,983	77,444	81,954	90,149	92,853	95,639	98,508	101,463
Total Payroll and benefits	508,187	626,743	566,207	489,464	644,384	708,823	730,088	751,990	774,550	797,786
Uniforms	4,158	3,589	1,150	965	1,198	1,318	1,358	1,398	1,440	1,484
Utilities	35,097	32,465	32,989	35,967	39,827	43,809	45,124	46,477	47,872	49,308
Rent-City of Miami Beach (Ground Lease Payment)	84,000	94,080	94,080	94,080	94,080	94,080	94,080	105,370	105,370	105,370
City Space (Meter) Rental[3]	43,424	44,127	56,358	51,551	75,011	103,584	111,690	124,100	136,510	148,920
Management Fee	55,967	62,277	62,263	59,703	72,175	79,392	78,378	82,450	86,759	91,322
Relocating Valet Office[4]	-	-	(13,746)	-						
Subtotal - Operating Expenses	**831,359**	**992,808**	**957,637**	**898,344**	**1,101,107**	**1,222,882**	**1,258,349**	**1,315,346**	**1,362,169**	**1,410,148**
Net Parking Income	**1,076,374**	**1,166,212**	**1,230,158**	**1,322,257**	**1,392,249**	**1,519,809**	**1,591,760**	**1,682,829**	**1,792,721**	**1,910,668**
Gross Retail (Surf Style Mall) Revenue[5]	211,170	217,505	227,567	236,206	241,476	248,720	253,644	261,253	280,763	345,050
Retail CAM (Surf Style Mall) reimbursement[6]	26,712	30,612	36,670	36,670	36,670	67,174	69,190	71,265	73,403	75,605
Subtotal - Retail Revenue	**237,882**	**248,117**	**264,237**	**272,876**	**278,146**	**315,894**	**322,834**	**332,519**	**354,166**	**420,655**
Other Expenses										
Percentage Rent- City of Miami Beach	52,977	58,825	60,165	61,983	63,611	80,751	84,687	88,909	93,663	99,786
Building Insurance	39,000	87,959	84,177	85,092	85,092	86,794	89,398	92,080	94,842	97,687
Property Taxes[7]	228,616	175,356	178,866	178,866	178,866	393,024	404,815	416,959	429,468	442,352
Subtotal - Other Expenses	**320,593**	**322,140**	**323,208**	**325,941**	**327,569**	**560,569**	**578,899**	**597,948**	**617,973**	**639,825**
Net Operating Income	**$993,663**	**$1,092,189**	**$1,171,187**	**$1,269,192**	**$1,342,826**	**$1,275,134**	**$1,335,694**	**$1,417,400**	**$1,528,914**	**$1,691,499**

KEY ASSUMPTIONS / NOTES:

[1]Valet parking revenue assumed to achieve above average growth due to new hotel valet contracts in negotiation or projected.

[2]Revenue assumptions are supported by historica NOI growth of 10% in 2011, 7% in 2012 and estimated 6% in 2013.

[3]City space rentals grow as valet hotel contracts increase. 2015 assumes 18 city space rentals leased at $17.00 per day. Two additional spaces each year thereafter.

[4]Valet office relocation is a non-recurring expense.

[5]Retail lease increased to market rent of $100 PSF upon lease expiration in 2017.

[6]Common Area Maintenance for the retail space is 14% of insurance and real estate taxes.

[7]Property taxes assumed to be re-assessed upon the sale of the property. Tax re-assessment is assumed to be 80% of the projected sale value at the current millage rate.

Miami Beach Overview

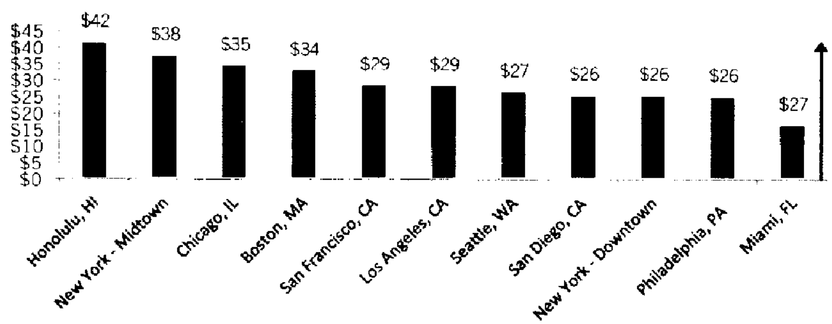
A seven-square mile island-city separating Biscayne Bay from the Atlantic Ocean, Miami Beach is often referred to as America's Riviera, reflecting its cosmopolitan flair and diverse international culture. Among the many attributes that make Miami Beach a world-class city include over 63 miles of water frontage, outstanding quality of life, countless cultural events and attractions, along with some of the finest dining, shopping, and nightlife anywhere.

Miami Beach Parking Market Overview

Miami Beach has an active parking market where demand often outstrips supply. Although some new parking structures have opened elsewhere in Miami Beach recently, notably including 1111 Lincoln Road and the 5th and Alton parking garage, the Ocean-Collins strip remains undersupplied relative to its persistently high parking demand generated by the tourists, hotel patrons, residents and shoppers. A survey of the nearby parking garages and their current parking rates is detailed in the table below. It is important to note that no private parking operator except the Pelican Garage currently exists between 5th street and 15th street.

As noted in the chart below, median daily and monthly parking rates in Miami currently lag behind other comparable metropolitan markets and submarkets such as Los Angeles, San Diego, Philadelphia, and Boston. As Miami continues to develop a metropolitan core, parking rates should approach cities of similar size and significance.

North America - Median Daily Parking Rate (2012)

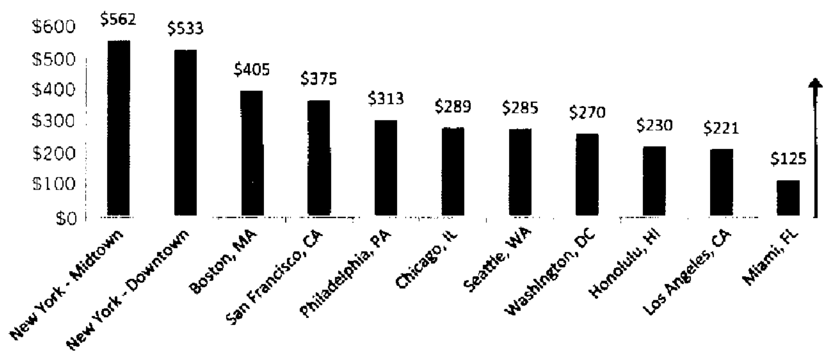


Source: Colliers International 2012 Parking Rate Survey

What is Driving Parking Costs Up?

Miami's median daily and monthly parking rates are amongst the lowest compared to other major MSA's nationwide. Miami Beach, however, is currently experiencing a wave of new development specifically targeted at luxury, oceanfront residential and hotel projects and an ensuing increase in retail and residential rents, land values, and residential condominium prices. Condominium prices at select new projects in Miami Beach are at or near New York City pricing while parking rates are currently much lower. As the costs of other uses increase, these gaps will eventually have to narrow and parking rates are expected to rise sharply.

North America - Median Monthly Parking Rates (2012)

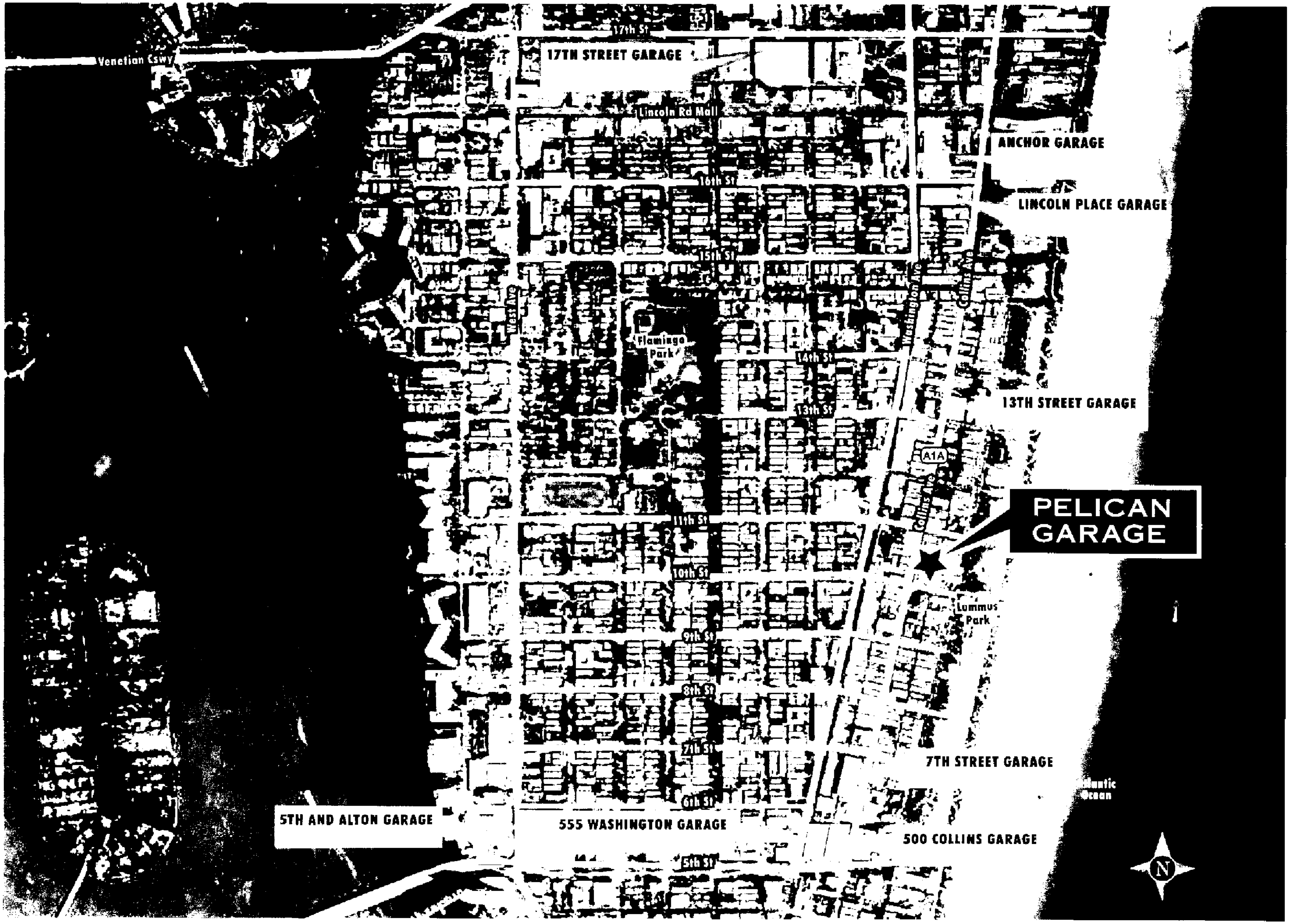


Source: Colliers International 2012 Parking Rate Survey

In addition to the disparity between relative costs of parking and other land uses, the Property is well positioned to take advantage of Miami Beach's new wave of development. In addition to new and ongoing hotel projects such as the Fairwind, immediately in front of the property, new condominium and mixed-use developments will skew the supply-demand balance in favor of parking owners. Infill developments such as Palau at Sunset Harbor, 321 Ocean Drive, 500 Alton, and One Ocean will increase Miami Beach's luxury residential population while bringing more shops and cars onto the already dense South Beach peninsula.

One of the primary consequences of the increasing development pressure has been the redevelopment of competing parking lots in South Beach; 500 Alton, for instance, will replace a surface lot and an existing parking garage with a planned mid-rise residential and retail development, and the privately-owned surface lot at 1000 17th Street is currently being replaced with an 18,000-square foot retail structure. (comment to HFF: how many parking spaces leave the market? This perhaps should be emphasized since it hugely impacts Pelican).

PELICAN GARAGE
MIAMI BEACH, FL



MIAMI BEACH PARKING COMPARABLES

Name	*Location*	*Owner*	*Year Built*	*# of Spaces*	*Retail*	*Parking Rates*
Pelican Parking Garage	1021 Collins Ave	Private	2001	329	Yes	Weekend Rates Vary Weekday Rates 0-1 Hrs - $3.00 1-3 Hrs - $7.00 3-5 Hrs - $12.00 5-10 Hrs - $15.00 10-24 Hrs - $25.00
13th Street Garage	13th Street & Collins Ave	City of Miami Beach	1989	286	No	$1/hr up to 15 hrs or $20 max for 24 hrs; monthly access card $70
7th Street Garage	7th Street & Collins Ave	City of Miami Beach	1996	646	Yes	$1/hr up to 15 hrs or $20 max for 24 hrs; monthly access card $70
Anchor Garage	1600 Collins Ave	City of Miami Beach	1999	803	Yes	$1 for 1st hr, $2 for 2nd hr, $6 for 3hrs, $10 up to 6 hrs, $16 up to 24hrs, $10 flat rate Fri-Sun 9PM-5AM; monthly access card $100
17th Street Garage	17th Street & Washington Ave	City of Miami Beach	N/A	1460	No	$1/hr up to 6 hrs, $8 up to 7 hrs, $10 up to 8 hrs, $15 up to 15 hrs, $20 for 24 hrs; monthly access card $70
500 Collins Garage	5th Street & Collins Ave	Private	2004	220	Yes	$2 for first .5 hour, $4 for 1 hour, $2/hr up to 5 hours, $24 for 24 hours, $30 Fri-Sun
555 Washington Garage	5th Street & Washington Ave	Private	2001	270	Yes	$2.5 hour up to 2.5 hours, $12 for 5 hours, $24 for 24 hours
Lincoln Place Garage	Washington Avenue & 16th Street	Private	2001	600	Yes	$2 for first hour, $4 for 2 hours, $8 for 3 hours, $12 for 6 hours, $20 for 24 hours

PELICAN GARAGE
MIAMI BEACH, FL

MIAMI BEACH OVERVIEW


Ocean Drive

Demand Drivers

Miami Beach is seen as a trend-setting arts and entertainment mecca, and a shopping and cultural wonder by visitors, world travelers, celebrities and locals alike. From café's, clubs and shopping along South Beach's Ocean Drive, Lincoln Road, and Washington Avenue; the international hotels and restaurants of Collins Avenue and Middle Beach; to the re-emerging neighborhood in North Beach, Miami Beach offers visitors and residents a dazzling array of amenities to enjoy. Miami Beach has a myriad of demand drivers and attractions that bolster daytime population.

- **Miami is #3 Overseas Tourist Destination in the United States – Continued Gains in Market Share.** Miami is the #3 tourist destination for overseas visitors in the United States – these visitors make significant contributions to the more than $8.8 billion in visitor expenditures made within Miami and the Beaches in 2012. Within Miami, Miami Beach and Lincoln Road in particular, command the highest percentage of visitors of all retail destinations in the entire county. From 2011 to 2012, Miami experienced a 15% increase in international visitors as it continues to appeal to a broader universe of travelers. The city continues to gain market share among its top competitors for overseas visitors as outlined below.

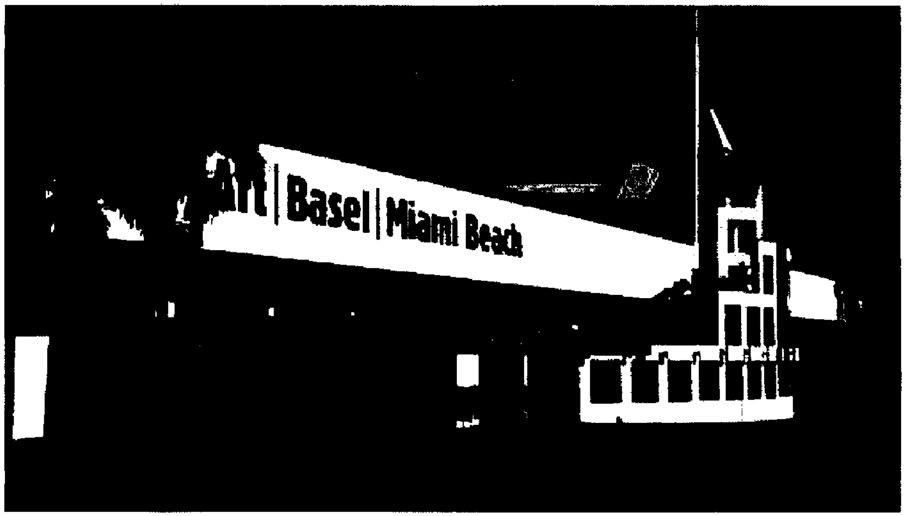
TOP 5 US CITIES FOR OVERSEAS VISITORS[1]

2011 Rank	*City*	*2010 Market Share*	*2010 Visitation (M)*	*2011 Market Share*	*2011 Visitation (M)*	*Volume Change*
1	New York	32.1%	8.5	33.3%	9.3	10%
2	Los Angeles	12.7%	3.3	13.1%	3.7	9%
3	**Miami**	**11.8%**	**3.1**	**10.6%**	**3.0**	**-5%**
4	San Francisco	10.0%	2.6	10.3%	2.9	9%
5	Las Vegas	9.2%	2.4	10.0%	2.8	15%

[1] 2012 numbers to be released June 2013.

- **Events Draw Residents and Tourists from Near and Far.** Every winter, Miami Beach hosts Art Basel, the world's largest and among its most important art shows and a cultural and social highlight of the Americas. Each year, the world's most respected art galleries convene on Miami Beach to display works from over 1,500 artists and 1,100 galleries representing 31 countries and 5 continents, with the majority of activity occurring at the 21 "satellite" art fairs occurring contemporaneously to the main Art Basel. Other significant events in the area include the acclaimed South Beach Food & Wine Festival, Miami International Film Festival, the Winter Music Conference, Miami Sleepless Nights, and the world's largest boat show. These events create substantial demand for parking throughout Miami Beach, including the Pelican Garage.

- **Convention Delegates Descend on Miami Beach.** Located in the heart of Miami Beach, the Miami Beach Convention Center boasts over one million square feet of flexible convention space. The convention center is located two blocks north of Lincoln Road and serves as the County's primary convention facility hosting over 300 events and 800,000 delegates annually. Some of the more notable events hosted each year at the facility includes Art Basel, Miami International Boat Show, and South Florida Auto Show—all top shows within their respective industries. The City and Miami-Dade County have begun a master-planning process for a $1.2 billion renovation and expansion of the convention center district which would add an additional 320,000 square feet of event space, as well as hotel, retail, residential components as well as additional parking facilities. The project is scheduled for completion over the next five years.

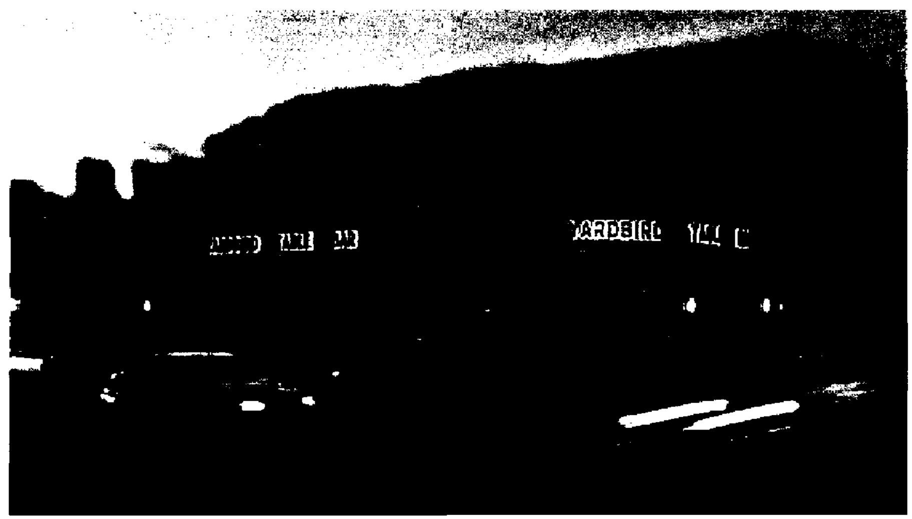


- **South Beach Cultural Renaissance.** South Beach has been undergoing a major cultural renaissance that further flourished with the prestigious Art Basel festival and the recently completed, Frank Gehry-designed, New World Symphony. The foundation laid by the most important art show in the US has fueled a civic and cultural consciousness that marks a new era for the city; visionary architects such as Frank Gehry, Herzog & de Meuron, Zaha Hadid and Enrique Norten are all making their own lasting impressions on the thriving community.

- **Global Hotel Market.** Miami is a major hotel market on a global scale. It is on par with New York, London, and Paris and other global gateway cities and a point of destination. World Class Hoteliers, with keen eyes for the future, continue to invest heavily in the Miami Beach market as they seek to position themselves in one of the most exciting tourist market in the world. As a result, Miami Beach is home to world renowned hotels and typically set the bar in terms of luxury, style and trends. Miami's strong hotel performance has given it among the highest occupancy, room rates, and RevPAR figures in the country, and with Miami Beach accounting for over 40% of Miami's hotel occupancy, many of these tourists will use garages such as the Pelican Garage.

- **One of the Densest Communities South of New York.** With over 93,500 full-time residents and over 100,000 seasonal residents enclosed on a seven square mile island, Miami Beach is one of the densest communities in the US. Moreover, Miami Beach is a top destination for the over five million South Floridians that descend on the island on a regular basis, many of whom come by car. The combination of a high resident density and substantial influxes of seasonal residents, tourists, and local visitors creates massive demand for parking in a small area.

- **World Class Dining.** The dining scene in Miami Beach is much like the city itself: an eccentric mix of exotic adventure and upscale glamour. Lincoln Road contains some of the city's most venerable establishments while also opening the door to new food concepts. Some of the most popular drinking and dining establishments in Miami Beach include Yardbird Southern Table, Joe's Stone Crab, Prime One Twelve, Casa Tua, Barton G, Juvia, Sushi Samba Dromo, Doraku Sushi, and The Forge, all of which are within a ten minute drive and many of which are within easy walking distance of the Pelican Garage. These restaurants are an important part of the South Beach experience and many either do not have on-site parking or attract customers who wish to walk and shop Collins Avenue afterward. Both of these factors create restaurant-linked demand for parking at the Pelican Garage.

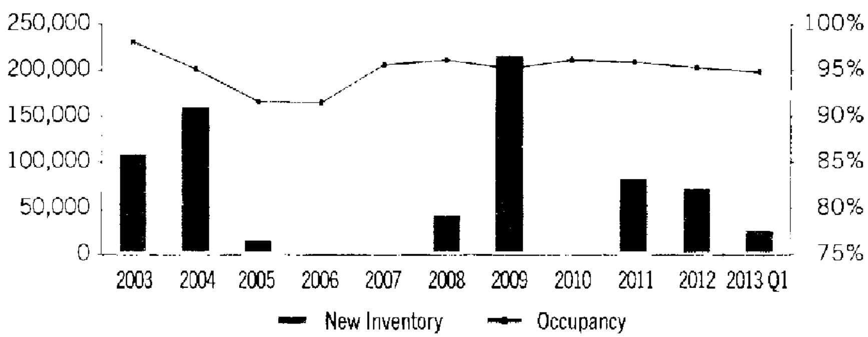


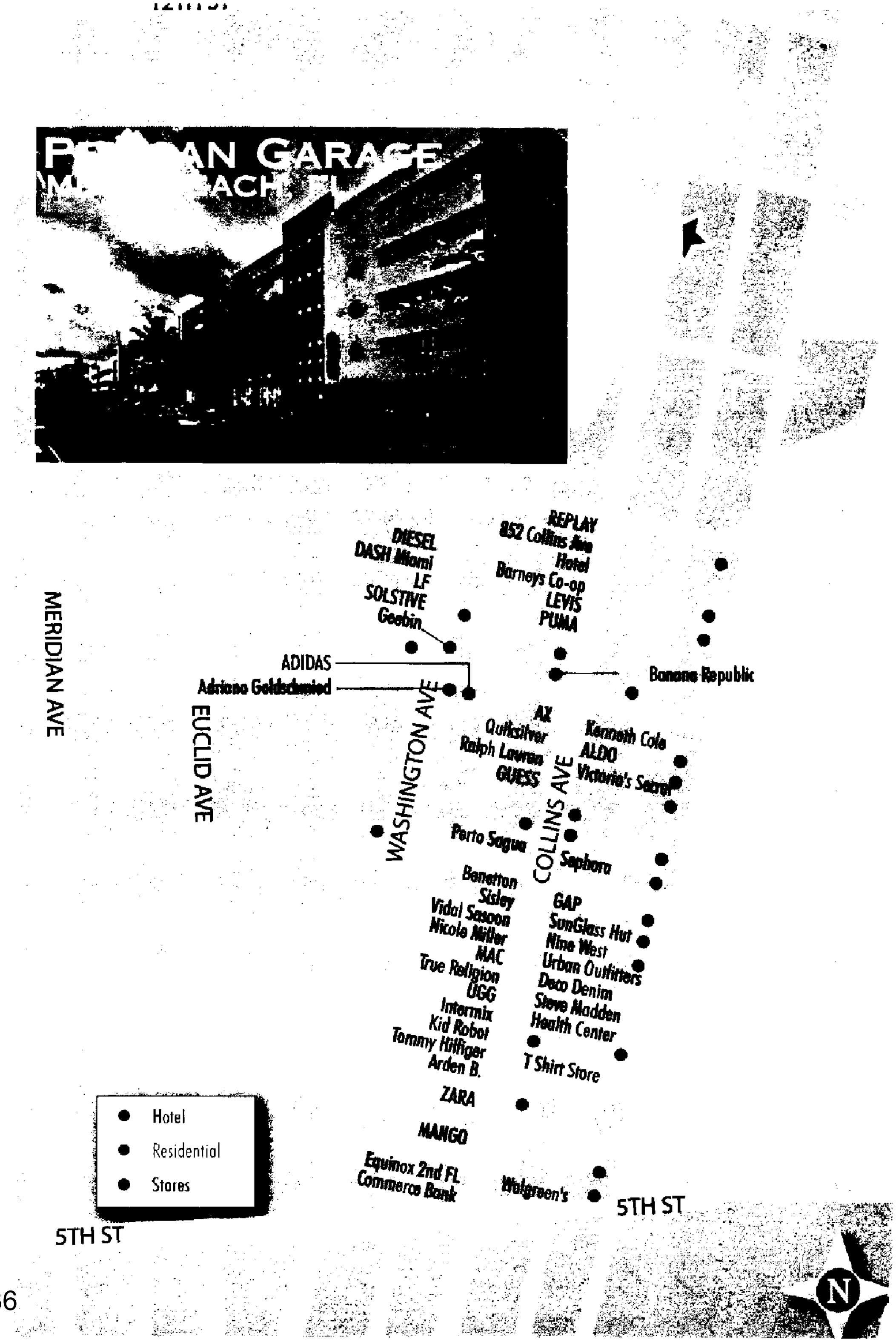
PELICAN GARAGE
MIAMI BEACH, FL

Miami Beach is widely considered one of the best retail markets in the nation due to its urban in-fill nature, highly limited retail inventory, extreme barriers to entry, strong demand drivers, and impressive local and tourist traffic. The strength of the retail market is manifested in consistently low vacancy rates and steadily increasing rental rates—insulated largely from the general cyclical movements in the economy.

Like most true urban markets, aggregate retail inventory has remained remarkably stable over the last decade, reflective of the Miami Beach's in-fill nature and extreme barriers to entry through development. About 711,000 square feet of new inventory has come online since 2003, and much of that figure is attributed to a single project completed in October 2009, the 180,000 square foot vertical power center Shoppes of Fifth & Alton. The constraints on supply have kept vacancy rates in the low single digits over the same period as limited rollover results in tenant prospects vying for few retail spaces as they become available.

Miami Beach Retail Market





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ACQUISITION OF PELICAN GARAGE		Retain Current Market Parking Rates	Reduce to Current City Parking Rates
With Annual Escalation at 4% per year			
	NPV of Cash Flows afetr D/S	28,899,585	877,730
	NPV of Cash Flow after D/S and Forfeited Revenues	20,743,418	(7,278,437)
With Rates Frozen			
	NPV of Cash Flows after D/S	9,359,603	(8,892,261)
	NPV of Cash Flow after D/S and Forfeited Revenues	1,203,436	(17,048,428)
With 10% Escalation of Rates Every 10 Years			
	NPV of Cash Flows after D/S	12,778,041	(7,183,041)
	NPV of Cash Flow after D/S and Forfeited Revenues	4,621,874	(15,339,208)

Exhibit "2"

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES WITH ESCALATION

Schedule Of Prospective Cash Flow

For the Years Ending			Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018	Year 6 Dec-2019
Potential Gross Revenue								
Base Rental Revenue			$246,259	$246,259	$246,259	$275,839	$335,000	$335,000
Absorption & Turnover Vacancy								
Scheduled Base Rental Revenue			246,259	246,259	246,259	275,839	335,000	335,000
CPI & Other Adjustment Revenue								
Expense Reimbursement Revenue								
RET			0	0	0	0	0	0
Janitorial			661	681	701	722	744	766
Liability Insurance			6,366	6,557	6,754	6,957	7,165	7,380
Property Insurance								
R&M			4,523	4,658	4,798	4,942	5,090	5,243
Telephone Expenses								
Ticket, Supplies & Misc.								
Payroll & Benefits								
Uniforms								
Utilities			5,612	5,780	5,954	6,133	6,317	6,506
Total Reimbursement Revenue			17,162	17,676	18,207	18,754	19,316	19,895
Parking Revenue								
Monthly Parking			150,906	156,942	163,220	169,749	176,539	181,835
Daily Parking			1,915,416	1,972,878	2,032,065	2,093,027	2,155,818	2,220,492
Valet Parking			847,832	915,659	988,911	1,068,024	1,153,466	1,188,070
Total			2,914,154	3,045,479	3,184,196	3,330,800	3,485,823	3,590,397
Total Potential Gross Revenue			3,177,575	3,309,414	3,448,662	3,625,393	3,840,139	3,945,292
General Vacancy			(161,396)	(168,064)	(175,104)	(184,020)	(194,840)	(200,183)
Effective Gross Revenue			3,016,179	3,141,350	3,273,558	3,441,373	3,645,299	3,745,109
Operating Expenses								
RET			0	0	0	0	0	0
Janitorial			5,158	5,313	5,472	5,636	5,805	5,980
Liability Insurance			49,694	51,185	52,720	54,302	55,931	57,609
Property Insurance			86,794	89,398	92,080	94,842	97,687	100,618
R&M			35,304	36,363	37,454	38,578	39,735	40,927
Telephone Expenses			11,571	11,918	12,276	12,644	13,023	13,414
Ticket, Supplies & Misc.			90,149	92,853	95,639	98,508	101,463	104,507
Payroll & Benefits			708,823	730,088	751,990	774,550	797,787	821,720
Uniforms			1,318	1,358	1,398	1,440	1,483	1,528
Utilities			43,809	45,123	46,477	47,871	49,307	50,787
Parking Management			79,392	81,774	84,227	86,754	89,356	92,037
Sales and Parking Tax			174,849	182,729	191,052	199,848	209,149	215,424
KTKL Payment			100,000	103,000	106,090	109,273	112,551	115,927
Total Operating Expenses			1,386,861	1,431,102	1,476,875	1,524,246	1,573,277	1,620,478
Net Operating Income			1,629,318	1,710,248	1,796,683	1,917,127	2,072,022	2,124,631
Leasing & Capital Costs								
Tenant Improvements								
Leasing Commissions								
Total Leasing & Capital Costs and Other			0	0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$	(22,725,000)	$1,629,318	$1,710,248	$1,796,683	$1,917,127	$2,072,022	$2,124,631
			7.17%	7.53%	7.91%	8.44%	9.12%	9.35%
Debt Service								
100% Financing at 4.5% for 30 years	$	22,500,000	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$	(225,000)	$ 261,268	$ 342,198	$ 428,633	$ 549,077	$ 703,972	$ 756,580
Forfeited Potential Revenue								
Settlement Fee			250,000					
RET Income			131,008	134,938	138,986	143,156	147,451	151,874
Ground Lease Base Rent Income			94,080	94,080	103,490	105,372	105,372	105,372
Ground Lease Percentage Rent Income			79,010	82,293	85,761	90,166	95,521	98,135
Total Forfeited Potential Revenue			554,098	311,311	328,237	338,694	348,344	355,381
Total Return after Forfeited Revenue (no Debt)	$	(22,725,000)	1,075,220	1,398,937	1,468,446	1,578,433	1,723,678	1,769,249
Total Return after Debt Service and Forfeited Reve	$	(225,000)	(292,830)	30,886	100,395	210,383	355,628	401,199

Revenue/Expense Notes

Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HFF projects annualiz

ARGUS

For the Years Ending	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024	Year 12 Dec-2025	Year 13 Dec-2026
Potential Gross Revenue							
Base Rental Revenue	$335,000	$335,000	$364,789	$424,368	$424,368	$424,368	$424,368
Absorption & Turnover Vacancy			(70,728)				
Scheduled Base Rental Revenue	335,000	335,000	294,061	424,368	424,368	424,368	424,368
CPI & Other Adjustment Revenue				2,122	14,917	28,095	41,669
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	789	813	698	862	888	910	910
Liability Insurance	7,601	7,829	6,727	8,306	8,555	8,768	8,768
Property Insurance							
R&M	5,400	5,562	4,779	5,901	6,078	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	6,701	6,902	5,930	7,323	7,542	7,730	7,730
Total Reimbursement Revenue	20,491	21,106	18,134	22,392	23,063	23,637	23,637
Parking Revenue							
Monthly Parking	187,290	192,909	198,696	204,657	210,796	217,120	223,634
Daily Parking	2,287,107	2,355,720	2,426,392	2,499,183	2,574,159	2,651,384	2,730,925
Valet Parking	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299	1,418,618	1,461,176
Total	3,698,109	3,809,053	3,923,324	4,041,023	4,162,254	4,287,122	4,415,735
Total Potential Gross Revenue	4,053,600	4,165,159	4,235,519	4,489,905	4,624,602	4,763,222	4,905,409
General Vacancy	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)	(241,628)	(248,738)
Effective Gross Revenue	3,847,914	3,953,805	4,088,274	4,262,125	4,389,989	4,521,594	4,656,671
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	6,159	6,344	6,534	6,730	6,932	7,140	7,354
Liability Insurance	59,337	61,117	62,951	64,839	66,785	68,788	70,852
Property Insurance	103,637	106,746	109,948	113,246	116,644	120,143	123,747
R&M	42,155	43,419	44,722	46,064	47,446	48,869	50,335
Telephone Expenses	13,816	14,231	14,658	15,098	15,550	16,017	16,497
Ticket, Supplies & Misc.	107,643	110,872	114,198	117,624	121,153	124,787	128,531
Payroll & Benefits	846,372	871,763	897,916	924,853	952,599	981,177	1,010,612
Uniforms	1,574	1,621	1,670	1,720	1,771	1,824	1,879
Utilities	52,310	53,880	55,496	57,161	58,876	60,642	62,461
Parking Management	94,798	97,642	100,571	103,589	106,696	109,897	113,194
Sales and Parking Tax	221,887	228,543	235,399	242,461	249,735	257,227	264,944
KTKL Payment	119,405	122,987	126,677	130,477	0	0	0
Total Operating Expenses	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187	1,796,511	1,850,406
Net Operating Income	2,178,821	2,234,640	2,317,534	2,438,263	2,645,802	2,725,083	2,806,265
Leasing & Capital Costs							
Tenant Improvements			15,914				
Leasing Commissions			79,569				
Total Leasing & Capital Costs and Other	0	0	95,483	0	0	0	0
Cash Flow Before Debt Service & Taxes	$2,178,821	$2,234,640	$2,222,051	$2,438,263	$2,645,802	$2,725,083	$2,806,265
	9.59%	9.83%	9.78%	10.73%	11.64%	11.99%	12.35%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 810,770	$ 866,589	$ 854,001	$ 1,070,212	$ 1,277,752	$ 1,357,033	$ 1,438,215
Forfeited Potential Revenue							
Settlement Fee							
RET Income	156,430	161,123	165,957	170,938	176,064	181,346	186,786
Ground Lease Base Rent Income	105,372	115,902	118,008	118,008	118,008	118,008	129,818
Ground Lease Percentage Rent Income	100,828	103,601	107,203	111,635	114,665	117,787	121,002
Total Forfeited Potential Revenue	362,630	380,626	391,168	400,579	408,737	417,141	437,606
Total Return after Forfeited Revenue (no Debt)	1,816,190	1,854,013	1,830,883	2,037,684	2,237,065	2,307,942	2,368,659
Total Return after Debt Service and Forfeited Reve	448,140	485,963	462,833	669,634	869,015	939,892	1,000,609

Revenue/Expense Notes

Valet Parking ed $847,832 for 2014.

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES WITH ESCALATION

Schedule Of Prospective Cash Flow

ARGUS

For the Years Ending	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030	Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033
Potential Gross Revenue							
Base Rental Revenue	$435,633	$506,718	$506,718	$506,718	$506,718	$506,718	$587,424
Absorption & Turnover Vacancy	(81,993)						(97,904)
Scheduled Base Rental Revenue	353,640	506,718	506,718	506,718	506,718	506,718	489,520
CPI & Other Adjustment Revenue	44,385		15,202	30,859	46,986	63,598	
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	758	910	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	8,768	7,307
Property Insurance							
R&M	5,191	6,229	6,229	6,229	6,229	6,229	5,191
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	6,442	7,730	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	23,637	19,698
Parking Revenue							
Monthly Parking	230,343	237,253	244,371	251,702	259,253	267,031	275,042
Daily Parking	2,812,853	2,897,239	2,984,156	3,073,680	3,165,891	3,260,868	3,358,694
Valet Parking	1,505,012	1,550,162	1,596,667	1,644,567	1,693,904	1,744,721	1,797,063
Total	4,548,208	4,684,654	4,825,194	4,969,949	5,119,048	5,272,620	5,430,799
Total Potential Gross Revenue	4,965,931	5,215,009	5,370,751	5,531,163	5,696,389	5,866,573	5,940,017
General Vacancy	(173,293)	(264,218)	(272,005)	(280,026)	(288,287)	(296,796)	(206,882)
Effective Gross Revenue	4,792,638	4,950,791	5,098,746	5,251,137	5,408,102	5,569,777	5,733,135
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	7,575	7,802	8,036	8,277	8,525	8,781	9,045
Liability Insurance	72,977	75,167	77,422	79,744	82,137	84,601	87,139
Property Insurance	127,460	131,284	135,222	139,279	143,457	147,761	152,194
R&M	51,845	53,400	55,002	56,653	58,352	60,103	61,906
Telephone Expenses	16,992	17,502	18,027	18,568	19,125	19,699	20,290
Ticket, Supplies & Misc.	132,387	136,358	140,449	144,663	149,003	153,473	158,077
Payroll & Benefits	1,040,930	1,072,158	1,104,323	1,137,453	1,171,576	1,206,724	1,242,925
Uniforms	1,936	1,994	2,053	2,115	2,178	2,244	2,311
Utilities	64,335	66,265	68,253	70,301	72,410	74,582	76,819
Parking Management	116,590	120,088	123,690	127,401	131,223	135,160	139,214
Sales and Parking Tax	272,892	281,079	289,512	298,197	307,143	316,357	325,848
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	1,905,919	1,963,097	2,021,989	2,082,651	2,145,129	2,209,485	2,275,768
Net Operating Income	2,886,719	2,987,694	3,076,757	3,168,486	3,262,973	3,360,292	3,457,367
Leasing & Capital Costs							
Tenant Improvements		19,002					22,028
Leasing Commissions		95,010					110,142
Total Leasing & Capital Costs and Other	0	114,012	0	0	0	0	132,170
Cash Flow Before Debt Service & Taxes	$2,886,719	$2,873,682	$3,076,757	$3,168,486	$3,262,973	$3,360,292	$3,325,197
	12.70%	12.65%	13.54%	13.94%	14.36%	14.79%	14.63%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 1,518,669	$ 1,505,632	$ 1,708,707	$ 1,800,436	$ 1,894,923	$ 1,992,242	$ 1,957,147
Forfeited Potential Revenue							
Settlement Fee							
RET Income	192,390	198,161	204,106	210,229	216,536	223,032	229,723
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	124,596	129,784	133,298	136,917	140,644	144,484	150,456
Total Forfeited Potential Revenue	446,804	457,763	467,222	476,964	486,998	497,334	509,997
Total Return after Forfeited Revenue (no Debt)	2,439,915	2,415,919	2,609,535	2,691,522	2,775,975	2,862,958	2,815,200
Total Return after Debt Service and Forfeited Reve	1,071,865	1,047,868	1,241,484	1,323,471	1,407,924	1,494,907	1,447,149

Revenue/Expense Notes

Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES WITH ESCALATION
Schedule Of Prospective Cash Flow

ARGUS

For the Years Ending	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036	Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040
Potential Gross Revenue							
Base Rental Revenue	$587,425	$587,425	$587,425	$587,425	$665,393	$680,986	$680,986
Absorption & Turnover Vacancy					(113,498)		
Scheduled Base Rental Revenue	587,425	587,425	587,425	587,425	551,895	680,986	680,986
CPI & Other Adjustment Revenue	14,686	32,749	51,354	70,517	12,288	13,620	34,458
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	910	910	910	910	758	910	910
Liability Insurance	8,768	8,768	8,768	8,768	7,307	8,768	8,768
Property Insurance							
R&M	6,229	6,229	6,229	6,229	5,191	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	7,730	7,730	7,730	7,730	6,442	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	23,637	23,637	19,698	23,637	23,637
Parking Revenue							
Monthly Parking	283,293	291,792	300,545	309,562	318,848	328,414	338,266
Daily Parking	3,459,454	3,563,238	3,670,135	3,780,239	3,893,646	4,010,456	4,130,769
Valet Parking	1,850,974	1,906,504	1,963,699	2,022,610	2,083,288	2,145,787	2,210,160
Total	5,593,721	5,761,534	5,934,379	6,112,411	6,295,782	6,484,657	6,679,195
Total Potential Gross Revenue	6,219,469	6,405,345	6,596,795	6,793,990	6,879,663	7,202,900	7,418,276
General Vacancy	(314,441)	(323,735)	(333,307)	(343,167)	(239,050)	(363,612)	(374,381)
Effective Gross Revenue	5,905,028	6,081,610	6,263,488	6,450,823	6,640,613	6,839,288	7,043,895
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	9,316	9,595	9,883	10,180	10,485	10,800	11,124
Liability Insurance	89,753	92,445	95,219	98,075	101,018	104,048	107,170
Property Insurance	156,760	161,462	166,306	171,295	176,434	181,727	187,179
R&M	63,763	65,676	67,646	69,675	71,766	73,919	76,136
Telephone Expenses	20,899	21,525	22,171	22,836	23,521	24,227	24,954
Ticket, Supplies & Misc.	162,819	167,704	172,735	177,917	183,254	188,752	194,415
Payroll & Benefits	1,280,213	1,318,620	1,358,178	1,398,924	1,440,891	1,484,118	1,528,641
Uniforms	2,380	2,452	2,525	2,601	2,679	2,760	2,842
Utilities	79,124	81,498	83,943	86,461	89,055	91,726	94,478
Parking Management	143,391	147,693	152,123	156,687	161,388	166,229	171,216
Sales and Parking Tax	335,623	345,692	356,063	366,745	377,747	389,079	400,752
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	2,344,041	2,414,362	2,486,792	2,561,396	2,638,238	2,717,385	2,798,907
Net Operating Income	3,560,987	3,667,248	3,776,696	3,889,427	4,002,375	4,121,903	4,244,988
Leasing & Capital Costs							
Tenant Improvements					25,537		
Leasing Commissions					127,685		
Total Leasing & Capital Costs and Other	0	0	0	0	153,222	0	0
Cash Flow Before Debt Service & Taxes	$3,560,987	$3,667,248	$3,776,696	$3,889,427	$3,849,153	$4,121,903	$4,244,988
	15.67%	16.14%	16.62%	17.12%	16.94%	18.14%	18.68%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 2,192,937	$ 2,299,198	$ 2,408,646	$ 2,521,377	$ 2,481,103	$ 2,753,853	$ 2,876,938
Forfeited Potential Revenue							
Settlement Fee							
RET Income	236,615	243,713	251,025	258,556	266,312	274,302	282,531
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	154,529	158,724	163,045	167,496	174,030	179,141	184,005
Total Forfeited Potential Revenue	520,962	532,255	543,888	555,870	570,160	583,261	596,354
Total Return after Forfeited Revenue (no Debt)	3,040,025	3,134,993	3,232,808	3,333,557	3,278,993	3,538,642	3,648,634
Total Return after Debt Service and Forfeited Reve	1,671,975	1,766,942	1,864,758	1,965,507	1,910,942	2,170,592	2,280,584

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES WITH ESCALATION

Schedule Of Prospective Cash Flow

ARGUS

For the Years Ending	Year 28 Dec-2041	Year 29 Dec-2042	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047
Potential Gross Revenue							
Base Rental Revenue	$680,986	$680,986	$753,295	$789,449	$789,449	$789,449	$789,449
Absorption & Turnover Vacancy			(131,575)				
Scheduled Base Rental Revenue	680,986	680,986	621,720	789,449	789,449	789,449	789,449
CPI & Other Adjustment Revenue	55,921	78,028	28,490	11,842	35,880	60,640	86,143
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance							
R&M	6,229	6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	7,730	7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue							
Monthly Parking	348,414	358,867	369,633	380,722	392,143	403,908	416,025
Daily Parking	4,254,693	4,382,333	4,513,803	4,649,217	4,788,694	4,932,355	5,080,325
Valet Parking	2,276,465	2,344,759	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218
Total	6,879,572	7,085,959	7,298,538	7,517,494	7,743,019	7,975,310	8,214,568
Total Potential Gross Revenue	7,640,116	7,868,610	7,968,446	8,342,422	8,591,985	8,849,036	9,113,797
General Vacancy	(385,473)	(396,898)	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)
Effective Gross Revenue	7,254,643	7,471,712	7,692,130	7,921,834	8,158,918	8,403,117	8,654,640
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	11,457	11,801	12,155	12,520	12,895	13,282	13,681
Liability Insurance	110,385	113,696	117,107	120,620	124,239	127,966	131,805
Property Insurance	192,795	198,578	204,536	210,672	216,992	223,502	230,207
R&M	78,420	80,773	83,196	85,692	88,263	90,911	93,638
Telephone Expenses	25,703	26,474	27,268	28,086	28,928	29,796	30,690
Ticket, Supplies & Misc.	200,247	206,254	212,442	218,815	225,380	232,141	239,105
Payroll & Benefits	1,574,501	1,621,736	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036
Uniforms	2,928	3,015	3,106	3,199	3,295	3,394	3,496
Utilities	97,312	100,232	103,239	106,336	109,526	112,812	116,196
Parking Management	176,353	181,643	187,092	192,705	198,486	204,441	210,574
Sales and Parking Tax	412,774	425,158	437,912	451,050	464,581	478,519	492,874
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	2,882,875	2,969,360	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302
Net Operating Income	4,371,768	4,502,352	4,633,689	4,771,640	4,914,219	5,061,075	5,212,338
Leasing & Capital Costs							
Tenant Improvements			29,604				
Leasing Commissions			148,022				
Total Leasing & Capital Costs and Other	0	0	177,626	0	0	0	0
Cash Flow Before Debt Service & Taxes	$4,371,768	$4,502,352	$4,456,063	$4,771,640	$4,914,219	$5,061,075	$5,212,338
	19.24%	19.81%	19.61%	21.00%	21.62%	22.27%	22.94%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ 3,003,718	$ 3,134,302	$ 3,088,013	$ 4,771,640	$ 4,914,219	$ 5,061,075	$ 5,212,338
Forfeited Potential Revenue							
Settlement Fee							
RET Income	291,007	299,737	308,729	317,991	327,531	337,356	347,477
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	189,014	194,174	201,295	207,673	213,311	219,119	225,100
Total Forfeited Potential Revenue	609,839	623,729	639,842	655,482	670,660	686,293	702,395
Total Return after Forfeited Revenue (no Debt)	3,761,929	3,878,623	3,816,221	4,116,158	4,243,559	4,374,782	4,509,943
Total Return after Debt Service and Forfeited Reve	2,393,879	2,510,573	2,448,171	4,116,158	4,243,559	4,374,782	4,509,943

Revenue/Expense Notes

Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES WITH ESCALATION
Schedule Of Prospective Cash Flow

ARGUS

For the Years Ending		Year 35 Dec-2048	Year 36 Dec-2049
Potential Gross Revenue			
Base Rental Revenue		$852,318	$915,188
Absorption & Turnover Vacancy		(152,531)	
Scheduled Base Rental Revenue		699,787	915,188
CPI & Other Adjustment Revenue		49,541	9,152
Expense Reimbursement Revenue			
RET		0	0
Janitorial		758	910
Liability Insurance		7,307	8,768
Property Insurance			
R&M		5,191	6,229
Telephone Expenses			
Ticket, Supplies & Misc.			
Payroll & Benefits			
Uniforms			
Utilities		6,442	7,730
Total Reimbursement Revenue		19,698	23,637
Parking Revenue			
Monthly Parking		428,506	441,361
Daily Parking		5,232,735	5,389,717
Valet Parking		2,799,765	2,883,758
Total		8,461,006	8,714,836
Total Potential Gross Revenue		9,230,032	9,662,813
General Vacancy		(319,487)	(486,608)
Effective Gross Revenue		8,910,545	9,176,205
Operating Expenses			
RET		0	0
Janitorial		14,091	14,514
Liability Insurance		135,759	139,832
Property Insurance		237,113	244,226
R&M		96,447	99,341
Telephone Expenses		31,611	32,559
Ticket, Supplies & Misc.		246,279	253,667
Payroll & Benefits		1,936,437	1,994,530
Uniforms		3,601	3,709
Utilities		119,682	123,273
Parking Management		216,891	223,398
Sales and Parking Tax		507,660	522,890
KTKL Payment		0	0
Total Operating Expenses		3,545,571	3,651,939
Net Operating Income		5,364,974	5,524,266
Leasing & Capital Costs			
Tenant Improvements		34,320	
Leasing Commissions		171,598	
Total Leasing & Capital Costs and Other		205,918	0
Cash Flow Before Debt Service & Taxes		$5,159,056	$5,524,266
		==========	==========
		22.70%	24.31%
Debt Service			
100% Financing at 4.5% for 30 years	$	- $	-
Cash Flow after Debt Service	$	5,159,056 $	5,524,266
Forfeited Potential Revenue			
Settlement Fee			
RET Income		357,901	368,638
Ground Lease Base Rent Income		129,818	129,818
Ground Lease Percentage Rent Income		232,833	240,751
Total Forfeited Potential Revenue		720,552	739,207
Total Return after Forfeited Revenue (no Debt)		4,438,504	4,785,059
Total Return after Debt Service and Forfeited Rever		4,438,504	4,785,059

Revenue/Expense Notes
Valet Parking

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PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES AND FREEZE

Schedule of Prospective Cash Flow

ARGUS

For the Years Ending			Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018	Year 6 Dec-2019
Potential Gross Revenue								
Base Rental Revenue			$246,259	$246,259	$246,259	$275,839	$335,000	$335,000
Absorption & Turnover Vacancy								
Scheduled Base Rental Revenue			246,259	246,259	246,259	275,839	335,000	335,000
CPI & Other Adjustment Revenue								
Expense Reimbursement Revenue								
RET			0	0	0	0	0	0
Janitorial			661	681	701	722	744	766
Liability Insurance			6,366	6,557	6,754	6,957	7,165	7,380
Property Insurance								
R&M			4,523	4,658	4,798	4,942	5,090	5,243
Telephone Expenses								
Ticket, Supplies & Misc.								
Payroll & Benefits								
Uniforms								
Utilities			5,612	5,780	5,954	6,133	6,317	6,506
Total Reimbursement Revenue			17,162	17,676	18,207	18,754	19,316	19,895
Parking Revenue								
Monthly Parking			150,906	150,906	150,906	150,906	150,906	150,906
Daily Parking			1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking			847,832	915,659	988,911	1,068,024	1,153,466	1,188,070
Total			2,914,154	2,981,981	3,055,233	3,134,346	3,219,788	3,254,392
Total Potential Gross Revenue			3,177,575	3,245,916	3,319,699	3,428,939	3,574,104	3,609,287
General Vacancy			(161,396)	(168,064)	(175,104)	(184,020)	(194,840)	(200,183)
Effective Gross Revenue			3,016,179	3,077,852	3,144,595	3,244,919	3,379,264	3,409,104
Operating Expenses								
RET			0	0	0	0	0	0
Janitorial			5,158	5,313	5,472	5,636	5,805	5,980
Liability Insurance			49,694	51,185	52,720	54,302	55,931	57,609
Property Insurance			86,794	89,398	92,080	94,842	97,687	100,618
R&M			35,304	36,363	37,454	38,578	39,735	40,927
Telephone Expenses			11,571	11,918	12,276	12,644	13,023	13,414
Ticket, Supplies & Misc.			90,149	92,853	95,639	98,508	101,463	104,507
Payroll & Benefits			708,823	730,088	751,990	774,550	797,787	821,720
Uniforms			1,318	1,358	1,398	1,440	1,483	1,528
Utilities			43,809	45,123	46,477	47,871	49,307	50,787
Parking Management			79,392	81,774	84,227	86,754	89,356	92,037
Sales and Parking Tax			174,849	182,729	191,052	199,848	209,149	215,424
KTKL Payment			100,000	103,000	106,090	109,273	112,551	115,927
Total Operating Expenses			1,386,861	1,431,102	1,476,875	1,524,246	1,573,277	1,620,478
Net Operating Income			1,629,318	1,646,750	1,667,720	1,720,673	1,805,987	1,788,626
Leasing & Capital Costs								
Tenant Improvements								
Leasing Commissions								
Total Leasing & Capital Costs and Other			0	0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$	(22,725,000)	$1,629,318	$1,646,750	$1,667,720	$1,720,673	$1,805,987	$1,788,626
			7.17%	7.25%	7.34%	7.57%	7.95%	7.87%
Debt Service								
100% Financing at 4.5% for 30 years	$	22,500,000 $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050)
Cash Flow after Debt Service	$	(225,000) $	261,268 $	278,700 $	299,670 $	352,623 $	437,937 $	420,575
Forfeited Potential Revenue								
Settlement Fee			250,000					
RET Income			131,008	134,938	138,986	143,156	147,451	151,874
Ground Lease Base Rent Income			94,080	94,080	103,490	105,372	105,372	105,372
Ground Lease Percentage Rent Income			79,010	82,293	85,761	90,166	95,521	98,135
Total Forfeited Potential Revenue			554,098	311,311	328,237	338,694	348,344	355,381
Total Return after Forfeited Revenue (no Debt)	$	(22,725,000)	1,075,220	1,335,439	1,339,483	1,381,979	1,457,643	1,433,244
Total Return after Debt Service and Forfeited Reve	$	(225,000)	(292,830)	(32,612)	(28,568)	13,929	89,593	65,194

Revenue/Expense Notes

Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HFF projects annualiz

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Schedule of Prospective Cash Flow

For the Years Ending	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024	Year 12 Dec-2025	Year 13 Dec-2026
Potential Gross Revenue							
Base Rental Revenue	$335,000	$335,000	$364,789	$424,368	$424,368	$424,368	$424,368
Absorption & Turnover Vacancy			(70,728)				
Scheduled Base Rental Revenue	335,000	335,000	294,061	424,368	424,368	424,368	424,368
CPI & Other Adjustment Revenue				2,122	14,917	28,095	41,669
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	789	813	698	862	888	910	910
Liability Insurance	7,601	7,829	6,727	8,306	8,555	8,768	8,768
Property Insurance							
R&M	5,400	5,562	4,779	5,901	6,078	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	6,701	6,902	5,930	7,323	7,542	7,730	7,730
Total Reimbursement Revenue	20,491	21,106	18,134	22,392	23,063	23,637	23,637
Parking Revenue							
Monthly Parking	150,906	150,906	150,906	150,906	150,906	150,906	150,906
Daily Parking	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299	1,418,618	1,461,176
Total	3,290,034	3,326,746	3,364,558	3,403,505	3,443,621	3,484,940	3,527,498
Total Potential Gross Revenue	3,645,525	3,682,852	3,676,753	3,852,387	3,905,969	3,961,040	4,017,172
General Vacancy	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)	(241,628)	(248,738)
Effective Gross Revenue	3,439,839	3,471,498	3,529,508	3,624,607	3,671,356	3,719,412	3,768,434
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	6,159	6,344	6,534	6,730	6,932	7,140	7,354
Liability Insurance	59,337	61,117	62,951	64,839	66,785	68,788	70,852
Property Insurance	103,637	106,746	109,948	113,246	116,644	120,143	123,747
R&M	42,155	43,419	44,722	46,064	47,446	48,869	50,335
Telephone Expenses	13,816	14,231	14,658	15,098	15,550	16,017	16,497
Ticket, Supplies & Misc.	107,643	110,872	114,198	117,624	121,153	124,787	128,531
Payroll & Benefits	846,372	871,763	897,916	924,853	952,599	981,177	1,010,612
Uniforms	1,574	1,621	1,670	1,720	1,771	1,824	1,879
Utilities	52,310	53,880	55,496	57,161	58,876	60,642	62,461
Parking Management	94,798	97,642	100,571	103,589	106,696	109,897	113,194
Sales and Parking Tax	221,887	228,543	235,399	242,461	249,735	257,227	264,944
KTKL Payment	119,405	122,987	126,677	130,477	0	0	0
Total Operating Expenses	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187	1,796,511	1,850,406
Net Operating Income	1,770,746	1,752,333	1,758,768	1,800,745	1,927,169	1,922,901	1,918,028
Leasing & Capital Costs							
Tenant Improvements			15,914				
Leasing Commissions			79,569				
Total Leasing & Capital Costs and Other	0	0	95,483	0	0	0	0
Cash Flow Before Debt Service & Taxes	$1,770,746	$1,752,333	$1,663,285	$1,800,745	$1,927,169	$1,922,901	$1,918,028
	7.79%	7.71%	7.32%	7.92%	8.46%	8.46%	8.44%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 402,695	$ 384,282	$ 295,235	$ 432,694	$ 559,119	$ 554,851	$ 549,978
Forfeited Potential Revenue							
Settlement Fee							
RET Income	156,430	161,123	165,957	170,936	176,064	181,346	186,786
Ground Lease Base Rent Income	105,372	115,902	118,008	118,008	118,008	118,008	129,818
Ground Lease Percentage Rent Income	100,828	103,601	107,203	111,635	114,665	117,787	121,002
Total Forfeited Potential Revenue	362,630	380,626	391,168	400,579	408,737	417,141	437,606
Total Return after Forfeited Revenue (no Debt)	1,408,115	1,371,706	1,272,117	1,400,166	1,518,432	1,505,760	1,480,422
Total Return after Debt Service and Forfeited Reve	40,065	3,656	(95,933)	32,116	150,382	137,710	112,372

Revenue/Expense Notes

Valet Parking ed $847,832 for 2014.

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES AND FREEZE

Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030	Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033
Potential Gross Revenue							
Base Rental Revenue	$435,633	$506,718	$506,718	$506,718	$506,718	$506,718	$587,424
Absorption & Turnover Vacancy	(81,993)						(97,904)
Scheduled Base Rental Revenue	353,640	506,718	506,718	506,718	506,718	506,718	489,520
CPI & Other Adjustment Revenue	44,385		15,202	30,859	46,986	63,598	
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	758	910	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	8,768	7,307
Property Insurance							
R&M	5,191	6,229	6,229	6,229	6,229	6,229	5,191
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	6,442	7,730	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	23,637	19,698
Parking Revenue							
Monthly Parking	150,906	150,906	150,906	150,906	150,906	150,906	150,906
Daily Parking	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking	1,505,012	1,550,162	1,596,667	1,644,567	1,693,904	1,744,721	1,797,063
Total	3,571,334	3,616,484	3,662,989	3,710,889	3,760,226	3,811,043	3,863,385
Total Potential Gross Revenue	3,989,057	4,146,839	4,208,546	4,272,103	4,337,567	4,404,996	4,372,603
General Vacancy	(173,293)	(264,218)	(272,005)	(280,026)	(288,287)	(296,796)	(206,882)
Effective Gross Revenue	3,815,764	3,882,621	3,936,541	3,992,077	4,049,280	4,108,200	4,165,721
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	7,575	7,802	8,036	8,277	8,525	8,781	9,045
Liability Insurance	72,977	75,167	77,422	79,744	82,137	84,601	87,139
Property Insurance	127,460	131,284	135,222	139,279	143,457	147,761	152,194
R&M	51,845	53,400	55,002	56,653	58,352	60,103	61,906
Telephone Expenses	16,992	17,502	18,027	18,568	19,125	19,699	20,290
Ticket, Supplies & Misc.	132,387	136,358	140,449	144,663	149,003	153,473	158,077
Payroll & Benefits	1,040,930	1,072,158	1,104,323	1,137,453	1,171,576	1,206,724	1,242,925
Uniforms	1,936	1,994	2,053	2,115	2,178	2,244	2,311
Utilities	64,335	66,265	68,253	70,301	72,410	74,582	76,819
Parking Management	116,590	120,088	123,690	127,401	131,223	135,160	139,214
Sales and Parking Tax	272,892	281,079	289,512	298,197	307,143	316,357	325,848
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	1,905,919	1,963,097	2,021,989	2,082,651	2,145,129	2,209,485	2,275,768
Net Operating Income	1,909,845	1,919,524	1,914,552	1,909,426	1,904,151	1,898,715	1,889,953
Leasing & Capital Costs							
Tenant Improvements		19,002					22,028
Leasing Commissions		95,010					110,142
Total Leasing & Capital Costs and Other	0	114,012	0	0	0	0	132,170
Cash Flow Before Debt Service & Taxes	$1,909,845	$1,805,512	$1,914,552	$1,909,426	$1,904,151	$1,898,715	$1,757,783
	8.40%	7.95%	8.42%	8.40%	8.38%	8.36%	7.74%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 541,795	$ 437,462	$ 546,502	$ 541,376	$ 536,101	$ 530,665	$ 389,733
Forfeited Potential Revenue							
Settlement Fee							
RET Income	192,390	198,161	204,106	210,229	216,536	223,032	229,723
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	124,596	129,784	133,298	136,917	140,644	144,484	150,456
Total Forfeited Potential Revenue	446,804	457,763	467,222	476,964	486,998	497,334	509,997
Total Return after Forfeited Revenue (no Debt)	1,463,041	1,347,749	1,447,330	1,432,462	1,417,153	1,401,381	1,247,786
Total Return after Debt Service and Forfeited Reve	94,991	(20,302)	79,279	64,411	49,102	33,330	(120,265)

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES AND FREEZE

Schedule of Prospective Cash Flow

For the Years Ending	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036	Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040
Potential Gross Revenue							
Base Rental Revenue	$587,425	$587,425	$587,425	$587,425	$665,393	$680,986	$680,986
Absorption & Turnover Vacancy					(113,498)		
Scheduled Base Rental Revenue	587,425	587,425	587,425	587,425	551,895	680,986	680,986
CPI & Other Adjustment Revenue	14,686	32,749	51,354	70,517	12,288	13,620	34,458
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	910	910	910	910	758	910	910
Liability Insurance	8,768	8,768	8,768	8,768	7,307	8,768	8,768
Property Insurance							
R&M	6,229	6,229	6,229	6,229	5,191	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	7,730	7,730	7,730	7,730	6,442	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	23,637	23,637	19,698	23,637	23,637
Parking Revenue							
Monthly Parking	150,906	150,906	150,906	150,906	150,906	150,906	150,906
Daily Parking	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking	1,850,974	1,906,504	1,963,699	2,022,610	2,083,288	2,145,787	2,210,160
Total	3,917,296	3,972,826	4,030,021	4,088,932	4,149,610	4,212,109	4,276,482
Total Potential Gross Revenue	4,543,044	4,616,637	4,692,437	4,770,511	4,733,491	4,930,352	5,015,563
General Vacancy	(314,441)	(323,735)	(333,307)	(343,167)	(239,050)	(363,612)	(374,381)
Effective Gross Revenue	4,228,603	4,292,902	4,359,130	4,427,344	4,494,441	4,566,740	4,641,182
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	9,316	9,595	9,883	10,180	10,485	10,800	11,124
Liability Insurance	89,753	92,445	95,219	98,075	101,018	104,048	107,170
Property Insurance	156,760	161,462	166,306	171,295	176,434	181,727	187,179
R&M	63,763	65,676	67,646	69,675	71,766	73,919	76,136
Telephone Expenses	20,899	21,525	22,171	22,836	23,521	24,227	24,954
Ticket, Supplies & Misc.	162,819	167,704	172,735	177,917	183,254	188,752	194,415
Payroll & Benefits	1,280,213	1,318,620	1,358,178	1,398,924	1,440,891	1,484,118	1,528,641
Uniforms	2,380	2,452	2,525	2,601	2,679	2,760	2,842
Utilities	79,124	81,498	83,943	86,461	89,055	91,726	94,478
Parking Management	143,391	147,693	152,123	156,687	161,388	166,229	171,216
Sales and Parking Tax	335,623	345,692	356,063	366,745	377,747	389,079	400,752
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	2,344,041	2,414,362	2,486,792	2,561,396	2,638,238	2,717,385	2,798,907
Net Operating Income	1,884,562	1,878,540	1,872,338	1,865,948	1,856,203	1,849,355	1,842,275
Leasing & Capital Costs							
Tenant Improvements					25,537		
Leasing Commissions					127,685		
Total Leasing & Capital Costs and Other	0	0	0	0	153,222	0	0
Cash Flow Before Debt Service & Taxes	$1,884,562	$1,878,540	$1,872,338	$1,865,948	$1,702,981	$1,849,355	$1,842,275
	8.29%	8.27%	8.24%	8.21%	7.49%	8.14%	8.11%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 516,512	$ 510,490	$ 504,288	$ 497,898	$ 334,931	$ 481,305	$ 474,225
Forfeited Potential Revenue							
Settlement Fee							
RET Income	236,615	243,713	251,025	258,556	266,312	274,302	282,531
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	154,529	158,724	163,045	167,496	174,030	179,141	184,005
Total Forfeited Potential Revenue	520,962	532,255	543,888	555,870	570,160	583,261	596,354
Total Return after Forfeited Revenue (no Debt)	1,363,600	1,346,285	1,328,450	1,310,078	1,132,821	1,266,094	1,245,921
Total Return after Debt Service and Forfeited Reve	(4,450)	(21,766)	(39,600)	(57,972)	(235,230)	(101,956)	(122,129)

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES AND FREEZE

Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 28 Dec-2041	Year 29 Dec-2042	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047
Potential Gross Revenue							
Base Rental Revenue	$680,986	$680,986	$753,295	$789,449	$789,449	$789,449	$789,449
Absorption & Turnover Vacancy			(131,575)				
Scheduled Base Rental Revenue	680,986	680,986	621,720	789,449	789,449	789,449	789,449
CPI & Other Adjustment Revenue	55,921	78,028	28,490	11,842	35,880	60,640	86,143
Expense Reimbursement Revenue							
RET	0	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance							
R&M	6,229	6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities	7,730	7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue							
Monthly Parking	150,906	150,906	150,906	150,906	150,906	150,906	150,906
Daily Parking	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking	2,276,465	2,344,759	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218
Total	4,342,787	4,411,081	4,481,424	4,553,877	4,628,504	4,705,369	4,784,540
Total Potential Gross Revenue	5,103,331	5,193,732	5,151,332	5,378,805	5,477,470	5,579,095	5,683,769
General Vacancy	(385,473)	(396,898)	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)
Effective Gross Revenue	4,717,858	4,796,834	4,875,016	4,958,217	5,044,403	5,133,176	5,224,612
Operating Expenses							
RET	0	0	0	0	0	0	0
Janitorial	11,457	11,801	12,155	12,520	12,895	13,282	13,681
Liability Insurance	110,386	113,696	117,107	120,620	124,239	127,966	131,805
Property Insurance	192,795	198,578	204,536	210,672	216,992	223,502	230,207
R&M	78,420	80,773	83,196	85,692	88,263	90,911	93,638
Telephone Expenses	25,703	26,474	27,268	28,086	28,928	29,796	30,690
Ticket, Supplies & Misc.	200,247	206,254	212,442	218,815	225,380	232,141	239,105
Payroll & Benefits	1,574,501	1,621,736	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036
Uniforms	2,928	3,015	3,106	3,199	3,295	3,394	3,496
Utilities	97,312	100,232	103,239	106,336	109,526	112,812	116,196
Parking Management	176,353	181,643	187,092	192,705	198,486	204,441	210,574
Sales and Parking Tax	412,774	425,158	437,912	451,050	464,581	478,519	492,874
KTKL Payment	0	0	0	0	0	0	0
Total Operating Expenses	2,882,875	2,969,360	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302
Net Operating Income	1,834,983	1,827,474	1,810,575	1,808,023	1,799,704	1,791,134	1,782,310
Leasing & Capital Costs							
Tenant Improvements			29,604				
Leasing Commissions			148,022				
Total Leasing & Capital Costs and Other	0	0	177,626	0	0	0	0
Cash Flow Before Debt Service & Taxes	$1,634,983	$1,827,474	$1,638,949	$1,808,023	$1,799,704	$1,791,134	$1,782,310
	8.07%	8.04%	7.21%	7.96%	7.92%	7.88%	7.84%
Debt Service							
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,360,050)	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ 466,933	$ 459,424	$ 270,899	$ 1,808,023	$ 1,799,704	$ 1,791,134	$ 1,782,310
Forfeited Potential Revenue							
Settlement Fee							
RET Income	291,007	299,737	308,729	317,991	327,531	337,356	347,477
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	189,014	194,174	201,295	207,673	213,311	219,119	225,100
Total Forfeited Potential Revenue	609,839	623,729	639,842	655,482	670,660	686,293	702,395
Total Return after Forfeited Revenue (no Debt)	1,225,144	1,203,745	999,107	1,152,541	1,129,044	1,104,841	1,079,915
Total Return after Debt Service and Forfeited Reve	(142,906)	(164,305)	(368,943)	1,152,541	1,129,044	1,104,841	1,079,915

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT PARKING RATES AND FREEZE

Schedule of Prospective Cash Flow

ARCUS

For the Years Ending	Year 35 Dec-2048	Year 36 Dec-2049
Potential Gross Revenue		
Base Rental Revenue	$852,318	$915,188
Absorption & Turnover Vacancy	(152,531)	
Scheduled Base Rental Revenue	699,787	915,188
CPI & Other Adjustment Revenue	49,541	9,152
Expense Reimbursement Revenue		
RET	0	0
Janitorial	758	910
Liability Insurance	7,307	8,768
Property Insurance		
R&M	5,191	6,229
Telephone Expenses		
Ticket, Supplies & Misc.		
Payroll & Benefits		
Uniforms		
Utilities	6,442	7,730
Total Reimbursement Revenue	19,698	23,637
Parking Revenue		
Monthly Parking	150,906	150,906
Daily Parking	1,915,416	1,915,416
Valet Parking	2,799,765	2,883,758
Total	4,866,087	4,950,080
Total Potential Gross Revenue	5,635,113	5,898,057
General Vacancy	(319,487)	(486,608)
Effective Gross Revenue	5,315,626	5,411,449
Operating Expenses		
RET	0	0
Janitorial	14,091	14,514
Liability Insurance	135,759	139,832
Property Insurance	237,113	244,226
R&M	96,447	99,341
Telephone Expenses	31,611	32,559
Ticket, Supplies & Misc.	246,279	253,667
Payroll & Benefits	1,936,437	1,994,530
Uniforms	3,601	3,709
Utilities	119,682	123,273
Parking Management	216,891	223,398
Sales and Parking Tax	507,660	522,890
KTKL Payment	0	0
Total Operating Expenses	3,545,571	3,651,939
Net Operating Income	1,770,055	1,759,510
Leasing & Capital Costs		
Tenant Improvements	34,320	
Leasing Commissions	171,598	
Total Leasing & Capital Costs and Other	205,918	0
Cash Flow Before Debt Service & Taxes	$1,564,137	$1,759,510
	6.88%	7.74%
Debt Service		
100% Financing at 4.5% for 30 years	$ -	$ -
Cash Flow after Debt Service	$ 1,564,137	$ 1,759,510
Forfeited Potential Revenue		
Settlement Fee		
RET Income	357,901	368,638
Ground Lease Base Rent Income	129,818	129,818
Ground Lease Percentage Rent Income	232,833	240,751
Total Forfeited Potential Revenue	720,552	739,207
Total Return after Forfeited Revenue (no Debt)	843,585	1,020,303
Total Return after Debt Service and Forfeited Reve	843,585	1,020,303

Revenue/Expense Notes

Valet Parking

ARCUS

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Prospective Cash Flows

ARGUS

For the Years Ending			Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018
Potential Gross Revenue							
Base Rental Revenue			$246,259	$246,259	$246,259	$275,839	$335,000
Absorption & Turnover Vacancy							
Scheduled Base Rental Revenue			246,259	246,259	246,259	275,839	335,000
CPI & Other Adjustment Revenue							
Expense Reimbursement Revenue							
RET			0	0	0	0	0
Janitorial			661	681	701	722	744
Liability Insurance			6,366	6,557	6,754	6,957	7,165
Property Insurance							
R&M			4,523	4,658	4,798	4,942	5,090
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities			5,612	5,780	5,954	6,133	6,317
Total Reimbursement Revenue			17,162	17,676	18,207	18,754	19,316
Parking Revenue							
Monthly Parking			150,906	150,906	150,906	150,906	150,906
Daily Parking			1,915,416	1,915,416	1,915,416	1,915,416	1,915,416
Valet Parking			847,832	915,659	988,911	1,068,024	1,153,466
Total			2,914,154	2,981,981	3,055,233	3,134,346	3,219,788
Total Potential Gross Revenue			3,177,575	3,245,916	3,319,699	3,428,939	3,574,104
General Vacancy			(161,396)	(168,064)	(175,104)	(184,020)	(194,840)
Effective Gross Revenue			3,016,179	3,077,852	3,144,595	3,244,919	3,379,264
Operating Expenses							
RET			0	0	0	0	0
Janitorial			5,158	5,313	5,472	5,636	5,805
Liability Insurance			49,694	51,185	52,720	54,302	55,931
Property Insurance			86,794	89,398	92,080	94,842	97,687
R&M			35,304	36,363	37,454	38,578	39,735
Telephone Expenses			11,571	11,918	12,276	12,644	13,023
Ticket, Supplies & Misc.			90,149	92,853	95,639	98,508	101,463
Payroll & Benefits			708,823	730,088	751,990	774,550	797,787
Uniforms			1,318	1,358	1,398	1,440	1,483
Utilities			43,809	45,123	46,477	47,871	49,307
Parking Management			79,392	81,774	84,227	86,754	89,356
Sales and Parking Tax			174,849	182,729	191,052	199,848	209,149
KTKL Payment			100,000	103,000	106,090	109,273	112,551
Total Operating Expenses			1,386,861	1,431,102	1,476,875	1,524,246	1,573,277
Net Operating Income			1,629,318	1,646,750	1,667,720	1,720,673	1,805,987
Leasing & Capital Costs							
Tenant Improvements							
Leasing Commissions							
Total Leasing & Capital Costs and Other			0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$	(22,725,000)	$1,629,318	$1,646,750	$1,667,720	$1,720,673	$1,805,987
			7.17%	7.25%	7.34%	7.57%	7.95%
Debt Service							
100% Financing at 4.5% for 30 years	$	22,500,000	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$	(225,000)	$ 261,268	$ 278,700	$ 299,670	$ 352,623	$ 437,937
Forfeited Potential Revenue							
Settlement Fee			250,000				
RET Income			131,008	134,938	138,986	143,156	147,451
Ground Lease Base Rent Income			94,080	94,080	103,490	105,372	105,372
Ground Lease Percentage Rent Income			79,010	82,293	85,761	90,166	95,521
Total Forfeited Potential Revenue			554,098	311,311	328,237	338,694	348,344
Total Return after Forfeited Revenue (no Debt)	$	(22,725,000)	1,075,220	1,335,439	1,339,483	1,381,979	1,457,643
Total Return after Debt Service and Forfeited Revenu	$	(225,000)	(292,830)	(32,612)	(28,568)	13,929	89,593

Revenue/Expense Notes

Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HFF

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Prospective Cash Flows

For the Years Ending	Year 6 Dec-2019	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024
Potential Gross Revenue						
Base Rental Revenue	$335,000	$335,000	$335,000	$364,789	$424,368	$424,368
Absorption & Turnover Vacancy				(70,728)		
Scheduled Base Rental Revenue	335,000	335,000	335,000	294,061	424,368	424,368
CPI & Other Adjustment Revenue					2,122	14,917
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	766	789	813	698	862	888
Liability Insurance	7,380	7,601	7,829	6,727	8,306	8,555
Property Insurance						
R&M	5,243	5,400	5,562	4,779	5,901	6,078
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,506	6,701	6,902	5,930	7,323	7,542
Total Reimbursement Revenue	19,895	20,491	21,106	18,134	22,392	23,063
Parking Revenue						
Monthly Parking	150,906	150,906	150,906	150,906	150,906	165,997
Daily Parking	1,915,416	1,915,416	1,915,416	1,915,416	1,915,416	2,106,958
Valet Parking	1,188,070	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299
Total	3,254,392	3,290,034	3,326,746	3,364,558	3,403,505	3,650,253
Total Potential Gross Revenue	3,609,287	3,645,525	3,682,852	3,676,753	3,852,387	4,112,601
General Vacancy	(200,183)	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)
Effective Gross Revenue	3,409,104	3,439,839	3,471,498	3,529,508	3,624,607	3,877,988
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	5,980	6,159	6,344	6,534	6,730	6,932
Liability Insurance	57,609	59,337	61,117	62,951	64,839	66,785
Property Insurance	100,618	103,637	106,746	109,948	113,246	116,644
R&M	40,927	42,155	43,419	44,722	46,064	47,446
Telephone Expenses	13,414	13,816	14,231	14,658	15,098	15,550
Ticket, Supplies & Misc.	104,507	107,643	110,872	114,198	117,624	121,153
Payroll & Benefits	821,720	846,372	871,763	897,916	924,853	952,599
Uniforms	1,528	1,574	1,621	1,670	1,720	1,771
Utilities	50,787	52,310	53,880	55,496	57,161	58,876
Parking Management	92,037	94,798	97,642	100,571	103,589	106,696
Sales and Parking Tax	215,424	221,887	228,543	235,399	242,461	249,735
KTKL Payment	115,927	119,405	122,987	126,677	130,477	0
Total Operating Expenses	1,620,478	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187
Net Operating Income	1,788,626	1,770,746	1,752,333	1,758,768	1,800,745	2,133,801
Leasing & Capital Costs						
Tenant Improvements				15,914		
Leasing Commissions				79,569		
Total Leasing & Capital Costs and Other	0	0	0	95,483	0	0
Cash Flow Before Debt Service & Taxes	$1,788,626	$1,770,746	$1,752,333	$1,663,285	$1,800,745	$2,133,801
	7.87%	7.79%	7.71%	7.32%	7.92%	9.39%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 420,575	$ 402,695	$ 384,282	$ 295,235	$ 432,694	$ 765,751
Forfeited Potential Revenue						
Settlement Fee						
RET Income	151,874	156,430	161,123	165,957	170,936	176,064
Ground Lease Base Rent Income	105,372	105,372	115,902	118,008	118,008	118,008
Ground Lease Percentage Rent Income	98,135	100,828	103,601	107,203	111,635	114,665
Total Forfeited Potential Revenue	355,381	362,630	380,626	391,168	400,579	408,737
Total Return after Forfeited Revenue (no Debt)	1,433,244	1,408,115	1,371,706	1,272,117	1,400,166	1,725,065
Total Return after Debt Service and Forfeited Revenu	65,194	40,065	3,656	(95,933)	32,116	357,014

Revenue/Expense Notes

Valet Parking projects annualized $847,832 for 2014.

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Prospective Cash Flows

For the Years Ending	Year 12 Dec-2025	Year 13 Dec-2026	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030
Potential Gross Revenue						
Base Rental Revenue	$424,368	$424,368	$435,633	$506,718	$506,718	$506,718
Absorption & Turnover Vacancy			(81,993)			
Scheduled Base Rental Revenue	424,368	424,368	353,640	506,718	506,718	506,718
CPI & Other Adjustment Revenue	28,095	41,669	44,385		15,202	30,859
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	165,997	165,997	165,997	165,997	165,997	165,997
Daily Parking	2,106,958	2,106,958	2,106,958	2,106,958	2,106,958	2,106,958
Valet Parking	1,418,618	1,461,176	1,505,012	1,550,162	1,596,667	1,644,567
Total	3,691,572	3,734,130	3,777,966	3,823,116	3,869,621	3,917,521
Total Potential Gross Revenue	4,167,672	4,223,804	4,195,689	4,353,471	4,415,178	4,478,735
General Vacancy	(241,628)	(248,738)	(173,293)	(264,218)	(272,005)	(280,026)
Effective Gross Revenue	3,926,044	3,975,066	4,022,396	4,089,253	4,143,173	4,198,709
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	7,140	7,354	7,575	7,802	8,036	8,277
Liability Insurance	68,788	70,852	72,977	75,167	77,422	79,744
Property Insurance	120,143	123,747	127,460	131,284	135,222	139,279
R&M	48,869	50,335	51,845	53,400	55,002	56,653
Telephone Expenses	16,017	16,497	16,992	17,502	18,027	18,568
Ticket, Supplies & Misc.	124,787	128,531	132,387	136,358	140,449	144,663
Payroll & Benefits	981,177	1,010,612	1,040,930	1,072,158	1,104,323	1,137,453
Uniforms	1,824	1,879	1,936	1,994	2,053	2,115
Utilities	60,642	62,461	64,335	66,265	68,253	70,301
Parking Management	109,897	113,194	116,590	120,088	123,690	127,401
Sales and Parking Tax	257,227	264,944	272,892	281,079	289,512	298,197
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	1,796,511	1,850,406	1,905,919	1,963,097	2,021,989	2,082,651
Net Operating Income	2,129,533	2,124,660	2,116,477	2,126,156	2,121,184	2,116,058
Leasing & Capital Costs						
Tenant Improvements				19,002		
Leasing Commissions				95,010		
Total Leasing & Capital Costs and Other	0	0	0	114,012	0	0
Cash Flow Before Debt Service & Taxes	$2,129,533	$2,124,660	$2,116,477	$2,012,144	$2,121,184	$2,116,058
	9.37%	9.35%	9.31%	8.85%	9.33%	9.31%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 761,483	$ 756,610	$ 748,427	$ 644,094	$ 753,134	$ 748,008
Forfeited Potential Revenue						
Settlement Fee						
RET Income	181,346	186,786	192,390	198,161	204,106	210,229
Ground Lease Base Rent Income	118,008	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	117,787	121,002	124,596	129,784	133,298	136,917
Total Forfeited Potential Revenue	417,141	437,606	446,804	457,763	467,222	476,964
Total Return after Forfeited Revenue (no Debt)	1,712,393	1,687,054	1,669,674	1,554,381	1,653,962	1,639,094
Total Return after Debt Service and Forfeited Revenu	344,342	319,004	301,623	186,331	285,912	271,044

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Prospective Cash Flows

For the Years Ending	Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036
Potential Gross Revenue						
Base Rental Revenue	$506,718	$506,718	$587,424	$587,425	$587,425	$587,425
Absorption & Turnover Vacancy			(97,904)			
Scheduled Base Rental Revenue	506,718	506,718	489,520	587,425	587,425	587,425
CPI & Other Adjustment Revenue	46,986	63,598		14,686	32,749	51,354
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	165,997	165,997	165,997	182,596	182,596	182,596
Daily Parking	2,106,958	2,106,958	2,106,958	2,317,653	2,317,653	2,317,653
Valet Parking	1,693,904	1,744,721	1,797,063	1,850,974	1,906,504	1,963,699
Total	3,966,858	4,017,675	4,070,017	4,351,224	4,406,754	4,463,949
Total Potential Gross Revenue	4,544,199	4,611,628	4,579,235	4,976,972	5,050,565	5,126,365
General Vacancy	(288,287)	(296,796)	(206,882)	(314,441)	(323,735)	(333,307)
Effective Gross Revenue	4,255,912	4,314,832	4,372,353	4,662,531	4,726,830	4,793,058
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	8,525	8,781	9,045	9,316	9,595	9,883
Liability Insurance	82,137	84,601	87,139	89,753	92,445	95,219
Property Insurance	143,457	147,761	152,194	156,760	161,462	166,306
R&M	58,352	60,103	61,906	63,763	65,676	67,646
Telephone Expenses	19,125	19,699	20,290	20,899	21,525	22,171
Ticket, Supplies & Misc.	149,003	153,473	158,077	162,819	167,704	172,735
Payroll & Benefits	1,171,576	1,206,724	1,242,925	1,280,213	1,318,620	1,358,178
Uniforms	2,178	2,244	2,311	2,380	2,452	2,525
Utilities	72,410	74,582	76,819	79,124	81,498	83,943
Parking Management	131,223	135,160	139,214	143,391	147,693	152,123
Sales and Parking Tax	307,143	316,357	325,848	335,623	345,692	356,063
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,145,129	2,209,485	2,275,768	2,344,041	2,414,362	2,486,792
Net Operating Income	2,110,783	2,105,347	2,096,585	2,318,490	2,312,468	2,306,266
Leasing & Capital Costs						
Tenant Improvements			22,028			
Leasing Commissions			110,142			
Total Leasing & Capital Costs and Other	0	0	132,170	0	0	0
Cash Flow Before Debt Service & Taxes	$2,110,783	$2,105,347	$1,964,415	$2,318,490	$2,312,468	$2,306,266
	9.29%	9.26%	8.64%	10.20%	10.18%	10.15%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 742,733	$ 737,297	$ 596,365	$ 950,439	$ 944,417	$ 938,215
Forfeited Potential Revenue						
Settlement Fee						
RET Income	216,536	223,032	229,723	236,615	243,713	251,025
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	140,644	144,484	150,456	154,529	158,724	163,045
Total Forfeited Potential Revenue	486,998	497,334	509,997	520,962	532,255	543,888
Total Return after Forfeited Revenue (no Debt)	1,623,785	1,608,013	1,454,418	1,797,528	1,780,212	1,762,378
Total Return after Debt Service and Forfeited Revenu	255,735	239,963	86,368	429,477	412,162	394,327

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS
Schedule of Prospective Cash Flows

ARGUS

For the Years Ending	Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040	Year 28 Dec-2041	Year 29 Dec-2042
Potential Gross Revenue						
Base Rental Revenue	$587,425	$665,393	$680,986	$680,986	$680,986	$680,986
Absorption & Turnover Vacancy		(113,498)				
Scheduled Base Rental Revenue	587,425	551,895	680,986	680,986	680,986	680,986
CPI & Other Adjustment Revenue	70,517	12,288	13,620	34,458	55,921	78,028
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	758	910	910	910	910
Liability Insurance	8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance						
R&M	6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	182,596	182,596	182,596	182,596	182,596	182,596
Daily Parking	2,317,653	2,317,653	2,317,653	2,317,653	2,317,653	2,317,653
Valet Parking	2,022,610	2,083,288	2,145,787	2,210,160	2,276,465	2,344,759
Total	4,522,860	4,583,538	4,646,037	4,710,410	4,776,715	4,845,009
Total Potential Gross Revenue	5,204,439	5,167,419	5,364,280	5,449,491	5,537,259	5,627,660
General Vacancy	(343,167)	(239,050)	(363,612)	(374,381)	(385,473)	(396,898)
Effective Gross Revenue	4,861,272	4,928,369	5,000,668	5,075,110	5,151,786	5,230,762
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	10,180	10,485	10,800	11,124	11,457	11,801
Liability Insurance	98,075	101,018	104,048	107,170	110,385	113,696
Property Insurance	171,295	176,434	181,727	187,179	192,795	198,578
R&M	69,675	71,766	73,919	76,136	78,420	80,773
Telephone Expenses	22,836	23,521	24,227	24,954	25,703	26,474
Ticket, Supplies & Misc.	177,917	183,254	188,752	194,415	200,247	206,254
Payroll & Benefits	1,398,924	1,440,891	1,484,118	1,528,641	1,574,501	1,621,736
Uniforms	2,601	2,679	2,760	2,842	2,928	3,015
Utilities	86,461	89,055	91,726	94,478	97,312	100,232
Parking Management	156,687	161,388	166,229	171,216	176,353	181,643
Sales and Parking Tax	366,745	377,747	389,079	400,752	412,774	425,158
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,561,396	2,638,238	2,717,385	2,798,907	2,882,875	2,969,360
Net Operating Income	2,299,876	2,290,131	2,283,283	2,276,203	2,268,911	2,261,402
Leasing & Capital Costs						
Tenant Improvements		25,537				
Leasing Commissions		127,685				
Total Leasing & Capital Costs and Other	0	153,222	0	0	0	0
Cash Flow Before Debt Service & Taxes	$2,299,876	$2,136,909	$2,283,283	$2,276,203	$2,268,911	$2,261,402
	10.12%	9.40%	10.05%	10.02%	9.98%	9.95%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 931,825	$ 768,858	$ 915,232	$ 908,152	$ 900,860	$ 893,351
Forfeited Potential Revenue						
Settlement Fee						
RET Income	258,556	266,312	274,302	282,531	291,007	299,737
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	167,496	174,030	179,141	184,005	189,014	194,174
Total Forfeited Potential Revenue	555,870	570,160	583,261	596,354	609,839	623,729
Total Return after Forfeited Revenue (no Debt)	1,744,006	1,566,748	1,700,022	1,679,849	1,659,072	1,637,673
Total Return after Debt Service and Forfeited Revenu	375,956	198,698	331,972	311,799	291,022	269,623

Revenue/Expense Notes
Valet Parking

PELICAN GARAGE PRICING ANALYSIS - RETAIN CURRENT RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Prospective Cash Flows

For the Years Ending	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047	Year 35 Dec-2048
Potential Gross Revenue						
Base Rental Revenue	$753,295	$789,449	$789,449	$789,449	$789,449	$852,318
Absorption & Turnover Vacancy	(131,575)					(152,531)
Scheduled Base Rental Revenue	621,720	789,449	789,449	789,449	789,449	699,787
CPI & Other Adjustment Revenue	28,490	11,842	35,880	60,640	86,143	49,541
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	758	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	7,307
Property Insurance						
R&M	5,191	6,229	6,229	6,229	6,229	5,191
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,442	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	19,698
Parking Revenue						
Monthly Parking	182,596	200,856	200,856	200,856	200,856	200,856
Daily Parking	2,317,653	2,549,419	2,549,419	2,549,419	2,549,419	2,549,419
Valet Parking	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218	2,799,765
Total	4,915,352	5,237,830	5,312,457	5,389,322	5,468,493	5,550,040
Total Potential Gross Revenue	5,585,260	6,062,758	6,161,423	6,263,048	6,367,722	6,319,066
General Vacancy	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)	(319,487)
Effective Gross Revenue	5,308,944	5,642,170	5,728,356	5,817,129	5,908,565	5,999,579
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	12,155	12,520	12,895	13,282	13,681	14,091
Liability Insurance	117,107	120,620	124,239	127,966	131,805	135,759
Property Insurance	204,536	210,672	216,992	223,502	230,207	237,113
R&M	83,196	85,692	88,263	90,911	93,638	96,447
Telephone Expenses	27,268	28,086	28,928	29,796	30,690	31,611
Ticket, Supplies & Misc.	212,442	218,815	225,380	232,141	239,105	246,279
Payroll & Benefits	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036	1,936,437
Uniforms	3,106	3,199	3,295	3,394	3,496	3,601
Utilities	103,239	106,336	109,526	112,812	116,196	119,682
Parking Management	187,092	192,705	198,486	204,441	210,574	216,891
Sales and Parking Tax	437,912	451,050	464,581	478,519	492,874	507,660
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302	3,545,571
Net Operating Income	2,250,503	2,491,976	2,483,657	2,475,087	2,466,263	2,454,008
Leasing & Capital Costs						
Tenant Improvements	29,604					34,320
Leasing Commissions	148,022					171,598
Total Leasing & Capital Costs and Other	177,626	0	0	0	0	205,918
Cash Flow Before Debt Service & Taxes	$2,072,877	$2,491,976	$2,483,657	$2,475,087	$2,466,263	$2,248,090
	9.12%	10.97%	10.93%	10.89%	10.85%	9.89%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ -	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ 704,826	$ 2,491,976	$ 2,483,657	$ 2,475,087	$ 2,466,263	$ 2,248,090
Forfeited Potential Revenue						
Settlement Fee						
RET Income	308,729	317,991	327,531	337,356	347,477	357,901
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	201,295	207,673	213,311	219,119	225,100	232,833
Total Forfeited Potential Revenue	639,842	655,482	670,660	686,293	702,395	720,552
Total Return after Forfeited Revenue (no Debt)	1,433,035	1,836,494	1,812,997	1,788,793	1,763,868	1,527,537
Total Return after Debt Service and Forfeited Reveni	64,984	1,836,494	1,812,997	1,788,793	1,763,868	1,527,537

Revenue/Expense Notes

Valet Parking

ARGUS

For the Years Ending		Year 36 Dec-2049
Potential Gross Revenue		
Base Rental Revenue		$915,188
Absorption & Turnover Vacancy		
Scheduled Base Rental Revenue		915,188
CPI & Other Adjustment Revenue		9,152
Expense Reimbursement Revenue		
RET		0
Janitorial		910
Liability Insurance		8,768
Property Insurance		
R&M		6,229
Telephone Expenses		
Ticket, Supplies & Misc.		
Payroll & Benefits		
Uniforms		
Utilities		7,730
Total Reimbursement Revenue		23,637
Parking Revenue		
Monthly Parking		200,856
Daily Parking		2,549,419
Valet Parking		2,883,758
Total		5,634,033
Total Potential Gross Revenue		6,582,010
General Vacancy		(486,608)
Effective Gross Revenue		6,095,402
Operating Expenses		
RET		0
Janitorial		14,514
Liability Insurance		139,832
Property Insurance		244,226
R&M		99,341
Telephone Expenses		32,559
Ticket, Supplies & Misc.		253,667
Payroll & Benefits		1,994,530
Uniforms		3,709
Utilities		123,273
Parking Management		223,398
Sales and Parking Tax		522,890
KTKL Payment		0
Total Operating Expenses		3,651,939
Net Operating Income		2,443,463
Leasing & Capital Costs		
Tenant Improvements		
Leasing Commissions		
Total Leasing & Capital Costs and Other		0
Cash Flow Before Debt Service & Taxes		$2,443,463 ===========
		10.75%
Debt Service		
100% Financing at 4.5% for 30 years	$	-
Cash Flow after Debt Service	$	2,443,463
Forfeited Potential Revenue		
Settlement Fee		
RET Income		368,638
Ground Lease Base Rent Income		129,818
Ground Lease Percentage Rent Income		240,751
Total Forfeited Potential Revenue		739,207
Total Return after Forfeited Revenue (no Debt)		1,704,255
Total Return after Debt Service and Forfeited Revenu		1,704,255

Revenue/Expense Notes
Valet Parking

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION

Schedule of Prospective Cash Flow

ARGUS

For the Years Ending		Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018
Potential Gross Revenue						
Base Rental Revenue		$246,259	$246,259	$246,259	$275,839	$335,000
Absorption & Turnover Vacancy						
Scheduled Base Rental Revenue		246,259	248,259	246,259	275,839	335,000
CPI & Other Adjustment Revenue						
Expense Reimbursement Revenue						
RET		0	0	0	0	0
Janitorial		661	681	701	722	744
Liability Insurance		6,366	6,557	6,754	6,957	7,165
Property Insurance						
R&M		4,523	4,658	4,798	4,942	5,090
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities		5,612	5,780	5,954	6,133	6,317
Total Reimbursement Revenue		17,162	17,676	18,207	18,754	19,316
Parking Revenue						
Monthly Parking		75,453	78,471	81,610	84,875	88,270
Daily Parking		957,708	986,439	1,016,033	1,046,514	1,077,909
Valet Parking		847,832	915,659	988,911	1,068,024	1,153,466
Total		1,880,993	1,980,569	2,086,554	2,199,412	2,319,645
Total Potential Gross Revenue		2,144,414	2,244,504	2,351,020	2,494,005	2,673,961
General Vacancy		(161,396)	(168,064)	(175,104)	(184,020)	(194,840)
Effective Gross Revenue		1,983,018	2,076,440	2,175,916	2,309,985	2,479,121
Operating Expenses						
RET		0	0	0	0	0
Janitorial		5,158	5,313	5,472	5,636	5,805
Liability Insurance		49,694	51,185	52,720	54,302	55,931
Property Insurance		86,794	89,398	92,080	94,842	97,687
R&M		35,304	36,363	37,454	38,578	39,735
Telephone Expenses		11,571	11,918	12,276	12,644	13,023
Ticket, Supplies & Misc.		90,149	92,853	95,639	98,508	101,463
Payroll & Benefits		708,823	730,088	751,990	774,550	797,787
Uniforms		1,318	1,358	1,398	1,440	1,483
Utilities		43,809	45,123	46,477	47,871	49,307
Parking Management		79,392	81,774	84,227	86,754	89,356
Sales and Parking Tax		174,849	182,729	191,052	199,848	209,149
KTKL Payment		100,000	103,000	106,090	109,273	112,551
Total Operating Expenses		1,386,861	1,431,102	1,476,875	1,524,246	1,573,277
Net Operating Income		596,157	645,338	699,041	785,739	905,844
Leasing & Capital Costs and Other						
Tenant Improvements						
Leasing Commissions						
Total Leasing & Capital Costs and Other		0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$ (22,725,000)	$596,157	$645,338	$699,041	$785,739	$905,844
		2.62%	2.84%	3.08%	3.46%	3.99%
Debt Service						
100% Financing at 4.5% for 30 years	$ 22,500,000	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (225,000)	$ (771,893)	$ (722,712)	$ (669,010)	$ (582,311)	$ (462,207)
Forfeited Potential Revenue						
Settlement Fee		250,000				
RET Income		131,008	134,938	138,986	143,156	147,451
Ground Lease Base Rent Income		94,080	94,080	103,490	105,372	105,372
Ground Lease Percentage Rent Income		79,010	82,293	85,761	90,166	95,521
Total Forfeited Potential Revenue		554,098	311,311	328,237	338,694	348,344
Total Return after Forfeited Revenue (no Debt)	$ (22,725,000)	$42,059	$334,027	$370,803	$447,045	$557,500
Total Return after Debt Service and Forfeited Reven	$ (225,000)	$ (1,325,991)	$ (1,034,024)	$ (997,247)	$ (921,005)	$ (810,550)

Revenue/Expense Notes
Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HF

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION
Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 6 Dec-2019	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024
Potential Gross Revenue						
Base Rental Revenue	$335,000	$335,000	$335,000	$364,789	$424,368	$424,368
Absorption & Turnover Vacancy				(70,728)		
Scheduled Base Rental Revenue	335,000	335,000	335,000	294,061	424,368	424,368
CPI & Other Adjustment Revenue					2,122	14,917
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	766	789	813	698	862	888
Liability Insurance	7,380	7,601	7,829	6,727	8,306	8,555
Property Insurance						
R&M	5,243	5,400	5,562	4,779	5,901	6,078
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,506	6,701	6,902	5,930	7,323	7,542
Total Reimbursement Revenue	19,895	20,491	21,106	18,134	22,392	23,063
Parking Revenue						
Monthly Parking	90,918	93,645	96,455	99,348	102,329	105,398
Daily Parking	1,110,246	1,143,554	1,177,860	1,213,196	1,249,592	1,287,080
Valet Parking	1,188,070	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299
Total	2,389,234	2,460,911	2,534,739	2,610,780	2,689,103	2,769,777
Total Potential Gross Revenue	2,744,129	2,816,402	2,890,845	2,922,975	3,137,985	3,232,125
General Vacancy	(200,183)	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)
Effective Gross Revenue	2,543,946	2,610,716	2,679,491	2,775,730	2,910,205	2,997,512
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	5,980	6,159	6,344	6,534	6,730	6,932
Liability Insurance	57,609	59,337	61,117	62,951	64,839	66,785
Property Insurance	100,618	103,637	106,746	109,948	113,246	116,644
R&M	40,927	42,155	43,419	44,722	46,064	47,446
Telephone Expenses	13,414	13,816	14,231	14,658	15,098	15,550
Ticket, Supplies & Misc.	104,507	107,643	110,872	114,198	117,624	121,153
Payroll & Benefits	821,720	846,372	871,763	897,916	924,853	952,599
Uniforms	1,528	1,574	1,621	1,670	1,720	1,771
Utilities	50,787	52,310	53,880	55,496	57,161	58,876
Parking Management	92,037	94,798	97,642	100,571	103,589	106,696
Sales and Parking Tax	215,424	221,887	228,543	235,399	242,461	249,735
KTKL Payment	115,927	119,405	122,987	126,677	130,477	0
Total Operating Expenses	1,620,478	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187
Net Operating Income	923,467	941,622	960,325	1,004,990	1,086,343	1,253,325
Leasing & Capital Costs and Other						
Tenant Improvements				15,914		
Leasing Commissions				79,569		
Total Leasing & Capital Costs and Other	0	0	0	95,483	0	0
Cash Flow Before Debt Service & Taxes	$923,467	$941,622	$960,325	$909,507	$1,086,343	$1,253,325
	4.06%	4.14%	4.23%	4.00%	4.78%	5.52%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (444,583)	$ (426,428)	$ (407,725)	$ (458,543)	$ (281,708)	$ (114,726)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	151,874	156,430	161,123	165,957	170,936	176,064
Ground Lease Base Rent Income	105,372	105,372	115,902	118,008	118,008	118,008
Ground Lease Percentage Rent Income	98,135	100,828	103,601	107,203	111,635	114,665
Total Forfeited Potential Revenue	355,381	362,630	380,626	391,168	400,579	408,737
Total Return after Forfeited Revenue (no Debt)	$568,086	$578,992	$579,699	$518,339	$685,764	$844,588
Total Return after Debt Service and Forfeited Reven	$ (799,965)	$ (789,058)	$ (788,352)	$ (849,711)	$ (682,286)	$ (523,463)

Revenue/Expense Notes

Valet Parking	F projects annualized $847,832 for 2014.

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION
Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 12 Dec-2025	Year 13 Dec-2026	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030
Potential Gross Revenue						
Base Rental Revenue	$424,368	$424,368	$435,633	$506,718	$506,718	$506,718
Absorption & Turnover Vacancy			(81,993)			
Scheduled Base Rental Revenue	424,368	424,368	353,640	506,718	506,718	506,718
CPI & Other Adjustment Revenue	28,095	41,669	44,385		15,202	30,859
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	108,560	111,817	115,172	118,627	122,186	125,851
Daily Parking	1,325,692	1,365,463	1,406,427	1,448,620	1,492,078	1,536,840
Valet Parking	1,418,618	1,461,176	1,505,012	1,550,162	1,596,667	1,644,567
Total	2,852,870	2,938,456	3,026,610	3,117,408	3,210,931	3,307,258
Total Potential Gross Revenue	3,328,970	3,428,130	3,444,333	3,647,763	3,756,488	3,868,472
General Vacancy	(241,628)	(248,738)	(173,293)	(264,218)	(272,005)	(280,026)
Effective Gross Revenue	3,087,342	3,179,392	3,271,040	3,383,545	3,484,483	3,588,446
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	7,140	7,354	7,575	7,802	8,036	8,277
Liability Insurance	68,788	70,852	72,977	75,167	77,422	79,744
Property Insurance	120,143	123,747	127,460	131,284	135,222	139,279
R&M	48,869	50,335	51,845	53,400	55,002	56,653
Telephone Expenses	16,017	16,497	16,992	17,502	18,027	18,568
Ticket, Supplies & Misc.	124,787	128,531	132,387	136,358	140,449	144,663
Payroll & Benefits	981,177	1,010,612	1,040,930	1,072,158	1,104,323	1,137,453
Uniforms	1,824	1,879	1,936	1,994	2,053	2,115
Utilities	60,642	62,461	64,335	66,265	68,253	70,301
Parking Management	109,897	113,194	116,590	120,088	123,690	127,401
Sales and Parking Tax	257,227	264,944	272,892	281,079	289,512	298,197
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	1,796,511	1,850,406	1,905,919	1,963,097	2,021,989	2,082,651
Net Operating Income	1,290,831	1,328,986	1,365,121	1,420,448	1,462,494	1,505,795
Leasing & Capital Costs and Other						
Tenant Improvements				19,002		
Leasing Commissions				95,010		
Total Leasing & Capital Costs and Other	0	0	0	114,012	0	0
Cash Flow Before Debt Service & Taxes	$1,290,831	$1,328,986	$1,365,121	$1,306,436	$1,462,494	$1,505,795
	===========	===========	===========	===========	===========	===========
	5.68%	5.85%	6.01%	5.75%	6.44%	6.63%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (77,219)	$ (39,065)	$ (2,929)	$ (61,614)	$ 94,443	$ 137,745
Forfeited Potential Revenue						
Settlement Fee						
RET Income	181,346	186,786	192,390	198,161	204,106	210,229
Ground Lease Base Rent Income	118,008	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	117,787	121,002	124,596	129,784	133,298	136,917
Total Forfeited Potential Revenue	417,141	437,606	446,804	457,763	467,222	476,964
Total Return after Forfeited Revenue (no Debt)	$873,690	$891,380	$918,317	$848,673	$995,271	$1,028,831
Total Return after Debt Service and Forfeited Reven	$ (494,360)	$ (476,671)	$ (449,733)	$ (519,378)	$ (372,779)	$ (339,220)

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION
Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036
Potential Gross Revenue						
Base Rental Revenue	$506,718	$506,718	$587,424	$587,425	$587,425	$587,425
Absorption & Turnover Vacancy			(97,904)			
Scheduled Base Rental Revenue	506,718	506,718	489,520	587,425	587,425	587,425
CPI & Other Adjustment Revenue	46,986	63,598		14,686	32,749	51,354
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	129,627	133,516	137,521	141,647	145,896	150,273
Daily Parking	1,582,946	1,630,434	1,679,347	1,729,727	1,781,619	1,835,068
Valet Parking	1,693,904	1,744,721	1,797,063	1,850,974	1,906,504	1,963,699
Total	3,406,476	3,508,671	3,613,931	3,722,348	3,834,019	3,949,039
Total Potential Gross Revenue	3,983,817	4,102,624	4,123,149	4,348,096	4,477,830	4,611,455
General Vacancy	(288,287)	(296,796)	(206,882)	(314,441)	(323,735)	(333,307)
Effective Gross Revenue	3,695,530	3,805,828	3,916,267	4,033,655	4,154,095	4,278,148
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	8,525	8,781	9,045	9,316	9,595	9,883
Liability Insurance	82,137	84,601	87,139	89,753	92,445	95,219
Property Insurance	143,457	147,761	152,194	156,760	161,462	166,306
R&M	58,352	60,103	61,906	63,763	65,676	67,646
Telephone Expenses	19,125	19,699	20,290	20,899	21,525	22,171
Ticket, Supplies & Misc.	149,003	153,473	158,077	162,819	167,704	172,735
Payroll & Benefits	1,171,576	1,206,724	1,242,925	1,280,213	1,318,620	1,358,178
Uniforms	2,178	2,244	2,311	2,380	2,452	2,525
Utilities	72,410	74,582	76,819	79,124	81,498	83,943
Parking Management	131,223	135,160	139,214	143,391	147,693	152,123
Sales and Parking Tax	307,143	316,357	325,848	335,623	345,692	356,063
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,145,129	2,209,485	2,275,768	2,344,041	2,414,362	2,486,792
Net Operating Income	1,550,401	1,596,343	1,640,499	1,689,614	1,739,733	1,791,356
Leasing & Capital Costs and Other						
Tenant Improvements			22,028			
Leasing Commissions			110,142			
Total Leasing & Capital Costs and Other	0	0	132,170	0	0	0
Cash Flow Before Debt Service & Taxes	$1,550,401	$1,596,343	$1,508,329	$1,689,614	$1,739,733	$1,791,356
	6.82%	7.02%	6.64%	7.44%	7.66%	7.88%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 182,351	$ 228,292	$ 140,279	$ 321,563	$ 371,683	$ 423,306
Forfeited Potential Revenue						
Settlement Fee						
RET Income	216,536	223,032	229,723	236,615	243,713	251,025
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	140,644	144,484	150,456	154,529	158,724	163,045
Total Forfeited Potential Revenue	486,998	497,334	509,997	520,962	532,255	543,888
Total Return after Forfeited Revenue (no Debt)	$1,063,403	$1,099,008	$998,332	$1,168,652	$1,207,478	$1,247,468
Total Return after Debt Service and Forfeited Reven	$ (304,648)	$ (269,042)	$ (369,719)	$ (199,399)	$ (160,573)	$ (120,582)

Revenue/Expense Notes
Valet Parking

ARGUS

For the Years Ending	Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040	Year 28 Dec-2041	Year 29 Dec-2042
Potential Gross Revenue						
Base Rental Revenue	$587,425	$665,393	$680,986	$680,986	$680,986	$680,986
Absorption & Turnover Vacancy		(113,498)				
Scheduled Base Rental Revenue	587,425	551,895	680,986	680,986	680,986	680,986
CPI & Other Adjustment Revenue	70,517	12,288	13,620	34,458	55,921	78,028
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	758	910	910	910	910
Liability Insurance	8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance						
R&M	6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	154,781	159,424	164,207	169,133	174,207	179,434
Daily Parking	1,890,120	1,946,823	2,005,228	2,065,385	2,127,347	2,191,167
Valet Parking	2,022,610	2,083,288	2,145,787	2,210,160	2,276,465	2,344,759
Total	4,067,511	4,189,535	4,315,222	4,444,678	4,578,019	4,715,359
Total Potential Gross Revenue	4,749,090	4,773,416	5,033,465	5,183,759	5,338,563	5,498,010
General Vacancy	(343,167)	(239,050)	(363,612)	(374,381)	(385,473)	(396,898)
Effective Gross Revenue	4,405,923	4,534,366	4,669,853	4,809,378	4,953,090	5,101,112
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	10,180	10,485	10,800	11,124	11,457	11,801
Liability Insurance	98,075	101,018	104,048	107,170	110,385	113,696
Property Insurance	171,295	176,434	181,727	187,179	192,795	198,578
R&M	69,675	71,766	73,919	76,136	78,420	80,773
Telephone Expenses	22,836	23,521	24,227	24,954	25,703	26,474
Ticket, Supplies & Misc.	177,917	183,254	188,752	194,415	200,247	206,254
Payroll & Benefits	1,398,924	1,440,891	1,484,118	1,528,641	1,574,501	1,621,736
Uniforms	2,601	2,679	2,760	2,842	2,928	3,015
Utilities	86,461	89,055	91,726	94,478	97,312	100,232
Parking Management	156,687	161,388	166,229	171,216	176,353	181,643
Sales and Parking Tax	366,745	377,747	389,079	400,752	412,774	425,158
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,561,396	2,638,238	2,717,385	2,798,907	2,882,875	2,969,360
Net Operating Income	1,844,527	1,896,128	1,952,468	2,010,471	2,070,215	2,131,752
Leasing & Capital Costs and Other						
Tenant Improvements		25,537				
Leasing Commissions		127,685				
Total Leasing & Capital Costs and Other	0	153,222	0	0	0	0
Cash Flow Before Debt Service & Taxes	$1,844,527	$1,742,906	$1,952,468	$2,010,471	$2,070,215	$2,131,752
	8.12%	7.67%	8.59%	8.85%	9.11%	9.38%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ 476,476	$ 374,856	$ 584,418	$ 642,420	$ 702,164	$ 763,702
Forfeited Potential Revenue						
Settlement Fee						
RET Income	258,556	266,312	274,302	282,531	291,007	299,737
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	167,496	174,030	179,141	184,005	189,014	194,174
Total Forfeited Potential Revenue	555,870	570,160	583,261	596,354	609,839	623,729
Total Return after Forfeited Revenue (no Debt)	$1,288,657	$1,172,746	$1,369,207	$1,414,117	$1,460,376	$1,508,023
Total Return after Debt Service and Forfeited Reven	$ (79,394)	$ (195,305)	$ 1,157	$ 46,066	$ 92,325	$ 139,973

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION
Schedule of Prospective Cash Flow

ARGUS

For the Years Ending	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047	Year 35 Dec-2048
Potential Gross Revenue						
Base Rental Revenue	$753,295	$789,449	$789,449	$789,449	$789,449	$852,318
Absorption & Turnover Vacancy	(131,575)					(152,531)
Scheduled Base Rental Revenue	621,720	789,449	789,449	789,449	789,449	699,787
CPI & Other Adjustment Revenue	28,490	11,842	35,880	60,640	86,143	49,541
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	758	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	7,307
Property Insurance						
R&M	5,191	6,229	6,229	6,229	6,229	5,191
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,442	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	19,698
Parking Revenue						
Monthly Parking	184,817	190,361	196,072	201,954	208,013	214,253
Daily Parking	2,256,902	2,324,609	2,394,347	2,466,178	2,540,163	2,616,368
Valet Parking	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218	2,799,765
Total	4,856,820	5,002,525	5,152,601	5,307,179	5,466,393	5,630,386
Total Potential Gross Revenue	5,526,728	5,827,453	6,001,567	6,180,905	6,365,622	6,399,412
General Vacancy	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)	(319,487)
Effective Gross Revenue	5,250,412	5,406,865	5,568,500	5,734,986	5,906,465	6,079,925
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	12,155	12,520	12,895	13,282	13,681	14,091
Liability Insurance	117,107	120,620	124,239	127,966	131,805	135,759
Property Insurance	204,536	210,672	216,992	223,502	230,207	237,113
R&M	83,196	85,692	88,263	90,911	93,638	96,447
Telephone Expenses	27,268	28,086	28,928	29,796	30,690	31,611
Ticket, Supplies & Misc.	212,442	218,815	225,380	232,141	239,105	246,279
Payroll & Benefits	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036	1,936,437
Uniforms	3,106	3,199	3,295	3,394	3,496	3,601
Utilities	103,239	106,336	109,526	112,812	116,196	119,682
Parking Management	187,092	192,705	198,486	204,441	210,574	216,891
Sales and Parking Tax	437,912	451,050	464,581	478,519	492,874	507,660
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302	3,545,571
Net Operating Income	2,191,971	2,256,671	2,323,801	2,392,944	2,464,163	2,534,354
Leasing & Capital Costs and Other						
Tenant Improvements	29,604					34,320
Leasing Commissions	148,022					171,598
Total Leasing & Capital Costs and Other	177,626	0	0	0	0	205,918
Cash Flow Before Debt Service & Taxes	$2,014,345	$2,256,671	$2,323,801	$2,392,944	$2,464,163	$2,328,436
	8.86%	9.93%	10.23%	10.53%	10.84%	10.25%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ -	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ 646,295	$ 2,256,671	$ 2,323,801	$ 2,392,944	$ 2,464,163	$ 2,328,436
Forfeited Potential Revenue						
Settlement Fee						
RET Income	308,729	317,991	327,531	337,356	347,477	357,901
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	201,295	207,673	213,311	219,119	225,100	232,833
Total Forfeited Potential Revenue	639,842	655,482	670,660	686,293	702,395	720,552
Total Return after Forfeited Revenue (no Debt)	$1,374,503	$1,601,189	$1,653,141	$1,706,650	$1,761,768	$1,607,883
Total Return after Debt Service and Forfeited Reven	$ 6,453	$ 1,601,189	$ 1,653,141	$ 1,706,650	$ 1,761,768	$ 1,607,883

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES WITH ESCALATION
Schedule of Prospective Cash Flow

For the Years Ending		Year 36 Dec-2049
Potential Gross Revenue		
Base Rental Revenue		$915,188
Absorption & Turnover Vacancy		
Scheduled Base Rental Revenue		915,188
CPI & Other Adjustment Revenue		9,152
Expense Reimbursement Revenue		
RET		0
Janitorial		910
Liability Insurance		8,768
Property Insurance		
R&M		6,229
Telephone Expenses		
Ticket, Supplies & Misc.		
Payroll & Benefits		
Uniforms		
Utilities		7,730
Total Reimbursement Revenue		23,637
Parking Revenue		
Monthly Parking		220,681
Daily Parking		2,694,859
Valet Parking		2,883,758
Total		5,799,297
Total Potential Gross Revenue		6,747,274
General Vacancy		(486,608)
Effective Gross Revenue		6,260,666
Operating Expenses		
RET		0
Janitorial		14,514
Liability Insurance		139,832
Property Insurance		244,226
R&M		99,341
Telephone Expenses		32,559
Ticket, Supplies & Misc.		253,667
Payroll & Benefits		1,994,530
Uniforms		3,709
Utilities		123,273
Parking Management		223,398
Sales and Parking Tax		522,890
KTKL Payment		0
Total Operating Expenses		3,651,939
Net Operating Income		2,608,727
Leasing & Capital Costs and Other		
Tenant Improvements		
Leasing Commissions		
Total Leasing & Capital Costs and Other		0
Cash Flow Before Debt Service & Taxes		$2,608,727 ===========
		11.48%
Debt Service		
100% Financing at 4.5% for 30 years	$	-
Cash Flow after Debt Service	$	2,608,727
Forfeited Potential Revenue		
Settlement Fee		
RET Income		368,638
Ground Lease Base Rent Income		129,818
Ground Lease Percentage Rent Income		240,751
Total Forfeited Potential Revenue		739,207
Total Return after Forfeited Revenue (no Debt)		$1,869,520
Total Return after Debt Service and Forfeited Reven	$	1,869,520

Revenue/Expense Notes
Valet Parking

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE
Schedule of Prospective Cash Flows

ARGUS

For the Years Ending			Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018
Potential Gross Revenue							
Base Rental Revenue			$246,259	$246,259	$246,259	$275,839	$335,000
Absorption & Turnover Vacancy							
Scheduled Base Rental Revenue			246,259	246,259	246,259	275,839	335,000
CPI & Other Adjustment Revenue							
Expense Reimbursement Revenue							
RET			0	0	0	0	0
Janitorial			661	681	701	722	744
Liability Insurance			6,366	6,557	6,754	6,957	7,165
Property Insurance							
R&M			4,523	4,658	4,798	4,942	5,090
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities			5,612	5,780	5,954	6,133	6,317
Total Reimbursement Revenue			17,162	17,676	18,207	18,754	19,316
Parking Revenue							
Monthly Parking			75,453	75,453	75,453	75,453	75,453
Daily Parking			957,708	957,708	957,708	957,708	957,708
Valet Parking			847,832	915,659	988,911	1,068,024	1,153,466
Total			1,880,993	1,948,820	2,022,072	2,101,185	2,186,627
Total Potential Gross Revenue			2,144,414	2,212,755	2,286,538	2,395,778	2,540,943
General Vacancy			(161,396)	(168,064)	(175,104)	(184,020)	(194,840)
Effective Gross Revenue			1,983,018	2,044,691	2,111,434	2,211,758	2,346,103
Operating Expenses							
RET			0	0	0	0	0
Janitorial			5,158	5,313	5,472	5,636	5,805
Liability Insurance			49,694	51,185	52,720	54,302	55,931
Property Insurance			86,794	89,398	92,080	94,842	97,687
R&M			35,304	36,363	37,454	38,578	39,735
Telephone Expenses			11,571	11,918	12,276	12,644	13,023
Ticket, Supplies & Misc.			90,149	92,853	95,639	98,508	101,463
Payroll & Benefits			708,823	730,088	751,990	774,550	797,787
Uniforms			1,318	1,358	1,398	1,440	1,483
Utilities			43,809	45,123	46,477	47,871	49,307
Parking Management			79,392	81,774	84,227	86,754	89,356
Sales and Parking Tax			174,849	182,729	191,052	199,848	209,149
KTKL Payment			100,000	103,000	106,090	109,273	112,551
Total Operating Expenses			1,386,861	1,431,102	1,476,875	1,524,246	1,573,277
Net Operating Income			596,157	613,589	634,559	687,512	772,826
Leasing & Capital Costs and Other							
Tenant Improvements							
Leasing Commissions							
Total Leasing & Capital Costs and Other			0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$	(22,725,000)	$596,157	$613,589	$634,559	$687,512	$772,826
			2.62%	2.70%	2.79%	3.03%	3.40%
Debt Service							
100% Financing at 4.5% for 30 years	$	22,500,000 $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050)
Cash Flow after Debt Service	$	(225,000) $	(771,893) $	(754,461) $	(733,491) $	(680,538) $	(595,224)
Forfeited Potential Revenue							
Settlement Fee			250,000				
RET Income			131,008	134,938	138,986	143,156	147,451
Ground Lease Base Rent Income			94,080	94,080	103,490	105,372	105,372
Ground Lease Percentage Rent Income			79,010	82,293	85,761	90,166	95,521
Total Forfeited Potential Revenue			554,098	311,311	328,237	338,694	348,344
Total Return after Forfeited Revenue (no Debt)	$	(22,725,000)	$42,059	$302,278	$306,322	$348,818	$424,482
Total Return after Debt Service and Forfeited Revenu	$	(225,000) $	(1,325,991) $	(1,065,773) $	(1,061,729) $	(1,019,232) $	(943,568)

Revenue/Expense Notes
Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HFF

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE

Schedule of Prospective Cash Flows

For the Years Ending	Year 6 Dec-2019	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024
Potential Gross Revenue						
Base Rental Revenue	$335,000	$335,000	$335,000	$364,789	$424,368	$424,368
Absorption & Turnover Vacancy				(70,728)		
Scheduled Base Rental Revenue	335,000	335,000	335,000	294,061	424,368	424,368
CPI & Other Adjustment Revenue					2,122	14,917
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	766	789	813	698	862	888
Liability Insurance	7,380	7,601	7,829	6,727	8,306	8,555
Property Insurance						
R&M	5,243	5,400	5,562	4,779	5,901	6,078
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,506	6,701	6,902	5,930	7,323	7,542
Total Reimbursement Revenue	19,895	20,491	21,106	18,134	22,392	23,063
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	75,453
Daily Parking	957,708	957,708	957,708	957,708	957,708	957,708
Valet Parking	1,188,070	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299
Total	2,221,231	2,256,873	2,293,585	2,331,397	2,370,344	2,410,460
Total Potential Gross Revenue	2,576,126	2,612,364	2,649,691	2,643,592	2,819,226	2,872,808
General Vacancy	(200,183)	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)
Effective Gross Revenue	2,375,943	2,406,678	2,438,337	2,496,347	2,591,446	2,638,195
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	5,980	6,159	6,344	6,534	6,730	6,932
Liability Insurance	57,609	59,337	61,117	62,951	64,839	66,785
Property Insurance	100,618	103,637	106,746	109,948	113,246	116,644
R&M	40,927	42,155	43,419	44,722	46,064	47,446
Telephone Expenses	13,414	13,816	14,231	14,658	15,098	15,550
Ticket, Supplies & Misc.	104,507	107,643	110,872	114,198	117,624	121,153
Payroll & Benefits	821,720	846,372	871,763	897,916	924,853	952,599
Uniforms	1,528	1,574	1,621	1,670	1,720	1,771
Utilities	50,787	52,310	53,880	55,496	57,161	58,876
Parking Management	92,037	94,798	97,642	100,571	103,589	106,696
Sales and Parking Tax	215,424	221,887	228,543	235,399	242,461	249,735
KTKL Payment	115,927	119,405	122,987	126,677	130,477	0
Total Operating Expenses	1,620,478	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187
Net Operating Income	755,465	737,585	719,172	725,607	767,584	894,008
Leasing & Capital Costs and Other						
Tenant Improvements				15,914		
Leasing Commissions				79,569		
Total Leasing & Capital Costs and Other	0	0	0	95,483	0	0
Cash Flow Before Debt Service & Taxes	$755,465	$737,585	$719,172	$630,124	$767,584	$894,008
	3.32%	3.25%	3.16%	2.77%	3.38%	3.93%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (612,586)	$ (630,466)	$ (648,879)	$ (737,926)	$ (600,467)	$ (474,042)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	151,874	156,430	161,123	165,957	170,936	176,064
Ground Lease Base Rent Income	105,372	105,372	115,902	118,008	118,008	118,008
Ground Lease Percentage Rent Income	98,135	100,828	103,601	107,203	111,635	114,665
Total Forfeited Potential Revenue	355,381	362,630	380,626	391,168	400,579	408,737
Total Return after Forfeited Revenue (no Debt)	$400,083	$374,954	$338,545	$238,956	$367,005	$485,271
Total Return after Debt Service and Forfeited Revenu	$ (967,967)	$ (993,096)	$ (1,029,505)	$ (1,129,094)	$ (1,001,045)	$ (882,779)

Revenue/Expense Notes

Valet Parking = projects annualized $847,832 for 2014.

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE

Schedule of Prospective Cash Flows

ARGUS

For the Years Ending	Year 12 Dec-2025	Year 13 Dec-2026	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030
Potential Gross Revenue						
Base Rental Revenue	$424,368	$424,368	$435,633	$506,718	$506,718	$506,718
Absorption & Turnover Vacancy			(81,993)			
Scheduled Base Rental Revenue	424,368	424,368	353,640	506,718	506,718	506,718
CPI & Other Adjustment Revenue	28,095	41,869	44,385		15,202	30,859
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	75,453
Daily Parking	957,708	957,708	957,708	957,708	957,708	957,708
Valet Parking	1,418,618	1,461,176	1,505,012	1,550,162	1,596,667	1,644,567
Total	2,451,779	2,494,337	2,538,173	2,583,323	2,629,828	2,677,728
Total Potential Gross Revenue	2,927,879	2,984,011	2,955,896	3,113,678	3,175,385	3,238,942
General Vacancy	(241,628)	(248,738)	(173,293)	(264,218)	(272,005)	(280,026)
Effective Gross Revenue	2,686,251	2,735,273	2,782,603	2,849,460	2,903,380	2,958,916
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	7,140	7,354	7,575	7,802	8,036	8,277
Liability Insurance	68,788	70,852	72,977	75,167	77,422	79,744
Property Insurance	120,143	123,747	127,460	131,284	135,222	139,279
R&M	48,869	50,335	51,845	53,400	55,002	56,653
Telephone Expenses	16,017	16,497	16,992	17,502	18,027	18,568
Ticket, Supplies & Misc.	124,787	128,531	132,387	136,358	140,449	144,663
Payroll & Benefits	981,177	1,010,612	1,040,930	1,072,158	1,104,323	1,137,453
Uniforms	1,824	1,879	1,936	1,994	2,053	2,115
Utilities	60,642	62,461	64,335	66,265	68,253	70,301
Parking Management	109,897	113,194	116,590	120,088	123,690	127,401
Sales and Parking Tax	257,227	264,944	272,892	281,079	289,512	298,197
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	1,796,511	1,850,406	1,905,919	1,963,097	2,021,989	2,082,651
Net Operating Income	889,740	884,867	876,684	886,363	881,391	876,265
Leasing & Capital Costs and Other						
Tenant Improvements				19,002		
Leasing Commissions				95,010		
Total Leasing & Capital Costs and Other	0	0	0	114,012	0	0
Cash Flow Before Debt Service & Taxes	$889,740	$884,867	$876,684	$772,351	$881,391	$876,265
	3.92%	3.89%	3.86%	3.40%	3.88%	3.86%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (478,310)	$ (483,183)	$ (491,366)	$ (595,699)	$ (486,659)	$ (491,785)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	181,346	186,786	192,390	198,161	204,106	210,229
Ground Lease Base Rent Income	118,008	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	117,787	121,002	124,596	129,784	133,298	136,917
Total Forfeited Potential Revenue	417,141	437,606	446,804	457,763	467,222	476,964
Total Return after Forfeited Revenue (no Debt)	$472,599	$447,261	$429,880	$314,588	$414,169	$399,301
Total Return after Debt Service and Forfeited Revenu	$ (895,451)	$ (920,789)	$ (938,170)	$ (1,053,463)	$ (953,882)	$ (968,750)

Revenue/Expense Notes

Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE
Schedule of Prospective Cash Flows

ARGUS

For the Years Ending	Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036
Potential Gross Revenue						
Base Rental Revenue	$506,718	$506,718	$587,424	$587,425	$587,425	$587,425
Absorption & Turnover Vacancy			(97,904)			
Scheduled Base Rental Revenue	506,718	506,718	489,520	587,425	587,425	587,425
CPI & Other Adjustment Revenue	46,986	63,698		14,686	32,749	51,354
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	75,453
Daily Parking	957,708	957,708	957,708	957,708	957,708	957,708
Valet Parking	1,693,904	1,744,721	1,797,063	1,850,974	1,906,504	1,963,699
Total	2,727,065	2,777,882	2,830,224	2,884,135	2,939,665	2,996,860
Total Potential Gross Revenue	3,304,406	3,371,835	3,339,442	3,509,883	3,583,476	3,659,276
General Vacancy	(288,287)	(296,796)	(206,882)	(314,441)	(323,735)	(333,307)
Effective Gross Revenue	3,016,119	3,075,039	3,132,560	3,195,442	3,259,741	3,325,969
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	8,525	8,781	9,045	9,316	9,595	9,883
Liability Insurance	82,137	84,601	87,139	89,753	92,445	95,219
Property Insurance	143,457	147,761	152,194	156,760	161,462	166,306
R&M	58,352	60,103	61,906	63,763	65,676	67,646
Telephone Expenses	19,125	19,699	20,290	20,899	21,525	22,171
Ticket, Supplies & Misc.	149,003	153,473	158,077	162,819	167,704	172,735
Payroll & Benefits	1,171,576	1,206,724	1,242,925	1,280,213	1,318,620	1,358,178
Uniforms	2,178	2,244	2,311	2,380	2,452	2,525
Utilities	72,410	74,582	76,819	79,124	81,498	83,943
Parking Management	131,223	135,160	139,214	143,391	147,693	152,123
Sales and Parking Tax	307,143	316,357	325,848	335,623	345,692	356,063
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,145,129	2,209,485	2,275,768	2,344,041	2,414,362	2,486,792
Net Operating Income	870,990	865,554	856,792	851,401	845,379	839,177
Leasing & Capital Costs and Other						
Tenant Improvements			22,028			
Leasing Commissions			110,142			
Total Leasing & Capital Costs and Other	0	0	132,170	0	0	0
Cash Flow Before Debt Service & Taxes	$870,990	$865,554	$724,622	$851,401	$845,379	$839,177
	3.83%	3.81%	3.19%	3.75%	3.72%	3.69%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (497,060)	$ (502,496)	$ (643,428)	$ (516,649)	$ (522,671)	$ (528,873)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	216,536	223,032	229,723	236,615	243,713	251,025
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	140,644	144,484	150,456	154,529	158,724	163,045
Total Forfeited Potential Revenue	486,998	497,334	509,997	520,962	532,255	543,888
Total Return after Forfeited Revenue (no Debt)	$383,992	$368,220	$214,625	$330,439	$313,124	$295,289
Total Return after Debt Service and Forfeited Revenu	$ (984,059)	$ (999,831)	$ (1,153,426)	$ (1,037,611)	$ (1,054,927)	$ (1,072,761)

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE

Schedule of Prospective Cash Flows

ARGUS

For the Years Ending	Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040	Year 28 Dec-2041	Year 29 Dec-2042
Potential Gross Revenue						
Base Rental Revenue	$587,425	$665,393	$680,986	$680,986	$680,986	$680,986
Absorption & Turnover Vacancy		(113,498)				
Scheduled Base Rental Revenue	587,425	551,895	680,986	680,986	680,986	680,986
CPI & Other Adjustment Revenue	70,517	12,288	13,620	34,458	55,921	78,028
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	758	910	910	910	910
Liability Insurance	8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance						
R&M	6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	75,453
Daily Parking	957,708	957,708	957,708	957,708	957,708	957,708
Valet Parking	2,022,610	2,083,288	2,145,787	2,210,160	2,276,465	2,344,759
Total	3,055,771	3,116,449	3,178,948	3,243,321	3,309,626	3,377,920
Total Potential Gross Revenue	3,737,350	3,700,330	3,897,191	3,982,402	4,070,170	4,160,571
General Vacancy	(343,167)	(239,050)	(363,612)	(374,381)	(385,473)	(396,898)
Effective Gross Revenue	3,394,183	3,461,280	3,533,579	3,608,021	3,684,697	3,763,673
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	10,180	10,485	10,800	11,124	11,457	11,801
Liability Insurance	98,075	101,018	104,048	107,170	110,385	113,696
Property Insurance	171,295	176,434	181,727	187,179	192,795	198,578
R&M	69,675	71,766	73,919	76,136	78,420	80,773
Telephone Expenses	22,836	23,521	24,227	24,954	25,703	26,474
Ticket, Supplies & Misc.	177,917	183,254	188,752	194,415	200,247	206,254
Payroll & Benefits	1,398,924	1,440,891	1,484,118	1,528,641	1,574,501	1,621,736
Uniforms	2,601	2,679	2,760	2,842	2,928	3,015
Utilities	86,461	89,055	91,726	94,478	97,312	100,232
Parking Management	156,687	161,388	166,229	171,216	176,353	181,643
Sales and Parking Tax	366,745	377,747	389,079	400,752	412,774	425,158
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	2,561,396	2,638,238	2,717,385	2,798,907	2,882,875	2,969,360
Net Operating Income	832,787	823,042	816,194	809,114	801,822	794,313
Leasing & Capital Costs and Other						
Tenant Improvements		25,537				
Leasing Commissions		127,685				
Total Leasing & Capital Costs and Other	0	153,222	0	0	0	0
Cash Flow Before Debt Service & Taxes	$832,787	$669,820	$816,194	$809,114	$801,822	$794,313
	3.66%	2.95%	3.59%	3.56%	3.53%	3.50%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (535,263)	$ (698,230)	$ (551,856)	$ (558,936)	$ (566,228)	$ (573,737)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	258,556	266,312	274,302	282,531	291,007	299,737
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	167,496	174,030	179,141	184,005	189,014	194,174
Total Forfeited Potential Revenue	555,870	570,160	583,261	596,354	609,839	623,729
Total Return after Forfeited Revenue (no Debt)	$276,917	$99,660	$232,933	$212,760	$191,983	$170,584
Total Return after Debt Service and Forfeited Revenu	$ (1,091,133)	$ (1,268,391)	$ (1,135,117)	$ (1,155,290)	$ (1,176,067)	$ (1,197,466)

Revenue/Expense Notes

Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS - REDUCED RATES AND FREEZE

Schedule of Prospective Cash Flows

ARGUS

For the Years Ending	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047	Year 35 Dec-2048
Potential Gross Revenue						
Base Rental Revenue	$753,295	$789,449	$789,449	$789,449	$789,449	$852,318
Absorption & Turnover Vacancy	(131,575)					(152,531)
Scheduled Base Rental Revenue	621,720	789,449	789,449	789,449	789,449	699,787
CPI & Other Adjustment Revenue	28,490	11,842	35,880	60,640	86,143	49,541
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	758	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	7,307
Property Insurance						
R&M	5,191	6,229	6,229	6,229	6,229	5,191
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,442	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	19,698
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	75,453
Daily Parking	957,708	957,708	957,708	957,708	957,708	957,708
Valet Parking	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218	2,799,765
Total	3,448,263	3,520,716	3,595,343	3,672,208	3,751,379	3,832,926
Total Potential Gross Revenue	4,118,171	4,345,644	4,444,309	4,545,934	4,650,608	4,601,952
General Vacancy	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)	(319,487)
Effective Gross Revenue	3,841,855	3,925,056	4,011,242	4,100,015	4,191,451	4,282,465
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	12,155	12,520	12,895	13,282	13,681	14,091
Liability Insurance	117,107	120,620	124,239	127,966	131,805	135,759
Property Insurance	204,536	210,672	216,992	223,502	230,207	237,113
R&M	83,196	85,692	88,263	90,911	93,638	96,447
Telephone Expenses	27,268	28,086	28,928	29,796	30,690	31,611
Ticket, Supplies & Misc.	212,442	218,815	225,380	232,141	239,105	246,279
Payroll & Benefits	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036	1,936,437
Uniforms	3,106	3,199	3,295	3,394	3,496	3,601
Utilities	103,239	106,336	109,526	112,812	116,196	119,682
Parking Management	187,092	192,705	198,486	204,441	210,574	216,891
Sales and Parking Tax	437,912	451,050	464,581	478,519	492,874	507,660
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302	3,545,571
Net Operating Income	783,414	774,862	766,543	757,973	749,149	736,894
Leasing & Capital Costs and Other						
Tenant Improvements	29,604					34,320
Leasing Commissions	148,022					171,598
Total Leasing & Capital Costs and Other	177,626	0	0	0	0	205,918
Cash Flow Before Debt Service & Taxes	$605,788	$774,862	$766,543	$757,973	$749,149	$530,976
	2.67%	3.41%	3.37%	3.34%	3.30%	2.34%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ -	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ (762,262)	$ 774,862	$ 766,543	$ 757,973	$ 749,149	$ 530,976
Forfeited Potential Revenue						
Settlement Fee						
RET Income	308,729	317,991	327,531	337,356	347,477	357,901
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	201,295	207,673	213,311	219,119	225,100	232,833
Total Forfeited Potential Revenue	639,842	655,482	670,660	686,293	702,395	720,552
Total Return after Forfeited Revenue (no Debt)	($34,054)	$119,380	$95,883	$71,680	$46,754	($189,576)
Total Return after Debt Service and Forfeited Revenu	$ (1,402,104)	$ 119,380	$ 95,883	$ 71,680	$ 46,754	$ (189,576)

Revenue/Expense Notes

Valet Parking

Created with ARGUS

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For the Years Ending		Year 36 Dec-2049
Potential Gross Revenue		
Base Rental Revenue		$915,188
Absorption & Turnover Vacancy		
Scheduled Base Rental Revenue		915,188
CPI & Other Adjustment Revenue		9,152
Expense Reimbursement Revenue		
RET		0
Janitorial		910
Liability Insurance		8,768
Property Insurance		
R&M		6,229
Telephone Expenses		
Ticket, Supplies & Misc.		
Payroll & Benefits		
Uniforms		
Utilities		7,730
Total Reimbursement Revenue		23,637
Parking Revenue		
Monthly Parking		75,453
Daily Parking		957,708
Valet Parking		2,883,758
Total		3,916,919
Total Potential Gross Revenue		4,864,896
General Vacancy		(486,608)
Effective Gross Revenue		4,378,288
Operating Expenses		
RET		0
Janitorial		14,514
Liability Insurance		139,832
Property Insurance		244,226
R&M		99,341
Telephone Expenses		32,559
Ticket, Supplies & Misc.		253,667
Payroll & Benefits		1,994,530
Uniforms		3,709
Utilities		123,273
Parking Management		223,398
Sales and Parking Tax		522,890
KTKL Payment		0
Total Operating Expenses		3,651,939
Net Operating Income		726,349
Leasing & Capital Costs and Other		
Tenant Improvements		
Leasing Commissions		
Total Leasing & Capital Costs and Other		0
Cash Flow Before Debt Service & Taxes		$726,349
		3.20%
Debt Service		
100% Financing at 4.5% for 30 years	$	-
Cash Flow after Debt Service	$	726,349
Forfeited Potential Revenue		
Settlement Fee		
RET Income		368,638
Ground Lease Base Rent Income		129,818
Ground Lease Percentage Rent Income		240,751
Total Forfeited Potential Revenue		739,207
Total Return after Forfeited Revenue (no Debt)		($12,858)
Total Return after Debt Service and Forfeited Revenu	$	(12,858)

Revenue/Expense Notes
Valet Parking

ARGUS

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Propsective Cash Flows

For the Years Ending			Year 1 Dec-2014	Year 2 Dec-2015	Year 3 Dec-2016	Year 4 Dec-2017	Year 5 Dec-2018
Potential Gross Revenue							
Base Rental Revenue			$246,259	$246,259	$246,259	$275,839	$335,000
Absorption & Turnover Vacancy							
Scheduled Base Rental Revenue			246,259	246,259	246,259	275,839	335,000
CPI & Other Adjustment Revenue							
Expense Reimbursement Revenue							
RET			0	0	0	0	0
Janitorial			661	681	701	722	744
Liability Insurance			6,366	6,557	6,754	6,957	7,165
Property Insurance							
R&M			4,523	4,658	4,798	4,942	5,090
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities			5,612	5,780	5,954	6,133	6,317
Total Reimbursement Revenue			17,162	17,676	18,207	18,754	19,316
Parking Revenue							
Monthly Parking			75,453	75,453	75,453	75,453	75,453
Daily Parking			957,708	957,708	957,708	957,708	957,708
Valet Parking			847,832	915,659	988,911	1,068,024	1,153,466
Total			1,880,993	1,948,820	2,022,072	2,101,185	2,186,627
Total Potential Gross Revenue			2,144,414	2,212,755	2,286,538	2,395,778	2,540,943
General Vacancy			(161,396)	(168,064)	(175,104)	(184,020)	(194,840)
Effective Gross Revenue			1,983,018	2,044,691	2,111,434	2,211,758	2,346,103
Operating Expenses							
RET			0	0	0	0	0
Janitorial			5,158	5,313	5,472	5,636	5,805
Liability Insurance			49,694	51,185	52,720	54,302	55,931
Property Insurance			86,794	89,398	92,080	94,842	97,687
R&M			35,304	36,363	37,454	38,578	39,735
Telephone Expenses			11,571	11,918	12,276	12,644	13,023
Ticket, Supplies & Misc.			90,149	92,853	95,639	98,508	101,463
Payroll & Benefits			708,823	730,088	751,990	774,550	797,787
Uniforms			1,318	1,358	1,398	1,440	1,483
Utilities			43,809	45,123	46,477	47,871	49,307
Parking Management			79,392	81,774	84,227	86,754	89,356
Sales and Parking Tax			174,849	182,729	191,052	199,848	209,149
KTKL Payment			100,000	103,000	106,090	109,273	112,551
Total Operating Expenses			1,386,861	1,431,102	1,476,875	1,524,246	1,573,277
Net Operating Income			596,157	613,589	634,559	687,512	772,826
Leasing & Capital Costs and Other							
Tenant Improvements							
Leasing Commissions							
Total Leasing & Capital Costs and Other			0	0	0	0	0
Cash Flow Before Debt Service & Taxes	$	(22,725,000)	$596,157	$613,589	$634,559	$687,512	$772,826
			2.62%	2.70%	2.79%	3.03%	3.40%
Debt Service							
100% Financing at 4.5% for 30 years	$	22,500,000 $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050)
Cash Flow after Debt Service	$	(225,000) $	(771,893) $	(754,461) $	(733,491) $	(680,538) $	(595,224)
Forfeited Potential Revenue							
Settlement Fee			250,000				
RET Income			131,008	134,938	138,986	143,156	147,451
Ground Lease Base Rent Income			94,080	94,080	103,490	105,372	105,372
Ground Lease Percentage Rent Income			79,010	82,293	85,761	90,166	95,521
Total Forfeited Potential Revenue			554,098	311,311	328,237	338,694	348,344
Total Return after Forfeited Revenue (no Debt)	$	(22,725,000)	$42,059	$302,278	$306,322	$348,818	$424,482
Total Return after Debt Service and Forfeited Revenu	$	(225,000) $	(1,325,991) $	(1,065,773) $	(1,061,729) $	(1,019,232) $	(943,568)

Revenue/Expense Notes

Valet Parking — Projected to generate $770,757 in 2013. Several contracts started in Q2 therefore HFF

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Propsective Cash Flows

ARGUS

For the Years Ending	Year 6 Dec-2019	Year 7 Dec-2020	Year 8 Dec-2021	Year 9 Dec-2022	Year 10 Dec-2023	Year 11 Dec-2024
Potential Gross Revenue						
Base Rental Revenue	$335,000	$335,000	$335,000	$364,789	$424,368	$424,368
Absorption & Turnover Vacancy				(70,728)		
Scheduled Base Rental Revenue	335,000	335,000	335,000	294,061	424,368	424,368
CPI & Other Adjustment Revenue					2,122	14,917
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	766	789	813	698	862	888
Liability Insurance	7,380	7,601	7,829	6,727	8,306	8,555
Property Insurance						
R&M	5,243	5,400	5,562	4,779	5,901	6,078
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,506	6,701	6,902	5,930	7,323	7,542
Total Reimbursement Revenue	19,895	20,491	21,106	18,134	22,392	23,063
Parking Revenue						
Monthly Parking	75,453	75,453	75,453	75,453	75,453	82,998
Daily Parking	957,708	957,708	957,708	957,708	957,708	1,053,479
Valet Parking	1,188,070	1,223,712	1,260,424	1,298,236	1,337,183	1,377,299
Total	2,221,231	2,256,873	2,293,585	2,331,397	2,370,344	2,513,776
Total Potential Gross Revenue	2,576,126	2,612,364	2,649,691	2,643,592	2,819,226	2,976,124
General Vacancy	(200,183)	(205,686)	(211,354)	(147,245)	(227,780)	(234,613)
Effective Gross Revenue	2,375,943	2,406,678	2,438,337	2,496,347	2,591,446	2,741,511
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	5,980	6,159	6,344	6,534	6,730	6,932
Liability Insurance	57,609	59,337	61,117	62,951	64,839	66,785
Property Insurance	100,618	103,637	106,746	109,948	113,246	116,644
R&M	40,927	42,155	43,419	44,722	46,064	47,446
Telephone Expenses	13,414	13,816	14,231	14,658	15,098	15,550
Ticket, Supplies & Misc.	104,507	107,643	110,872	114,198	117,624	121,153
Payroll & Benefits	821,720	846,372	871,763	897,916	924,853	952,599
Uniforms	1,528	1,574	1,621	1,670	1,720	1,771
Utilities	50,787	52,310	53,880	55,496	57,161	58,876
Parking Management	92,037	94,798	97,642	100,571	103,589	106,696
Sales and Parking Tax	215,424	221,887	228,543	235,399	242,461	249,735
KTKL Payment	115,927	119,405	122,987	126,677	130,477	0
Total Operating Expenses	1,620,478	1,669,093	1,719,165	1,770,740	1,823,862	1,744,187
Net Operating Income	755,465	737,585	719,172	725,607	767,584	997,324
Leasing & Capital Costs and Other						
Tenant Improvements				15,914		
Leasing Commissions				79,569		
Total Leasing & Capital Costs and Other	0	0	0	95,483	0	0
Cash Flow Before Debt Service & Taxes	$755,465	$737,585	$719,172	$630,124	$767,584	$997,324
	3.32%	3.25%	3.16%	2.77%	3.38%	4.39%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (612,586)	$ (630,466)	$ (648,879)	$ (737,926)	$ (600,467)	$ (370,726)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	151,874	156,430	161,123	165,957	170,936	176,064
Ground Lease Base Rent Income	105,372	105,372	115,902	118,008	118,008	118,008
Ground Lease Percentage Rent Income	98,135	100,828	103,601	107,203	111,635	114,665
Total Forfeited Potential Revenue	355,381	362,630	380,626	391,168	400,579	408,737
Total Return after Forfeited Revenue (no Debt)	$400,083	$374,954	$338,545	$238,956	$367,005	$588,587
Total Return after Debt Service and Forfeited Reven	$ (967,967)	$ (993,096)	$ (1,029,505)	$ (1,129,094)	$ (1,001,045)	$ (779,463)

Revenue/Expense Notes

Valet Parking — projects annualized $847,832 for 2014.

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Propsective Cash Flows

For the Years Ending	Year 12 Dec-2025	Year 13 Dec-2026	Year 14 Dec-2027	Year 15 Dec-2028	Year 16 Dec-2029	Year 17 Dec-2030
Potential Gross Revenue						
Base Rental Revenue	$424,368	$424,368	$435,633	$506,718	$506,718	$506,718
Absorption & Turnover Vacancy			(81,993)			
Scheduled Base Rental Revenue	424,368	424,368	353,640	506,718	506,718	506,718
CPI & Other Adjustment Revenue	28,095	41,669	44,385		15,202	30,859
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	910	910	758	910	910	910
Liability Insurance	8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance						
R&M	6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue	23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue						
Monthly Parking	82,998	82,998	82,998	82,998	82,998	82,998
Daily Parking	1,053,479	1,053,479	1,053,479	1,053,479	1,053,479	1,053,479
Valet Parking	1,418,618	1,461,176	1,505,012	1,550,162	1,596,667	1,644,567
Total	2,555,095	2,597,653	2,641,489	2,686,639	2,733,144	2,781,044
Total Potential Gross Revenue	3,031,195	3,087,327	3,059,212	3,216,994	3,278,701	3,342,258
General Vacancy	(241,628)	(248,738)	(173,293)	(264,218)	(272,005)	(280,026)
Effective Gross Revenue	2,789,567	2,838,589	2,885,919	2,952,776	3,006,696	3,062,232
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	7,140	7,354	7,575	7,802	8,036	8,277
Liability Insurance	68,768	70,852	72,977	75,167	77,422	79,744
Property Insurance	120,143	123,747	127,460	131,284	135,222	139,279
R&M	48,869	50,335	51,845	53,400	55,002	56,653
Telephone Expenses	16,017	16,497	16,992	17,502	18,027	18,568
Ticket, Supplies & Misc.	124,787	128,531	132,387	136,358	140,449	144,663
Payroll & Benefits	981,177	1,010,612	1,040,930	1,072,158	1,104,323	1,137,453
Uniforms	1,824	1,879	1,936	1,994	2,053	2,115
Utilities	60,642	62,461	64,335	66,265	68,253	70,301
Parking Management	109,897	113,194	116,590	120,088	123,690	127,401
Sales and Parking Tax	257,227	264,944	272,892	281,079	289,512	298,197
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	1,796,511	1,850,406	1,905,919	1,963,097	2,021,989	2,082,651
Net Operating Income	993,056	988,183	980,000	989,679	984,707	979,581
Leasing & Capital Costs and Other						
Tenant Improvements				19,002		
Leasing Commissions				95,010		
Total Leasing & Capital Costs and Other	0	0	0	114,012	0	0
Cash Flow Before Debt Service & Taxes	$993,056	$988,183	$980,000	$875,667	$984,707	$979,581
	4.37%	4.35%	4.31%	3.85%	4.33%	4.31%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)	$ (1,368,050)
Cash Flow after Debt Service	$ (374,994)	$ (379,867)	$ (388,050)	$ (492,383)	$ (383,343)	$ (388,469)
Forfeited Potential Revenue						
Settlement Fee						
RET Income	181,346	186,786	192,390	198,161	204,106	210,229
Ground Lease Base Rent Income	118,008	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent income	117,787	121,002	124,596	129,784	133,298	136,917
Total Forfeited Potential Revenue	417,141	437,606	446,804	457,763	467,222	476,964
Total Return after Forfeited Revenue (no Debt)	$575,915	$550,577	$533,196	$417,904	$517,485	$502,617
Total Return after Debt Service and Forfeited Revenu	$ (792,135)	$ (817,473)	$ (834,854)	$ (950,147)	$ (850,566)	$ (865,434)

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Propsective Cash Flows

For the Years Ending		Year 18 Dec-2031	Year 19 Dec-2032	Year 20 Dec-2033	Year 21 Dec-2034	Year 22 Dec-2035	Year 23 Dec-2036
Potential Gross Revenue							
Base Rental Revenue		$506,718	$506,718	$587,424	$587,425	$587,425	$587,425
Absorption & Turnover Vacancy				(97,904)			
Scheduled Base Rental Revenue		506,718	506,718	489,520	587,425	587,425	587,425
CPI & Other Adjustment Revenue		46,986	63,598		14,686	32,749	51,354
Expense Reimbursement Revenue							
RET		0	0	0	0	0	0
Janitorial		910	910	758	910	910	910
Liability Insurance		8,768	8,768	7,307	8,768	8,768	8,768
Property Insurance							
R&M		6,229	6,229	5,191	6,229	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities		7,730	7,730	6,442	7,730	7,730	7,730
Total Reimbursement Revenue		23,637	23,637	19,698	23,637	23,637	23,637
Parking Revenue							
Monthly Parking		82,998	82,998	82,998	91,298	91,298	91,298
Daily Parking		1,053,479	1,053,479	1,053,479	1,158,827	1,158,827	1,158,827
Valet Parking		1,693,904	1,744,721	1,797,063	1,850,974	1,906,504	1,963,699
Total		2,830,381	2,881,198	2,933,540	3,101,099	3,156,629	3,213,824
Total Potential Gross Revenue		3,407,722	3,475,151	3,442,758	3,726,847	3,800,440	3,876,240
General Vacancy		(288,287)	(296,796)	(206,882)	(314,441)	(323,735)	(333,307)
Effective Gross Revenue		3,119,435	3,178,355	3,235,876	3,412,406	3,476,705	3,542,933
Operating Expenses							
RET		0	0	0	0	0	0
Janitorial		8,525	8,781	9,045	9,316	9,595	9,883
Liability Insurance		82,137	84,601	87,139	89,753	92,445	95,219
Property Insurance		143,457	147,761	152,194	156,760	161,462	166,306
R&M		58,352	60,103	61,906	63,763	65,676	67,646
Telephone Expenses		19,125	19,699	20,290	20,899	21,525	22,171
Ticket, Supplies & Misc.		149,003	153,473	158,077	162,819	167,704	172,735
Payroll & Benefits		1,171,576	1,206,724	1,242,925	1,280,213	1,318,620	1,358,178
Uniforms		2,178	2,244	2,311	2,380	2,452	2,525
Utilities		72,410	74,582	76,819	79,124	81,498	83,943
Parking Management		131,223	135,160	139,214	143,391	147,693	152,123
Sales and Parking Tax		307,143	316,357	325,848	335,623	345,692	356,063
KTKL Payment		0	0	0	0	0	0
Total Operating Expenses		2,145,129	2,209,485	2,275,768	2,344,041	2,414,362	2,486,792
Net Operating Income		974,306	968,870	960,108	1,068,365	1,062,343	1,056,141
Leasing & Capital Costs and Other							
Tenant Improvements				22,028			
Leasing Commissions				110,142			
Total Leasing & Capital Costs and Other		0	0	132,170	0	0	0
Cash Flow Before Debt Service & Taxes		$974,306	$968,870	$827,938	$1,068,365	$1,062,343	$1,056,141
		4.29%	4.26%	3.64%	4.70%	4.67%	4.65%
Debt Service							
100% Financing at 4.5% for 30 years	$	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050)
Cash Flow after Debt Service	$	(393,744) $	(399,180) $	(540,112) $	(299,686) $	(305,707) $	(311,909)
Forfeited Potential Revenue							
Settlement Fee							
RET Income		216,536	223,032	229,723	236,615	243,713	251,025
Ground Lease Base Rent Income		129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income		140,644	144,484	150,456	154,529	158,724	163,045
Total Forfeited Potential Revenue		486,998	497,334	509,997	520,962	532,255	543,888
Total Return after Forfeited Revenue (no Debt)		$487,308	$471,536	$317,941	$547,403	$530,088	$512,253
Total Return after Debt Service and Forfeited Revenu	$	(880,743) $	(896,515) $	(1,050,110) $	(820,648) $	(837,963) $	(855,797)

Revenue/Expense Notes

Valet Parking

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS
Schedule of Propsective Cash Flows

For the Years Ending		Year 24 Dec-2037	Year 25 Dec-2038	Year 26 Dec-2039	Year 27 Dec-2040	Year 28 Dec-2041	Year 29 Dec-2042
Potential Gross Revenue							
Base Rental Revenue		$587,425	$665,393	$680,986	$680,986	$680,986	$680,986
Absorption & Turnover Vacancy			(113,498)				
Scheduled Base Rental Revenue		587,425	551,895	680,986	680,986	680,986	680,986
CPI & Other Adjustment Revenue		70,517	12,288	13,620	34,458	55,921	78,028
Expense Reimbursement Revenue							
RET		0	0	0	0	0	0
Janitorial		910	758	910	910	910	910
Liability Insurance		8,768	7,307	8,768	8,768	8,768	8,768
Property Insurance							
R&M		6,229	5,191	6,229	6,229	6,229	6,229
Telephone Expenses							
Ticket, Supplies & Misc.							
Payroll & Benefits							
Uniforms							
Utilities		7,730	6,442	7,730	7,730	7,730	7,730
Total Reimbursement Revenue		23,637	19,698	23,637	23,637	23,637	23,637
Parking Revenue							
Monthly Parking		91,298	91,298	91,298	91,298	91,298	91,298
Daily Parking		1,158,827	1,158,827	1,158,827	1,158,827	1,158,827	1,158,827
Valet Parking		2,022,610	2,083,288	2,145,787	2,210,160	2,276,465	2,344,759
Total		3,272,735	3,333,413	3,395,912	3,460,285	3,526,590	3,594,884
Total Potential Gross Revenue		3,954,314	3,917,294	4,114,155	4,199,366	4,287,134	4,377,535
General Vacancy		(343,167)	(239,050)	(363,612)	(374,381)	(385,473)	(396,898)
Effective Gross Revenue		3,611,147	3,678,244	3,750,543	3,824,985	3,901,661	3,980,637
Operating Expenses							
RET		0	0	0	0	0	0
Janitorial		10,180	10,485	10,800	11,124	11,457	11,801
Liability Insurance		98,075	101,018	104,048	107,170	110,385	113,696
Property Insurance		171,295	176,434	181,727	187,179	192,795	198,578
R&M		69,675	71,766	73,919	76,136	78,420	80,773
Telephone Expenses		22,836	23,521	24,227	24,954	25,703	26,474
Ticket, Supplies & Misc.		177,917	183,254	188,752	194,415	200,247	206,254
Payroll & Benefits		1,398,924	1,440,891	1,484,118	1,528,641	1,574,501	1,621,736
Uniforms		2,601	2,679	2,760	2,842	2,928	3,015
Utilities		86,461	89,055	91,726	94,478	97,312	100,232
Parking Management		156,687	161,388	166,229	171,216	176,353	181,643
Sales and Parking Tax		366,745	377,747	389,079	400,752	412,774	425,158
KTKL Payment		0	0	0	0	0	0
Total Operating Expenses		2,561,396	2,638,238	2,717,385	2,798,907	2,882,875	2,969,360
Net Operating Income		1,049,751	1,040,006	1,033,158	1,026,078	1,018,786	1,011,277
Leasing & Capital Costs and Other							
Tenant Improvements			25,537				
Leasing Commissions			127,685				
Total Leasing & Capital Costs and Other		0	153,222	0	0	0	0
Cash Flow Before Debt Service & Taxes		$1,049,751	$886,784	$1,033,158	$1,026,078	$1,018,786	$1,011,277
		4.62%	3.90%	4.55%	4.52%	4.48%	4.45%
Debt Service							
100% Financing at 4.5% for 30 years	$	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050) $	(1,368,050)
Cash Flow after Debt Service	$	(318,299) $	(481,266) $	(334,892) $	(341,972) $	(349,264) $	(356,773)
Forfeited Potential Revenue							
Settlement Fee							
RET Income		258,556	266,312	274,302	282,531	291,007	299,737
Ground Lease Base Rent Income		129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income		167,496	174,030	179,141	184,005	189,014	194,174
Total Forfeited Potential Revenue		555,870	570,160	583,261	596,354	609,839	623,729
Total Return after Forfeited Revenue (no Debt)		$493,881	$316,624	$449,897	$429,724	$408,947	$387,548
Total Return after Debt Service and Forfeited Revenu	$	(874,169) $	(1,051,427) $	(918,153) $	(938,326) $	(959,103) $	(980,502)

Revenue/Expense Notes
Valet Parking

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS
Schedule of Propsective Cash Flows

ARGUS

For the Years Ending	Year 30 Dec-2043	Year 31 Dec-2044	Year 32 Dec-2045	Year 33 Dec-2046	Year 34 Dec-2047	Year 35 Dec-2048
Potential Gross Revenue						
Base Rental Revenue	$753,295	$789,449	$789,449	$789,449	$789,449	$852,318
Absorption & Turnover Vacancy	(131,575)					(152,531)
Scheduled Base Rental Revenue	621,720	789,449	789,449	789,449	789,449	699,787
CPI & Other Adjustment Revenue	28,490	11,842	35,880	60,640	86,143	49,541
Expense Reimbursement Revenue						
RET	0	0	0	0	0	0
Janitorial	758	910	910	910	910	758
Liability Insurance	7,307	8,768	8,768	8,768	8,768	7,307
Property Insurance						
R&M	5,191	6,229	6,229	6,229	6,229	5,191
Telephone Expenses						
Ticket, Supplies & Misc.						
Payroll & Benefits						
Uniforms						
Utilities	6,442	7,730	7,730	7,730	7,730	6,442
Total Reimbursement Revenue	19,698	23,637	23,637	23,637	23,637	19,698
Parking Revenue						
Monthly Parking	91,298	100,428	100,428	100,428	100,428	100,428
Daily Parking	1,158,827	1,274,710	1,274,710	1,274,710	1,274,710	1,274,710
Valet Parking	2,415,102	2,487,555	2,562,182	2,639,047	2,718,218	2,799,765
Total	3,665,227	3,862,693	3,937,320	4,014,185	4,093,356	4,174,903
Total Potential Gross Revenue	4,335,135	4,687,621	4,786,286	4,887,911	4,992,585	4,943,929
General Vacancy	(276,316)	(420,588)	(433,067)	(445,919)	(459,157)	(319,487)
Effective Gross Revenue	4,058,819	4,267,033	4,353,219	4,441,992	4,533,428	4,624,442
Operating Expenses						
RET	0	0	0	0	0	0
Janitorial	12,155	12,520	12,895	13,282	13,681	14,091
Liability Insurance	117,107	120,620	124,239	127,966	131,805	135,759
Property Insurance	204,536	210,672	216,992	223,502	230,207	237,113
R&M	83,196	85,692	88,263	90,911	93,638	96,447
Telephone Expenses	27,268	28,086	28,928	29,796	30,690	31,611
Ticket, Supplies & Misc.	212,442	218,815	225,380	232,141	239,105	246,279
Payroll & Benefits	1,670,388	1,720,499	1,772,114	1,825,278	1,880,036	1,936,437
Uniforms	3,106	3,199	3,295	3,394	3,496	3,601
Utilities	103,239	106,336	109,526	112,812	116,196	119,682
Parking Management	187,092	192,705	198,486	204,441	210,574	216,891
Sales and Parking Tax	437,912	451,050	464,581	478,519	492,874	507,660
KTKL Payment	0	0	0	0	0	0
Total Operating Expenses	3,058,441	3,150,194	3,244,699	3,342,042	3,442,302	3,545,571
Net Operating Income	1,000,378	1,116,839	1,108,520	1,099,950	1,091,126	1,078,871
Leasing & Capital Costs and Other						
Tenant Improvements	29,604					34,320
Leasing Commissions	148,022					171,598
Total Leasing & Capital Costs and Other	177,626	0	0	0	0	205,918
Cash Flow Before Debt Service & Taxes	$822,752	$1,116,839	$1,108,520	$1,099,950	$1,091,126	$872,953
	3.62%	4.91%	4.88%	4.84%	4.80%	3.84%
Debt Service						
100% Financing at 4.5% for 30 years	$ (1,368,050)	$ -	$ -	$ -	$ -	$ -
Cash Flow after Debt Service	$ (545,298)	$ 1,116,839	$ 1,108,520	$ 1,099,950	$ 1,091,126	$ 872,953
Forfeited Potential Revenue						
Settlement Fee						
RET Income	308,729	317,991	327,531	337,356	347,477	357,901
Ground Lease Base Rent Income	129,818	129,818	129,818	129,818	129,818	129,818
Ground Lease Percentage Rent Income	201,295	207,673	213,311	219,119	225,100	232,833
Total Forfeited Potential Revenue	639,842	655,482	670,660	686,293	702,395	720,552
Total Return after Forfeited Revenue (no Debt)	$182,910	$461,357	$437,860	$413,657	$388,731	$152,401
Total Return after Debt Service and Forfeited Reven	$ (1,185,140)	$ 461,357	$ 437,860	$ 413,657	$ 388,731	$ 152,401

Revenue/Expense Notes
Valet Parking

PELICAN GARAGE PRICING ANALYSIS -REDUCED RATES AND ESCALATE 10% EVERY 10 YEARS

Schedule of Propsective Cash Flows

For the Years Ending		Year 36 Dec-2049
Potential Gross Revenue		
Base Rental Revenue		$915,188
Absorption & Turnover Vacancy		
Scheduled Base Rental Revenue		915,188
CPI & Other Adjustment Revenue		9,152
Expense Reimbursement Revenue		
RET		0
Janitorial		910
Liability Insurance		8,768
Property Insurance		
R&M		6,229
Telephone Expenses		
Ticket, Supplies & Misc.		
Payroll & Benefits		
Uniforms		
Utilities		7,730
Total Reimbursement Revenue		23,637
Parking Revenue		
Monthly Parking		100,428
Daily Parking		1,274,710
Valet Parking		2,883,758
Total		4,258,896
Total Potential Gross Revenue		5,206,873
General Vacancy		(486,608)
Effective Gross Revenue		4,720,265
Operating Expenses		
RET		0
Janitorial		14,514
Liability Insurance		139,832
Property Insurance		244,226
R&M		99,341
Telephone Expenses		32,559
Ticket, Supplies & Misc.		253,667
Payroll & Benefits		1,994,530
Uniforms		3,709
Utilities		123,273
Parking Management		223,398
Sales and Parking Tax		522,890
KTKL Payment		0
Total Operating Expenses		3,651,939
Net Operating Income		1,068,326
Leasing & Capital Costs and Other		
Tenant Improvements		
Leasing Commissions		
Total Leasing & Capital Costs and Other		0
Cash Flow Before Debt Service & Taxes		$1,068,326
		4.70%
Debt Service		
100% Financing at 4.5% for 30 years	$	-
Cash Flow after Debt Service	$	1,068,326
Forfeited Potential Revenue		
Settlement Fee		
RET Income		368,638
Ground Lease Base Rent Income		129,818
Ground Lease Percentage Rent Income		240,751
Total Forfeited Potential Revenue		739,207
Total Return after Forfeited Revenue (no Debt)		$329,119
Total Return after Debt Service and Forfeited Revenu	$	329,119

Revenue/Expense Notes

Valet Parking

Condensed Title: COMMISSION ITEM SUMMARY

Resolution of the Mayor and City Commission of the City of Miami Beach, authorizing the City Manager to decline, the Right of First Offer Transaction, as required pursuant to the terms of the Ground Lease between City ("Owner") and Pelican Investment Holdings, LLC ("Tenant"), dated December 1, 1999, involving improvements at 1027-1041 Collins Avenue ("Project"); approving the Sale of the Project subject to satisfactory completion by City staff of the City's Due Diligence, and payment by Tenant to City of the City's Due Diligence Costs and the "Settlement Offer"; further authorizing the City Manager and City Clerk to execute any and all closing documents, on behalf of the City.

Key Intended Outcome Supported:

Improve parking availability

Supporting Data (Surveys, Environmental Scan, etc.):
Approximately 21% of residents rate the availability of parking throughout the City as about the right amount; and 28% of businesses rate the availability of parking for customers and employees as excellent or good.

Issue:

Shall the City Commission authorize the City Manager to decline the Right of First Offer Transaction, approve the Sale to the Proposed Purchaser, and authorize the City Manager and City Clerk to execute all necessary closing documents?

Item Summary/Recommendation:

KTKL Settlement: In 1993, the City purchased land from KTKL, which it needed in order to secure a developer for the construction of the Project. The Project included a Parking Facility which was urgently needed at the time. In connection with said purchase agreement, KTKL had the right to exclusive use of 28 spaces at the Parking Facility for a period of 30 years ("KTKL Spaces"). The City and KTKL thereafter entered into a Settlement Agreement, whereby the City leased back from KTKL its 28 spaces with respect to the value of 28 parking spaces in the Parking Facility, based upon a formula of net income from the Parking Facility ("KTKL Memorandum"). KTKL then sued the City citing underpayment under the Memorandum and the City and KTKL settled the alleged sums ("KTKL Settlement"), which involved annual payments from the City to KTKL though October 31, 2032, the thirty year lease period of the KTKL spaces.

The City entered into a Ground Lease and Development Agreement with the original tenant (which also developed the Project), for an initial forty year term, ending January 31, 2040, with one additional ten year option. The Project was completed on October 31, 2002 and has a parking garage with 328 spaces and ground retail space of approximately 3,350 square feet.

On October 29, 2013, the current tenant, Pelican Investment Holdings, LLC ("Tenant"), provided City with notice that Tenant intended to sell 100% of its leasehold interest in the Project to Jones Lang LaSalle Income Property Trust, Inc., for the total sum of $22,500,000.00 in cash ("Offer"). The City, under the Lease, has until December 26, 2013 to approve the Proposed Purchaser. Additionally, per the Lease, the City has until December 13, 2013, to notify Tenant, whether or not the City intends to consummate the Right of First Offer Transaction, at the same price and upon such other material terms set forth in the Offer Notice.

The Ground Lease is subject to this KTKL Settlement and the Proposed Purchaser is requesting assurances that during the Term of the Ground Lease, the City will continue not to utilize the KTKL Spaces, as their Offer relies upon the ability to sublease all the parking spaces in the Garage Facility. The Proposed Purchaser has offered the City the total sum of $250,000.00 (the "Settlement Offer") as consideration for said representation and agreement ("Settlement Offer").

After considering the revenue figures from surrounding City-owned and managed parking garages, as compared to the Pelican Parking Facility, which is a privately managed; the comparison of the cost to construct a public Parking Facility; the $250,000 Settlement Offer and the expense of the annual KTKL Settlement payments, staff determined that it would take the City 14.70 years to break even if the City exercised the Owner's Reciprocal Right of First Refusal. Additionally, at the end of the Lease term, the Project will revert back to the City. Therefore, staff is recommending that the City reject the Right of First Refusal, and authorize the City Manager to approve the proposed Sale.

CONCLUSION

The Administration recommends that the Mayor and City Commission approve the attached Resolution, authorizing the City Manager to decline, in writing, the Right of First Offer Transaction, as required pursuant to the terms of Section 36.2 of the Agreement of Lease ("Ground Lease") between the City ("Owner") and Pelican Investment Holdings, LLC ("Tenant"), dated as of December 1, 1999, involving the improvements to Property (the "Project") located at 1027 Collins Avenue, Miami Beach, Florida and 1041 Collins Avenue, Miami Beach, Florida; and further approving the Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., upon satisfactory completion of the City's Due Diligence in connection with said proposed Sale, and payment of the City's Due Diligence Costs and of the Settlement Agreement; and further authorizing the City Manager and City Clerk to execute any and all closing documents on behalf of the City.

Advisory Board Recommendation:

n/a

Financial Information:

Source of Funds:		Amount	Account
	1		

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Max Sklar, Ext. 6116

Sign-Offs:

RHCD Director	Assistant City Manager	City Manager
MS	KGB	JLM

MIAMIBEACH

Exhibit "3"

AGENDA ITEM C7AA
DATE 12-11-13

MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: December 11, 2013

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA AUTHORIZING THE CITY MANAGER TO DECLINE, IN WRITING, THE RIGHT OF FIRST OFFER TRANSACTION, AS REQUIRED PURSUANT TO THE TERMS OF SECTION 36.2 OF THE AGREEMENT OF LEASE ("GROUND LEASE") BETWEEN THE CITY ("OWNER") AND PELICAN INVESTMENT HOLDINGS, LLC ("TENANT"), DATED AS OF DECEMBER 1, 1999, INVOLVING THE IMPROVEMENTS TO PROPERTY (THE "PROJECT") LOCATED AT 1027 COLLINS AVENUE, MIAMI BEACH, FLORIDA, AND 1041 COLLINS AVENUE, MIAMI BEACH, FLORIDA; AND FURTHER APPROVING TENANT'S SALE OF THE PROJECT TO THE PROPOSED PURCHASER, JONES LANG LASALLE INCOME PROPERTY TRUST, INC., SUBJECT TO AND CONDITIONED UPON CITY STAFF'S SUCCESSFUL COMPLETION OF ITS EVALUATION OF THE PROPOSED PURCHASER IN ACCORDANCE WITH ARTICLE 10 OF THE LEASE (THE "CITY'S DUE DILIGENCE"), AND PAYMENT TO THE CITY OF ITS REASONABLE COSTS INCURRED IN CONNECTION WITH THE PROPOSED SALE INCLUDING, WITHOUT LIMITATION, REIMBRUSEMENT OF THE CITY'S DUE DILIGENCE COSTS, AND PAYMENT, OF THE "SETTLEMENT OFFER" (AS SUCH TERM IS HEREINAFTER DEFINED IN THIS RESOLUTION); AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE ANY AND ALL CLOSING DOCUMENTS ON BEHALF OF THE CITY.**

Background

On January 5, 1998, the City issued RFP No. 20-97/98, seeking proposals for the development of Public-Private Parking facilities (the "RFP"). On April 6, 1998, proposals from five (5) different development teams were submitted and evaluated by an Evaluation Committee, and on July 15, 1998, the City Commission authorized negotiations with four (4) of the proposed development projects.

As a result of said negotiations, on October 20, 1999, the Mayor and City Commission adopted Resolution No. 99-23372, approving an Agreement of Lease (the "Lease") and Development Agreement between the City (also "Owner") and Pelican Development LLC

("Pelican Development"), for Pelican Development to develop a parking garage ("Parking Facility"), with ground floor retail space ("Retail Space"), not to exceed 5,000 square feet (the "Project") on the City-owned land located at 1027 Collins Avenue, Miami Beach, Florida and 1041 Collins Avenue, Miami Beach, Florida. The Lease was executed on December 1, 1999, for an initial forty (40) year term, which ends on January 31, 2040, with one additional ten (10) year option (the "Term").

The Project received its Certificate of Occupancy on October 31, 2002, for the Parking Facility, having 328 total parking spaces, and the Retail Space, having approximately 3,350 square feet. On or about January 17, 2001, Pelican Development entered into a lease with E. Levy Corporation, Inc., in connection with the entire Retail Space, located at 1041 Collins Avenue ("Retail Tenant").

On or about June 1, 2004, the Project was sold and transferred from Pelican Development to Ocean Blvd II, LLC, an Indiana limited liability company.

On or about May 27, 2010, the Project was again sold and transferred from Ocean Blvd II, LLC to the current tenant, Pelican Investment Holdings, LLC, a Florida limited liability company ("Tenant").

Analysis

Pursuant to Section 10.5 of the Lease ("Required Notices"), a proposed transfer and/or sale of the Project requires written notice to the Owner, with the identity of the transferor, transferee, nature of the transaction, percentage of interest conveyed and such other information requested by Owner (the "Notice of Sale"). On October 29, 2013, Tenant provided Owner with a Notice of Sale that Tenant intended to sell 100% of its leasehold interest in the Project (the "Sale"), as follows:

Owner of Ground Lease:	City of Miami Beach;
Seller:	Pelican Investment Holdings, LLC;
Proposed Purchaser:	Jones Lang LaSalle Income Property Trust, Inc.;
Purchase Price:	$22,500,000.00 in cash.

A copy of the Notice of Sale, including the Section 10.5 disclosures, the letter of intent and the Proposed Purchaser's financials is attached hereto as Composite Exhibit "1".

The Lease further provides that the City, as part of its approval of the proposed Sale, may request additional information in connection therewith, and to evaluate the proposed Purchaser of the Project (the "City's Due Diligence"). The City must approve or disapprove the proposed Sale by December 26, 2013. City staff is in the process of finalizing its Due Diligence in connection with the proposed Sale.

Additionally, in accordance with Section 36.2 of the Lease ("Owner's Reciprocal Right of First Refusal"), the City has the right to elect, in writing, within 45 days after Owner's receipt of the Offer Notice (i.e. December 13, 2013), whether or not to consummate the Right of First Offer Transaction, at the same price and upon such other material terms set forth in the Offer Notice.

The Project consists of a seven story parking garage, having 328 parking spaces and 3,350 square feet of retail space, currently sub-leased to E. Levy Corporation Inc., a surf and bathing suit apparel retail store. This sub-tenant pays rent, in the total sum of

$20,521.00/month and $246,257.00/year. For the calendar year 2012, the Garage Facility earned a total of $2,251,987.00, and the Retail Space earned a total of $252,021.00, as evidenced from the 2012 Statement of Operating Revenues and Expenses, attached hereto and made a part hereof as Exhibit "2".

In determining whether or not to recommend exercising the Owner's Reciprocal Right of First Refusal, City staff requested revenue figures from City-owned and managed parking garages and prepared the following comparison:

Site	No. Spaces	Income for FY11/12	Yearly revenue Per Space
The Pelican	328	$2,251,987.00	$6,865.81
10th Street and Collins Retail portion		$252,021.00	
7th Street City Garage	646	$2,166,255.75	$3,353.34
7th Street and Collins			
16th Street City Garage	**803**	**3,117,461.80**	**$3,882.27**
16th Street and Collins			
If City operated the Pelican Garage Facility, based upon a yearly revenue of $3,900.00, using a best case scenario, the gross revenues for the 328 spaces would total $1,279,200.00 + $252,021.00 (Retail)=$1,531,221.00 per year (Based upon 2012 figures), it would take the City 14.70 years to recoup the purchase price, assuming Retail Tenant does not default.			

The City, via applicable City ordinances, has had a longstanding position of keeping the parking rates below market for the benefit of its residents and visitors and therefore cannot compete with the income stream of a privately operated garage. The average gross revenues per parking space for the 7th Street and 16th Street City-owned garages is approximately 53% of the gross revenues generated by the Pelican Garage Facility and, based upon the Offer proposed, it would take the City 14.70 years to break even, based upon the gross revenue disparity, without taking into consideration the operating costs of the garage.

Additionally, the Purchase Price of $22,500,000.00 equates to approximately $68,597.56/space. In order to evaluate the offer, staff has obtained, from the Capital Improvement Projects Department, the below chart with respect to the cost per space of constructing a parking garage.

	Year	# of spaces	Office/Retail SF	Cost	Cost / space	Cost Adjusted for Inflation (2015)	Cost / space Adjusted for inflation (2015)
[illegible]							
City Hall Garage (w/ liner building)	2009	655	31,637	$27,676,000	$42,253	$31,943,639	$48,769
Pennsylvania Ave Garage	2010	535	7,655	$13,500,000	$25,234	$15,234,750	$28,476
Sunset Harbor Garage	2012	435	29,350	$10,184,000	$23,411	$10,969,186	$25,217

The Purchase Price far exceeds the cost of constructing the garage, even with the adjustment for inflation as of the year 2015.

Pursuant to the Lease, the City currently receives Base Rent, in the total sum of

$94,080.00 per year/$7,840.00 per month. The Base Rent is scheduled to increase on January 1, 2016 by the lesser of the cumulative CPI over the previous five year term or 12%. Additionally, the City receives Percentage Rent, which is due within sixty (60) days from the end of each year, in the amount of 2.5% of the Project Revenue (based upon gross revenues for the year from the Project). The City received a total sum of $59,100.03 for Percentage Rent for the 2012 calendar year, for a total rental income of $153,180.03.

<u>K.T.K.L. Settlement:</u>
Additionally, the Lease is subject to a settlement agreement between the City and K.T.K.L. Corporation ("KTKL"), which was the original owner of one of the lots ("KTKL Lot"), which the City purchased, to acquire the lands in connection with the development of this Project. Originally, pursuant to the purchase and sale agreement between KTKL and the City, dated as of November 18, 1993 ("KTKL Purchase Agreement"), as part of the consideration for the sale of the KTKL Lot, KTKL wanted exclusive use of 28 spaces (3 of which were slated to be used to build a dumpster on the ground floor) at the Garage Facility ("KTKL Spaces"), and also had the right to purchase the Garage Facility if the City did not complete the construction of the Garage Facility timely. The construction did not occur timely and, as a result, the parties entered into a settlement Agreement, titled "KTKL Memorandum", approved by Agreed Order of Approval, dated July 27, 1999, KTKL relinquished its right to purchase back the KTKL Lot and, instead, leased the KTKL Spaces back to the City, based upon a net revenue formula. Thereafter, KTKL sued to enforce the KTKL Memorandum, citing that the payments they were receiving in connection with the KTKL Spaces were incorrect and thereafter the parties entered into a settlement agreement, dated September 15, 2010 ("KTKL Settlement"), whereby the City pays KTKL a determined annual payment for the balance of the thirty year period involving the KTKL Spaces. Based upon said KTKL Settlement, the annual payment for the year 2012 was $98,345.43.

As the Lease is subject to the KTKL Settlement, the Proposed Purchaser (as part of its due diligence) is requesting assurances from the City that, during the remaining Term of the Lease, the City will continue not to utilize the KTKL Spaces (as the proposed Purchase Price relies upon the ability to sublease all the parking spaces in the Garage Facility). The Proposed Purchaser has offered the City the total sum of $250,000.00 ("Settlement Offer") as consideration for said representation and agreement. The City has historically not used these spaces, and has collected the Base Rent and Percentage Rent generated from the Project from the Tenant, and is therefore recommending acceptance of this Settlement Offer.

Additionally, in light of the fact that it would take the City 14.70 years to break even if the City exercised the Owner's Reciprocal Right of First Refusal, staff prepared the following chart, comparing both options, based upon the Income/gross revenues for the calendar year 2012 and the KTKL Settlement payments over the next fourteen years, as follows:

Scenario If City Purchased The Pelican, based upon	
YR 2012 Income & Expenses for the next 14 Years	
Income	$21,437,094.00
KTKL Payments*	-$1,730,772.77
Less purchase price	-$22,500,000.00
Total gross earnings	-$2,793,678.77
Scenario If City Did not Purchase The Pelican based	
upon YR 2012 Income & Expenses for the next 14 Years	
Income	$2,144,520.42
KTKL Payments*	-$1,730,772.77
Settlement	$250,000.00
Total gross earnings	$663,747.65
* KTKL Payments from January 2014 - January, 2027 (14 years)	

Based upon the foregoing, and the fact that the Project will revert back to the City at the end of the Term, staff is recommending that the City reject the Right of First Refusal and approve the Sale of the Project to the Proposed Purchaser.

CONCLUSION

The Administration therefore recommends that the Mayor and City Commission approve the Resolution authorizing the City Manager to decline, in writing, the Right of First Offer Transaction, as required pursuant to the terms of Section 36.2 of the Lease; and further approve the Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., upon satisfactory completion of the City's Due Diligence in connection with said Sale, reimbursement of the City's Due Diligence costs, and payment of the "Settlement Offer". The Administration further recommends that the City Commission authorize the City Manager and City Clerk to execute any and all closing documents, on behalf of the City, in connection with the City's approval of the proposed Sale.

JLM\KGB\MS\GNT

Attachments:
"1" - letter of intent and the Proposed Purchaser's financials
"2" - Statement of Operating Revenues and Expenses for Tenant

cc: Jimmy L. Morales, City Manager
Kathie G. Brooks, Assistant City Manager
Max Sklar, Director for Tourism, Culture and Economic Development
Gisela Nanson Torres, Leasing Specialist

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Scenario If City Purchased The Pelican, based upon	
YR 2012 Income & Expenses for the next 14 Years	
Income	$21,437,094.00
KTKL Payments*	-$1,730,772.77
Less purchase price	-$22,500,000.00
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Based upon the foregoing, and the fact that the Project will revert back to the City at the end of the Term, staff is recommending that the City reject the Right of First Refusal and approve the Sale of the Project to the Proposed Purchaser.

CONCLUSION

The Administration therefore recommends that the Mayor and City Commission approve the Resolution authorizing the City Manager to decline, in writing, the Right of First Offer Transaction, as required pursuant to the terms of Section 36.2 of the Lease; and further approve the Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., upon satisfactory completion of the City's Due Diligence in connection with said Sale, reimbursement of the City's Due Diligence costs, and payment of the "Settlement Offer". The Administration further recommends that the City Commission authorize the City Manager and City Clerk to execute any and all closing documents, on behalf of the City, in connection with the City's approval of the proposed Sale.

JLM\KGB\MS\GNT

Attachments:
"1" - letter of intent and the Proposed Purchaser's financials
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cc: Jimmy L. Morales, City Manager
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Gisela Nanson Torres, Leasing Specialist

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RESOLUTION NO.__________________

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA AUTHORIZING THE CITY MANAGER TO DECLINE, IN WRITING, THE RIGHT OF FIRST OFFER TRANSACTION, AS REQUIRED PURSUANT TO THE TERMS OF SECTION 36.2 OF THE AGREEMENT OF LEASE ("LEASE") BETWEEN THE CITY ("OWNER") AND PELICAN INVESTMENT HOLDINGS, LLC ("TENANT"), DATED AS OF DECEMBER 1, 1999, INVOLVING THE IMPROVEMENTS TO PROPERTY (THE "PROJECT") LOCATED AT 1027 COLLINS AVENUE, MIAMI BEACH, FLORIDA, AND 1041 COLLINS AVENUE, MIAMI BEACH, FLORIDA; AND FURTHER APPROVING TENANT'S SALE OF THE PROJECT TO THE PROPOSED PURCHASER, JONES LANG LASALLE INCOME PROPERTY TRUST, INC., SUBJECT TO AND CONDITIONED UPON CITY STAFF'S SUCCESSFUL COMPLETION OF ITS EVALUATION OF THE PROPOSED PURCHASER IN ACCORDANCE WITH ARTICLE 10 OF THE LEASE (THE "CITY'S DUE DILIGENCE"); PAYMENT TO THE CITY OF ITS REASONABLE COSTS INCURRED IN CONNECTION WITH THE PROPOSED SALE INCLUDING, WITHOUT LIMITATION, REIMBURSEMENT OF THE CITY'S DUE DILIGENCE COSTS; AND PAYMENT TO THE CITY OF THE "SETTLEMENT OFFER" (AS SUCH TERM IS HEREINAFTER DEFINED IN THIS RESOLUTION); AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE ANY AND ALL CLOSING DOCUMENTS ON BEHALF OF THE CITY IN CONNECTION WITH THE PROPOSED SALE.

WHEREAS, on January 5, 1998, the City issued Request for Proposals No. 20-97/98, seeking proposals for the development of Public-Private Parking Facilities (the RFP); on April 6, 1998, proposals from five (5) different development teams were submitted and evaluated by an Evaluation Committee; and on July 15, 1998, the City Commission authorized negotiations with four (4) of the proposed development projects; and

WHEREAS, as a result of said negotiations, on October 20, 1999, the Mayor and City Commission adopted Resolution No. 99-23372, approving an Agreement of Lease (the "Lease") and Development Agreement between the City and Pelican Development LLC, for development of a public parking garage with ground floor retail space (not to exceed 5,000 square feet), on the City-owned land located at 1027 Collins Avenue, and 1041 Collins Avenue (the "Project"); and

WHEREAS, an Agreement of Lease (the "Lease") was executed between the City ("Owner") and Pelican Development, LLC, dated as of December 1, 1999; and

WHEREAS, on or about June 1, 2004, the Project was sold and transferred from the original tenant, Pelican Development to Ocean Blvd II, LLC, an Indiana limited liability company, and on or about May 27, 2010, the Project was sold and transferred from Ocean Blvd II, LLC to the current tenant, Pelican Investment Holdings, LLC, a Florida limited liability company ("Tenant"); and

WHEREAS, in accordance with Article 10 of the Lease, on October 29, 2013, the Tenant notified the City in writing ("Offer Notice"), requesting the City's consent to the proposed sale and assignment of Tenant's 100% interest in the Project (the "Sale") to a real estate investment trust, Jones Lang LaSalle Income Property Trust, Inc. ("Proposed Purchaser"), for a total cash sum of $22,500,000.00 ("Purchase Price"); and

WHEREAS, pursuant to Section 26.2(c)(iii) of the Lease, the City has until December 26, 2013, in which to approve or disapprove of the Sale of the Project to the Proposed Purchaser; and

WHEREAS, in accordance with Section 36.2 of the Lease, "Owner's Reciprocal Right of First Refusal", the City also has the right to elect, in writing, whether to consummate the Right of First Offer Transaction, at the same price and upon such other material terms set forth in the Offer Notice; the City has until December 13, 2013 to exercise this Right of First Refusal; and

WHEREAS, the Lease is also subject to a 1999 settlement agreement with KTKL Corporation (the "KTKL Settlement"), under which the City is obligated, for a term of thirty years (which commenced on October 31, 2002), to pay KTKL for the City's lease of 28 spaces (the "KTKL Spaces") in the Project; and

WHEREAS, although the KTKL Spaces have been historically utilized by the Tenant since the opening of the Project, the Proposed Purchaser, as part of its due diligence, is requesting an estoppel certificate from the City, which among other matters, representing that, during the remaining Term of the Lease, the City will continue not to utilize the KTKL Spaces; and

WHEREAS, following negotiations with City staff, the Proposed Purchaser has offered the City the total sum of $250,000.00, as consideration for said representation and agreement ("Settlement Offer"); and

WHEREAS, after considering the revenue figures from surrounding City-owned and managed parking garages (as compared to the Project garage, which is a privately managed garage); the financials for the Project; the $250,000.00 Settlement Offer to the City; and the expense of the annual KTKL Settlement payments, City staff determined that it would take the City 14.70 years to break even if the City exercised the Owner's Reciprocal Right of First Refusal; and

WHEREAS, based upon the fact that the Offer materially exceeds the cost per space to construct a City-owned parking facility and, further, that the Project will revert back to the City at the end of the Lease term, the Administration is not prepared to recommend that the City exercise the Reciprocal Right of First Offer Transaction; and

WHEREAS, the Administration therefore recommends that the City Commission approve the proposed Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., subject to City staff's successful completion of the City's Due Diligence, Tenant's payment of the City's Due Diligence costs, and payment to the City of the Settlement Offer.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby authorize the City Manager to decline, in writing, the Right of First Offer Transaction, as required pursuant to the terms of Section 36.2 of the Agreement of Lease ("Ground Lease") between City ("Owner") and Pelican Investment Holdings, LLC ("Tenant"), dated as of December 1, 1999, involving the improvements to Property (the "Project") located at 1027 Collins Avenue, Miami Beach, Florida, and 1041 Collins Avenue, Miami Beach, Florida; and further approve the Sale of the Project to the Proposed Purchaser, Jones Lang LaSalle Income Property Trust, Inc., subject to and conditioned upon City staff's successful completion of its evaluation of the Proposed Purchaser in accordance with Article 10 of the Lease (the "City's Due Diligence"); and payment to the City of its reasonable costs incurred in connection with the proposed Sale including, without limitation, reimbursement of the City's Due Diligence costs and payment of the Settlement Offer; and further authorizing the City Manager and City Clerk to execute any and all closing documents on behalf of the City.

PASSED and **ADOPTED** this 11th day of December 2013.

____
MAYOR

ATTEST:

____
CITY CLERK

JLM/KGB/MS
T:\AGENDA\2003\dec1003\regular\Pelican.RES.doc

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

City Attorney 12-6-13
Date

Torres, Gisela

From: Daniel Unger [daniel@fortcapital.com]
Sent: Tuesday, October 29, 2013 11:41 AM
To: Torres, Gisela
Cc: Mike Conaghan; Aguila, Raul; Sklar, Max; atachmes@shutts.com
Subject: RE: Right of First Offer Transaction - The Pelican Garage 1040 Collins Avenue
Attachments: G. Pelican Title Policy.pdf; H. Pelican LOI executed.pdf; I. Most recent financial statement from buyer REIT Jones_Lang_LaSalle_Income_Property_Trust_Inc_2Q13_10-Q.pdf

Hello Gisela,

I am submitting here the information you requested on the offer and the buyer.

Following your points:

a. Name of Transferee; **A SINGLE PURPOSE ENTITY THAT WILL BE A WHOLLY-OWNED SUBSIDIARY OF JONES LANG LASALLE INCOME PROPERTY, TRUST, INC (JLLIPT).**
   1. The REIT's website is www.jllipt.com
   2. Its prospectus can be found here: http://www.jllipt.com/content/pdf/JLLIPT_Prospectus_3-28-2013_with_Supp_12.pdf

b. Name of Transferor; **PELICAN INVESTMENT HOLDINGS, LLC.**

c. Nature of Transaction; **ARMS LENGTH SALE OF THE LEASEHOLD INTEREST TO AN UNRELATED THIRD PARTY.**

d. Percentage of interest to be conveyed; **100% INTEREST.**

e. Other additional information in order to evaluate the purchaser, such as evidence that the intended purchaser is adequately capitalized to perform its responsibilities under the Lease (information may vary depending upon the transaction and parties thereto) **REFER TO POINTS ABOVE** and see attachment (**"I. Most recent financial statement from buyer REIT Jones Lang LaSalle Income Property Trust Inc 2Q13 10-Q.pdf"**).

f. Purchase Price of offer; **$22,500,000.00.**

g. All material terms of offer; **INCLUDED WITHIN LETTER OF INTENT – LOI (ATTACHED).**

h. Closing Date timeline; **15 DAYS OF THE LATTER OF CITY WAIVING ITS RIGHT OF FIRST OFFER OR UPON COMPLETION OF PURCHASER'S 21 DAY DUE DILIGENCE PERIOD.**

i. Indicating which closing costs shall be borne by each party; **AS PER SECTION VIII OF THE LOI, PURCHASER WILL PAY FOR COST INCURRED IN PERFORMING DUE DILIGENCE INCLUDING ITS LEGAL COUNSEL, PHYSICAL AND ENVIRONMENTAL INSPECTIONS, TITLE INSURANCE AND ANY UPDATES TO THE SURVEY. SELLER WILL BE RESPONSIBLE FOR RECORDING FEES, ESCROW FEES, TRANSFER TAXES, DOCUMENTARY STAMP TAXES, ITS LEGAL FEES, AND FOR PROVIDING A CURRENT ALTA SURVEY. ALL OTHER COSTS WILL BE SPLIT EVENLY (50/50) BETWEEN PURCHASER AND SELLER.**

j. Deed/Title **TITLE ATTACHED.**

Let me know if you need any more information on the buyer's side,
Thank you again,

DANIEL UNGER
FORT CAPITAL MANAGEMENT
www.fortcapital.com
176 NE 43RD STREET.
MIAMI, FLORIDA 33137
C. +1.770.671.8817
T. +1.305.571.8228

Exhibit I

LASALLE
INVESTMENT MANAGEMENT

Acquisitions Group
100 East Pratt Street Baltimore Maryland 21202
Tel +1 410 878 4800 Fax +1 410 878 4901

October 18, 2013

VIA E-MAIL

Luis Castillo
Director
Holliday Fenoglio Fowler
1450 Brickell Avenue
Suite 2950
Miami, FL 33131

RE: Pelican Garage
Miami Beach, Florida
Revised

Dear Luis:

The purpose of this letter is to outline some of the general business terms and conditions under which LaSalle Investment Management, Inc., as agent for an investor client ("Purchaser"), will purchase a 100% leasehold interest in the Pelican Garage ("Property") from Pelican Investment Holdings, LLC ("Seller"). This letter supersedes our letter of October 8, 2013

This letter should not be construed as a purchase offer or commitment as it is subject to the conditions set forth in this letter, including the execution of a mutually satisfactory Purchase and Sale Agreement. The general business terms and conditions of the proposed agreement are as follows:

I. PURCHASER

LaSalle Investment Management, Inc. as agent for Jones Lang LaSalle Income Property Trust, Inc. ("Purchaser").

II. SELLER

Pelican Investment Holdings, LLC ("Seller").

III. THE PROPERTY(S)

Pelican Garage, located at 1021 Collins Avenue in Miami Beach, Florida. The Property consists of a 329 space Parking Garage that also contains 3,350 square feet of rentable retail space. Purchaser will acquire a 100% leasehold interest in the Property.

IV. PURCHASE PRICE

The total purchase price for the Property will be **$22,500,000.**

A member of the Jones Lang LaSalle group
Authorised and regulated by the Financial Services Authority
Registered in England Number 2597060

V. **TENANT IMPROVEMENTS, COMMISSIONS, AND CAPITAL IMPROVEMENTS**

All pre-existing tenant improvements, commissions, and capital expenditure obligations will be the responsibility of the Seller.

VI. **PROPERTY MANAGEMENT AND LEASING**

All existing management, leasing, and service contracts shall be terminable at closing.

VII. **PROPERTY BROKERAGE COMMISSIONS**

Seller shall pay any brokerage commissions due related to this transaction. Purchaser has not worked with any other broker, and Purchaser shall be responsible for any fee or commission due to LaSalle Investment Management, Inc.

VIII. **CLOSING COSTS**

Purchaser will pay for costs incurred in performing Purchaser's due diligence including its legal counsel, physical and environmental inspections, and title insurance. Seller will be responsible for recording fees, escrow fees, transfer taxes, documentary stamp taxes, its legal fees, and for providing a current ALTA Survey. Purchaser will pay for any updates to the survey. All other costs will be split evenly (50/50) between Purchaser and Seller. The closing of the purchase shall be subject to normal prorations. Purchaser will select the Title Company.

IX. **CONDITIONS**

The terms and conditions set forth in this letter are predicated upon information provided by Seller and the Seller's representative, Holliday Fenoglio Fowler. The closing of the proposed transaction is subject to Purchaser's satisfaction with its review of all legal documents and certain other information relating to the Property. Such review will include, without limitation, management agreement, tenant leases, service contracts, historical operating statements and real estate taxes, historical financial statements, operating and capital budgets, ongoing brokerage commission obligations for existing leases, if any, building plans and specifications, applicable zoning and subdivision laws, and survey and title insurance documentation.

The closing of any transaction is further subject to: (i) Purchaser's satisfaction with its physical and environmental inspections of the Property, including without limitation, inspections for asbestos-containing and other hazardous materials; (ii) satisfactory interviews with tenants including analysis of the credit worthiness of tenants; (iii) the execution by Purchaser and Seller of a mutually satisfactory Purchase and Sale Agreement; and (iv) satisfactory tenant estoppels.

X. APPROVAL, EARNEST MONEY AND CLOSING

Purchaser contemplates the following time frames regarding due diligence, documentation, final approval, and closing.

1) Purchaser and Seller execute Letter of Intent.

2) Within five (5) business days of (1), LaSalle Investment Management's Investment Committee will formally authorize the transaction. **This Investment is discretionary to LaSalle Investment Management's Investment Committee.**

3) Within 10 days after (1), Purchaser and Seller will negotiate and execute a Purchase and Sale Agreement. At contract execution, Purchaser will deposit **$750,000** of refundable earnest money in escrow. After the completion of (2), Purchaser will also begin its' due diligence **while simultaneously** negotiating the Purchase and Sale Agreement.

4) Within twenty one (21) days of (2), Purchaser will complete its due diligence... At completion of due diligence period, Purchaser will deposit an additional $1,500,000 and its earnest money deposits will become non-refundable subject to the City of Miami Beach waiving its' ROFO.

5) Within forty-five (45) days of (2), City will waive its' ROFO. In the event the City exercises its' ROFO, Seller will reimburse Purchaser for its' reasonable due diligence and legal costs.

6) Closing will occur within fifteen (15) days of the latter of (4) or (5).

XI. ESTOPPEL

Our attorneys reviewed the "form estoppel. Their comments are below:

1) The ROFO described in Section 36.2 will need to be waived. This can be done in a separate document if necessary.

2) The transfer of the Ground Lease to our buying entity will have to be consented to by Ground Landlord in accordance with Section 10.3(c).

LaSalle Investment Management

3) Since our buyer will be a subsidiary of a public, non-traded REIT with continual share offerings and redemptions, the Ground Landlord will need to waive Section 10.3(c) to allow for transfers of non-controlling interests (and the issuance of new shares, etc.).

4) Since our REIT structure necessitates a lease with the parking operator, the Ground Landlord will have to consent in advance to such a "Master Sublease." Currently, a Master Sublease requires Ground Landlord's consent.

5) We would like to add a statement in the estoppel confirming that Article 23 of the Lease (KTKL Settlement) is superseded by the KTKL settlement agreement.

Our attorneys are available to discuss these points with the Seller and their attorney. These comments will be addressed within the estoppel or documentation will be provided to Buyer to accomplish same.

XII. ASSIGNMENT

Purchaser may assign its interests under this letter.

XIII. CONFIDENTIALITY

The parties acknowledge and agree that the contents of this letter and the terms of the proposed transaction will be kept confidential in accordance with that Confidentiality Agreement entered into between the parties as of August 28th, 2013.

This Letter of Intent is only intended to set forth general understandings of the parties and to provide the basis for negotiating the Purchase and Sale Agreement. The parties acknowledge that, except for the sections concerning Confidentiality and exclusivity, this letter is not a binding commitment or agreement between the parties and execution of a mutually satisfactory Purchase and Sale Agreement, containing all the essential terms of an agreement between Purchaser and Seller is a condition precedent to the creation of a binding contract between the two parties. This Letter of Intent does not obligate either party to proceed to the completion of a purchase and sale agreement nor should Seller construe the delivery and execution of this Letter of Intent as a reasonable basis to believe that a closing will in fact occur. Further, this Letter does not obligate the parties to negotiate toward the execution and delivery of a Purchase and Sale Agreement.

Seller reserves the right to accept back up offers. Unless accepted by Seller, this letter shall terminate at 5:00 p.m. (EST), on Friday November 1st, 2013.

If the business terms and conditions for the proposed transaction meet with your client's approval, please have your client sign this letter, keep one copy for your files and return one copy to LaSalle Investment Management, Inc.

LaSalle
Investment Management

We look forward to working with you on this transaction.

Very truly yours,

Richard R. Reese Jr.
Managing Director of LaSalle Investment Management, Inc.
As agent for its investor client

cc: Patrick McCormick

AGREED TO AND ACCEPTED

This 25 day of October, 2013

By:

Title: Managing Member

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 0-51948

Jones Lang LaSalle Income Property Trust, Inc.
(Exact name of registrant as specified in its charter)

Maryland	**20-1432284**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

200 East Randolph Drive, Chicago IL, 60601
(Address of principal executive offices, including Zip Code)

(312) 782-5800
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares of the registrant's Common Stock, $.01 par value, outstanding on August 8, 2013 were 26,444,843 shares of Class E Common Stock, 10,425,137 shares of Class A Common Stock, and 1,791,607 shares of Class M Common Stock.

Jones Lang LaSalle Income Property Trust, Inc.

INDEX

Item 1. Financial Statements.

Jones Lang LaSalle Income Property Trust, Inc.
CONSOLIDATED BALANCE SHEETS
$ in thousands, except per share amounts

		June 30, 2013 (Unaudited)		December 31, 2012
ASSETS				
Investments in real estate:				
Land (including from VIEs of $32,593 and $32,593, respectively)	$	135,192	$	126,555
Buildings and equipment (including from VIEs of $230,638 and $232,423, respectively)		719,041		669,901
Less accumulated depreciation (including from VIEs of $(28,452) and $(28,027) respectively)		(88,181)		(82,428)
Net property and equipment		766,052		714,028
Investment in unconsolidated real estate affiliate		19,895		19,988
Net investments in real estate		785,947		734,016
Cash and cash equivalents (including from VIEs of $2,626 and $2,500, respectively)		20,769		36,986
Restricted cash (including from VIEs of $3,639 and $3,051, respectively)		10,719		15,880
Tenant accounts receivable, net (including from VIEs of $1,674 and $1,203, respectively)		2,437		1,825
Deferred expenses, net (including from VIEs of $619 and $783, respectively)		6,747		6,208
Acquired intangible assets, net (including from VIEs of $4,293 and $4,548, respectively)		37,342		41,125
Deferred rent receivable, net (including from VIEs of $833 and $1,074, respectively)		6,306		4,575
Prepaid expenses and other assets (including from VIEs of $764 and $364, respectively)		3,122		1,419
TOTAL ASSETS	$	873,389	$	842,034
LIABILITIES AND EQUITY				
Mortgage notes and other debt payable, net (including from VIEs of $185,861 and $187,234, respectively)	$	459,547	$	492,985
Accounts payable and other accrued expenses (including from VIEs of $2,056 and $2,953, respectively)		21,154		15,615
Distributions payable		3,509		2,975
Accrued interest (including from VIEs of $880 and $909, respectively)		1,813		2,033
Accrued real estate taxes (including from VIEs of $1,939 and $638, respectively)		3,184		937
Advisor fees payable		385		324
Acquired intangible liabilities, net		5,577		10,080
TOTAL LIABILITIES		495,169		524,949
Commitments and contingencies				
Equity:				
Class E common stock: $0.01 par value; 200,000,000 shares authorized; 26,444,843 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively		264		264
Class A common stock: $0.01 par value; 400,000,000 shares authorized; 9,320,989 and 3,612,169 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively		93		36
Class M common stock: $0.01 par value; 400,000,000 shares authorized; 1,629,313 and 104,282 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively		16		1
Additional paid-in capital (net of offering costs of $6,549 and $3,219 as of June 30, 2013 and December 31, 2012, respectively)		582,930		512,383
Accumulated other comprehensive income		13		542
Distributions to stockholders		(97,392)		(90,691)
Accumulated deficit		(118,098)		(115,851)
Total Jones Lang LaSalle Income Property Trust, Inc. stockholders' equity		367,826		306,684
Noncontrolling interests		10,394		10,401
Total equity		378,220		317,085
TOTAL LIABILITIES AND EQUITY	$	873,389	$	842,034

The abbreviation "VIEs" above means Variable Interest Entities.

See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

$ in thousands, except per share amounts

(Unaudited)

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenues:				
Minimum rents	$ 19,762	$ 15,921	$ 42,533	$ 32,307
Tenant recoveries and other rental income	5,459	3,480	9,058	6,983
Total revenues	25,221	19,401	51,591	39,290
Operating expenses:				
Real estate taxes	2,552	2,223	5,007	4,402
Property operating	6,609	5,563	12,691	10,907
Net (recovery of) provision for doubtful accounts	(7)	35	(169)	152
Advisor fees	1,121	572	2,107	1,302
Company level expenses	606	688	999	1,339
General and administrative	399	344	796	543
Depreciation and amortization	6,798	4,997	19,189	10,004
Total operating expenses	18,078	14,422	40,620	28,649
Operating income	7,143	4,979	10,971	10,641
Other income and (expenses):				
Interest expense	(6,419)	(6,415)	(12,878)	(13,317)
Debt modification expenses	—	—	(182)	—
Equity in loss of unconsolidated affiliates	(71)	(416)	(92)	(240)
Total other income and (expenses)	(6,490)	(6,831)	(13,152)	(13,557)
Income (loss) from continuing operations	653	(1,852)	(2,181)	(2,916)
Discontinued operations:				
Loss from discontinuing operations	—	(898)	—	(2,951)
Loss on sale of discontinued operations	—	(117)	—	(117)
Gain on transfer of property and extinguishment of debt	—	—	—	11,791
Total (loss) income from discontinued operations	—	(1,015)	—	8,723
Net income (loss)	653	(2,867)	(2,181)	5,807
Less: Net income attributable to the noncontrolling interests	(27)	(45)	(66)	(137)
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	626	(2,912)	(2,247)	5,670
Net income (loss) from continuing operations attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.02	$ (0.08)	$ (0.07)	$ (0.13)
Total (loss) income from discontinued operations per share-basic and diluted	$ —	$ (0.04)	$ —	$ 0.36
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.02	$ (0.12)	$ (0.07)	$ 0.23
Weighted average common stock outstanding-basic and diluted	35,343,798	24,022,500	33,445,787	24,008,932
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(311)	(205)	(529)	(23)
Total other comprehensive (loss) income	(311)	(205)	(529)	(23)
Net comprehensive income (loss)	$ 315	$ (3,117)	$ (2,776)	$ 5,647

See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.

CONSOLIDATED STATEMENTS OF EQUITY

$ in thousands, except per share amounts
(Unaudited)

	Common Stock Class E		Common Stock Class A		Common Stock Class M		Additional Paid In Capital	Accumulated Other Comprehensive Income (loss)	Distributions to Stockholders	Accumulated Deficit	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance, January 1, 2013	26,444,843	$ 264	5,612,169	$ 36	104,282	$ 1	$ 512,383	$ 542	$ (90,691)	$ (115,851)	$ 10,401	$ 317,085
Issuance of common stock	—	—	5,734,868	57	1,521,031	15	74,102	—	—	—	—	74,174
Repurchase of shares	—	[illegible]	(26,048)	—	—	—	(266)	—	—	—	—	(266)
Offering costs	—	—	—	—	—	—	(3,330)	—	—	—	—	(3,330)
Stock based compensation	[illegible]	[illegible]	[illegible]	—	4,000	—	41	—	—	—	—	41
Net (loss) income	—	—	—	—	—	—	—	—	—	(2,247)	66	(2,181)
Other comprehensive loss	[illegible]	[illegible]	[illegible]	—	—	—	—	(529)	—	—	—	(529)
Cash contributed from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	208	208
Cash distributed to noncontrolling interests	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—	(281)	(281)
Distributions declared ($0.10) per share	—	—	—	—	—	—	—	—	(6,701)	—	—	(6,701)
Balance, June 30, 2013	26,444,843	$ 264	9,320,989	$ 93	1,629,313	$ 16	$ 582,930	$ 13	$ (97,392)	$ (118,098)	$ 10,394	$ 378,220

	Common Stock Class E		Common Stock Class A		Common Stock Class M		Additional Paid In Capital	Accumulated Other Comprehensive Income (loss)	Distributions to Stockholders	Accumulated Deficit	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance, January 1, 2012	23,995,352	$ 41	—	—	—	—	$ 453,861	$ 322	$ (80,636)	$ (153,327)	$ 10,818	$ 231,079
Contributions	21,752	[illegible]	[illegible]	[illegible]	—	—	398	—	—	—	—	399
Net income	—	—	—	—	—	—	—	—	—	5,670	137	5,807
Other comprehensive income	[illegible]	[illegible]	[illegible]	—	—	—	—	(23)	—	—	—	(23)
Cash contributed from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	109	109
Cash distributed to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(305)	(305)
Distributions declared ($0.09506) per share	—	—	—	—	—	—	—	—	(4,566)	—	—	(4,566)
Balance, June 30, 2012	24,017,104	$ 42	[illegible]	—	—	—	$ 454,259	$ 299	$ (85,202)	$ (147,657)	$ 10,759	$ 232,300

See notes to consolidated financial statements.

5

Jones Lang LaSalle Income Property Trust, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

$ in thousands, except per share amounts

(Unaudited)

		Six months ended June 30, 2013		Six months ended June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net (loss) income	$	(2,181)	$	5,807
Adjustments to reconcile (loss) income to net cash provided by operating activities:				
Depreciation (including discontinued operations)		8,548		8,227
Amortization of in-place lease intangible assets (including discontinued operations)		10,189		2,352
Amortization of net above-and below-market in-place leases (including discontinued operations)		(4,303)		(363)
Amortization of financing fees (including discontinued operations)		402		656
Amortization of debt premium and discount (including discontinued operations)		(471)		(107)
Amortization of lease commissions (including discontinued operations)		452		515
Loss on sale of discontinued operations		—		117
Gain on transfer of property and extinguishment of debt (including discontinued operations)		—		(11,791)
Net (recovery of) provision for doubtful accounts (including discontinued operations)		(169)		183
Straight line rent (including discontinued operations)		(1,746)		(96)
Impairment of real estate (including discontinued operations)		—		913
Equity in loss of unconsolidated affiliates		92		240
Net changes in assets and liabilities:				
Tenant accounts receivable		(439)		409
Prepaid expenses and other assets		(564)		(208)
Advisor fees payable		61		171
Accounts payable and other accrued expenses		167		5,460
Net cash provided by operating activities		10,038		12,485
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of real estate investment		(58,820)		—
Proceeds from sale of real estate investments, net		—		5,120
Capital improvements and lease commissions		(5,633)		(3,959)
Loan escrows		5,161		(4,882)
Net cash used in investing activities		(59,292)		(3,721)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of common stock		73,451		—
Repurchase of shares		(266)		—
Offering costs		(1,620)		—
Distributions to stockholders		(5,544)		(1,882)
Distributions paid to noncontrolling interests		(281)		(305)
Contributions received from noncontrolling interests		208		109
Draws on credit facility		7,000		—
Proceeds from mortgage notes		12,000		—
Debt issuance costs		(472)		—
Principal payments on mortgage notes and other debt payable		(50,384)		(2,750)
Net cash provided by (used in) financing activities		33,092		(4,828)
Net (decrease) increase in cash and cash equivalents		(16,162)		3,936
Effect of exchange rates		(55)		(11)
Cash and cash equivalents at the beginning of the period		36,986		28,033
Cash and cash equivalents at the end of the period	$	20,769	$	31,958
Supplemental disclosure of cash flow information:				
Interest paid	$	13,173	$	14,119

Non-cash activities:		
Write-offs of receivables	$ 249	$ 82
Write-offs of retired assets	10,250	2,125
Change in liability for capital expenditures	6,142	85
Liabilities assumed at acquisition	(123)	—
Stock issued through dividend reinvestment plan	623	399
Stock based compensation	41	—
Change in issuance of common stock receivable	1,141	—
Change in accrued offering costs	1,710	—
Distribution payable	3,509	2,285
Transfers of property in extinguishment of debt settlement	—	41,834

See notes to consolidated financial statements.

NOTE 1—ORGANIZATION

General

Except where the context suggests otherwise, the terms "we," "us," "our" and the "Company" refer to Jones Lang LaSalle Income Property Trust, Inc. The terms "Advisor" and "LaSalle" refer to LaSalle Investment Management, Inc.

Jones Lang LaSalle Income Property Trust, Inc. is an externally managed, non-listed, daily valuation perpetual-life real estate investment trust ("REIT") that owns and manages a diversified portfolio of apartment, industrial, office and retail properties located primarily in the United States. We expect over time that our real estate portfolio will be further diversified on a global basis through the acquisition of additional properties outside of the United States and will be complemented by investments in real estate-related debt and securities. We were originally incorporated on May 28, 2004 under the laws of the State of Maryland. We believe that we have operated in such a manner to qualify to be taxed as a REIT for federal income tax purposes commencing with the taxable year ended December 31, 2004, when we first elected REIT status. As of June 30, 2013, we owned (i) interests in a total of 34 consolidated properties located in ten states and one in Canada and (ii) an interest in one unconsolidated property located in the United States.

From our inception to October 1, 2012, we raised proceeds through private offerings of shares of our undesignated common stock. On October 1, 2012, the Securities and Exchange Commission (the "SEC") declared effective our Registration Statement on Form S-11 (Commission File No. 333-177963) (the "Registration Statement") with respect to our continuous public offering of up to $3,000,000 in any combination of Class A and Class M shares of common stock (the "Offering"). In order to facilitate the Offering, on September 27, 2012, with the approval of our stockholders, we amended and restated our charter to, among other things, (i) designate our outstanding common stock as Class E common stock, (ii) create two new classes of common stock, Class A and Class M, and (iii) make certain additional changes requested by state securities administrators. We also amended and restated our bylaws on September 27, 2012 in connection with the Registration Statement being declared effective by the SEC. Additionally, on October 1, 2012, we effected a stock dividend for all Class E shares at a ratio of 4.786-to-1 in order to achieve a net asset value ("NAV") per share for each of the Class A, Class M and Class E shares of $10.00 as of the date we commenced the Offering. Affiliates of our sponsor, Jones Lang LaSalle Incorporated ("Jones Lang LaSalle" or our "Sponsor"), have invested an aggregate of $60,200 through purchases of shares of our Class E common stock. As of June 30, 2013, 26,444,843 shares of Class E common stock, 9,320,989, shares of Class A common stock and 1,629,313 shares of Class M common stock were outstanding and held by a total of 2,703 stockholders.

Prior to November 14, 2011, the Company (previously named Excelsior LaSalle Property Fund, Inc.) was managed by Bank of America Capital Advisors LLC (the "Former Manager"), a registered investment adviser with the SEC, that had the day-to-day responsibility for our management and administration pursuant to a management agreement between the Company and the Former Manager (the "Management Agreement"). On November 14, 2011, the Former Manager assigned its right, duties and obligations as manager of the Company under the Management Agreement to LaSalle and since that date, the Former Manager has had no responsibility for the management of the Company.

LaSalle acts as our advisor pursuant to the amended and restated advisory agreement between the Company and LaSalle, which became effective on October 1, 2012 (the "Advisory Agreement"). Our Advisor, a registered investment adviser with the SEC, has broad discretion with respect to our investment decisions and is responsible for selecting our investments and for managing our investment portfolio pursuant to the terms of the Advisory Agreement. LaSalle is a wholly owned, but operationally independent subsidiary of Jones Lang LaSalle, a New York Stock Exchange-listed global real estate, investment management firm. We have no employees as all operations are managed by our Advisor. We have executive officers, but they are employees of and compensated by our Advisor.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the instructions to Form 10-Q and Rule 10-01 of Regulation S-X and include the accounts of our wholly-owned subsidiaries, consolidated variable interest entities ("VIE") and the unconsolidated investments in real estate affiliates accounted for under the equity method of accounting. We consider the authoritative guidance of accounting for investments in common stock, investments in real estate ventures, investors accounting for an investee when the investor has the majority of the voting interest but the minority partners have certain approval or veto rights, determining whether a general partner or general partners as a group controls a limited partnership or similar entity when the limited partners have certain rights, and the consolidation of VIEs in which we own less than a 100% interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Parenthetical disclosures are shown on our Consolidated Balance Sheets regarding the amounts of VIE assets and liabilities that are consolidated. Our VIEs include entities owning The District at Howell Mill, Cabana Beach San Marcos, Cabana Beach Gainesville, The Lodge of Athens, Campus Lodge Columbia, The Edge at Lafayette and Campus Lodge Tampa as we maintain control over significant decisions, which began at the time of acquisition of the properties. The creditors of our VIEs do not have general recourse to us.

Noncontrolling interests represent the minority members' proportionate share of the equity in our VIEs. At acquisition, the assets, liabilities and non-controlling interests were measured and recorded at the estimated fair value. Noncontrolling interests will increase for the minority members' share of net income of these entities and contributions and decrease for the minority members' share of net loss and distributions. As of June 30, 2013, noncontrolling interests represented the minority members' proportionate share of the equity of the entities listed above as VIEs.

The accompanying unaudited interim financial statements have been prepared in accordance with the accounting policies described in the financial statements and related notes included in the Company's Form 10-K filed with the SEC on March 7, 2013 (our "2012 Form 10-K") and should be read in conjunction with such financial statements and related notes. The following notes to these interim financial statements highlight changes to the notes included in the December 31, 2012 audited financial statements included in our 2012 Form 10-K and present interim disclosures as required by the SEC.

The interim financial data as of June 30, 2013 and for the three and six months ended June 30, 2013 and 2012 is unaudited. In the opinion of the Company, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided against the portion of accounts receivable and deferred rent receivable that is estimated to be uncollectible. Such allowance is reviewed periodically based upon our recovery experience. At June 30, 2013 and December 31, 2012, our allowance for doubtful accounts was $152 and $570, respectively.

Deferred Expenses

Deferred expenses consist of debt issuance costs and lease commissions. Debt issuance costs are capitalized and amortized over the terms of the respective agreements as a component of interest expense. Lease commissions are capitalized and amortized over the term of the related lease as a component of depreciation and amortization expense. Accumulated amortization of deferred expenses at June 30, 2013 and December 31, 2012 was $4,025 and $4,013, respectively.

Acquisitions

We have allocated purchase price to acquired intangible assets, which include acquired in-place lease intangibles, acquired above-market in-place lease intangibles and acquired ground lease intangibles, which are reported net of accumulated amortization of $22,505 and $26,515 at June 30, 2013 and December 31, 2012, respectively, on the accompanying Consolidated Balance Sheets. The acquired intangible liabilities represent acquired below-market in-place leases, which are reported net of accumulated amortization of $2,582 and $5,465 at June 30, 2013 and December 31, 2012, respectively, on the accompanying Consolidated Balance Sheets.

Fair Value Disclosure

The authoritative guidance requires the disclosure of the fair value of our financial instruments for which it is practicable to estimate that value. The guidance does not apply to all balance sheet items. Market information as available or present value techniques have been utilized to estimate the amounts required to be disclosed. Since such amounts are estimates, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument. We have estimated the fair value of our mortgage notes and other debt payable reflected in the accompanying Consolidated Balance Sheets at amounts that are based upon an interpretation of available market information and valuation methodologies (including discounted cash flow analysis with regard to fixed rate debt) for similar loans made to borrowers with similar credit ratings and for the same maturities. The fair value of our mortgage notes and other debt payable, including our line of credit which was entered into at market rates, using level two inputs was approximately $4,708 higher and $17,136 higher than the aggregate carrying amounts at June 30, 2013 and December 31, 2012, respectively. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of our mortgage notes payable.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, significant estimates and assumptions have been made with respect to useful lives of assets, recoverable amounts of receivables, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions. Actual results could differ from those estimates.

NOTE 3—PROPERTY

The primary reason we make acquisitions of real estate investments in the apartment, industrial, office and retail property sectors is to invest capital contributed by stockholders in a diversified portfolio of real estate assets. The consolidated properties acquired by the Company during 2013 are as follows:

Property	Sector	Square Feet	Location	Ownership %	Acquisition Date	Gross Acquisition Price
Joliet Distribution Center	Industrial	442,000	Joliet, IL	100%	June 26, 2013	$ 21,000
Suwanee Distribution Center	Industrial	559,000	Atlanta, GA	100%	June 28, 2013	37,943

We allocated the purchase price of our 2013 acquisitions in accordance with authoritative guidance as follows:

	2013 Acquisitions
Land	$ 8,955
Building and equipment	43,360
In-place lease intangible	6,554
Above-market lease intangible	103
Below-market lease intangible	(29)
	$ 58,943
Weighted average amortization period for intangible assets and liabilities	2 - 10 years

The following table summarizes the loss from discontinued operations for Georgia Door Sales Distribution Center, Metropolitan Park North and Marketplace at Northglenn for the three and six months ended June 30, 2012:

	Three months ended June 30, 2012	Six months ended June 30, 2012
Total revenue	$ 1,863	$ 4,896
Real estate taxes	(327)	(778)
Property operating	(236)	(669)
Provision for doubtful accounts	7	(31)
General and administrative	(16)	(103)
Net provision for impairment	—	(913)
Depreciation and amortization	(326)	(1,090)
Interest expense	(1,863)	(4,263)
Loss from discontinued operations	$ (898)	$ (2,951)

NOTE 4—UNCONSOLIDATED REAL ESTATE AFFILIATES

We own a 46.5% interest in Legacy Village. On December 4, 2012, we acquired the remaining 20% interest in 111 Sutter Street. We had previously owned a majority, but non-controlling, interest in 111 Sutter Street from March 29, 2005 through December 4, 2012. The following table summarizes financial information for our unconsolidated real estate affiliate:

Summarized Combined Balance Sheets - Unconsolidated Real Estate Affiliate

	June 30, 2013	December 31, 2012
Total assets	$ 102,394	$ 104,882
Total liabilities	$ 88,947	$ 91,176
Members' equity	13,447	13,706
Total liabilities and members' equity	$ 102,394	$ 104,882

Company Investment in Unconsolidated Real Estate Affiliate

	June 30, 2013	December 31, 2012
Members' equity	$ 13,447	$ 13,706
Less: other members' equity	(8,303)	(8,442)
Basis differential in investment in unconsolidated real estate affiliates, net (1)	14,751	14,724
Investments in unconsolidated real estate affiliates	$ 19,895	$ 19,988

(1) The basis differential in investment in the equity of the unconsolidated real estate affiliate is attributable to a difference in the fair value of Legacy Village over its historical cost at acquisition plus our own acquisition costs for Legacy Village. We amortize the basis differential over the lives of the related assets and liabilities that make up the fair value difference, primarily buildings and improvements. In some instances, the useful lives of these assets and liabilities differ from the useful lives being used to amortize the assets and liabilities by the other members. The basis differential allocated to land is not subject to amortization.

Summarized Combined Statements of Operations - Unconsolidated Real Estate Affiliates

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Total revenues	$ 4,521	$ 6,390	$ 9,054	$ 13,058
Total operating expenses	3,498	4,989	6,890	9,054
Operating income	1,023	1,401	2,164	4,004
Total other expenses	1,205	2,028	2,423	4,070
Net loss	$ (182)	$ (627)	$ (259)	$ (66)

Company Equity in Income of Unconsolidated Real Estate Affiliates

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net loss of unconsolidated real estate affiliates	$ (182)	$ (627)	$ (259)	$ (66)
Other members' share of net loss (income)	98	224	140	(178)
Adjustments and other expenses	13	(10)	27	10
Other expense from unconsolidated real estate affiliates	—	(3)	—	(6)
Company equity in loss of unconsolidated real estate affiliates	$ (71)	$ (416)	$ (92)	$ (240)

NOTE 5—MORTGAGE NOTES AND OTHER DEBT PAYABLE

Mortgage notes and other debt payable have various maturities through 2027 and consist of the following:

Property	Maturity/ Extinguishment Date	Interest Rate	Amount payable as of June 30, 2013	Amount payable as of December 31, 2012
Mortgage notes payable (1) (2)	July 2013 - March 2027	2.94% - 6.14%	$ 451,239	$ 479,206
Line of credit	June 2015	2.70%	7,000	—
Other debt payable (3)	January 2013	4.75%		12,000
Mortgage notes and other debt payable			458,239	491,206
Net debt premium on assumed debt			1,308	1,779
Mortgage notes and other debt payable, net			$ 459,547	$ 492,985

(1) On June 20, 2013, we entered into a $12,000 mortgage note payable secured by 4001 North Norfleet Road. The note matures February 1, 2017 and has a floating interest rate equal to LIBOR plus 2.75% (2.94% at June 30, 2013).

(2) On July 1, 2013, we retired the mortgage note payable on 36 Research Park Drive. The outstanding balance on the mortgage note payable, including accrued interest, was approximately $10,650,000. We negotiated a discounted payoff in the amount of $9,500.

(3) The seller of 111 Sutter Street provided short-term financing at closing at the prime rate (3.25% at December 31, 2012) plus 150 basis points. In January 2013, we retired the $12,000 note payable.

Aggregate principal payments of mortgage notes payable as of June 30, 2013 are as follows:

Year	Amount
2013	$ 56,686
2014	138,857
2015	24,452
2016	33,530
2017	112,621
Thereafter	85,093
Total	$ 451,239

Line of Credit

On June 25, 2013, we entered into a $40,000 revolving line of credit agreement with Bank of America, N.A. to cover short-term capital needs for new property acquisitions and working cash. The line of credit has a two year term and bears interest based on LIBOR plus a spread ranging from 1.50% to 2.75% depending on the Company's leverage ratio (2.25% spread at June 30, 2013). We may not draw funds on our line of credit if we experience a Material Adverse Effect, which is defined to include, among other things, (a) a material adverse effect upon the operations, business, assets, liabilities, or financial condition of the Company, taken as a whole; (b) a material impairment of the rights and remedies of lender under any loan document or the ability of any loan party to perform its obligations under any loan document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any loan party of any loan document to which it is a party. As of June 30, 2013, there were no material adverse effects. Our line of credit does require us to meet certain customary debt covenants which include a maximum leverage ratio, a minimum debt service ratio as well as minimum amounts of equity and liquidity.

At June 30, 2013, we were in compliance with all debt covenants.

NOTE 6—COMMON STOCK

We have three classes of common stock outstanding as of June 30, 2013. Our previously existing class of undesignated common stock was designated as Class E common stock on September 27, 2012. The outstanding shares of Class E common stock will convert to Class M common stock on October 1, 2013. We will not issue any additional shares of Class E common stock. Shares of Class A and M common stock are currently being sold under our continuous public Offering. The fees payable to our dealer manager with respect to each outstanding share of each class, as a percentage of NAV, are as follows:

	Selling Commission	Dealer Manager Fee	Distribution Fee
Class A Shares	up to 3.5%	0.55%	0.50%
Class M Shares	None	0.55%	None
Class E Shares	None	None	None

The selling commission, dealer manager fee and distribution fee are offering costs and are recorded as a reduction of capital in excess of par value.

Stock Issuances

The stock issuances for our three classes of shares for the six months ended June 30, 2013 and for the year ended December 31, 2012 were as follows:

	Six months ended June 30, 2013		Year ended December 31, 2012	
	# of shares	Amount	# of shares	Amount
Class A Shares	5,734,868	$ 58,692	3,612,169	$ 37,035
Class M Shares	1,525,031	15,523	104,282	1,057
Class E Shares (1)		—	5,202,625	50,794
Total		$ 74,215		$ 88,886

(1) On August 8, 2012, we sold 5,120,355 shares of our undesignated common stock to an affiliate of our Advisor at our June 30, 2012 net asset value of approximately $9.76 per share. The undesignated shares of our common stock were designated as Class E shares on September 27, 2012.

Stock Dividend

On October 1, 2012, we declared a stock dividend with respect to all Class E shares at a ratio of 4.786-to-1. The effects of the stock dividend, which was effected as a stock split, have been applied retroactively to all share and per share amounts for all periods presented.

Share Repurchase Plan

On October 1, 2012, we adopted a new share repurchase plan whereby on a daily basis stockholders may request we repurchase all or a portion of their shares of Class A and Class M common stock at that day's NAV per share. The share repurchase plan is subject to a one-year holding period, with certain exceptions, and limited to 5% of NAV per quarter with certain limitations based on the size of the capital raise in our Offering. Class E shares are not eligible to participate in the share repurchase plan. For the three and six months ended June 30, 2013, we repurchased 26,048 shares of Class A common stock that were issued through our distribution reinvestment plan.

Distribution Reinvestment Plan

From January 1, 2012 through September 30, 2012, we issued 82,270 shares of common stock for approximately $794 pursuant to our dividend reinvestment plan that was in effect prior to the commencement of the Offering on October 1, 2012. On October 1, 2012, we terminated our existing dividend reinvestment plan and adopted a new distribution reinvestment plan whereby Class A and Class M shares may elect to have their cash distributions reinvested in additional shares of our Common Stock at the NAV per share on the distribution date. Class E shares are not eligible to participate in the distribution reinvestment plan. For the six months ended June 30, 2013, we issued 52,291 and 9,229 shares of Class A and Class M Common Stock, respectively, for $623 under the distribution reinvestment plan.

Earnings Per Share ("EPS")

Basic per share amounts are based on the weighted average of shares outstanding of 35,343,798 and 33,445,787 for the three and six months ended June 30, 2013 and 24,022,500 and 24,008,932 for the three and six months ended June 30, 2012, respectively. We have no dilutive or potentially dilutive securities. The computations of basic and diluted EPS were adjusted retroactively for all periods presented to reflect the stock dividend that occurred on October 1, 2012.

Organization and Offering Costs

Organization and offering expenses include, but are not limited to, legal, accounting and printing fees and personnel costs of our Advisor (including reimbursement of personnel costs for our executive officers) attributable to our organization, preparation of the registration statement, registration and qualification of our common stock for sale with the SEC and in the various states and filing fees incurred by our Advisor. LaSalle agreed to fund our organization and offering expenses through October 1, 2012, which is the date the SEC declared our registration statement effective, following which time we commenced reimbursing LaSalle over 36 months for organization and offering expenses incurred prior to the commencement date. Following the Offering commencement date, we began paying directly or reimbursing LaSalle if it pays on our behalf any organization and offering expenses incurred during the Offering period (other than selling commissions, the dealer manager fee and distribution fees) as and when incurred. After the termination of the Offering, our Advisor has agreed to reimburse us to the extent that the organization and offering expenses that we incur exceed 15% of our gross proceeds from the Offering. Organization costs are expensed, whereas offering costs are recorded as a reduction of capital in excess of par value. As of June 30, 2013 and December 31, 2012, LaSalle had paid \$4,211 and \$2,719, respectively, of organization and offering expenses on our behalf which we had not reimbursed. These costs are included in Accounts payable and other accrued expenses.

NOTE 7—RELATED PARTY TRANSACTIONS

Effective as of October 1, 2012, we entered into a First Amended and Restated Advisory Agreement with LaSalle, pursuant to which we pay a fixed advisory fee of 1.25% of our NAV calculated daily. The Advisory Agreement allows for a performance fee to be earned for each share class based on the total return of that share class during the calendar year. The performance fee is calculated as 10% of the return in excess of 7% per annum.

Prior to October 1, 2012, under the terms of the Management and Advisory Agreements, we paid each of the Former Manager and Advisor an annual fixed fee equal to 0.75% of NAV, calculated quarterly. Effective January 1, 2010, the Former Manager's fixed fee was reduced from 0.75% of NAV to 0.10% of NAV. Beginning on November 14, 2011, when the Former Manager assigned the Management Agreement to the Advisor, we began paying the Former Manager's fixed fee to the Advisor. As a result, we began paying the Advisor total aggregate compensation of 0.85% of NAV for management and advisory services provided to the Company. Additionally, under the terms of the Management and Advisory Agreements, we paid the Former Manager and our Advisor an aggregate annual variable fee equal to 7.50% of the Variable Fee Base Amount, as defined in the Advisory Agreement, calculated quarterly. The Former Manager was allocated an increasing proportion of the variable fee to the extent the Company's NAV increased, up to a maximum of 1.87% of the 7.50% fee paid. Effective January 1, 2010, the Former Manager waived its participation in the variable fee and the Advisor waived its participation in the variable fee per the terms of the Management Agreement.

The fixed advisory fee for the three and six months ended June 30, 2013 was \$1,121 and \$2,107, respectively. The fixed management and advisory fees for the three and six months ended June 30, 2012 were \$488 and \$971, respectively. The fixed advisory fees payable at June 30, 2013 and December 31, 2012 was \$385 and \$324, respectively. The variable fee for the three and six months ended June 30, 2012 was \$84 and \$331, respectively. No variable fee expense was included in Advisor fees payable at December 31, 2012. No performance fee was earned for the three and six months ended June 30, 2013.

We pay Jones Lang LaSalle Americas, Inc. ("JLL Americas"), an affiliate of the Advisor, for property management and leasing services performed at various properties we own, on terms no less favorable than we could receive from other third party service providers. For the three and six months ended June 30, 2013, we paid JLL Americas \$52 and \$104, respectively. For the three and six months ended June 30, 2012, we paid JLL Americas \$50 and \$90, respectively. During the three months ended June 30, 2013, we paid JLL Americas \$100 in loan placement fees related to the mortgage debt on 4001 North Norfleet and the line of credit.

LaSalle Investment Management Distributors, LLC, an affiliate of our Advisor, is the dealer manager (the "Dealer Manager") for our Offering. For the three and six months ended June 30, 2013, we paid the Dealer Manager selling commissions, dealer manager fees and distribution fees totaling \$535 and \$853, respectively. A majority of the selling commissions, dealer manager fees and distribution fees are reallowed to participating broker-dealers.

As of June 30, 2013, we owed \$4,211 for organization and offering costs paid by LaSalle (see Note 6-Common Stock). These costs are included in Accounts payable and other accrued expenses at June 30, 2013.

NOTE 8—COMMITMENTS AND CONTINGENCIES

The Dignity Health Office Portfolio mortgage debt requires that we deposit an annual amount of $855, up to a cumulative maximum of $1,900, into an escrow account to fund future tenant improvements and leasing commissions. The amount of the escrow funded by each of the 15 buildings in the portfolio is capped individually pursuant to each loan agreement. At June 30, 2013, we had approximately $1,217 deposited in this escrow, and we expect to fund $348 during the remainder of 2013. Additionally, we are required to deposit approximately $151 per year into an escrow account to fund capital expenditures. At June 30, 2013, our capital account escrow account balance was $163. These escrow accounts allow us to withdraw funds as we incur costs related to tenant improvements, leasing commissions and capital expenditures. Additionally, on a monthly basis, we are required to fund an escrow account for the future payment of real estate taxes and insurance costs in an amount equal to 1/12th of the estimated real estate taxes and insurance premium. At June 30, 2013, our real estate tax and insurance escrow balance was $693. We expect to fund the loan escrows from property operations.

As part of the lease with our single tenant at the 4001 North Norfleet Road property, we provided the tenant a right to expand the current building by up to 286,000 square feet of space. If the tenant exercises this right, we will be obligated to construct this expansion space. The tenant has the right to provide notice to us of its desire to expand at any time prior to February 28, 2016 (the end of the ninth year of the lease), or if the lease is extended, until any time prior to the end of the fourth year of any extension. As of June 30, 2013, we had not received an expansion notice from the tenant.

NOTE 9—SEGMENT REPORTING

We have four operating segments: apartment properties, industrial properties, office properties, and retail properties. Consistent with how we review and manage our properties, the financial information summarized below is presented by reportable operating segment and reconciled to income (loss) from continuing operations as of and for the three and six months ended June 30, 2013 and 2012.

	Apartments	Industrial	Office	Retail	Total
Assets as of June 30, 2013	$ 231,089	$ 102,453	$ 422,625	$ 90,555	$ 846,722
Assets as of December 31, 2012	$ 232,387	$ 43,867	$ 429,407	$ 91,222	$ 796,883
Three Months Ending June 30, 2013					
Revenues:					
Minimum rents	$ 7,844	$ 1,051	$ 9,366	$ 1,501	$ 19,762
Tenant recoveries and other rental income	448	212	4,236	563	5,459
Total revenues	$ 8,292	$ 1,263	$ 13,602	$ 2,064	$ 25,221
Operating expenses:					
Real estate taxes	$ 843	$ 166	$ 1,190	$ 353	$ 2,552
Property operating	3,229	30	3,043	307	6,609
(Recovery of) provision for doubtful accounts	47	—	(56)	2	(7)
Total segment operating expenses	$ 4,119	$ 196	$ 4,177	$ 662	$ 9,154
Operating income - Segments	$ 4,173	$ 1,067	$ 9,425	$ 1,402	$ 16,067
Capital expenditures by segment	$ 596	$ 7	$ 3,709	$ 74	$ 4,386
Reconciliation to income from continuing operations					
Operating income - Segments					$ 16,067
Advisor fees					1,121
Company level expenses					606
General and administrative					399
Depreciation and amortization					6,798
Operating income					$ 7,143
Other income and (expenses):					
Interest expense					$ (6,419)
Equity in loss of unconsolidated affiliates					(71)
Total other income and (expenses)					$ (6,490)
Income from continuing operations					$ 653
Reconciliation to total consolidated assets as of June 30, 2013					
Assets per reportable segments					$ 846,722
Corporate level assets					26,667
Total consolidated assets					$ 873,389
Reconciliation to total consolidated assets as of December 31, 2012					
Assets per reportable segments					$ 796,883
Corporate level assets					45,151
Total consolidated assets					$ 842,034

	Apartments	Industrial	Office	Retail	Total
Three Months Ended June 30, 2012					
Revenues:					
Minimum rents	$ 7,757	$ 1,026	$ 5,661	$ 1,477	$ 15,921
Tenant recoveries and other rental income	469	233	2,259	519	3,480
Total revenues	$ 8,226	$ 1,259	$ 7,920	$ 1,996	$ 19,401
Operating expenses:					
Real estate taxes	$ 796	$ 195	$ 941	$ 291	$ 2,223
Property operating	3,129	87	2,024	323	5,563
Provision for doubtful accounts	19	—	16	—	35
Total segment operating expenses	$ 3,944	$ 282	$ 2,981	$ 614	$ 7,821
Operating income - Segments	$ 4,282	$ 977	$ 4,939	$ 1,382	$ 11,580
Capital expenditures by segment	$ 552	$ 26	$ 1,370	$ 76	$ 2,024
Reconciliation to income from continuing operations					
Operating income - Segments					$ 11,580
Advisor fees					572
Company level expenses					688
General and administrative					344
Depreciation and amortization					4,997
Operating income					$ 4,979
Other income and (expenses):					
Interest expense					$ (6,415)
Equity in income of unconsolidated affiliates					(416)
Total other income and (expenses)					$ (6,831)
Loss from continuing operations					$ (1,852)

	Apartments	Industrial	Office	Retail	Total
Six Months Ending June 30, 2013					
Revenues:					
Minimum rents	$ 15,849	$ 2,084	$ 21,567	$ 3,033	$ 42,533
Tenant recoveries and other rental income	811	386	6,736	1,125	9,058
Total revenues	$ 16,660	$ 2,470	$ 28,303	$ 4,158	$ 51,591
Operating expenses:					
Real estate taxes	$ 1,684	$ 327	$ 2,368	$ 628	$ 5,007
Property operating	6,414	57	5,641	579	12,691
Provision for doubtful accounts	97	—	(301)	35	(169)
Total segment operating expenses	$ 8,195	$ 384	$ 7,708	$ 1,242	$ 17,529
Operating income - Segments	$ 8,465	$ 2,086	$ 20,595	$ 2,916	$ 34,062
Capital expenditures by segment	$ 959	$ 41	$ 10,166	$ 74	$ 11,240
Reconciliation to income from continuing operations					
Operating income - Segments					$ 34,062
Advisor fees					2,107
Company level expenses					999
General and administrative					796
Depreciation and amortization					19,189
Operating income					$ 10,971
Other income and (expenses):					
Interest expense					$ (12,878)
Debt modification expenses					(182)
Equity in loss of unconsolidated affiliates					(92)
Total other income and (expenses)					$ (13,152)
Loss from continuing operations					$ (2,181)

	Apartments	Industrial	Office	Retail	Total
Six Months Ended June 30, 2012					
Revenues:					
Minimum rents	$ 15,758	$ 2,073	$ 11,482	$ 2,994	$ 32,307
Tenant recoveries and other rental income	849	480	4,624	1,030	6,983
Total revenues	$ 16,607	$ 2,553	$ 16,106	$ 4,024	$ 39,290
Operating expenses:					
Real estate taxes	$ 1,532	$ 389	$ 1,899	$ 582	$ 4,402
Property operating	6,177	114	4,005	611	10,907
Provision for doubtful accounts	23	—	106	23	152
Total segment operating expenses	$ 7,732	$ 503	$ 6,010	$ 1,216	$ 15,461
Operating income - Segments	$ 8,875	$ 2,050	$ 10,096	$ 2,808	$ 23,829
Capital expenditures by segment	$ 786	$ 26	$ 2,550	$ 83	$ 3,445
Reconciliation to income from continuing operations					
Operating income - Segments					$ 23,829
Advisor fees					1,302
Company level expenses					1,339
General and administrative					543
Depreciation and amortization					10,004
Operating income					$ 10,641
Other income and (expenses):					
Interest expense					$ (13,317)
Equity in income of unconsolidated affiliates					(240)
Total other income and (expenses)					$ (13,557)
Loss from continuing operations					$ (2,916)

NOTE 10—DISTRIBUTIONS PAYABLE

On May 7, 2013, our board of directors declared for the second quarter of 2013 a gross dividend in the amount of $0.10 per share to holders of each class of our common stock of record as of June 27, 2013. The dividend was paid on August 2, 2013. Class E stockholders received $0.10 per share. Class A and Class M stockholders received $0.10 per share less applicable class-specific per share fees resulting in a net dividend of $0.07818 and $0.08881, respectively.

NOTE 11—SUBSEQUENT EVENTS

On July 1, 2013, we retired the mortgage note payable on 36 Research Park Drive. The outstanding balance on the mortgage note payable, including accrued interest, was approximately $10,650. We negotiated a discounted payoff in the amount of $9,500, which was funded with a $7,000 draw on our line of credit and cash on hand. The discounted payoff will be reflected as a gain on extinguishment of debt. As a result, we own the property free and clear of mortgage debt.

On August 6, 2013, our board of directors approved a gross dividend for the third quarter of 2013 of $0.10 per share to stockholders of record as of September 27, 2013, payable on November 1, 2013. Class E stockholders receive $0.10 per share. Class A and Class M stockholders will receive $0.10 per share less applicable class-specific fees.

* * * * * *

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

$ in thousands, except per share amounts

Cautionary Note Regarding Forward-Looking Statements

This Quarterly report on Form 10-Q may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), regarding, among other things, our plans, strategies and prospects, both business and financial. Forward-looking statements include, but are not limited to, statements that represent our beliefs concerning future operations, strategies, financial results or other developments. Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, "may," "should," "expect," "anticipate," "estimate," "would be," "believe," or "continue" or the negative or other variations of comparable terminology. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Form 10-Q is filed with the SEC. Except as required by law, we do not undertake to update or revise any forward-looking statements contained in this Form 10-Q. Important factors that could cause actual results to differ materially from the forward-looking statements are disclosed in "Item 1A. Risk Factors," "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's 2012 Form 10-K and our periodic reports filed with the SEC.

Management Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to the consolidated financial statements appearing elsewhere in this Form 10-Q. All references to numbered Notes are to specific notes to our Consolidated Financial Statements beginning on page 8 of this Form 10-Q, and the descriptions referred to are incorporated into the applicable portion of this section by reference. References to "base rent" in this Form 10-Q refer to cash payments made under the relevant lease(s), excluding real estate taxes and certain property operating expenses that are paid by us and are recoverable under the relevant lease(s) and exclude adjustments for straight-line rent revenue and above- and below-market lease amortization.

The discussions surrounding our Consolidated Properties refer to our wholly or majority owned and controlled properties, which as of June 30, 2013, were comprised of:

Apartments

- Station Nine Apartments,
- Cabana Beach San Marcos,
- Cabana Beach Gainesville,
- Campus Lodge Athens,
- Campus Lodge Columbia,
- The Edge at Lafayette and
- Campus Lodge Tampa.

Industrial

- 105 Kendall Park Lane,
- 4001 North Norfleet Road,
- Joliet Distribution Center and
- Suwanee Distribution Center.

Office

- Monument IV at Worldgate,
- 111 Sutter Street,

- the Dignity Health Office Portfolio,
- 4 Research Park Drive,
- 36 Research Park Drive,
- Canyon Plaza and
- Railway Street Corporate Centre.

Retail

- Stirling Slidell Shopping Centre and
- The District at Howell Mill.

Our Unconsolidated Property, owned through a joint venture arrangement as of June 30, 2013, refers to Legacy Village. Because management's operating strategies are generally the same whether the properties are consolidated or unconsolidated, we believe that financial information and operating statistics with respect to all properties, both consolidated and unconsolidated, provide important insights into our operating results, including the relative size and significance of these elements to our overall operations. Collectively, we refer to our Consolidated and Unconsolidated Properties as our "Company Portfolio."

Our primary business is the ownership and management of a diversified portfolio of office, retail, industrial and apartment properties primarily located in the United States. It is expected that over time our real estate portfolio will be further diversified on a global basis and will be complemented by investments in real estate-related assets.

We are managed by our Advisor, LaSalle Investment Management, Inc., a subsidiary of our Sponsor, Jones Lang LaSalle Incorporated (NYSE: JLL), a leading global real estate investment management and services firm. We hire property management and leasing companies to provide the on-site, day-to-day management and leasing services for our properties. When selecting a property management or leasing company for one of our properties, we look for service providers that have a strong local market or industry presence, create portfolio efficiencies, have the ability to develop new business for us and will provide a strong internal control environment that will comply with our Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") internal control requirements. We currently use a mix of property management and leasing service providers that include large national real estate service firms, including an affiliate of our Advisor, and smaller local firms.

We seek to minimize risk and maintain stability of income and principal value through broad diversification across property sectors and geographic markets and by balancing tenant lease expirations and debt maturities across the Company Portfolio. Our diversification goals also take into account investing in sectors or regions we believe will create returns consistent with our investment objectives. Under normal conditions, we intend to pursue investments principally in well-located, well-leased assets within the apartment, industrial, office and retail sectors. We expect to actively manage the mix of properties and markets over time in response to changing operating fundamentals within each property sector and to changing economies and real estate markets in the geographic areas considered for investment. When consistent with our investment objectives, we also seek to maximize the tax efficiency of our investments through like-kind exchanges and other tax planning strategies.

The following tables summarize our diversification by property sector and geographic region based upon the fair value of our Consolidated and Unconsolidated Properties. These tables provide examples of how our Advisor evaluates the Company Portfolio when making investment decisions.

Property Sector Diversification

Estimated Percent of Fair Value as of June 30, 2013

	Consolidated Properties	Unconsolidated Property	Consolidated and Unconsolidated Properties
Apartment	26%	—	23%
Industrial	14%	—	13%
Office	51%	—	47%
Retail	9%	100%	17%

Geographic Region Diversification

Estimated Percent of Fair Value as of June 30, 2013

	Consolidated Properties	Unconsolidated Property	Consolidated and Unconsolidated Properties
West	36%	—	32%
South	31%	—	29%
East	15%	—	14%
Midwest	13%	100%	20%
International	5%	—	5%

Seasonality

For our six student-oriented apartment communities, the majority of our leases commence mid-August and terminate the last day of July. These dates generally coincide with the commencement of the universities' fall academic term and the completion of the subsequent summer school session. In certain cases we enter into leases for less than the full academic year, including nine-month or shorter-term leases. As a result, cash flows may be reduced during the summer months at properties having lease terms shorter than 12 months. The annual releasing cycle results in significant turnover in the tenant population from year to year. Accordingly, certain property revenues and operating expenses tend to be seasonal in nature, and therefore not incurred ratably over the course of the year. Prior to the commencement of each new lease period, mostly during the first two weeks of August, we prepare the units for new incoming tenants. Other than revenue generated by in-place leases for returning tenants, we do not generally recognize lease revenue during this period, referred to as "Turn", as we have no leases in place. In addition, during Turn we incur significant expenses making our units ready for occupancy, which we recognize immediately. This lease Turn period results in seasonality impacts on our operating results during the second and third quarter of each year.

With the exception of our student-oriented apartment communities described above, our investments are not materially impacted by seasonality, despite certain of our retail tenants being impacted by seasonality. Percentage rents (rents computed as a percentage of tenant sales) that we earn from investments in retail properties may, in the future, be impacted by seasonality.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, significant estimates and assumptions have been made with respect to the useful lives of assets, recoverable amounts of receivables and initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions. Actual results could differ from those estimates.

Critical Accounting Policies

The MD&A is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe there have been no significant changes during the three and six months ended June 30, 2013 to the items that we disclosed as our critical accounting policies and estimates under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in our 2012 Form 10-K.

Consolidated Properties

Consolidated Properties owned at June 30, 2013 are as follows:

Property Name	Location	Acquisition Date	Ownership %	Net Rentable Square Feet	Percentage Leased as of June 30, 2013
Apartment Segment:					
Station Nine Apartments	Durham, NC	April 16, 2007	100%	312,000	98%
Cabana Beach San Marcos (1)(2)	San Marcos, TX	November 21, 2007	78	[illegible]	88
Cabana Beach Gainesville (1)(2)	Gainesville, FL	November 21, 2007	78	598,000	89
Campus Lodge Athens (1)(2)	Athens, GA	November 21, 2007	78	229,000	95
Campus Lodge Columbia (1)(2)	Columbia, MO	November 21, 2007	78	256,000	90
The Edge at Lafayette (1)(2)	Lafayette, LA	January 15, 2008	78	207,000	97
Campus Lodge Tampa (1)(2)	Tampa, FL	February 29, 2008	78	477,000	97
Industrial Segment:					
105 Kendall Park Lane	Atlanta, GA	June 30, 2005	100	409,000	100
4001 North Norfleet Road	Kansas City, MO	February 27, 2007	100	702,000	100
Joliet Distribution Center	Joliet, IL	June 26, 2013	100	442,000	100
Suwanee Distribution Center	Atlanta, GA	June 28, 2013	100	559,000	100
Office Segment:					
Monument IV at Worldgate	Herndon, VA	August 27, 2004	100	228,000	83
111 Sutter Street	San Francisco, CA	March 29, 2005	100	286,000	93
Dignity Health Office Portfolio	CA and AZ	December 21, 2005	100	257,000	79
4 Research Park Drive	St. Charles, MO	June 13, 2007	100	60,000	100
36 Research Park Drive	St. Charles, MO	June 13, 2007	100	81,000	100
Canyon Plaza	San Diego, CA	June 26, 2007	100	199,000	59
Railway Street Corporate Centre	Calgary, Canada	August 30, 2007	100	[illegible]	90
Retail Segment:					
Stirling Slidell Shopping Centre	Slidell, LA	December 14, 2006	100	139,000	80
The District at Howell Mill (3)	Atlanta, GA	June 15, 2007	87.85	306,000	98

(1) This apartment property is located near a university, and during summer months the occupancy will fluctuate due to leasing efforts before the school year.

(2) We own a 78% interest in the joint venture that owns a fee interest in this property.

(3) We own an 87.85% interest in the joint venture that owns a fee interest in this property.

Unconsolidated Property

Unconsolidated Property owned at June 30, 2013 was:

Property Name	Type	Location	Acquisition Date	Ownership %	Net Rentable Square Feet	Percentage Leased as of June 30, 2013
Legacy Village	Retail	Lyndhurst, OH	August 25, 2004	46.5%	595,000	94%

Operating Statistics

We generally hold investments in properties with high occupancy rates leased to quality tenants under long-term, non-cancelable leases. We believe these leases are beneficial to achieving our investment objectives. The following table shows our operating statistics by property type for our Consolidated Properties as of June 30, 2013:

	Number of Properties	Total Area (Sq Ft)	% of Total Area	Occupancy %	Average Minimum Base Rent per Occupied Sq Ft (1)
Apartment	7	2,337,000	35%	93%	$ 15.38
Industrial (2)	4	2,112,000	32	100	2.11
Office	21	1,749,000	26	82	22.15
Retail	2	445,000	7	92	14.51
Total	34	6,643,000	100%	93%	$ 12.01

(1) Amount calculated as in-place minimum base rent for all occupied space at June 30, 2013 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

(2) Approximately 795,000 square feet of industrial square footage becomes rent bearing on August 1, 2013. The Average Minimum Base Rent per Occupied Square Foot for our industrial sector will be approximately $3.79 at that time.

The following table shows our operating statistics for our Unconsolidated Property as of June 30, 2013:

	Number of Properties	Total Area (Sq Ft)	% of Total Area	Occupancy %	Average Minimum Base Rent per Occupied Sq Ft (1)
Retail	1	595,000	100%	94%	$21.32

(1) Amount calculated as in-place minimum base rent for all occupied space at June 30, 2013 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

As of June 30, 2013, our average effective annual rent per square foot, calculated as average minimum base rent per occupied square foot less tenant concessions and allowances, was $14.72 for our Consolidated Properties and $20.39 for our Unconsolidated Property.

Recent Events and Outlook

General Company and Market Commentary

On October 1, 2012, the SEC declared effective our registration statement on Form S-11 (File No. 333-177963) with respect to our continuous public Offering of up to $3,000,000 in any combination of Class A and Class M shares of Common Stock, consisting of up to $2,700,000 of shares in our primary Offering and up to $300,000 of shares pursuant to our distribution reinvestment plan. We intend to offer shares of our Common Stock on a continuous basis for an indefinite period of time by filing a new registration statement before the end of each offering, subject to regulatory approval. The per share purchase price varies from day-to-day and, on each day, equals our NAV per share for each class of Common Stock, plus, for Class A shares only, applicable selling commissions. LaSalle Investment Management Distributors, LLC, our affiliate and the dealer manager of our Offering, has agreed to distribute shares of our Common Stock exclusively through Merrill Lynch, Pierce, Fenner & Smith Incorporated for up to one year following the Offering commencement date, subject to certain exceptions. We intend to use the net proceeds from the Offering, after we pay the fees and expenses attributable to the Offering and our operations, to (1) grow and further diversify our portfolio by making investments in accordance with our investment strategy and policies, (2) reduce borrowings and repay indebtedness incurred under various financing instruments and (3) fund repurchases of our shares under our share repurchase plan.

Using capital raised since our Offering went effective, we executed on a number of our key strategic initiatives during the six months ended June 30, 2013, including:

- executed a new three year lease at Monument IV at Worldgate with Fannie Mae;
- retired the remaining balance on the $12,000 note payable related to the December 2012 acquisition of 111 Sutter Street in San Francisco, California;
- extended the maturity date and reduced our interest rate on the existing $53,922 mortgage loan for 111 Sutter Street;

- retired the mortgage note payable on Monument IV at Worldgate, in the amount of $35,351 including accrued interest, in advance of its September 1, 2013 maturity date;
- purchased Joliet Distribution Center for $21,000;
- purchased Suwanee Distribution Center for $38,000; and
- secured a $40,000 revolving credit facility.

Through these specific and other important accomplishments we continued to reduce our Company leverage ratio, increased cash reserves and provided cash flow to our stockholders through quarterly dividend payments.

Our primary investment objectives are:

- to generate an attractive level of current income for distribution to our stockholders;
- to preserve and protect our stockholders' capital investments;
- to achieve appreciation of our NAV over time; and
- to enable stockholders to utilize real estate as an asset class in diversified, long-term investment portfolios.

The cornerstone of our investment strategy is to acquire and manage income-producing commercial real estate properties and real estate-related assets around the world. We believe this strategy will enable us to provide our stockholders with a portfolio that is well-diversified across property type, geographic region and industry, both in the United States and internationally. It is our belief that adding international investments to our portfolio over time will serve as an effective tool to construct a well-diversified portfolio designed to provide our stockholders with stable distributions and attractive long-term risk-adjusted returns.

We believe that our broadly diversified portfolio will benefit our stockholders by providing:

- diversification of sources of income;
- access to attractive real estate opportunities currently in the United States and, over time, around the world; and
- exposure to a diversified basket of currencies, over time.

Since real estate markets are often cyclical in nature, our strategy will allow us to more effectively deploy capital into property types and geographic regions where the underlying investment fundamentals are relatively strong or strengthening and away from those property types and geographic regions where such fundamentals are relatively weak or weakening. We intend to meet our investment objectives by selecting investments across multiple property types and geographic regions to achieve portfolio stability, diversification, current income and favorable risk-adjusted returns. To a lesser degree, we also intend to invest in debt and equity interests backed principally by real estate, which we refer to collectively as "real estate-related assets."

Our board of directors has adopted investment guidelines for our Advisor to implement and actively monitor in order to allow us to achieve and maintain diversification in our overall investment portfolio. Our board of directors formally reviews our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Our board of directors reviews the investment guidelines to ensure that the guidelines are being followed and are in the best interests of our stockholders.

After we have raised substantial proceeds in the Offering, and our total NAV has reached $800,000, which we refer to as our ramp-up period, we will seek to invest:

- up to 80% of our assets in properties;
- up to 25% of our assets in real estate-related assets; and
- up to 15% of our assets in cash, cash equivalents and other short-term investments.

Notwithstanding the above, the actual percentage of our portfolio that is invested in each investment type may from time to time be outside these target levels due to numerous factors including, but not limited to, large inflows of capital over a short period of time, lack of attractive investment opportunities or increases in anticipated cash requirements for repurchase requests.

During the ramp-up period, we will balance the goals of achieving a more diversified portfolio and reducing our leverage. Our strategy to reduce leverage may include working aggressively with existing lenders to allow us to negotiate more favorable loan terms.

During the ramp-up period, we intend to use lower leverage, or in some cases possibly no leverage, to finance our new acquisitions in order to reduce our overall Company leverage. Our Company leverage ratio (calculated as our share of total liabilities divided by our share of the fair value of total assets), was 57% as of June 30, 2013, down from 63% at December 31, 2012 as a result of debt extinguishments, increasing property values and raising new equity. After the ramp-up period, we expect to maintain a targeted Company leverage ratio of between 30% and 50%.

2013 Key Initiatives

During 2013, we intend to use capital raised from our Offering to make new acquisitions that will further our investment objectives and are in keeping with our investment strategy. Likely acquisition candidates may include well located, well leased industrial properties and grocery-anchored community oriented retail properties. We will look to acquire other property types when the opportunities and risk profile match our investment objectives and strategy. We also intend to use capital to repay or refinance loans in our existing portfolio in order to reduce our overall Company leverage and to take advantage of the current favorable interest rate environment.

In keeping with our strategy to repay or refinance our existing mortgage loans, we intend to retire loans when certain windows of prepayment allow us to pay them off without incurring prepayment penalties. We may also refinance properties with current rate mortgages at lower interest rates and loan to values. We also intend to use our revolving line of credit to allow us to more efficiently manage our cash flows.

We continue to evaluate the strategic alternatives for our investment in the Dignity Health Office Portfolio as three of the mortgage loan pools mature in November 2013 and the fourth pool matures in March 2014. Our strategic alternatives include refinancing the loans, selling the entire portfolio or selling portions of the portfolio. We will also evaluate dispositions of other properties in the portfolio to potentially redeploy capital in a manner aligned with our investment objectives and strategy.

2013 Key Events and Accomplishments

During January 2013, we retired the $12,000 note payable related to our purchase of 111 Sutter Street.

On March 27, 2013, we entered into a loan modification agreement with the existing lender on the $53,922 mortgage for 111 Sutter Street. The loan modification extended the maturity date by eight years from July 2015 to April 2023, provides for interest-only payments for the first four years of the new term and reduces the fixed-rate interest from 5.58% to 4.50%. The loan modification is expected to save annually in excess of $550 in interest expense and defers in excess of $850 in annual principal amortization payments.

On April 30, 2013, we retired the mortgage note payable on Monument IV at Worldgate in advance of its September 1, 2013 maturity date. The outstanding balance, including accrued interest, was approximately $35,351 which was funded with cash on hand. The loan had a 5.29% interest rate and its prepayment will save in excess of $1,850 in annual interest expense. As a result, we own the property free and clear of mortgage debt. This loan prepayment was in keeping with our objectives to deleverage our portfolio and further decreased our Company leverage.

On June 20, 2013, we entered into a $12,000 mortgage note payable on 4001 North Norfleet Road. The loan matures on February 1, 2017 and bears floating rate interest at a rate equal to LIBOR plus 2.75%. Proceeds of the loan were used for the property acquisitions made in June 2013.

On June 25, 2013, we entered into a $40,000 revolving line of credit agreement with Bank of America, N.A. The line of credit has a two year term and bears interest based on LIBOR plus a spread ranging from 1.50% to 2.75% depending on the Company's consolidated leverage ratio.

On June 26, 2013, we acquired Joliet Distribution Center, a 442,000 square foot industrial property located in Joliet, Illinois for approximately $21,000, using cash on hand. The property is 100% leased to two tenants with a weighted average remaining lease term of approximately six years.

On June 28, 2013, we acquired Suwanee Distribution Center, a 559,000 square foot industrial property located in suburban Atlanta, Georgia for approximately $38,000, using a $7,000 draw on our revolving line of credit and cash on hand. The property is 100% leased to Mitsubishi Electric & Electronics USA with a remaining lease term of 10 years.

On July 1, 2013, we retired the $10,650 mortgage note payable on 36 Research Park Drive. We negotiated a discounted payoff for the mortgage note in the amount of $9,500, using a $7,000 draw on our revolving line of credit and cash on hand. The loan had a 5.60% interest rate and its payoff will save in excess of $575 in annual interest expense. We now own the property free and clear of mortgage debt. This loan repayment was in keeping with our objectives to deleverage our portfolio and further decreased our Company leverage.

Results of Operations

General

Our revenues are primarily received from tenants in the form of fixed minimum base rents and recoveries of operating expenses. Our expenses primarily relate to the costs of operating and financing the properties. Our share of the net income or net loss from Unconsolidated Properties is included in the equity in loss of unconsolidated affiliates. We believe the following analysis of reportable segments provides important information about the operating results of our real estate investments, such as trends in total revenues or operating expenses that may not be as apparent in a period-over-period comparison of the entire Company. We group our investments in real estate assets from continuing operations into four reportable operating segments based on the type of property, which are apartments, industrial, office and retail. Operations from corporate level items and real estates assets held for sale are excluded from reportable segments.

With respect to the discussions of revenues and operating expenses below, the office segment includes 111 Sutter Street for the three and six months ended June 30, 2013 as a result of the consolidation on December 4, 2012. The consolidation was a result of acquiring the remaining 20% interest in the property. 111 Sutter Street is included in equity in loss of unconsolidated affiliates for the three and six months ended June 30, 2012. Revenues and expenses related to Georgia Door Sales Distribution Center, Metropolitan Park North and Marketplace at Northglenn are shown as discontinued operations for the three and six months ended June 30, 2012.

Results of Operations for the Three Months Ended June 30, 2013 and 2012

Revenues

The following chart sets forth revenues from continuing operations, by reportable segment, for the three months ended June 30, 2013 and 2012:

	Three months ended June 30, 2013	Three months ended June 30, 2012	$ Change	% Change
Revenues:				
Minimum rents				
Apartments	$ 7,844	$ 7,757	$ 87	1.1 %
Industrial	1,051	1,026	25	2.4
Office	9,366	5,661	3,705	65.4
Retail	1,501	1,477	24	1.6
Total	$ 19,762	$ 15,921	$ 3,841	24.1 %
Tenant recoveries and other rental income				
Apartments	$ 448	$ 469	$ (21)	(4.5)%
Industrial	212	233	(21)	(9.0)
Office	4,236	2,259	1,977	87.5
Retail	563	519	44	8.5
Total	$ 5,459	$ 3,480	$ 1,979	56.9 %
Total revenues	$ 25,221	$ 19,401	$ 5,820	30.0 %

Minimum rents increased by $3,841 for the three months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily due to minimum rents of $3,066 at 111 Sutter Street as a result of the consolidation of the property on December 4, 2012. Additionally, minimum rents increased by $858 at Monument IV at Worldgate related to the commencement of the Amazon Corporate LLC and Fannie Mae leases. Partially offsetting the increase was a decrease of $314 at Canyon Plaza related to the default and subsequent bankruptcy of Conexant Systems, Inc. ("Conexant") during the period ended June 30, 2013.

Tenant recoveries relate mainly to real estate taxes and certain property operating expenses that are paid by us and are recoverable under the various tenants' leases. Tenant recoveries and other rental income at our properties increased by $1,979 for the three months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to lease termination revenue of $1,911 at Canyon Plaza related to the default and subsequent bankruptcy of Conexant during the period ended June 30, 2013. Additionally, there was an increase of recovery revenue of $200 at 111 Sutter Street due to the consolidation of the property on December 4, 2012.

Operating Expenses

The following chart sets forth real estate taxes, property operating expenses and (recovery of) provisions for doubtful accounts from continuing operations, by reportable segment, for the three months ended June 30, 2013 and 2012:

	Three months ended June 30, 2013	Three months ended June 30, 2012	$ Change	% Change
Operating expenses:				
Real estate taxes				
Apartments	$ 843	$ 796	$ 47	5.9 %
Industrial	166	195	(29)	(14.9)
Office	1,190	941	249	26.5
Retail	353	291	62	21.3
Total	$ 2,552	$ 2,223	$ 329	14.8 %
Property operating				
Apartments	$ 3,229	$ 3,129	$ 100	3.2 %
Industrial	30	87	(57)	(65.5)
Office	3,043	2,024	1,019	50.3
Retail	307	323	(16)	(5.0)
Total	$ 6,609	$ 5,563	$ 1,046	18.8 %
Net (recovery of) provision for doubtful accounts				
Apartments	$ 47	$ 19	$ 28	147.4 %
Office	(56)	16	(72)	(450.0)
Retail	2	—	2	100.0
Total	$ (7)	$ 35	$ (42)	(120.0)%
Total operating expenses	$ 9,154	$ 7,821	$ 1,333	17.0 %

Real estate tax expense increased by $329 for the three months ended June 30, 2013 as compared to the same period in 2012 primarily due to the consolidation of 111 Sutter Street causing real estate taxes to increase by $151. Additionally, there were increases of $68 and $61 at Railway Street Corporate Center and The District at Howell Mill, respectively, related to tax reassessments in the three months ended June 30, 2013.

Property operating expenses consist of the costs of ownership and operation of the real estate investments, many of which are recoverable under net leases. Examples of property operating expenses include insurance, utilities and repair and maintenance expenses. Property operating expenses increased $1,046 for the three months ended June 30, 2013 as compared to the same period of 2012. The increase is primarily related to an increase of $733 at 111 Sutter Street due to property consolidation on December 4, 2012. The increase was also related to increases in utility expenses and repair and maintenance expenses totaling approximately $243 at Canyon Plaza related to the decrease in occupancy, causing us to incur expenses for the vacant space during the three months ended June 30, 2013 as compared to the same period in 2012, which were previously incurred by the tenant. Additionally, we incurred increased insurance costs and water usage expense totaling approximately $101 at our apartment properties during the three months ended June 30, 2013 as compared to the same period in 2012.

Net (recovery of) provision for doubtful accounts relates to receivables deemed potentially uncollectible due to the age of the receivable or the status of the tenant. Provision for doubtful accounts decreased by $42 for the three months ended June 30, 2013 as compared to the period ended June 30, 2012, primarily related to collections of previously reserved accounts of $72 at the Dignity Health Office Portfolio. This was partially offset by an increase of $29 at our apartment properties due to higher bad debts during the three months ended June 30, 2013.

The following chart sets forth expenses not directly related to the operations of the reportable segments for the three months ended June 30, 2013 and 2012:

	Three months ended June 30, 2013	Three months ended June 30, 2012	$ Change	% Change
Advisor fees	$ 1,121	$ 572	$ 549	96.0%
Company level expenses	606	688	(82)	(11.9)
General and administrative	399	344	55	16.0
Depreciation and amortization	6,798	4,997	1,801	36.0
Interest expense	6,419	6,415	4	0.1
Equity in loss of unconsolidated affiliates	71	416	(345)	(82.9)
Loss from discontinued operations	—	898	(898)	(100.0)
Loss on sale of discontinued operations	—	117	(117)	(100.0)
Total expenses	$ 15,414	$ 14,447	$ 967	6.7%

Advisor fees relate to the fixed and variable management and advisory fees earned by the Former Manager and the Advisor during 2012 and fixed advisor fees earned by the Advisor during 2013. Fixed fees increase or decrease based on changes in the NAV which will be primarily impacted by changes in capital raised and the value of our properties. Variable fees earned during 2012 were calculated as a formula of cash flow generated from owning and operating the real estate investments and fluctuated as cash flows fluctuated. The increase in advisor fees of $549 for the three months ended June 30, 2013 as compared to the same period of 2012 is primarily related to the increase in NAV over the prior year.

Our Company level expenses relate mainly to our compliance and administration related costs. Company level expenses decreased $82 for the three months ended June 30, 2013 as compared to the same period in 2012 primarily due to a decrease in investor service fees and corporate legal fees.

General and administrative expenses relate mainly to property expenses unrelated to the operations of the property. General and administrative expenses increased $55 for the three months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to an increase of $104 at 111 Sutter Street due to property consolidation on December 4, 2012. These increases were partially offset by a decrease of $83 in property related legal fees incurred during the three months ended June 30, 2013.

Depreciation and amortization expense is impacted by the values assigned to buildings, personal property and in-place lease assets as part of the initial purchase price allocation. The increase of $1,801 in depreciation and amortization expense for the three months ended June 30, 2013 as compared to the period ended June 30, 2012 is primarily related to an increase of $2,064 that we recorded at 111 Sutter Street as a result of the consolidation of the property on December 4, 2012. This increase was partially offset by a decrease of $356 at Canyon Plaza due to accelerated amortization of the in-place lease intangible asset related to the default and subsequent bankruptcy of Conexant during the first quarter of 2013.

Interest expense decreased by $4 for the three months ended June 30, 2013 as compared to the period ended June 30, 2012. The decreases in interest expense were related to the debt retirements at Monument IV at Worldgate, 4001 North Norfleet, and105 Kendall Park Lane, which occurred on April 30, 2013, December 27, 2012 and July 2, 2012, respectively. These decreases were partially offset by an increase at 111 Sutter Street due to the debt assumed at the property consolidated on December 4, 2012.

Equity in loss of unconsolidated affiliates represents our share of net loss from our investments in Unconsolidated Properties. The loss decreased by $345 for the three months ended June 30, 2013 as compared to the period ended June 30, 2012, primarily related to 111 Sutter Street being consolidated as of December 4, 2012.

Loss from discontinued operations is related to the dispositions of Georgia Door Sales Distribution Center, Metropolitan Park North and Marketplace at Northglenn during 2012.

Loss on sale of discontinued operations is related to the disposition of Georgia Door Sales Distribution Center during 2012.

Results of Operations for the Six Months Ended June 30, 2013 and 2012

Revenues

The following chart sets forth revenues from continuing operations, by reportable segment, for the six months ended June 30, 2013 and 2012:

	Six months ended June 30, 2013	Six months ended June 30, 2012	$ Change	% Change
Revenues:				
Minimum rents				
Apartments	$ 15,849	$ 15,758	$ 91	0.6 %
Industrial	2,084	2,073	11	0.5
Office	21,567	11,482	10,085	87.8
Retail	3,033	2,994	39	1.3
Total	$ 42,533	$ 32,307	$ 10,226	31.7 %
Tenant recoveries and other rental income				
Apartments	$ 811	$ 849	$ (38)	(4.5)%
Industrial	386	480	(94)	(19.6)
Office	6,736	4,624	2,112	45.7
Retail	1,125	1,030	95	9.2
Total	$ 9,058	$ 6,983	$ 2,075	29.7 %
Total revenues	$ 51,591	$ 39,290	$ 12,301	31.3 %

Minimum rents increased by $10,226 for the six months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to minimum rents of $5,964 for 111 Sutter Street due to the consolidation of the property on December 4, 2012. The increase also relates to $2,888 of accelerated amortization for the below-market lease intangible liability at Canyon Plaza related to the default and subsequent bankruptcy of Conexant during the period ended June 30, 2013. Additionally, minimum rents increased by $1,230 at Monument IV at Worldgate related to the commencement of the Amazon Corporate LLC and Fannie Mae leases.

Tenant recoveries relate mainly to real estate taxes and certain property operating expenses that are paid by us and are recoverable under the various tenants' leases. Tenant recoveries and other rental income at our properties increased by $2,075 for the six months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to lease termination revenue of $1,911 at Canyon Plaza related to the default and subsequent bankruptcy of Conexant during the period ended June 30, 2013. Additionally, there was an increase of recovery revenue of $368 at 111 Sutter Street due to the consolidation of the property on December 4, 2012.

Operating Expenses

The following chart sets forth real estate taxes, property operating expenses and (recovery of) provisions for doubtful accounts from continuing operations, by reportable segment, for the six months ended June 30, 2013 and 2012:

		Six months ended June 30, 2013		Six months ended June 30, 2012		$ Change	% Change
Operating expenses:							
Real estate taxes							
Apartments	$	1,684	$	1,532	$	152	9.9 %
Industrial		327		389		(62)	(15.9)
Office		2,368		1,899		469	24.7
Retail		628		582		46	7.9
Total	$	5,007	$	4,402	$	605	13.7 %
Property operating							
Apartments	$	6,414	$	6,177	$	237	3.8 %
Industrial		57		114		(57)	(50.0)
Office		5,641		4,005		1,636	40.8
Retail		579		611		(32)	(5.2)
Total	$	12,691	$	10,907	$	1,784	16.4 %
Net (recovery of) provision for doubtful accounts							
Apartments	$	97	$	23	$	74	321.7 %
Office		(301)		106		(407)	(384.0)
Retail		35		23		12	52.2
Total	$	(169)	$	152	$	(321)	(211.2)%
Total operating expenses	$	17,529	$	15,461	$	2,068	13.4 %

Real estate tax expense increased by $605 for the six months ended June 30, 2013 as compared to the same period in 2012 primarily due to the consolidation of 111 Sutter Street causing real estate taxes to increase by $395. Additionally, there was an increase of $76 at Railway Street Corporate Center due to a reassessment in the six months ended June 30, 2013 and an increase of $70 at Cabana Beach Gainesville due to a tax refund received in the six months ended June 30, 2012 related to a successful tax appeal for the 2011 tax payment.

Property operating expenses consist of the costs of ownership and operation of the real estate investments, many of which are recoverable under net leases. Examples of property operating expenses include insurance, utilities and repair and maintenance expenses. Property operating expenses increased $1,784 for the six months ended June 30, 2013 as compared to the same period of 2012. The increase is primarily related to an increase of $1,360 at 111 Sutter Street due to property consolidation on December 4, 2012. We also incurred approximately $329 of property operating expenses for the vacant space at Canyon Plaza related to the decrease in occupancy during the six months ended June 30, 2013 as compared to the same period in 2012. Additionally, we incurred increased insurance costs and water usage expense totaling $236 at our apartment properties during the six months ended June 30, 2013 as compared to the same period in 2012.

Net (recovery of) provision for doubtful accounts relates to receivables deemed potentially uncollectible due to the age of the receivable or the status of the tenant. Provision for doubtful accounts decreased by $321 for the six months ended June 30, 2013 as compared to the period ended June 30, 2012, primarily related to the collection of previously reserved accounts of $226 at Canyon Plaza, related to the Conexant default. We received cash from a letter of credit issued by Conexant to cover rent payments for December 2012 through the date of their bankruptcy. Additionally, we benefited from a decrease of $180 at the Dignity Health Office Portfolio related to fewer bad debts and collections of previously reserved charges during the six months ended June 30, 2013.

The following chart sets forth expenses not directly related to the operations of the reportable segments for the six months ended June 30, 2013 and 2012:

	Six months ended June 30, 2013	Six months ended June 30, 2012	$ Change	% Change
Advisor fees	$ 2,107	$ 1,302	$ 805	61.8%
Company level expenses	999	1,339	(340)	(25.4)
General and administrative	796	543	253	46.6
Depreciation and amortization	19,189	10,004	9,185	91.8
Interest expense	12,878	13,317	(439)	(3.3)
Debt modification expenses	182	—	182	100.0
Equity in loss of unconsolidated affiliates	92	240	(148)	(61.7)
Loss from discontinuing operations	—	2,951	(2,951)	(100.0)
Gain on transfer of property and extinguishment of debt	—	(11,791)	11,791	(100.0)
Loss on sale of discontinued operations	—	117	(117)	(100.0)
Total expenses	$ 36,243	$ 18,022	$ 18,221	101.1%

Advisor fees relate to the fixed and variable management and advisory fees earned by the Former Manager and the Advisor during 2012 and fixed advisor fees earned by the Advisor during 2013. Fixed fees increase or decrease based on changes in the NAV which will be primarily impacted by changes in capital raised and the value of our properties. Variable fees earned during 2012 were calculated as a formula of cash flow generated from owning and operating the real estate investments and fluctuated as cash flows fluctuated. The increase in advisor fees of $805 for the six months ended June 30, 2013 as compared to the same period of 2012 is primarily related to the increase in NAV over the prior year.

Our Company level expenses relate mainly to our compliance and administration related costs. Company level expenses decreased $340 for the six months ended June 30, 2013 as compared to the same period in 2012 primarily due to a decrease in investor service fees and corporate legal fees.

General and administrative expenses relate mainly to property expenses unrelated to the operations of the property. General and administrative expenses increased $253 for the six months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to expenses of $166 at 111 Sutter Street due to property consolidation on December 4, 2012. Additionally, we incurred higher legal fees of $102 at Canyon Plaza related to the Conexant default and subsequent bankruptcy.

Depreciation and amortization expense is impacted by the values assigned to buildings, personal property and in-place lease assets as part of the initial purchase price allocation. The increase of $9,185 in depreciation and amortization expense for the six months ended June 30, 2013 as compared to the period ended June 30, 2012 is primarily related to an increase of $5,586 at Canyon Plaza due to accelerated amortization of the in-place lease intangible asset related to the Conexant default. Additionally, we recorded $3,471 of depreciation and amortization at 111 Sutter Street due to property consolidation on December 4, 2012.

Interest expense decreased by $439 for the six months ended June 30, 2013 as compared to the period ended June 30, 2012. The decreases in interest expense were due to the debt retirements at Monument IV at Worldgate, 4001 North Norfleet, and 105 Kendall Park Lane, which occurred on April 30, 2013, December 27, 2012 and July 2, 2012, respectively. These decreases were partially offset by increase at 111 Sutter Street as a result of the debt assumed at the property consolidated on December 4, 2012.

Debt modification expenses in 2013 are due to expenses incurred for the loan modification at 111 Sutter Street on March 27, 2013.

Equity in loss of unconsolidated affiliates represents our share of net income or loss from our investments in Unconsolidated Properties. The loss decreased by $148 for the six months ended June 30, 2013 as compared to the period ended June 30, 2012. The decrease was primarily related to an equity loss of $408 at 111 Sutter Street in the six months ended June 30, 2012 not included in the six months ended June 30, 2013 due to 111 Sutter Street being consolidated on December 4, 2012. This was partially offset by a higher net loss at Legacy Village as the six months ended June 30, 2012 included a successful settlement of a real estate tax dispute with the local school district.

Loss from discontinuing operations is related to the dispositions of Georgia Door Sales Distribution Center, Metropolitan Park North and Marketplace at Northglenn during 2012.

Gain on transfer of property and extinguishment of debt is related to the transfer of ownership of Metropolitan Park North on March 23, 2012.

Loss on sale of discontinued operations is related to the disposition of Georgia Door Sales Distribution Center during 2012.

Funds From Operations

Consistent with real estate industry and investment community preferences, we consider funds from operations, or FFO, as a supplemental measure of the operating performance for a real estate investment trust and a complement to GAAP measures because it facilitates an understanding of the operating performance of our properties. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) attributable to the Company (computed in accordance with GAAP), excluding gains or losses from cumulative effects of accounting changes, extraordinary items, impairment write-downs of depreciable real estate and sales of properties, plus real estate related depreciation and amortization and after adjustments for these items related to noncontrolling interests and unconsolidated affiliates.

FFO does not give effect to real estate depreciation and amortization because these amounts are computed to allocate the cost of a property over its useful life. Because values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, we believe that FFO provides investors with a clearer view of our operating performance.

In order to provide a better understanding of the relationship between FFO and GAAP net income, the most directly comparable GAAP financial reporting measure, we have provided a reconciliation of GAAP net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc., to FFO. FFO does not represent cash flow from operating activities in accordance with GAAP, should not be considered as an alternative to GAAP net income and is not necessarily indicative of cash available to fund cash needs.

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 626	$ (2,912)	$ (2,247)	$ 5,670
Plus: Real estate depreciation and amortization	6,798	4,997	19,189	10,004
Loss from sale of real estate	—	117	—	117
Real estate depreciation and amortization from discontinued operations	—	326	—	1,090
Real estate depreciation and amortization attributable to noncontrolling interests	(313)	(332)	(632)	(654)
Share of real estate depreciation and amortization from unconsolidated real estate affiliates	518	915	1,030	1,793
Gain on transfer of property	—	—	—	(6,018)
Impairment of real estate held for sale	—	—	—	913
Funds from operations attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 7,629	$ 3,111	$ 17,340	$ 12,915
Weighted average shares outstanding, basic and diluted (1)	35,343,798	24,022,500	33,445,787	24,008,932
Funds from operations per share, basic and diluted (1)	$ 0.22	$ 0.13	$ 0.52	$ 0.54

(1) On October 1, 2012, we declared a stock dividend with respect to all Class E shares at a ratio of 4.786-to-1. The effects of the stock dividend have been applied retroactively to all share and per share amounts for all periods presented.

Below is additional information related to certain items that significantly impact the comparability of our FFO or significant non-cash items from the periods presented:

	Three months ended June 30, 2013	Three months ended June 30, 2012	Six months ended June 30, 2013	Six months ended June 30, 2012
Straight-line rental income	(976)	(160)	(2,003)	(271)
Amortization of above- and below-market leases	(635)	(159)	(4,303)	(325)
Amortization of net discount on assumed debt	(50)	(71)	(484)	(120)
Loss (gain) on debt modification or extinguishment	—	—	182	(5,773)
Acquisition expense	91	—	91	—

NAV per Share

Prior to October 1, 2012, we established our NAV per share of common stock on a quarterly basis for the purposes of establishing the price of shares sold in our private offerings and the repurchase price for shares purchased in our share repurchase program. We determined our NAV as of the end of each of the first three quarters of a fiscal year within 45 calendar days following the end of such quarter, and our fourth quarter NAV after the completion of our year-end audit. We calculated our quarterly NAV as of the determination date as follows: (i) the aggregate value of (A) our interests in real estate investments, plus (B) all our other assets, minus (ii) the aggregate fair value of our indebtedness and other outstanding obligations.

Beginning on October 1, 2012, our Advisor calculates our NAV for each class of our common stock (Class A, Class E and Class M) after the end of each business day that the New York Stock Exchange is open for unrestricted trading. The valuation guidelines we have adopted for purposes of the daily determination of NAV per share differ from the valuation methodologies we employed in connection with our historical quarterly NAV per share calculations in certain respects. For example, for purposes of calculating our historical quarterly NAV per share, our mortgage debt payable was recorded at fair value on a quarterly basis. This method resulted in an asset or liability, depending on current lending rates for similar mortgages to those we held. Our new valuation guidelines provide that, for purposes of calculating NAV per share on a daily basis, mortgage debt payable will be valued at the outstanding loan balance. We disclosed our NAV per share policy under "Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities," in our 2012 Form 10-K.

NAV as of June 30, 2013

The NAV per share for our Class A, Class M and Class E shares as of June 30, 2013 was $10.12, $10.12 and $10.14, respectively. The NAV of all share classes remained relatively flat as compared to December 31, 2012 as dividends declared offset property operations for the first half of 2013.

The following table provides a breakdown of the major components of our NAV per share as of June 30, 2013 and December 31, 2012:

	June 30, 2013			December 31, 2012		
Component of NAV	**Class A Shares**	**Class M Shares**	**Class E Shares**	**Class A Shares**	**Class M Shares**	**Class E Shares**
Real estate investments (1)	$ 22.05	$ 22.07	$ 22.11	$ 25.07	$ 25.09	$ 25.10
Debt	(12.29)	(12.30)	(12.32)	(16.37)	(16.39)	(16.40)
Other assets and liabilities, net	0.36	0.35	0.35	1.42	1.43	1.44
Estimated enterprise value premium	None Assumed	None Assumed	None Assumed	None Assumed	None Assumed	None Assumed
NAV per share	$ 10.12	$ 10.12	$ 10.14	$ 10.12	$ 10.13	$ 10.14
Number of outstanding shares	9,320,989	1,629,313	26,444,843	3,612,169	104,282	26,444,843

(1) The value of our real estate investments was less than the historical cost by approximately 13.2% and 14.2% as of June 30, 2013 and December 31, 2012, respectively.

The following are key assumptions (shown on a weighted-average basis) that are used in the discounted cash flow models to estimate the value of our real estate investments as of June 30, 2013:

	Apartment	Industrial	Office	Retail	Total Company
Exit capitalization rate	6.97%	7.14%	7.23%	7.43%	7.19%
Discount rate/internal rate of return (IRR)	8.18%	7.63%	8.41%	7.92%	8.18%
Annual market rent growth rate	2.84%	2.78%	3.33%	3.12%	3.11%
Holding period (years)	10.00	10.00	10.00	10.00	10.00

The following are key assumptions (shown on a weighted-average basis) that are used in the discounted cash flow models to estimate the value of our real estate investments as of December 31, 2012:

	Apartment	Industrial	Office	Retail	Total Company
Exit capitalization rate	7.30%	7.43%	7.83%	6.98%	7.30%
Discount rate/internal rate of return (IRR)	8.48%	7.90%	8.50%	7.25%	8.27%
Annual market rent growth rate	3.32%	3.08%	2.59%	3.00%	3.09%
Holding period (years)	10.00	10.00	10.00	10.00	10.00

While we believe our assumptions are reasonable, a change in these assumptions would impact the calculation of the value of our real estate assets. For example, assuming all other factors remain unchanged, an increase in the weighted-average discount rate/internal rate of return (IRR) used as of June 30, 2013 of 0.25% would yield a decrease in our total real estate asset value of 1.85% and our NAV per each share class would have been $9.71, $9.71 and $9.73 for Class A, Class M and Class E, respectively. An increase in the weighted-average discount rate/internal rate of return (IRR) used as of December 31, 2012 of 0.25% would yield a decrease in our total real estate asset value of 1.80% and our NAV per each share class would have been $9.68, $9.70 and $9.71 for Class A, Class M, and Class E, respectively.

Limitations and Risks

As with any valuation methodology, our methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different NAV per share. Accordingly, with respect to our NAV per share, we can provide no assurance that:

- a stockholder would be able to realize this NAV per share upon attempting to resell his or her shares;
- we would be able to achieve, for our stockholders, the NAV per share, upon a listing of our shares of common stock on a national securities exchange, selling our real estate portfolio, or merging with another company; or
- the NAV per share, or the methodologies relied upon to estimate the NAV per share, will be found by any regulatory authority to comply with any regulatory requirements.

Furthermore, the NAV per share was calculated as of a particular point in time. The NAV per share will fluctuate over time in response to, among other things, changes in real estate market fundamentals, capital markets activities, and attributes specific to the properties and leases within our portfolio.

Liquidity and Capital Resources

Our primary uses and sources of cash are as follows:

Uses	Sources
Short-term liquidity and capital needs such as:	
• Interest payments on debt	• Operating cash flow, including the receipt of distributions of our share of cash flow produced by our unconsolidated real estate affiliates
• Distributions to stockholders	• Proceeds from secured loans collateralized by individual properties
• Fees payable to the Advisor	• Proceeds from our revolving line of credit
• Minor improvements made to individual properties that are not recoverable through expense recoveries or common area maintenance charges to tenants	• Sales of our shares
• General and administrative costs	• Sales of real estate investments
• Costs associated with our continuous public offering	• Draws from lender escrow accounts
• Other Company level expenses	
• Lender escrow accounts for real estate taxes, insurance, and capital expenditures	
• Fees payable to our Dealer Manager	
Longer-term liquidity and capital needs such as:	
• Acquisitions of new real estate investments	
• Expansion of existing properties	
• Tenant improvements and leasing commissions	
• Debt repayment requirements, including both principal and interest	
• Repurchases of our shares pursuant to our Share Repurchase Plan	

The sources and uses of cash for the six months ended June 30, 2013 and 2012 were as follows:

	Six months ended June 30, 2013	Six months ended June 30, 2012	$ Change
Net cash provided by operating activities	$ 10,038	$ 12,485	$ (2,447)
Net cash used in investing activities	(59,292)	(3,721)	(55,571)
Net cash provided by (used in) financing activities	33,092	(4,828)	37,920

Cash provided by operating activities decreased by $2,447 for the six months ending June 30, 2013, as compared to the same period in 2012. An increase of $4,160 in cash from operating activities is primarily related to consolidation of 111 Sutter Street on December 4, 2012 and the lease termination fee received from Conexant. Also impacting our cash provided by operating activities are changes in our working capital, which include tenant accounts receivable, prepaid expenses and other assets, Advisor fee payable, and accounts payable and other accrued expenses. These changes in our working capital caused a decrease to cash provided by operating activities of $6,607 between the six months ended June 30, 2013 and the same period in 2012, primarily related to lower accrued real estate taxes and accrued interest.

Cash used in investing activities increased by $55,571 for the six months ending June 30, 2013, as compared to the same period in 2012. The overall increase was primarily related to the acquisition of two industrial properties totaling $58,820 between the six months ended June 30, 2013 and the same period in 2012.

Cash provided by financing activities increased by $37,920 for the six months ended June 30, 2013 as compared to the same period in 2012. The increase is primarily related to the issuance of common stock of $72,451 in 2013. Partially offsetting the increase are net principal payments on mortgage loans and other debt payable of $31,384 primarily related to the retirements of the seller financing note payable from the acquisition of 111 Sutter Street and the mortgage on Monument IV at Worldgate in excess of proceeds received from new mortgage notes and other debt payable. We expect to continue to raise capital from the Offering and will use portions of the capital raise to acquire new properties, retire debt and repurchase common stock.

Financing

We have relied primarily on fixed-rate financing, locking in what were favorable spreads between real estate income yields and mortgage interest rates and have tried to maintain a balanced schedule of debt maturities. The following consolidated debt table provides information on the outstanding principal balances and the weighted average interest rate at June 30, 2013 and December 31, 2012 for such debt. The unconsolidated debt table provides information on our pro rata share of debt associated with our unconsolidated joint ventures.

Consolidated Debt

	June 30, 2013		December 31, 2012	
	Principal Balance	Weighted Average Interest Rate	Principal Balance	Weighted Average Interest Rate
Fixed	$ 439,239	5.48%	$ 479,206	5.59%
Variable	19,000	2.85	12,000	4.75
Total	$ 458,239	5.37%	$ 491,206	5.57%

Unconsolidated Debt

	June 30, 2013		December 31, 2012	
	Pro-rata share of Principal Balance	Weighted Average Interest Rate	Pro-rata share of Principal Balance	Weighted Average Interest Rate
Fixed	$ 38,960	5.63%	$ 39,724	5.63%
Variable	—	—	—	—
Total	$ 38,960	5.63%	$ 39,724	5.63%

Contractual Cash Obligations and Commitments

The Dignity Health Office Portfolio mortgage debt requires that we deposit an annual amount of $855, up to a cumulative maximum of $1,900, into an escrow account to fund future tenant improvements and leasing commissions. The amount of the escrow funded by each of the 15 buildings in the portfolio is capped individually pursuant to each loan agreement. At June 30, 2013, we had approximately $1,217 deposited in this escrow account, and we expect to fund $348 during the remainder of 2013. Additionally, we are required to deposit approximately $151 per year into an escrow account to fund capital expenditures. At June 30, 2013, our capital account escrow account balance was $163. These escrow accounts allow us to withdraw funds as we incur costs related to tenant improvements, leasing commissions and capital expenditures. Additionally, on a monthly basis, we are required to fund an escrow account for the future payment of real estate taxes and insurance costs in an amount equal to 1/12th of the estimated real estate taxes and insurance premium. At June 30, 2013, our real estate tax and insurance escrow balance was $693. We expect to fund the loan escrows from property operations.

As part of the lease with our single tenant at the 4001 North Norfleet Road property, we provided the tenant a right to expand the current building by up to 286,000 square feet of space. If the tenant exercises this right, we will be obligated to construct this expansion space. The tenant has the right to provide notice to us of its desire to expand at any time prior to February 28, 2016 (the end of the ninth year of the lease), or if the lease is extended, until any time prior to the end of the fourth year of any extension. As of June 30, 2013, we had not received an expansion notice from the tenant.

Off Balance Sheet Arrangements

At June 30, 2013 and December 31, 2012, we had approximately $150 in outstanding letters of credit, none of which are reflected as liabilities on our balance sheet. We have no other off balance sheet arrangements.

Distributions to Stockholders

To remain qualified as a REIT for federal income tax purposes, we must distribute or pay tax on 100% of our capital gains and distribute at least 90% of ordinary taxable income to stockholders.

The following factors, among others, will affect operating cash flow and, accordingly, influence the decisions of our board of directors regarding distributions:

- scheduled increases in base rents of existing leases;
- changes in minimum base rents and/or overage rents attributable to replacement of existing leases with new or renewal leases;
- changes in occupancy rates at existing properties and procurement of leases for newly acquired or developed properties;
- necessary capital improvement expenditures or debt repayments at existing properties; and
- our share of distributions of operating cash flow generated by the unconsolidated real estate affiliate, less management costs and debt service on additional loans that have been or will be incurred.

We anticipate that operating cash flow, cash on hand, proceeds from dispositions of real estate investments, or refinancings will provide adequate liquidity to conduct our operations, fund general and administrative expenses, fund operating costs and interest payments and allow distributions to our stockholders in accordance with the REIT qualification requirements of the Internal Revenue Code of 1986, as amended.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to market risk associated with changes in interest rates in terms of the price of new fixed-rate debt for refinancing of existing debt. We manage our interest rate risk exposure by obtaining fixed-rate loans where possible. As of June 30, 2013, we had consolidated debt of $458,239, $19,000 of which was variable-rate debt. Including the $1,308 net premium on the assumption of debt, we had consolidated debt of $459,547 at June 30, 2013. None of the variable-rate debt was subject to interest rate swap or cap agreements. A 25 basis point movement in the interest rate on the $19,000 of variable-rate debt would have resulted in an approximately $48 annualized increase or decrease in consolidated interest expense and cash flow from operating activities.

As of December 31, 2012, we had consolidated debt of $491,206, which included $12,000 of variable-rate debt. Including the $1,779 net premium on the assumption of debt, we had consolidated debt of $492,985 at December 31, 2012. None of the variable-rate debt was subject to interest rate swap or cap agreements. A 25 basis point movement in the interest rate on the $12,000 of variable-rate debt would have resulted in an approximately $30 annualized increase or decrease in consolidated interest expense and cash flow from operating activities.

Our Unconsolidated Property is financed with fixed-rate debt; therefore, we are not subject to interest rate exposure at this property, except to the extent changes in interest rates impact the fair value of our fixed-rate financing as discussed below.

We are subject to interest rate risk with respect to our fixed-rate financing in that changes in interest rates will impact the fair value of our fixed-rate financing. To determine fair market value, the fixed-rate debt is discounted at a rate based on an estimate of current lending rates, assuming the debt is outstanding through maturity and considering the collateral. At June 30, 2013, the fair value of our mortgage notes payable was estimated to be approximately $4,708 higher than the carrying value of $458,239. If treasury rates were 25 basis points higher at June 30, 2013, the fair value of our mortgage notes payable would have been approximately $1,175 higher than the carrying value.

At December 31, 2012, the fair value of our mortgage notes payable was estimated to be approximately $17,136 higher than the carrying value of $491,206. If treasury rates were 25 basis points higher at December 31, 2012, the fair value of our mortgage notes payable would have been approximately $13,755 higher than the carrying value.

In August 2007, we purchased Railway Street Corporate Centre located in Calgary, Canada. For this investment, we use the Canadian dollar as the functional currency. When preparing consolidated financial statements, assets and liabilities of foreign entities are translated at the exchange rates at the balance sheet date, while income and expense items are translated at weighted average rates for the period. Foreign currency translation adjustments are recorded in accumulated other comprehensive income on the Consolidated Balance Sheet and foreign currency translation adjustment on the Consolidated Statement of Operations and Comprehensive Income (Loss).

As a result of our Canadian investment, we are subject to market risk associated with changes in foreign currency exchange rates. These risks include the translation of local currency balances of our Canadian investment and transactions denominated in Canadian dollars. Our objective is to control our exposure to these risks through our normal operating activities. For the six months ended June 30, 2013 and 2012, we recognized a foreign currency translation loss of $529 and $23, respectively. At June 30, 2013, a 10% unfavorable exchange rate movement would have caused our $529 foreign currency translation loss to be increased by $860 resulting in a foreign currency translation loss of approximately $1,389.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on management's evaluation as of June 30, 2013, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the quarter ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in various claims and litigation matters arising in the ordinary course of business, some of which involve claims for damages. Many of these matters are covered by insurance, although they may nevertheless be subject to deductibles or retentions. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations, or liquidity.

Item 1A. Risk Factors.

The most significant risk factors applicable to the Company are described in Item 1A of our 2012 Form 10-K. There have been no material changes from those previously-disclosed risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Our share repurchase plan limits repurchases during any calendar quarter to shares with an aggregate value (based on the repurchase price per share on the day the repurchase is effected) of 5% of the combined NAV of all classes of shares (including the Class E shares which are not eligible for repurchase) as of the last day of the previous calendar quarter, which means that in any 12-month period, we limit repurchases to approximately 20% of our total NAV. If the quarterly volume limitation is reached on or before the third business day of a calendar quarter, repurchase requests during the next quarter will be satisfied on a stockholder by stockholder basis, which we refer to as a "per stockholder allocation," instead of a first-come, first-served basis. Pursuant to the per stockholder allocation, each of our stockholders would be allowed to request repurchase at any time during such quarter of a total number of shares not to exceed five percent of the shares of common stock the stockholder held as of the end of the prior quarter. The per stockholder allocation requirement will remain in effect for each succeeding quarter for which the total repurchases for the immediately preceding quarter exceeded four percent of our NAV on the last business day of such preceding quarter. If total repurchases during a quarter for which the per stockholder allocation applies are equal to or less than four percent of our NAV on the last business day of such preceding quarter, then repurchases will again be first-come, first-served for the next succeeding quarter and each quarter thereafter.

Moreover, until our total NAV has reached $600,000, repurchases for shares of all classes in the aggregate may not exceed 25% of the gross proceeds received by us from the commencement of our offering through the last day of the prior calendar quarter.

During the six months ended June 30, 2013, we repurchased 26,048 shares of Class A common stock under the share repurchase plan. We did not issue any securities during this period that were not registered under the Securities Act.

Period	Total Number of Shares Redeemed	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Pursuant to the Program (2)
May 1–May 31, 2013	26,048	$10.22	26,048	—

(1) On October 1, 2012, we adopted the new share repurchase plan.

(2) Redemptions are limited as described above.

On October 1, 2012, our registration statement on Form S-11 (File No. 333-177963), covering our Offering of up to $3,000,000 of shares of common stock, of which $2,700,000 of shares of common stock are being offered pursuant to our primary offering and $300,000 of shares of common stock are being offered pursuant to our distribution reinvestment plan, was declared effective under the Securities Act. We commenced the Offering on the same date. The per share price for each class equals the daily NAV per share for such class, plus, for Class A shares only, applicable selling commissions, with discounts available to certain categories of purchasers.

As of June 30, 2013, we have sold the following common shares and raised the following proceeds in connection with the Offering:

	Shares	Proceeds
Primary Offering		
Class A Shares	9,294,746	$ 95,209
Class M Shares	1,579,084	16,066
Distribution Reinvestment Plan		
Class A Shares	52,291	529
Class M Shares	9,229	94
Total	10,935,350	$ 111,898

As of June 30, 2013, we incurred the following costs in connection with the issuance and distribution of the registered securities:

Type of Cost	Amount
Offering costs to related parties [1]	$6,549

(1) Comprised of $636 in selling commissions, $214 in dealer manager fees, $170 in distribution fees and $5,529 in other offering costs. $1,018 of the selling commissions, dealer manager fees and distribution fees have been reallowed to third parties.

From the commencement of the Offering through June 30, 2013, the net proceeds to us from our Offering, after deducting the total expenses incurred described above, were $109,320. From the commencement of the Offering through June 30, 2013, net proceeds from our Offering have been allocated to reduce borrowings by $71,488 and to purchase interests in real estate of $37,832.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

The Exhibit Index that immediately follows the signature page to this Form 10-Q is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, Jones Lang LaSalle Income Property Trust, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JONES LANG LASALLE INCOME PROPERTY TRUST, INC.

Date:	August 8, 2013	By:	/s/ C. Allan Swaringen
			C. Allan Swaringen
			President, Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

* Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, C. Allan Swaringen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jones Lang LaSalle Income Property Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ C. ALLAN SWARINGEN

C. Allan Swaringen
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory A. Falk, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jones Lang LaSalle Income Property Trust, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2013

/s/ GREGORY A. FALK

Gregory A. Falk

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Jones Lang LaSalle Income Property Trust, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. Allan Swaringen, in my capacity as Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ C. ALLAN SWARINGEN

C. Allan Swaringen
President and Chief Executive Officer

August 8, 2013

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Jones Lang LaSalle Income Property Trust, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory A. Falk, in my capacity as Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GREGORY A. FALK

Gregory A. Falk
Chief Financial Officer

August 8, 2013

STATEMENT OF OPERATING REVENUES

AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

PELICAN INVESTMENT HOLDINGS LLC

MIAMI BEACH, FLORIDA

Exhibit 2

TURNER & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Miami Lakes Office Center
15291 NW 60th Avenue, Suite 100
Miami Lakes, FL 33014

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INDEPENDENT AUDITORS' REPORT

To the Members
Pelican Investment Holdings LLC
Miami Beach, Florida

We have audited the accompanying statement of operating revenues and expenses of Pelican Investments Holdings LLC (a Florida corporation) for the year ended December 31, 2012, and the related notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the operating revenues and expenses of Pelican Investment Holdings LLC for the year ended December 31, 2012, in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

This report is intended solely for the information and use of the members and management of Pelican Investment Holdings LLC and the City of Miami Beach, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Turner & Associates, LLP

July 2, 2013

Members American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants

Printed on recycled paper

Statement of Operating Revenues and Expenses
January 1, 2012 - December 31, 2012
Pelican Investment Holdings LLC

	JANUARY 2012	FEBRUARY 2012	MARCH 2012	APRIL 2012	MAY 2012	JUNE 2012	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	TOTALS
Revenues													
Garage parking revenue	$ 163,867	$ 175,274	$ 270,510	$ 194,683	$ 204,761	$ 181,300	$ 220,209	$ 172,287	$ 157,423	$ 158,009	$ 162,923	$ 190,721	$ 2,251,987
Retail rental revenue	21,002	21,002	21,002	21,001	21,002	21,002	21,002	21,001	21,002	21,002	21,002	21,001	$ 252,021
Sales tax	(10,730)	(11,432)	(17,720)	(12,712)	(11,534)	(11,086)	(13,593)	(10,596)	(9,620)	(9,658)	(9,974)	(11,332)	$ (140,007)
Total Revenues	174,139	184,844	273,792	202,972	214,229	191,216	227,618	182,692	168,805	169,353	173,951	200,390	2,364,001
Expenses													
Insurance	8,637	8,637	8,637	8,637	8,637	8,637	8,636	8,637	8,637	8,637	8,637	8,636	103,642
Uniform & laundry	-	-	259	-	-	-	885	6	-	-	-	-	1,150
Management fees	4,967	5,369	5,267	4,871	4,698	4,908	5,028	4,593	4,822	4,761	4,851	5,037	59,172
Supplies & miscellaneous	6,282	4,225	5,541	6,766	5,726	9,720	5,679	6,368	4,905	6,740	5,739	6,960	74,640
Office expense	128	128	128	128	128	128	128	128	128	128	128	128	1,536
Parking liability insurance	1,586	1,586	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	26,362
Payroll & related	52,962	46,329	54,940	43,807	43,787	38,172	42,858	39,458	37,963	38,361	35,755	44,302	518,734
Professional fees	2,196	2,196	2,196	2,196	2,198	2,196	2,197	2,196	2,196	2,196	2,196	2,197	26,354
Property taxes	14,906	14,906	14,906	14,905	14,906	14,906	14,905	14,906	14,906	14,906	14,906	14,905	178,867
Rent	12,193	12,462	14,685	12,914	13,196	12,620	13,530	12,407	12,060	12,074	12,169	12,850	153,180
Sapace rental	4,739	4,739	4,841	4,314	4,705	4,688	4,739	4,773	4,688	4,671	4,654	4,907	56,358
Repairs and maintenance	-	-	3,442	6,964	965	1,539	1,459	966	5,365	5,749	2,151	14,973	43,573
Telephone	819	673	675	768	996	978	1,071	1,076	1,288	1,617	1,133	1,690	12,782
Utilities	-	2,582	3,247	3,487	3,087	3,962	3,361	3,513	3,225	2,964	3,754	132	33,284
Total Expenses	109,415	103,831	121,083	112,065	105,326	104,773	106,795	101,346	102,519	105,133	98,412	118,936	1,289,634
Net revenues over expenses	$ 64,724	$ 81,013	$ 152,709	$ 90,907	$ 108,903	$ 86,443	$ 120,823	$ 81,346	$ 66,286	$ 64,220	$ 75,539	$ 81,454	$ 1,074,367

See independent auditors' report and the accompanying notes to financial statements

OCEAN BLVD II LLC
CY 20112

Revenues	JANUARY 2012	FEBRUARY 2012	MARCH 2012	APRIL 2012	MAY 2012	JUNE 2012	JULY 2012	AUGUST 2012	SEPTEMBER 2012	OCTOBER 2012	NOVEMBER 2012	DECEMBER 2012	TOTALS
Monthly Revenue	$ 6,430	$ 8,361	6,310	11,188	9,029	$ 8,813	$ 11,363	$ 10,406	$ 7,821	$ 13,484	$ 11,112	$ 10,681	$ 114,798
Daily Revenue	118,071	119,109	195,903	139,424	153,092	130,287	167,582	126,598	112,400	106,984	117,314	129,364	1,616,118
Valet Rent	39,333	47,337	68,047	44,073	41,789	41,565	41,042	34,892	37,030	36,771	33,811	60,403	514,883
Other Revenue	33	467	250	(2)	871	645	212	391	372	1,790	686	273	6,188
Validations Revenue													-
Gross Receipts	163,867	175,274	270,510	194,683	204,781	181,300	220,209	172,287	157,423	158,009	162,923	190,721	2,251,867
Sales Taxes	10,730	11,432	17,720	12,712	11,554	11,088	13,593	10,596	9,620	9,658	9,874	11,332	140,007
Gross Income	153,137	163,842	262,790	181,971	193,227	170,214	206,616	161,691	147,803	148,351	152,949	179,389	2,111,860
Operating Expenses													
Supplies - Office	5,151	3,870	2,841	2,821	2,475	5,985	2,599	2,798	2,241	4,027	3,122	4,111	41,839
Repairs & Maintenance	-		3,442	6,984	985	1,539	1,459	986	5,365	5,749	2,151	14,973	43,573
Insurance Expense	3,055	2,917	4,374	3,781	3,849	3,645	3,943	3,656	3,776	3,781	3,662	4,052	44,800
Management fee	4,967	5,369	5,287	4,871	4,698	4,908	5,028	4,593	4,822	4,761	4,851	5,037	59,172
Miscellaneous Expense	1,131	355	2,900	4,134	3,251	3,735	3,080	3,572	2,664	2,713	2,617	2,849	33,001
Payroll Taxes and Benefits	9,170	7,247	9,194	8,164	6,673	4,100	5,547	4,242	4,492	4,316	4,101	4,891	72,137
Uniforms & laundry			259				885	6	-	-	-	-	1,150
Utilities Expense		2,582	3,247	3,487	3,067	3,982	3,361	3,513	3,225	2,964	3,764	132	33,284
Telephone Expense	819	673	675	768	996	877	1,071	1,076	1,286	1,617	1,133	1,690	12,781
Wages	43,792	39,082	45,748	35,643	37,114	34,072	37,311	35,216	33,491	34,065	31,654	39,411	446,597
Ground rent	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	7,840	94,080
Space rental	4,739	4,739	4,841	4,314	4,705	4,688	4,738	4,773	4,688	4,671	4,654	4,807	56,358
Contract labor													-
Total Expenses Before Management	80,664	74,674	90,426	82,567	75,633	75,651	76,863	72,448	73,890	76,504	69,559	89,793	938,672
Net Operating Surplus	72,473	89,168	162,364	99,404	117,594	94,563	129,753	89,243	73,913	71,847	83,390	89,596	1,173,308
Base Management Fee													-
Incentive Management Fee	-	-	-	-	-	-							-
Total Expenses	80,664	74,674	90,426	82,567	75,633	75,651	76,863	72,448	73,690	76,504	69,559	89,793	938,672
Net Owner	72,473	89,168	162,364	99,404	117,594	94,563	129,753	89,243	73,913	71,847	83,390	89,596	1,173,308
Less:Owner Advance													-
Net Due Owner (Park One)	$ 72,473	89,168	$ 162,364	$ 99,404	$ 117,594	$ 94,563	$ 129,753	$ 89,243	$ 73,913	$ 71,847	$ 83,390	$ 88,596	$ 1,173,308

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
PELICAN INVESTMENT HOLDINGS LLC

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Pelican Investment Holdings LLC (the "Company") was incorporated under the laws of the State of Florida on May 6, 2010. On May 27, 2010 the Company purchased a parking garage from Ocean Blvd II, LLC. The parking garage is located on land leased from the City of Miami Beach, Florida. In conjunction with the purchase transaction, the Company assumed the land lease from Ocean Blvd II, LLC. The land lease from the City of Miami Beach expires on September 30, 2041. This sale was approved by the City of Miami Beach.

BASIS OF ACCOUNTING

The Company has prepared the accompanying special-purpose financial statements to present the operating revenues and expenses of the Company pursuant to Section 28.1 of a lease agreement dated December 1, 1999, between Pelican Development LLC, the original lessee, and City of Miami Beach, Florida. The lease agreement specifies that the Company prepare financial statements for the premises on a annual basis in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public Accountants, except as otherwise provided by this lease, with such changes as the Company and the City of Miami Beach, Florida shall mutually agree are consistent with this lease in order to reflect technologies and methodologies not addressed in the accounting principles.

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America except for the omission of depreciation, interest expense, income taxes and any expenses related to any contingent liabilities.

NOTE 2 - RELATED PARTY TRANSACTION

Included in these statements is $27,891 of general and administrative expenses allocated to the Company from a related party.

See independent auditors' report.