

120/161 Crossing Value Impairment Calculations

Although Planning and Zoning passed the proposed development 9-0, Council has raised objections to the truck traffic on Matthew Road and has asked Mohr to consider removing the two curbs cuts on Matthew Road.

Mohr has engaged Savant Group to prepare a traffic study and will be presented to Council for review. Assuming there is no issue from a "traffic" perspective, Mohr would like to stress the economic impairment to the development and that the project would not be viable without access to Matthew Road. Mohr has prepared a revised site plan, assuming no curb cuts on Matthew Road. The net effect of removing these access points on Matthew Road is the need to create a ring road to circulate truck traffic on the site, thus shrinking the net rentable area of the project from the proposed 430,188 square feet to 373,940 square feet, a loss of 56,248 square feet. In addition, we would need to dedicate access from the triangular Lot 2 on the west side of the development, making it unsellable. The value impairment calculations are as follows:

Proposed Development SF	430,188
Revised SF	<u>373,940</u>
Loss of Rentable SF	56,248
Proposed Rent PSF	<u>\$ 3.50</u>
Net Operating Income	\$ 196,868
Proposed Exit Cap Rate	<u>6.00%</u>
Building Value Impairment	\$3,281,133
Lot 2 Acres	4.565
Lot 2 SF	198,851.4
Price PSF	<u>\$ 8.00</u>
Land Value Impairment	\$1,590,841
 TOTAL VALUE IMPAIRMENT	 \$4,871,944

Based on these figures, the elimination the curb cuts on Matthew Road make this project unviable and Mohr Capital will not continue with the proposed development and will terminate their contract on the land.