

KEYSTONE
CONSULTING GROUP

MARKET STUDY

Proposed Redevelopment of
111 Westminster Street
Providence, RI

PREPARED FOR:

Mr. David Sweetser
High Rock Development
275 Grove Street
Newton, MA 02466

DATE OF REPORT:

January 25, 2013

PREPARED BY:

KEYSTONE CONSULTING GROUP

Stephen M. Dylag, Principal
and
Susan G. Zuck, Vice President

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February 27, 2013

Mr. David Sweetser
High Rock Development
275 Grove Street
Newton, MA 02466

RE: Market study in reference to the proposed redevelopment of the property located at 111 Westminster Street, in the city of Providence, Providence County, Rhode Island.

Dear Mr. Sweetser:

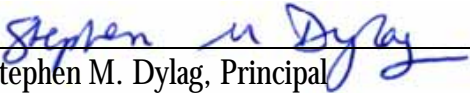
In accordance with your request and requirements, we have prepared a market study in reference to the proposed redevelopment of the property located at 111 Westminster Street, in Providence, RI.

Per the engagement letter dated January 9, 2013, the market study examines professional office use, retail use and rental apartment use at the subject property. The market study covers and reports on demographic data, including population, employment, and income data, as well as providing information on the apartment and commercial markets on a national, regional and local basis. The market study provides a survey of the competitive apartment and commercial properties and their attributes, including rents, occupancy, unit types, and amenities. Recommendations were provided relative to unit sizes, market rents, unit and communal amenities, corporate units, rental premiums, parking, absorption, and operating expenses. Our market research and recommendations are presented in the following report. The report begins with an Executive Summary, in which the primary conclusions and recommendations have been presented.

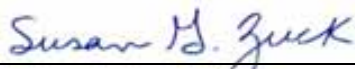
We note that our Market Study is reflective of the subject characteristics and market conditions as of January 25, 2013. Please call with any questions you have about this market study.

Respectfully submitted,

KEYSTONE CONSULTING GROUP



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Keystone File No. 13-029M

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EXECUTIVE SUMMARY

Background

The subject property is a 26-story, 350,000± square foot office building which is located in the Financial District of downtown Providence, RI. The office building was constructed in an Art Deco style in the 1920s and it has become a well-recognized landmark in downtown Providence. This market study pertains to a proposed redevelopment of the building with apartment units and commercial space. We have provided market analyses for the downtown Providence residential rental market and for the downtown Providence commercial market. We note that our market study is reflective of the subject characteristics and the market conditions as of January 25, 2013. Adjustments may need to be made as the project proceeds to accommodate the timing of product, future market and financial market conditions, and other factors.

Scope

Per the engagement letter, the scope of this market study was to examine professional office use, retail use and rental apartment use at the subject property. The market study covers and reports on demographic data, including population, employment, and income data, as well as providing information on the apartment and commercial markets on a national, regional and local basis. The market study provides a survey of the competitive apartment and commercial properties and their attributes, including rents, occupancy, unit types, and amenities. Recommendations for the apartment component were provided relative to unit sizes, unit mix, market rents, unit and communal amenities, corporate units, rental premiums, parking, absorption, and operating expenses. Conclusions concerning the commercial component were also provided.

Recommendations and Conclusions

Based on the analyses in the market study to follow, we have developed the following conclusions.

Location - The subject property is well located in the Financial District, in downtown Providence, RI. The property is within walking distance to the commuter rail station (which also provides Amtrak service) and the public bus hub at Kennedy Plaza. Vehicular access to Interstates 95 and 195 is less than one mile from the subject. The Providence Place Mall, Dunkin' Donuts Center, Rhode Island Convention Center, theaters, and numerous restaurants are within walking distance. The Lifespan hospital complex and Women and Infants' Hospital are southwest of the city center. Three universities – Johnson and Wales University, Brown University, and Rhode Island School of Design – are located in downtown Providence. Based on the preceding, the subject's location is well suited for apartment and commercial uses.

Target Market - Based on our competitive survey and on the subject's location, the tenant profile for the apartment units will include the following: young professionals; older single professionals; older professional couples without children; empty nesters; Boston commuters; and students. The age category demonstrating the largest percentage growth in the subject's market area is the 55 plus category. The professionals segment would include married or cohabitating couples and single roommates, as well as single persons. The middle-aged single category is one of the fastest growing population categories, given the high rate of divorce and given that more people are simply choosing to live alone. The 20 to 34 year old category comprises the largest percentage of the population in the 10-minute and 20-minute drive time areas from the subject property. There are approximately 10,800± students attending the universities in Providence who seek off-campus housing. Our primary survey of downtown Providence apartment properties indicated that Boston commuters also comprise a segment of the downtown renters, given the relative affordability of Providence compared with Boston and the convenience of commuter rail service to Boston.

Apartment Competitive Survey – Our survey of competitive apartment properties in the subject's market area indicated that vacancy rates are relatively low and rents at the majority of properties surveyed have increased during the past few months or have remained stable. Concessions are not being offered at any property. Our demographics analysis indicated that there is a large percentage of renter-occupied housing units in the subject's market area and that rental housing is currently well received. Based on demographic projections through the next five years, rental housing is expected to continue to comprise a larger percentage of the housing units in the city of Providence than owner-occupied units.

New Supply of Apartment Units - The newest supply of apartment units in downtown Providence includes three properties where development is ongoing. Providence G is the rehabilitation and renovation of three existing buildings to result in 51 apartment units, a parking garage, commercial space and restaurant space. Construction is expected to be complete in March 2013. There are seven units pre-leased and eight more are expected to be leased upon completion. The Arcade Providence is also a rehabilitation project which will result in 48 micro-loft units on the upper floors and retail space on the ground floor. The waiting list for the apartment units exceeds the number of available units and completion is projected for March 2013. The majority of the retail units have also been pre-leased. A 102-unit apartment property is approved for Thayer Street and it will target Brown University students. The approvals have been appealed by an abutter. There are 35 micro-loft units being developed on the third and fourth floors of the four-story building located at 100-110 North Main Street in Providence. Approximately 50± percent of the units have been pre-leased.

Three waterfront projects have been proposed in East Providence that would bring over 1,200± residential units to the market, although not all would be rental units. Given the need for remediation and, in some cases, additional approvals, completion of even the first phases of these projects will take a few years.

Reduction in the Supply of Apartment Units – There will be a reduction in the number of downtown Providence rental units when the 233 units at The 903 and the 35 units at the Residences Providence are removed from the apartment market and are offered for sale. These units are being rented as an interim strategy.

Unit Size - The developer provided us with proposed unit sizes. We analyzed the unit sizes by unit type in our competitive survey. The detailed analysis is included in this market study. Our conclusion was that the developer's proposed unit sizes are generally market oriented. The average unit sizes are as follows:

Unit Type	Developer's Proposed Unit Sizes: SF
Microloft	398
Studio	537
One-bedroom/one-bath	803
Two-bedroom/two-bath	1,126
Three-bedroom/two+bath	1,386

Unit Mix - We interviewed the leasing agents for the apartment properties in our competitive survey to recommend a unit mix for the subject property. Our conclusion was that the mix of studio, one-bedroom and two-bedroom units be approximately even. There appeared to be demand for three-bedroom units, but the relatively small number of these units in the market results in demand which exceeds supply. We recommend a smaller percentage of three-bedroom units than other unit types. This is also supported by the relatively small household size in the subject's market area and the fact that families are not typically part of the tenant profile for downtown Providence housing. Demand for three-bedroom or two-bedroom plus den units would come from students, young single roommates, and empty nesters. Two-bedroom, and larger units, should offer two bathrooms. The properties that offered unique unit configurations (mill conversion projects) or units with dens were particularly appealing to tenants.

In projecting unit mix for the future, the 55 plus age category exhibited the largest percentage growth through 2017, however, the 20 to 34 year old category will continue to comprise the largest percentage of the population through 2017, in the market areas in and proximate to the city. We also recommend that the developer consider adding some one-bedroom plus den units. We recommend that, if possible, some thought is given to the design of the subject project so that the potential exists for subdivision or combination of units in the future, should unit type preferences change.

Market Rent – We conducted a rent analysis of the competitive survey to determine market rent for the individual subject units. We studied monthly rents and per square foot rents, and adjusted the competitive survey for utility reimbursement schedules. We note that our market rents assume unit and communal amenities typical for the downtown Providence market. Based on the analysis, which is detailed in this market study, we concluded the following market rents, assuming the tenant is responsible for electricity and that parking is offered within walking distance to the property at the tenant's expense.

Consultant's Market Rents - 111 Westminster Street, Providence, RI

Unit Type	Unit Sizes: SF	Rent per Month	Rent per SF
Microloft	398	\$1,125	\$2.83
Studio	537	\$1,325	\$2.47
1 BR/1 BA	803	\$1,675	\$2.09
2 BR/2 BA	1,126	\$2,175	\$1.93
3 BR/2+BA	1,386	\$2,750	\$1.98

Rental Premiums - Our market survey conclusion is that a rental premium for floor level or view is market accepted and a total premium up to and in excess of \$100 per month has been achieved for specific units at Regency Plaza, the Promenade at the Foundry, and The 903, and was achieved in the past at the Residences Providence. We also analyzed sales prices for condominium units at the Residences Providence to provide additional support for rental premiums. Our analysis indicated a floor premium of 10± to 19± percent above the base price and a view premium averaging about 4± percent above the base sales price. We note that the units analyzed were above the 20th floor. The configuration of the floor plates in the subject's 26-story tower will determine which units can achieve rental premiums for floor level or view.

Unit and Communal Amenities – Our survey of the competitive apartment properties indicated that there are some unit amenities which are considered typical for downtown Providence apartments. These amenities are as follows: central air conditioning; elevators; stainless steel appliances; microwaves and dishwashers; washer/dryer combinations within the units; and granite kitchen and bathroom counters. Washers and dryers in the units are not provided in all of the properties, but are highly valued by tenants.

The communal amenities most valued by tenants are a 24 hour fitness center, 24 hour concierge/security service, and some kind of outdoor space. The fitness center is by far the most favored communal amenity. Some of the downtown high rise buildings provide for outdoor space on the roof of the building, if balconies or decks are not possible.

Parking – All of the downtown Providence apartment properties we surveyed provided surface or garage parking for their tenants, either on-site or off-site, with the tenant responsible for the cost. This is the foremost amenity mentioned by all of the leasing agents we interviewed. Some of the properties have parking garages attached to their buildings, while others offer parking at a neighborhood garage. We recommend that some type of parking arrangement be offered to subject tenants in a convenient location and at the tenant's expense.

Absorption – The subject is proposed for development with 285 apartment units. The most recent absorption data for the Providence area took place at Rumford Center, a mixed-use mill complex located in the village of Rumford. A total of twenty-three apartment units were developed on two floors of a mill building, which was space originally targeted for office use, and in a new outbuilding, and these units leased up prior to completion of construction in January 2012. The lease-up period prior to completion indicated absorption of about 4± to 8± units per month. The 48 micro-loft units at the Arcade Providence have been reserved with a waiting list that exceeds the 48 units. Fifteen units are expected to be leased by the time the certificate of occupancy is received for the Providence G project, which will include 51 apartment units. Both of the preceding projects are targeting a March 2013 completion date. A 35-unit micro-loft project which is under development on North Main Street in Providence has experienced pre-leasing of 50± percent of the units.

Other absorption data in our market study is from mill conversion projects in the greater Providence area, which were completed in 2008 to 2009. These projects reflected absorption rates ranging from 5± to 9± units per month. Based on the absorption data, the subject's proposed unit types and rents, the subject location and utility, the new supply in the pipeline and the eventual reduction in the supply of rental units in Providence, we project absorption of the subject units over a 2.5± year period, or on average 10± units per month. Our projections assume a timely completion of the subject redevelopment project.

Furnished, Corporate Units – Several of the downtown Providence apartment properties offer furnished, executive units. Regency Plaza offers the largest number of units, comprising approximately 10± percent of their total units. The corporate units at The 903 comprise about 5± percent of their total units. The 903 has an outside firm, whose specialty is corporate rentals, to handle leasing their units. The Residences Providence has eight furnished units which comprise about 23± percent of the total number of rental units at this property. The monthly rents for furnished units are relatively high compared with conventional units and are not dependent on the length of the term. Based on the specific property, units can be leased for as short as one month and as long as several years, or they can be rented on a month-to-month basis. The corporate unit rents did not change over the past year at any of the properties we surveyed. We recommend a small percentage of the total subject units be furnished, corporate units, given the success of the concept in the market, the relatively high monthly rents, the limited number of units in the market and the diversity of the income source as a component of rental income.

Apartment Operating Expenses – In this market study, we have provided operating expenses from apartment properties in Rhode Island and in neighboring Massachusetts. We have also referred to IREM expenses for apartment properties. From this data, we concluded that the subject operating expenses, excluding property taxes and including reserves for replacement, would range from \$5,500 to \$6,500 per apartment unit.

Downtown Providence Office Market – We conducted a survey of downtown Providence office rents in this market study. The comparable rents in our survey ranged from an effective rent of \$16.67± per square foot, triple net, for a large block of space to an asking rent of \$34.95± per square foot, net of tenant electric for 14,924± square feet in the GTECH building. The GTECH building is one of the two newest buildings in downtown Providence. This building has a three-level public parking garage.

Based on the location of the subject property and its utility (assuming newly built-out office space), we conclude that market rent for mid-sized office suites would be in the range of \$25.00± per square foot, net of tenant electric. This rent does not include any on-site parking.

Our market analysis indicates that the national CBD office market is doing better than the suburban office market, although the Rhode Island market is ranked No. 46 out of 51 national real estate investment markets, per the ***pwc Emerging Trends in Real Estate 2013***. Class A office space in downtown Providence reflects relatively low vacancy rates. In fact the current vacancy rate is the lowest Class A vacancy rate in ten years. According to a CBRE market outlook report, the downtown Class A market has reached a stable level and deal rents most closely mirror asking rents. However, it is noted that the 2015 expiration of the major tenant's lease at One Citizen Plaza will most likely have an impact on the CBD office market.

Downtown Providence Retail Market - We conducted a survey of downtown Providence retail rents in this market study. The comparable rents in our survey ranged from \$16.00± per square foot, triple net, for a 1,700± square foot retail unit on Orange Street in which the tenant did all of the build-out for restaurant use to a current rent of \$77.00± per square foot, triple net, for a 1,514± square foot unit leased by Chipotle Mexican Grill on Thayer Street in a prime retail neighborhood. None of the downtown Providence retail properties in our survey provide parking. Based on the location of the subject property and its utility (assuming new vanilla box for retail tenants), we conclude that market rent would range from \$20.00± to \$25.00± per square foot, triple net.

Our retail market analysis indicates that the rapid compression in cap rates for national retail properties has ended, as the most current average cap rate was only ten basis points lower than one year ago. The ***pwc Emerging Trends in Real Estate 2013*** report indicated that urban retail development provides the most potential. According to ***CoStar Group*** reports, the vacancy rates in the downtown Providence and the Providence Metro retail markets are relatively low, averaging about $4.6\pm$ to $5.0\pm$ percent. The quoted average rent per square foot for the Providence Metro retail market in the fourth quarter 2012 was up from one year ago.

Comparable Operating Expenses for Commercial Component – Our primary survey of operating expenses for downtown Providence office properties indicated total operating expenses on average of $\$7.50\pm$ per square feet, excluding real property taxes, for a downtown office property. The ***BOMA 2012 Experience Exchange Report*** indicated total operating expenses on average of $\$8.85/\text{SF}$, excluding taxes. We conclude the market oriented expenses for a downtown Providence office building, excluding real estate taxes, would most likely range from $\$8.00/\text{SF}$ to $\$8.50/\text{SF}$.

INTRODUCTION

Keystone Consulting Group has been engaged by Eric Busch, representative of High Rock Development, to conduct an independent market study of the residential and commercial components related to the proposed redevelopment of the property located at 111 Westminster Street, Providence, RI. The residential market analysis is dedicated to the rental market and the commercial market analysis includes both retail and office analyses.

PURPOSE AND SCOPE OF THE ASSIGNMENT

The subject property is a 26-story, $350,000\pm$ square foot building which is located in the Financial District of downtown Providence, RI. The office building was constructed in an Art Deco style in the 1920s and it has become a well-recognized landmark in downtown Providence.

This market study pertains to a proposed redevelopment of the building with apartment units and commercial space. We have provided market analyses for the downtown Providence residential rental market and for the downtown Providence commercial market.

Based on the scope of this market study, the following topics were researched:

- Target Market – What are the most likely target markets for the subject's residential units?
- Competitive Environment – What are the characteristics of the competitive supply and the markets within which the subject must compete for tenants?
- Unit size, unit type, unit mix, amenities, rents – What are the recommendations for the subject property based on our competitive market analysis?
- Parking – How does parking impact rents and demand?
- Supply/demand – What apartment properties are in the pipeline and where is demand?
- Absorption rate – What is the likely pace at which the apartment units will be leased up?
- Operating expenses – What are typical operating expenses for apartment and commercial properties?
- Corporate units – What is the supply and demand for corporate rental units?
- Commercial market – What is the supply and demand for commercial space in downtown Providence?

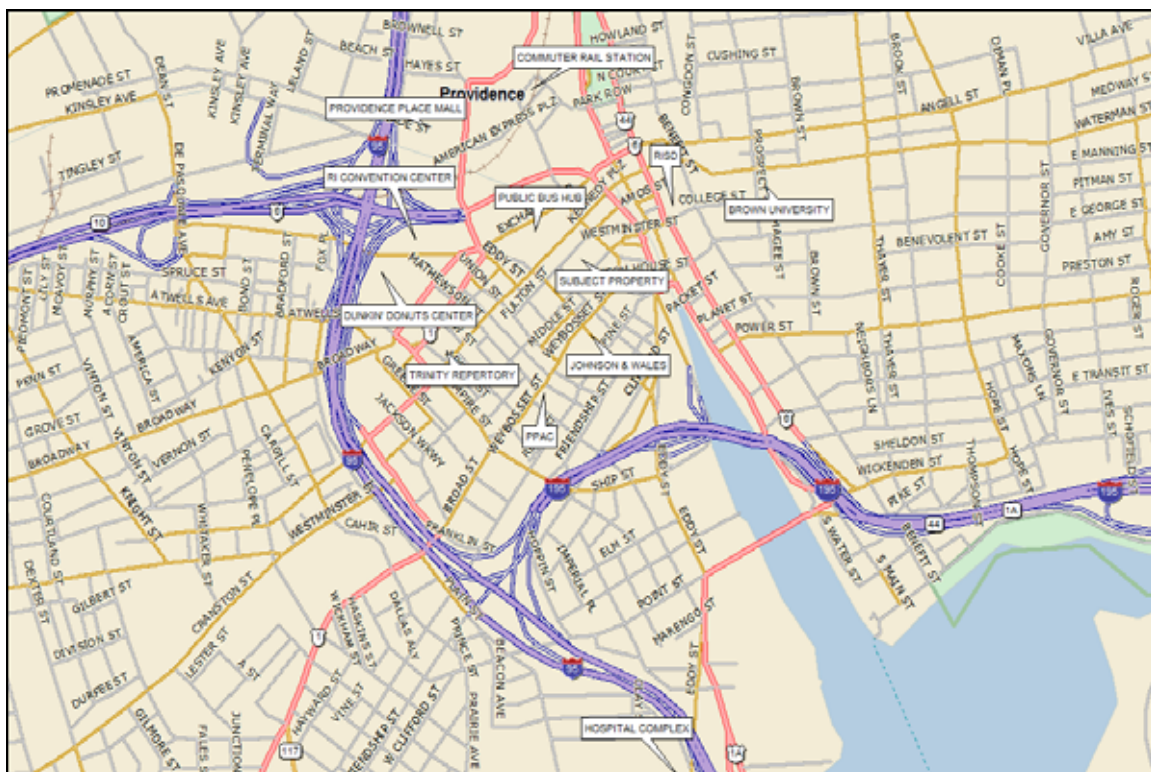
As indicated, our market study involved apartment properties and commercial space in downtown Providence. All conclusions and estimates are presented in 2013 U.S. dollars. Adjustments may be necessary as the project proceeds for timing, changes in market conditions, and changes in the financial markets.

SUBJECT DESCRIPTION

The subject property is a 26-story, 350,000± square foot office building which is located in the Financial District of downtown Providence, RI. The supporting site contains 27,960± square feet of land area. The building was constructed in an Art Deco style in the 1920s and it has become a well-recognized landmark in downtown Providence. It has historically been occupied by office users, however this market study pertains to the potential redevelopment of the property for apartment and commercial uses. The property offers proximity to the commuter rail station, the public bus hub at Kennedy Plaza, the interstate highway, employment opportunities in downtown Providence, universities, restaurants, and the Providence Place Mall. There are grocery stores on the East Side and on North Main Street, and a CVS drugstore is located on Westminster Street and in the Providence Place Mall. There is a market, Gourmet Essentials at 173 Weybosset Street, which provides grocery essentials. The convenient access to the commuter rail system provides opportunities for employment outside of Providence, and our survey in latter sections of this report confirm that there is a market segment of downtown Providence residents who commute to jobs in Boston.

The following map illustrates the subject's proximity to public transportation, interstate highways, universities, the Rhode Island hospital complex, theaters, convention and civic centers, and the Providence Place Mall. We note that this map does not reflect the relocation of Interstate 195 traveling east from Interstate 95.

SUBJECT PROPERTY LOCATION MAP



LOCATION AND MARKET AREA DEFINITION

The street address of the subject property is 111 Westminster Street, Providence, RI. The subject property has frontage on both Westminster Street and Kennedy Plaza, and it is located in the downtown area known as the Financial District.

Our demographic analysis will refer to the competitive markets within the city, Providence County and state of Rhode Island. Furthermore, our analysis will consider that potential renters may consider the subject site based on geographic location. Therefore, this analysis also considers geographic areas within a 10-, 20-, and 30-minute drive time from the address of the subject.

Our demographic analysis is based on data from the U.S. Census Bureau, the Rhode Island Department of Labor and Training, and the ***Site to Do Business (STDB)***. ***STDB*** is a national online service, which provides a variety of demographic characteristics, both historic and projected, for specific localities. ***STDB*** relies on U.S. Census figures for its historic data and analysis prepared by ESRI forecasts for 2012 and 2017 for its future projections. ESRI designs and develops geographic information system (GIS) technology.

As indicated, some of the demographics data relates to the 10-, 20-, and 30-minute drive time areas from the subject's street address of 111 Westminster Street, Providence, RI. The 10-minute drive time area encompasses the city of Providence, the city of East Providence, the city of Pawtucket, and the city of Cranston, in addition to sections of Warwick, Johnston, and North Providence.

The 20-minute drive time area encompasses all of the preceding, in addition to East Greenwich, West Warwick, Smithfield, Cumberland, and Lincoln, and sections of Barrington, Scituate, North Smithfield, and Woonsocket, as well as sections of Seekonk, Swansea, Fall River, Attleboro, and North Attleboro, MA.

The 30-minute drive time area encompasses all of the preceding plus North Kingstown, Exeter, Coventry, Gloucester, North Smithfield, Bristol, Tiverton, and Portsmouth. In addition, the 30-minute drive time area includes parts of Westport, Dartmouth, Rehoboth, Dighton, Taunton, Norton, Mansfield, Foxboro, Sharon, Wrentham, Plainville, Franklin, and Uxbridge, MA.

Population

Per the U.S. Census Bureau and the ***Site to Do Business (STDB)*** the population trends and projections for the 10-, 20-, and 30-minute drive time areas from the subject address are presented in the following table.

POPULATION TRENDS
111 WESTMINSTER STREET, PROVIDENCE, RI

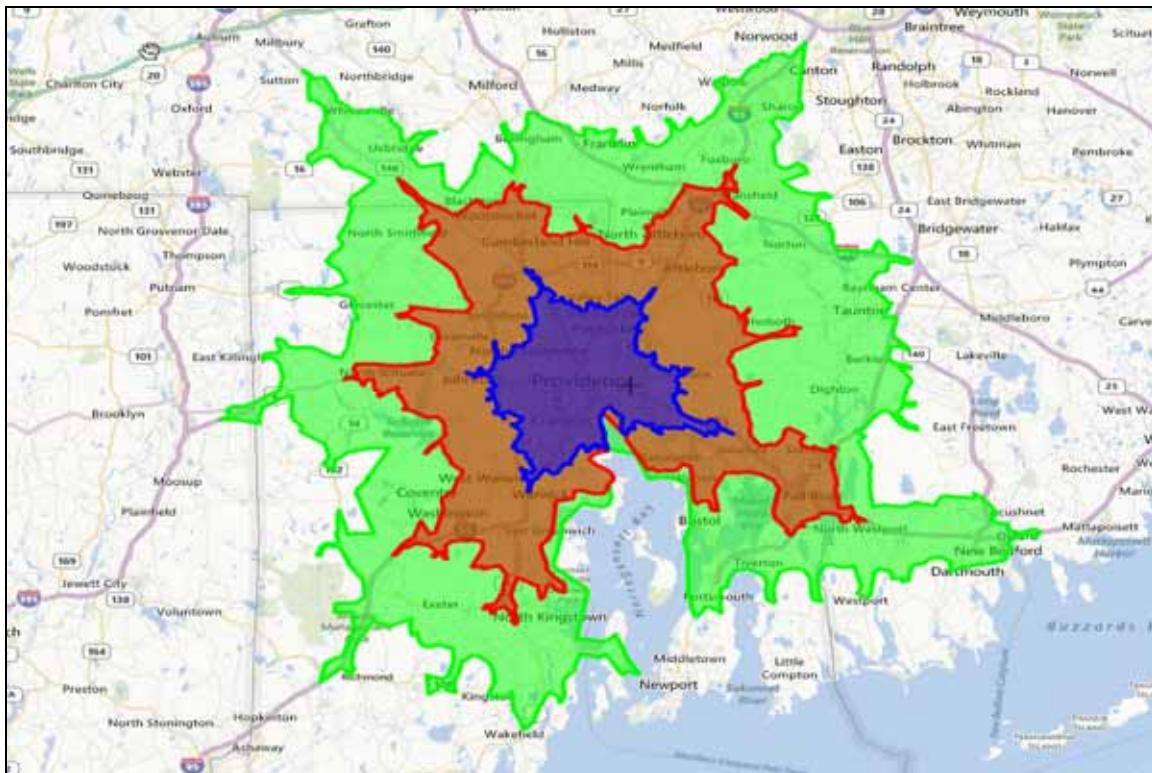
	10 Minute	20 Minute	30 Minute
Dates	Drive Time	Drive Time	Drive Time
2017 Projection	276,567	648,065	142,328
Growth 2012-2017	-1.65%	-1.31%	-87.61%
2012	281,199	656,635	1,148,389
Growth 2010-2012	-1.02%	-0.73%	-0.14%
2010 - US Census	284,110	661,468	1,149,953

Source: US Census and STDB

According to the preceding table, population is forecast to decline in all three geographic areas from 2010 to 2012 and from 2012 to 2017. We note that the percentage decrease in population is less in the 20-minute drive time area than in the 10-minute drive time area. Similarly, the percentage population decrease is lower in the 30-minute drive time area than on the 10- or the 20-minute drive time area. We conclude that there will be less contraction in the population in the suburban areas around Providence, than in the urban areas.

The ring study map indicating the 10-, 20-, and 30-minute drive time areas from the subject's street address is presented below.

DRIVE TIME RING STUDY MAP



Households

The following table presents household trends for the 10-, 20- and 30-minute drive time areas from the subject's street address.

HOUSEHOLD TRENDS			
111 WESTMINSTER STREET, PROVIDENCE, RI			
Dates	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
2017 Projection	103,524	255,575	447,908
Growth 2012-2017	-1.53%	-0.99%	-0.13%
2012	105,130	258,119	448,504
Growth 2010-2012	-1.10%	-0.81%	-0.27%
2010 - US Census	106,303	260,218	449,705

Source: US Census and STDB

All three geographic drive time areas are expected to experience a percentage decline in the number of households from 2010 to 2012 and from 2012 to 2017. However, the percentage decline is lower in the 20-minute drive time area than in the 10-minute drive time area, and the percentage decline is lower in the 30-minute drive time area than in the 20-minute drive time area.

This is reasonable based on the population trends during those time periods. However, we note that the projected percentage decline in the number of households from 2012 to 2017 is lower than the percentage decline in the population in all three geographic areas. Household formations are more pertinent variables than population when projecting demand for multi-family housing.

The following table presents average household size trends for the three geographic areas.

AVERAGE HOUSEHOLD SIZE
111 WESTMINSTER STREET, PROVIDENCE, RI

Dates	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
2017	2.53	2.44	2.47
2012	2.53	2.45	2.48
2010 - US Census	2.53	2.45	2.47

Source: US Census and STDB

The average household size is not expected to change materially from 2012 to 2017. The 20-minute drive time and the 30-minute drive time areas are expected to experience a modest decline in the average household size during this time period.

Housing tenure data is summarized in the following tables for the 10-, 20-, and 30-minute drive time areas from the subject street address.

HOUSING TENURE - 10-MINUTE DRIVE TIME AREA

Category	2010	2012	% Change	2017	% Change
Total Housing Units	119,312	118,888	-0.36%	118,346	-0.46%
Occupied Housing Units	106,303	105,130	-1.10%	103,524	-1.53%
Vacancy Rate	10.90%	11.57%		12.52%	
Owner Occupied Units	44,246	42,183	-4.66%	41,675	-1.20%
% Owner Occupied Units	41.62%	40.12%		40.26%	
Renter Occupied Units	62,057	62,947	1.43%	61,849	-1.74%
% Renter Occupied Units	58.38%	59.88%		59.74%	

Source: US Census and STDB

HOUSING TENURE - 20-MINUTE DRIVE TIME AREA

Category	2010	2012	% Change	2017	% Change
Total Housing Units	283,950	284,004	0.02%	284,168	0.06%
Occupied Housing Units	260,218	258,119	-0.81%	255,575	-0.99%
Vacancy Rate	8.36%	9.11%		10.06%	
Owner Occupied Units	143,612	139,001	-3.21%	138,278	-0.52%
% Owner Occupied Units	55.19%	53.85%		54.10%	
Renter Occupied Units	116,606	119,118	2.15%	117,297	-1.53%
% Renter Occupied Units	44.81%	46.15%		45.90%	

Source: US Census and STDB

HOUSING TENURE - 30-MINUTE DRIVE TIME AREA

Category	2010	2012	% Change	2017	% Change
Total Housing Units	487,773	488,962	0.24%	491,547	0.53%
Occupied Housing Units	449,705	448,504	-0.27%	447,908	-0.13%
Vacancy Rate	7.80%	8.27%		8.88%	
Owner Occupied Units	268,294	262,542	-2.14%	263,980	0.55%
% Owner Occupied Units	59.66%	58.54%		58.94%	
Renter Occupied Units	181,411	185,962	2.51%	183,928	-1.09%
% Renter Occupied Units	40.34%	41.46%		41.06%	

Source: US Census and STDB

A decline in housing units is projected through 2017 for the 10-minute drive time area, while the 20- and the 30-minute drive time areas are projected to experience nominal growth in the number of housing units through 2017.

The percentage of renter-occupied units is higher than the percentage of owner-occupied units in the 10-minute drive time area as of 2012 and further similar trends are projected through 2017. This is reasonable given the urban character of this radius area. The vacancy rate is also higher in the 10-minute drive time area than in the other two geographic areas.

The percentage of renter-occupied units declines as the drive time increases and the areas become more suburban. The ratio between renter-occupied units and owner-occupied units in the 10-minute drive time area is expected to remain relatively constant from 2012 to 2017. The ratio in the 20-minute drive time and the 30-minute drive time areas is projected to swing slightly more toward owner-occupied housing units by 2017, as the housing market recovers.

The fact that the percentage of renter occupied units increased in all three geographic areas from 2010 to 2012 is also reasonable, given the housing crisis which led many households to rent rather than own their housing units.

Building Permits

The U.S. Census provides updated information on the number of building permits issued on an annual and monthly basis. The data presented below displays the number of building permits issued for the city of Providence for each calendar year from 2006 to 2012. It appears that the Providence G and Arcade Providence projects are not included in the table that follows.

Building Permit Activity - Providence

Year	# Buildings	# of Units
2012	13	15
2011	15	20
2010	13	21
2009	14	73
2008	25	44
2007	111	201
2006	221	373

Source: US Census Bureau

As indicated, the number of residential building permits declined significantly after 2007 and the number has hovered between 13 and 15 permits since 2009. After 2009, the number of multi-family units decreased significantly. The following table provides historic information about residential building permits in Providence County.

Building Permit Activity - Providence County

Year	# Buildings	# of Units
2012	202	209
2011	231	261
2010	266	283
2009	280	414
2008	298	326
2007	522	710
2006	861	1,072

Source: US Census Bureau

Similar to the trends reflected by the city of Providence, the number of residential building permits issued declined significantly after 2007 in Providence County. Multi-family development declined after 2009.

Age

The following tables demonstrate the population by age categories for 2010, 2012 and 2017 in the 10-, 20-, and 30-minute drive time areas from the subject street address.

POPULATION BY AGE - 10-MINUTE DRIVE TIME AREA

Category	2010	%	2012	%	2017	%
0 - 9 years	36,621	12.9%	36,080	12.8%	35,537	12.9%
10 - 19 years	42,434	14.9%	40,854	14.5%	39,656	14.4%
20 - 34 years	75,682	26.6%	76,134	27.1%	73,648	26.7%
35 - 44 years	36,306	12.8%	34,949	12.4%	32,768	11.9%
45 - 54 years	35,380	12.5%	33,911	12.1%	30,890	11.2%
55 - 64 years	26,913	9.5%	27,718	9.9%	28,414	10.3%
65 - 74 years	14,864	5.2%	15,618	5.6%	18,333	6.7%
75 years and older	15,911	5.6%	15,937	5.7%	16,323	5.9%
Total	284,109		281,201		275,569	

Source: US Census and STDB

POPULATION BY AGE - 20-MINUTE DRIVE TIME AREA

Category	2010	%	2012	%	2017	%
0 - 9 years	77,745	11.8%	76,696	11.7%	75,508	11.7%
10 - 19 years	88,416	13.4%	85,057	13.0%	82,403	12.7%
20 - 34 years	144,834	21.9%	146,018	22.2%	141,233	21.8%
35 - 44 years	88,166	13.3%	85,141	13.0%	82,066	12.7%
45 - 54 years	95,940	14.5%	92,257	14.0%	84,114	13.0%
55 - 64 years	74,877	11.3%	77,406	11.8%	79,466	12.3%
65 - 74 years	43,138	6.5%	45,552	6.9%	53,575	8.3%
75 years and older	48,352	7.3%	48,508	7.4%	49,700	7.7%
Total	661,468		656,635		648,065	

Source: US Census and STDB

POPULATION BY AGE - 30-MINUTE DRIVE TIME AREA

Category	2010	%	2012	%	2017	%
0 - 9 years	134,305	11.7%	133,358	11.6%	132,376	11.6%
10 - 19 years	155,902	13.6%	150,915	13.1%	147,433	12.9%
20 - 34 years	227,239	19.8%	230,197	20.0%	223,801	19.6%
35 - 44 years	156,558	13.6%	152,217	13.3%	147,516	12.9%
45 - 54 years	177,911	15.5%	172,262	15.0%	158,429	13.9%
55 - 64 years	136,710	11.9%	142,384	12.4%	147,548	12.9%
65 - 74 years	77,865	6.8%	82,859	7.2%	98,333	8.6%
75 years and older	83,463	7.3%	84,197	7.3%	86,892	7.6%
Total	1,149,953		1,148,389		1,142,328	

Source: US Census and STDB

The preceding tables indicate that the age categories which are forecast to experience the largest population growth from 2010 to 2017 are in the age groups of 55 years and older in all three geographic categories. In analyzing which age categories comprise the largest percentage of the population, we recognize that there is one age category – that of 20 to 34 years – which spans 15 years, while most of the other categories span 10 years. Taking this into consideration and looking at ten year spans, the largest age categories in the 10-minute drive time area are the 20 to 29 year category and the 24 to 34 year category in 2010, 2012, and 2017. The largest age category in the 20-minute drive time area is the 20 to 29 year category in 2010, 2012, and 2017. The largest age category in the 30-minute drive time area is the 45 to 54 year category in 2010, 2012 and 2017. The more urban areas have a higher concentration of the younger population while the areas which also encompass suburban communities have a higher concentration in the middle age category.

The current and projected median age data in the 10-, 20- and 30-minute drive time areas are presented in the following table.

MEDIAN AGE			
Year	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
2010	31.9	37.3	38.9
2012	32.0	37.5	39.3
2017	32.4	38.0	39.6

Source: US Census and STDB

Consistent with the results of the preceding population by age tables, the median age is oldest in the 30-minute drive time area and youngest in the 10-minute drive time area. The median age in all three areas is forecast to increase from 2010 to 2017, which is also consistent with the data in the population by age tables.

Education

The following table presents educational levels attained by the over 25 population in the three areas included in the survey.

EDUCATIONAL ATTAINMENT 2010 - POPULATION 25+ YEARS			
Category	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
Total	293,189	626,963	937,655
Less Than 9th Grade	10.8%	9.2%	8.1%
9th-12th Grade, No Diploma	11.8%	10.4%	9.4%
High School Graduate	29.9%	30.1%	29.9%
Some College, No Degree	15.7%	16.3%	16.5%
Associate Degree	6.6%	7.6%	8.0%
Bachelor's Degree	15.3%	16.9%	18.0%
Graduate/Professional Degree	9.9%	9.5%	10.1%

Source: US Census and STDB

The preceding data indicate that the percentage of the population 25+ years without a high school diploma is higher in the 10-minute drive time area than in the 20- and 30-minute drive time areas. The percentage of the population which has some post high school education is higher in the 30-minute drive time area than in the 20- and the 10-minute drive time areas.

Income

The following tables summarize the percentage of population in various income categories for the 10-, 20- and 30-minute drive time areas. Income is presented in U.S. dollars.

HOUSEHOLDS BY INCOME - 10 MINUTE DRIVE TIME AREA

Income Category	2012	2017
Median Household Income	\$37,878	\$44,868
Total Number of Households	105,130	103,524
\$200,000+	2.9%	3.2%
\$150,000-\$199,999	3.0%	4.0%
\$100,000-\$149,999	7.8%	9.6%
\$75,000-\$99,999	9.4%	13.1%
\$50,000-\$74,999	16.0%	16.6%
\$35,000-\$49,999	14.6%	12.3%
\$25,000-\$34,999	10.7%	8.9%
\$15,000-\$24,999	13.5%	10.7%
<\$15,000	22.2%	21.5%

Source: US Census and STDB

HOUSEHOLDS BY INCOME - 20 MINUTE DRIVE TIME AREA

Income Category	2012	2017
Median Household Income	\$47,411	\$55,915
Total Number of Households	258,119	255,575
\$200,000+	2.8%	3.2%
\$150,000-\$199,999	3.6%	4.8%
\$100,000-\$149,999	11.8%	13.9%
\$75,000-\$99,999	11.5%	15.5%
\$50,000-\$74,999	18.4%	18.4%
\$35,000-\$49,999	14.6%	12.0%
\$25,000-\$34,999	9.8%	7.9%
\$15,000-\$24,999	11.3%	8.8%
<\$15,000	16.2%	15.5%

Source: US Census and STDB

HOUSEHOLDS BY INCOME - 30 MINUTE DRIVE TIME AREA

Income Category	2012	2017
Median Household Income	\$52,643	\$61,593
Total Number of Households	448,504	447,908
\$200,000+	3.4%	3.9%
\$150,000-\$199,999	4.8%	6.1%
\$100,000-\$149,999	13.9%	15.9%
\$75,000-\$99,999	12.3%	16.2%
\$50,000-\$74,999	18.3%	17.8%
\$35,000-\$49,999	13.7%	11.2%
\$25,000-\$34,999	9.0%	7.3%
\$15,000-\$24,999	10.3%	8.0%
<\$15,000	14.3%	13.6%

Source: US Census and STDB

According to the preceding tables, the median household income is higher in the 30-minute drive time area than in the 20-minute drive time area, and it is higher in the 20-minute drive time area than in the 10-minute drive time area. As described previously, the 10-minute drive time area encompasses more urban neighborhoods than the 20- and the 30-minute drive time areas. The median household incomes are expected to increase in all three radius areas from 2012 to 2017.

Consistent with the median household income trends over time, the percentage of households in the lower income categories is expected to decline in all three radius areas from 2012 to 2017, while the percentage of households in the higher income categories is expected to increase during this time period.

Employment and Economy

Recent employment figures for the city of Providence, Providence County, and the state of Rhode Island as reported by the Rhode Island Department of Labor and Training are provided in the following table.

RESIDENT EMPLOYMENT TRENDS

	Total Employment			Unemployment Rate	
	Dec. 2011	Dec. 2012	% Change	Dec. 2011	Dec. 2012
Rhode Island	502,274	511,257	1.79%	10.7%	9.4%
Providence County	286,627	291,866	1.83%	11.3%	10.0%
City of Providence	71,274	72,577	1.83%	12.4%	10.9%

As indicated by the preceding table, the number of employed residents increased from December 2011 to December 2012, while the unemployment rates decreased. Per the RI Department of Labor and Training, the seasonally adjusted state unemployment rate of 10.2± percent as of December 2012 was the lowest level since March 2009. We note, however, that the December 2012 unemployment rate for the nation was 7.8± percent and Rhode Island's unemployment rate remains one of the highest in the country.

The number of employed residents increased by 2,200 over the month. RI-based jobs increased by 1,200 over the month, mainly due to gains in the Professional & Business Services sector.

Major employers in the area, ranked by number of local employees, per the *Providence Business News, Book of Lists, 2013* include: Rhode Island state government; Lifespan (Rhode Island Hospital, Miriam Hospital, and Bradley Hospital in Providence); CVS Caremark Corp., the city of Providence, RBS Citizens Financial Group (with its headquarters in Providence), Care New England (includes Woman & Infants Hospital and Butler Hospital in Providence); Brown University, the Roman Catholic Diocese of Providence; CharterCare Health Partners; Bank of America; Fidelity Investments, U.S. Naval Undersea Warfare Center; Electric Boat Corp.; the city of Warwick; the Jan Companies; the cities of Cranston and Pawtucket; Amica Mutual Insurance Company; Raytheon Integrated Defense Systems; Hasbro, Inc.; Johnson & Wales University; Memorial Hospital of RI; YMCA of greater Providence; and Ocean State Job Lot. Many of these employers are located in Providence.

The following table presents 2010 occupation data by industry in the 10-, 20-, and 30-minute drive time areas.

EMPLOYED CIVILIAN POPULATION AS OF 2010 - 16+ YEARS
BY INDUSTRY

Category	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
Agriculture, Mining	0.2%	0.2%	0.3%
Construction	3.8%	4.6%	5.3%
Manufacturing	13.0%	12.9%	12.2%
Wholesale Trade	3.0%	3.3%	3.5%
Retail Trade	10.5%	11.5%	11.6%
Transportation/Utilities	3.6%	3.9%	3.9%
Information	1.7%	1.9%	1.9%
Finance/Insurance/Real Estate	7.0%	7.3%	7.2%
Services	53.0%	50.2%	49.6%
Public Administration	4.2%	4.3%	4.5%

Source: US Census and STDB

All three of the areas had over half of the population employed in the Services industry, with Manufacturing comprising about 12± to 13± percent and Retail Trade comprising from 10.5± to 11.6± percent. Despite the attrition in the manufacturing industry over the years, this industry continues to employ a portion of the population in all three areas. The Services industry consists of the following: professional, scientific, and technical services; administrative support; waste management; educational services; health care and social assistance; arts and entertainment; and accommodation and food services.

The table on the following page presents 2010 employment data by occupation in the 10-, 20-, and 30-minute drive time areas.

EMPLOYED CIVILIAN POPULATION AS OF 2010 - 16+ YEARS
BY OCCUPATION

Category	10 Minute Drive Time	20 Minute Drive Time	30 Minute Drive Time
Total Employed	198,294	429,717	653,886
White Collar	59.8%	61.4%	62.2%
Management/Business/Financial	11.2%	12.5%	13.2%
Professional	24.0%	23.8%	24.2%
Sales	10.3%	10.9%	10.8%
Administrative Support	14.2%	14.3%	14.0%
Services	19.1%	18.2%	17.8%
Blue Collar	21.1%	20.4%	20.0%
Farming/Forestry/Fishing	0.1%	0.1%	0.2%
Construction/Extraction	3.4%	4.0%	4.5%
Installation/Maintenance/Repair	2.6%	2.8%	2.9%
Production	9.5%	8.3%	7.4%
Transportation/Material Moving	5.6%	5.2%	5.0%

Source: US Census and STDB

The preceding table indicates that the 30-minute drive time area has a slightly higher percentage of the civilian population employed in white collar occupations than the 10- and the 20-minute drive time areas. Professional occupations comprise the largest category of white collar jobs in all three geographic areas, as well as the largest category of jobs in general.

Conclusions

In summary, the preceding data provided by the *Site to Do Business*, 2010 U.S. Census, and RI Department of Labor and Training, as well as associated analyses, produce the following conclusions. We again note that the 10-, 20- and 30-minute drive time areas are in reference to the address of 111 Westminster Street, Providence, RI.

- Population is projected to decline from 2012 to 2017 in all three geographic areas, although the percentage population decline will be higher in the urban areas than in the suburban areas.
- The number of households is projected to decline from 2012 to 2017 in all three geographic areas. However, the percentage decline in the number of households is lower than the percentage decline in the population. This is most significant in the 30-minute drive time area.
- No change in the average household size has been projected from 2012 to 2017. The average household size is higher in the 10-minute drive time area than in the 20- or 30-minute drive time areas.

- The number of housing units is projected to decline through 2017 in the 10-minute drive time area, while the number of housing units is projected to increase slightly during this time period in the 20- and 30-minute drive time areas.
- The percentage of renter-occupied units is higher than the percentage of owner-occupied units in the 10-minute drive time area and similar trends are projected through 2017.
- All three geographic areas experienced an increase in the percentage of renter-occupied units from 2010 to 2012, which is reasonable given the housing crisis.
- The 20- and 30-minute drive time areas are projected to experience a decline in the number of renter-occupied units from 2012 to 2017.
- Residential building permit activity in the city of Providence and in Providence County decreased sharply after 2007 and then remained relatively stable in the years following. Multi-family building declined materially in the city and the county after 2009.
- The age category of 55+ is projected to experience the largest increase of any other age category in all three geographic areas from 2012 to 2017.
- The largest age category in the 10-minute drive time area is from 20 to 34 years, while the largest age category in the 30-minute drive time area is from 45 to 55 years.
- The median age is projected to increase in all three geographic areas from 2012 to 2017. The median age in the 10-minute drive time area is lower than the median age in the 30-minute drive time area.
- The percentage of the population with post high school education is lower in the 10-minute drive time area than in the 20- and 30-minute drive time area.
- The 2012 median household income is lower in the 10-minute drive time area than in the 20-minute drive time area and it is lower in the 20-minute drive time area than in the 30-minute drive time area. This is reasonable as the 10-minute drive time area encompasses more urban neighborhoods than the other two areas.
- The number of residents employed in the state, the county and the city increased from December 2011 to December 2012, while the unemployment rates decreased in all three locations. Despite these positive trends, the state unemployment rate still ranks among the highest in the nation.
- The 2013 list of major employers in the greater Providence area includes many which are located in the city of Providence.
- Over half of the population 16 years and older is employed in the Services industry in all three radius areas. This industry includes professional services, educational services, health care services, and hospitality services.
- The 10-minute drive time area has a slightly lower percentage of the population 16 years and older employed in white collar occupations, than the 20- and the 30-minute drive time areas. All three geographic areas have a similar percentage of their population 16 years and older employed in professional positions.

FORECAST FOR THE RHODE ISLAND ECONOMY

Edward M. Mazze, professor of business administration at the University of Rhode Island, and Edinaldo Tebaldi, assistant professor of economics at Bryant University, collaborated on a presentation at the New England Economic Partnership's December 2012 economic-outlook conference. According to the synopsis in the December 10, 2012 issue of the ***Providence Business News***, the Rhode Island economy has shown some signs of improvement in 2012.

The Real Gross State Product (GSP), which measures the total economic output of the state, increased $0.7\pm$ percent in 2011. Estimates of GSP growth for the first three quarters of 2012 put the rate at below $2\pm$ percent. Projections are for annualized growth of $2.3\pm$ percent from 2011 to 2016. This rate is $0.8\pm$ percentage points lower than the $3.1\pm$ percent growth projected for the New England region during the same time period.

The slow GSP growth and the sluggish labor market have kept the unemployment rate high, with Rhode Island ranking among the highest in the country. The unemployment rate is expected to be $10.1\pm$ percent in 2013, $9.1\pm$ percent in 2014, and $6.9\pm$ percent in 2016. Rhode Island's job market is expected to continue trailing job creation in the rest of the nation. From 2011 to 2016, the annual growth rate of employment is expected to be $1.3\pm$ percent in Rhode Island, compared with $2\pm$ percent in the U.S.

Although job growth is weak, there are some sectors outperforming others. Leisure and hospitality services are expected to be one of the fastest growing industries in the state through 2016. The growth prospects for financial services have improved compared with previous forecasts. The number of jobs in financial services is expected to increase by $2.7\pm$ percent from 2012 to 2016, slightly above the $2.6\pm$ percent industry growth in the New England region. Employment levels in education and health services declined from a peak in the third quarter 2011 to today. The trend is expected to reverse itself in the near future and grow at an annualized rate of $1.1\pm$ percent from 2012 to 2016.

The median price of a single family home in Rhode Island has hovered around \$215,000 since early 2010, significantly less than the peak median price of \$287,000 in the first quarter 2007. The median price is forecast to increase modestly through 2016, with the median price forecast to be \$221,100 in 2013, \$229,500 in 2014, and \$233,400 in 2016. The Rhode Island housing affordability index (median house price divided by the median household income) is 4 in the third quarter 2012, compared with 3.4 in the nation. This index demonstrates that housing in Rhode Island is less affordable than the national average and that is expected to continue. Housing permits are expected to grow $22.7\pm$ percent from 2011 to 2016, compared with a $21.6\pm$ percent decline from 2006 to 2011.

Rhode Island has faced a significant change in the composition of its population and a slowdown in its growth rate over the past decade. The total population is expected to increase just $0.1\pm$ percent from 2011 to 2016. There was a significant net out-migration from 2005 to 2010, with most people leaving the state having college degrees and unable to find jobs. The composition of the remaining population indicates that the age cohort of 65 years and older will grow at the greatest rate, estimated to be $1.9\pm$ percent annually from 2011 to 2016. The age cohort 5 to 19 years will shrink by $0.9\pm$ percent per year, the age cohort from 25 to 44 years will increase by $0.2\pm$ percent per year, and the age cohort of 45 to 64 years will decrease by $0.2\pm$ percent per year, during the period from 2011 to 2016. Thus, the size of the working age population is expected to remain roughly constant during the next five years, while there will most likely be increased demand for public and private care services for the growing older age category.

Rhode Island's economy suffered more from 2008 to 2012 than the neighboring New England states including: high unemployment and underemployment; state and local budget deficits; underfunded public pension and health-benefit programs; and the bankruptcy of Central Falls and the threat of bankruptcy among other communities. Mr. Mazze and Mr. Tebaldi conclude that the state is entering 2013 with a few economic victories including: a better funding approach to public pension liabilities; a small surplus in the state budget; and Central Falls exiting bankruptcy. However, the state faces legal challenges from public employee unions on changes to pension plans and the state may have a budget deficit of \$130 million. Mr. Mazze and Mr. Tebaldi conclude that economic growth will take place in Rhode Island when the state can creatively use its strategic assets. A full-scale recovery will not take place unless there is a plan that includes government, education, labor unions, and business leaders working together.

The forecast for the RI economy is as follows:

- Annualized GSP growth of $2.3\pm$ percent projected from 2011 to 2016
- Unemployment rate projected to be $10.1\pm$ percent in 2013, $9.1\pm$ percent in 2014, and $6.9\pm$ percent in 2016
- Annual growth of employment projected to be $1.3\pm$ percent from 2011 to 2016
- Leisure and hospitality projected to be one of the fastest growing industries through 2016
- Financial services jobs are projected to increase by $2.7\pm$ percent from 2012 to 2016
- Annual growth in education and health services jobs is projected to be $1.1\pm$ percent from 2012 to 2016
- Median price of a single family home is projected to increase from \$221,300 in 2013 to \$233,400 in 2016
- Housing permits are projected to grow $22.7\pm$ percent from 2011 to 2016
- RI population is projected to increase just $0.1\pm$ percent from 2011 to 2016
- Age category of 65 years and older is expected to grow at the greatest rate
- Age category of 5 to 19 years is expected to shrink at the greatest rate
- The size of the working population will remain constant for the next five years
- Demand for public and private care services for the older age category will increase
- Full-scale recovery will not be achieved in the state until all sectors work together, including government, education, labor unions and business leaders

APARTMENT MARKET OVERVIEW

National Apartment Market Trends

According to ***pwc Emerging Trends in Real Estate 2013***, the enduring low-gear real estate recovery should advance further in 2013. The expectation is for modest gains in leasing, rents and pricing extending across U.S. markets. In terms of the apartment market, “the multi-family bandwagon rolls on.” The combination of positive demographics, including the increase of young adult renters and downsizing baby boomers, supplemented by homeownership displacement from the housing bust are expected to create significant drivers of demand. In terms of development, “...some fallow development years have further tightened in many markets as developers only now begin to catch up. In high barrier-to-entry places, particularly in metropolitan areas along the coasts, new projects may have trouble keeping up with demand, resulting in mid- to low-single-digit vacancy rates, rent spikes, and extremely solid appreciation.” Over the long term, if these trends continue, apartments should continue to outperform all other property types on a risk-adjusted basis. Further population increase... “suggest a vibrant and expanding apartment market.”

Per the ***pwc Real Estate Investor Survey, Fourth Quarter 2012***, vigorous investor interest in U.S. apartment assets led to this sector coveting the top spot with respect to investment prospects. The noted strengths of the national apartment market included positive demographics, homeownership displacement from the housing bust, and migration to infill areas for those seeking a pedestrian lifestyle. Reinforcing this positive investor sentiment, 75.0± percent of survey participants believe that this sector’s current market conditions favor sellers. However, this figure is down a bit from last quarter, reflecting some investors’ opinions that “rents may have peaked for now,” and certain markets have become “overpriced.” Moreover, this market’s average initial-year market rent change rate dips for the second consecutive quarter, suggesting less upside in this market. In light of these concerns, investors remain attentive to the near-term impact of new construction. “We are watching absorption trends given the supply pipeline and a slow job growth environment,” states an investor. Reis predicts new supply of 127,222 units in 2013 and 171,018 units in 2014, well above the new units estimated for 2012.

Per a ***Wall Street Journal*** article dated January 14, 2013, and entitled “Moving On Up: Stage Set for Rents to Go Higher,” demand for apartment units is expected to outstrip supply for some time. While apartment construction has picked up from its slow pace in 2009 and 2010, today’s levels are still below historical norms. The pool of renters continues to grow, but most apartments in the pipeline today won’t be ready for occupancy until 2014 or 2015. After years of declining households, the number of new households established is up. The prime renter group, ages 20 to 34 years old, is projected to grow by 552,000± to 65.7± million over the next two years. Furthermore, economists expect the home ownership rate to stay around its current rate of 65.5± percent, for at least the next several years. This is below the 69.2± percent home ownership rate of the housing bubble. Another sign of strength in the apartment market are rising rental rates. Per Reis, Inc., rents grew nationwide by an average of 3.8± percent in 2012, up from 2.4± percent in 2011 and 2.3± percent in 2010.

According to the 2013 **National Apartment Report**, prepared by The Institutional Property Advisors (a Marcus & Millichap company), the national apartment market experienced its fourth year of expansion fueled by demographic and economic trends. The U.S. vacancy rate is expected to reach 4.3± percent by the end of 2013, resulting in effective rental growth of 4± to 5± percent. A new construction cycle is expected to add 150,000± apartment units to the market in 2013, a number which is in line with a conservative demand forecast. Household growth is forecast to result from the echo boomers, the oldest of which turned 28 years, which will create a significant number of households over the next two years. Other household growth is anticipated from the arrival of 1.2± to 1.6± million immigrants annually through 2017.

A February 2013 **Costar Group** report entitled “Boom in Student Housing Construction Stokes Concern of Oversupply,” describes demand and supply for student housing on a nationwide basis. Some investors and developers have become increasingly wary about the potential for oversupply in the student housing market, as a steady stream of units is being delivered at least through 2015. However, other developers believe that demographics will continue to drive an increase in student enrollment and demand for off-campus housing and dorms, as new waves of echo boomers head off to college. Much of the new development is luxury student housing, complete with tanning beds, game rooms, and yoga studios. Demand will remain strongest for student housing in markets where students can walk across the street to campus.

Boston Metro Apartment Market

We have included an overview and forecast for the Boston apartment market given that trends in this market may affect the downtown Providence apartment market, given that some of the Providence renters commute by train to employment in Boston or by car to employment in the Boston area. The 2013 **National Apartment Report** also included overviews of metropolitan regions across the country. Despite a projected uptick in vacancy, the Boston apartment market is expected to continue to enjoy the tightest conditions on record. Limited additions to supply over the past two years helped to decrease vacancy, increase rents, and eliminate concessions. Rents have risen adequately to support new construction and development is expected to span the next three years. Rents in the Central City/Back Bay/Beacon Hill submarket now average \$2,800 per month and demand for new high-end units will likely come from young professionals employed by major office employers in the center of the city.

The Boston apartment investment market is expected to benefit from greater access to financing and attractive borrowing terms. Boston is experiencing its strongest payroll growth since 2000, which should generate sufficient demand to keep the vacancy rate steady, even as new units are being built. Cap rates for Class A properties in the urban core or in suburban locations adjacent to commuter rail can fall below 4± percent, approximately 200± basis points lower than the average cap rate for the metro area.

This article provides bullet points for the 2013 Market Outlook for the Boston Apartment Market:

- Boston's 2013 NAI rank (National Apartment Index for 44 metro markets) will be 9, down from 4 in 2012. Boston's rank will remain in the upper 10 given job forecasts, low vacancy rates, and above average rental growth.
- Metro employment is expected to rise by $2.3\pm$ percent in 2013, with the additions of $57,400\pm$ jobs. Payrolls grew $1.8\pm$ percent in 2012
- Developers will complete $4,600\pm$ apartment units in 2013, more than twice the 2012 number. Primary areas will be Central City/Back Bay/Beacon Hill and West/Northwest Suburban.
- Vacancy is expected to rise $10\pm$ basis points this year to $3.5\pm$ percent, which is still low.
- Boston apartment rents are expected to increase $4.3\pm$ percent in 2013 to an average of $\$1,876\pm$ per month. Effective rents are expected to increase by $4.8\pm$ percent.
- Long-term rental housing demand will continue to be supported by the Boston metro area's low homeownership rate and the large renter pool, which includes more than $80,000\pm$ college students.

Trends in Rhode Island/New England Apartment Market

The **Fall 2012 Multifamily Rental Market Report**, released by Sunrise Management & Consulting, provides rental data for the New England region, as well as individual markets in that region. The report indicates a steady growth pattern in asking rents for apartments in a fairly stable New England market from years past. Most regions reported increases in their rental rates from the Fall 2011 data. The primary reasons for rental increases cited in this report are increasing demand for multi-family rental housing units and the flexibility and amenities rental housing units offer in uncertain economic times.

A common trend among most regions was the increase in rental rates for smaller unit types, in particular lofts and one-bedroom and two-bedroom units. Demand was weaker for the larger units, as single family ownership continues to improve.

In previous years, there had been a rush of new construction of multi-family units to the undersupplied market. In 2013, a more accelerated pace of construction than that of the past two years is anticipated. Due to the lengthy development cycle, rental rates are expected to continue to rise, albeit at a slower pace. Landlords will continue to push rents as expenses continue to increase.

The most recent Sunrise Management & Consulting report also provides data for specific submarkets in the New England region. The results of the Rhode Island survey indicate that the state had a dramatic increase in rents from Fall 2011 to Fall 2012. The overall rental increase was $8.05\pm$ percent, the largest yearly gain of all the Northeast regions. The Eastern MA submarket experienced a $4.47\pm$ percent annual increase, the western MA submarket had a $3.67\pm$ percent increase, and the eastern CT submarket had a $0.93\pm$ percent increase, to name a few.

The **Fall 2012 Multifamily Rental Market Report**, surveyed 75 apartment properties in Rhode Island, with an average number of 191 units per property. The smallest property had 24 units and the largest property had 552 units. The average year built was 1982. The average rent for all unit types was \$1,706.43 per month for an average unit size of 1,308± square feet and an average rent per square foot of \$1.21±.

New Supply – Providence Metro Area

As will be discussed in detail in our rental survey of downtown Providence apartment properties, there are three new apartment properties nearing completion in central Providence.

The Arcade Providence project is the renovation and rehabilitation of the historic Arcade building that was formerly a commercial property, located at 130 Westminster Street in the Financial District. The renovation of the property will result in retail and restaurants uses on the first floor and 48 “micro-lofts” on the second and third floors. There is a waiting list for the micro-lofts which exceeds the number of units available. Completion of this project is expected to be March 2013.

The Providence G project is the renovation and rehabilitation of a three-building complex on the corner of Weybosset and Dorrance Streets. The redevelopment will provide 51 apartment units, a parking garage, a restaurant, a nightclub and commercial space. Certificate of occupancy (CO) is expected in March 2013. Seven units have been pre-leased with an additional eight units expected to be leased by the receipt of COs. The tenant profile for the pre-leased units is young professionals and graduate students. Undergraduate students will be targeted when the new semester begins.

Development of 35 micro-loft units is underway on the third and fourth floors of a four-story building located at 100-110 North Main Street, in downtown Providence, RI. The unit sizes will range from 230± to 440± square feet. Rents for the smaller units will range from \$800 to \$900 per month and the rents for the larger units will be \$1,400 per month. All utilities will be included in the rent. No parking is included in the rent, however there is surface parking available on-site. Fifty percent of the units have been pre-leased. The developer/owner is Charles Tapalian. We note that this project was approved under the zoning code for rooming houses.

Gilbaine Development Corporation plans to build a four-story mixed use building at 257 Thayer Street in Providence near Brown University, comprised of 102 apartment units and commercial space, with an underground parking garage. The luxury apartments will be targeted to Brown students. The project received preliminary approvals from the City Plan Commission in December 2012, however the approvals are being challenged by two abutters. The Providence Zoning Board will hear the appeal in February 2013.

Ken Dulgarian is planning to develop 26 apartment units on the East Side of Providence, at 125 Pitman Street.

New supply on the west side of Interstate 95 in Providence includes apartment units at the Eagle Square mixed-use complex. The Eagle Street Lofts project is permitted for 146 loft style units. This project has been on hold for several years, due to market conditions. Originally plans called for this to be a condominium project, but the developer now plans to construct rental units. Construction is expected to commence in 2013, with units ready for occupancy in 2014. Units will be relatively high-end, with hardwood floors, granite counters, stainless steel appliances and exposed brick and beams.

Given the proximity to downtown Providence and the relocation of Interstate 195, which provides more efficient access to the city from communities such as East Providence, we have outlined the significant additions to the housing supply proposed for this city.

Village on the Waterfront is a proposed mixed-use development to be located on a $26\pm$ acre site on the Providence River and the Providence Harbor, at 431 Veteran's Memorial Parkway, in East Providence, RI. The project will include 604 residential units, commercial and retail space, a public marina/fishing pier, a public park, a waterfront roadway, and an extension of the East Bay Bike Path.

The residential units are proposed to comprise both flat style units and townhouse style units, offering one-bedroom, two-bedroom and three-bedroom residential homes. The majority of the units, if not all, will reportedly have water views given the slope of the site and the proposed terraced development. All of the units will have garage or covered parking. The owner/developer team is currently working on remediation of the site and on obtaining the necessary permits and approvals. The project has received development approvals from the East Providence Waterfront Development District Commission. The phased development of this property will most likely involve residential rental units in the first phase.

The Kettle Point sub-district is located south of the site proposed for Village on the Waterfront. The property known as the "Kettle Point," a $40\pm$ acre site on the waterfront, was previously an oil tank farm. It will be remediated and redeveloped to include 420 residential units. The developers are currently going through the approval process with the Waterfront Development District Commission. According to the East Providence Director of Planning, the project will most likely include both rental and "for sale" residential units.

A mill redevelopment project, known as Phillipsdale Landing and located off of Bourne Avenue on the East Providence waterfront, was approved in 2007 for redevelopment with mixed uses. The project would include $240\pm$ residential units and commercial space. The residential units would consist of 144 units in rehabilitated mill buildings and 96 new units on the waterfront. The project has been stalled due to the economy and the difficulty in securing financing. The approvals are valid through June 2013.

Finally, a large residential development to be known as Wampanoag Meadows has been proposed for East Providence, off of Wampanoag Trail. The 325 unit residential development received master plan approval in September 2012, but an abutter immediately appealed the decision. The abutter and the developer have since resolved their differences. Transfer of the $55\pm$ acre land parcel to the developer took place in December 2012, for consideration of $\$3.4\pm$ million or $\$10,460\pm$ per residential unit.

Based on the preceding discussion, the total number of multi-family residential units approved and proposed in the Providence metro market is $1,937\pm$ units. Those properties which would compete directly with the subject on location include the Arcade Residences (48 units), Providence G (51 units), and the Thayer Street project (102 units), totaling $201\pm$ units. We note that the Thayer Street project will target Brown University students.

The stalled Eagle Street Lofts project is inferior to the subject with respect to location and would not provide direct competition. We also believe that the Wampanoag Trail project will not compete directly with the subject given its distance from the city.

The East Providence waterfront projects would most likely appeal to residents who would value the waterfront amenity over the convenience of a downtown Providence location. However, in terms of absorption, the subject units would most likely come to market prior to those of the waterfront projects, given the scope of development and the remediation involved for completion of these projects.

Reduction in Supply

The Providence rental market was reduced in size when 150± residential condominium units at the Waterplace towers were removed from the rental market in the fall of 2011 and were offered for sale. This removal from the market resulted in a marked increase in demand for rental units in and around Providence during this time period.

The Providence rental market will be further reduced when the 233 units at The 903, which are currently rented as an interim strategy, are marketed for sale as condominium units. Similarly, there are 35 residential condominium units being rented on an interim basis at the Residences Providence at the Westin Hotel. These will be eventually removed from the rental market. Other reductions in the rental supply of the Providence metro area will include 13 condominium units which are currently being rented at Rosedale Landing on the water on Cranston, 21 condominium units being rented at Ross Commons in Rumford, and 7 condominium units being rented at The Causeway in East Providence.

The units at the Residences Providence and The 903 would complete most directly with the subject units, based primarily on location and the utility/condition of the units. Thus, the eventual return of rental units to the “for sale” market will result in a reduction of 268± rental units from the downtown Providence apartment market.

Supply and Demand for Campus Housing in Downtown Providence

We surveyed the downtown Providence higher educational institutions to determine demand for student housing. There are a total of 10,850± graduate and undergraduate students enrolled in the Johnson and Wales University Providence campus. On-campus housing or Johnson and Wales affiliated housing is provided for approximately 4,840± students resulting in 6,010± students seeking housing off-campus. Per the admissions office, the number of students at the Providence campus does not change materially from year to year.

There are a total of 8,770± graduate and undergraduate students enrolled at Brown University. On-campus or Brown affiliated housing is provided for approximately 4,980± students, resulting in 3,790± students seeking housing off-campus. Enrolled students increased by 1.3± percent at Brown University from school year 2011-2012 to school year 2012-2013.

There are a total of 2,400± graduate and undergraduate students enrolled at Rhode Island School of Design. On-campus or RISD affiliated housing is provided for approximately 1,400± students, resulting in 1,000± students seeking housing off-campus. Approximately 300 of these students are graduate students and 450 are freshmen. Per the admissions office, the enrollment does not change significantly from year to year.

The total number of students attending these three universities and seeking off-campus housing equates to 10,800± students. Although students also seek housing in other areas of Providence and also in other communities surrounding Providence, the large number of students living off-campus indicates that there is student demand for housing in downtown Providence.

In further support of demand for student housing in downtown Providence, Johnson and Wales University renewed its lease at Capital Cove in March 2011 for another ten years. This condominium project came to market when the post-crash shift moved from home ownership toward renting. The 96-unit mid-rise on the Moshassuck River was first leased by Johnson and Wales in 2009 for three years. The ten-year lease came about when the property went through foreclosure and the lease agreement was signed so it could continue undisturbed. The complex provides housing for 334 students.

In an article entitled “Downcity Living,” in the February 17, 2013, ***Providence Journal***, Joelle Kanter, program manager at the Providence Foundation, reported that demand for rental housing in the city’s core continues to grow. The Providence Foundation is a non-profit organization that promotes downtown development. Ms. Kanter said, “The problem is that there aren’t many units available.” She reported that Chris Ise of the Providence Planning Department has counted 2,363 apartment units in the greater Providence downtown area, including 636 low-income units and apartments in two communities on the west side of Interstate 95 (The 903 and Promenade at the Foundry).

Investor Bob McCann owns over 150 rental units near the Providence College campus. The units are rented to Providence College undergrads at rents in the range of \$700 to \$800 per bedroom per month. Some of the apartment units have been renovated with cosmetic upgrades to the bathrooms, and new kitchen cabinets and granite counter tops. At this rent the tenants pay for their heat, hot water and electricity. Of note is given the less urban location of these properties, many offer on-site parking which is available to the tenants at no extra charge.

Absorption

Given that the subject is proposed for 285 apartment units, which will require lease-up, we have presented absorption data. As the preceding discussions concluded, there will be 201± new rental units added to the downtown Providence market in the next two years. At least half of these new units have been targeted for Brown University students. There will be a reduction in the downtown Providence rental market of 268± units as those rental units which are being leased as an interim strategy are gradually returned to the “for sale” market. These units are at The 903 and the Residences Providence at the Westin Hotel.

There has been no new supply of rental housing in downtown Providence in the past few years, although there are three ongoing developments in the city. The Arcade Providence is the historic rehabilitation and renovation of the property to result in 48 micro-loft units. The waiting list for the units exceeds the number of available units. The Providence G is also the rehabilitation and redevelopment of an historic building which will result in 51 apartment units. Seven of the units have been pre-leased and eight more are expected to be leased when the property has been completed in March 2013. Thirty-five micro-loft units are being developed at 100-110 North Main Street and 50± percent of them have been pre-leased.

The newest addition to the residential rental supply in the Providence metro area has taken place at Rumford Center, a mixed-use mill redevelopment project located in the village of Rumford, in East Providence. A total of twenty-three apartment units were added on the upper floors of a mill building, which had been originally planned for office space, and in a new outbuilding. These units were completed in January 2012 and they were all pre-leased prior to completion of construction, over a roughly three to six month period or absorption of $4\pm$ to $8\pm$ units per month. The existing 89 units in Rumford Center, which were completed in 2008-2009, were leased up at an absorption rate of $4.9\pm$ units per month.

Another property in the village of Rumford further indicates absorption data. Ross Commons is a 54-unit condominium complex, in which the 18 units in the final building have been rented until the residential condominium market recovers. The 18 units in the final building at Ross Commons were completed and ready to be leased in November 2009. They leased up in three months, or at an absorption rate of $6\pm$ units per month.

Although dated, we have referred to a few mill conversion properties in the Providence area which underwent absorption in 2008-2009. Greystone Lofts is a 150-unit mill conversion property located in North Providence. The first section of the building containing 68 units was available for occupancy on September 1, 2008. The remaining 82 units were completed on December 1, 2008. The indicated absorption rate over this time period was $6.3\pm$ units per month.

Grant Mill is an 85-unit mill conversion property on Carpenter Street in Providence. Units first became available for rent in August of 2009; units were absorbed at the rate of $7.8\pm$ units per month. During much of the lease-up process, the manager was offering concessions of 2 months of free rent on a 14 month lease.

Slater Cotton Mill is a 124-unit mill conversion project on South Union Street in Pawtucket. The developer began marketing and pre-leasing units in March of 2009. The project received a Certificate of Occupancy for the first 20 units on April 3, 2009, and the remaining units were completed in mid-May. The indicated absorption rate was $8.9\pm$ units per month. Free rent concessions were offered during the lease-up of this complex.

Our absorption projections for the subject are presented in the Apartment Competitive Supply section of this report.

Apartment Sales Activity

The following table demonstrates market rate apartment property sales from 2010 to 2012 in Rhode Island.

APARTMENT PROPERTY SALES – Rhode Island				
Location	Sale Date	Sale Price	No. of Units	Price per Unit/ Cap Rate
1 Talbot St. & 1 Cabot Street North Providence, RI	6/2012	\$1,255,000	24 units	\$63,542 7.79%
The 903 Residences Providence, RI	4/2011	\$23,430,570	233 units	\$104,526 N/A
Kingston Gardens South Kingstown, RI	5/2011	\$9,383,000	132 units	\$71,083 7.0%
Villa Miranda North Providence, RI	3/2011	\$2,475,000	46 units	\$53,804 5.5%
Pocasset Village Cranston, RI	12/2010	\$9,550,000	120 units	\$79,583 6.99%
Bainbridge Apartments Johnston, RI	7/2010	\$11,165,000	132 units	\$84,583 6.6%
<i>Source: Keystone Consulting Group, CB Richard Ellis NE, and Cushman & Wakefield</i>				

It is of note that The 903 Residences sale in Providence was the fractured interest sale of an original 330 unit apartment property, which was converted to a condominium property, which then struggled to sell units. Regarding the preceding table, the data indicates prices per apartment unit range from \$53,804 to \$104,526 per dwelling unit, while the sales indicate capitalization rates range from approximately 5.5 to 7.79 percent. We note that these sale properties would be considered Class B or Class C properties.

The following table demonstrates market rate apartment property sales in 2012 in neighboring Massachusetts.

APARTMENT PROPERTY SALES - Massachusetts				
Location	Sale Date	Sale Price	No. of Units	Price per Unit/ Cap Rate
3 Stoney Brook Drive Millis, MA	8/2012	\$21,000,000	202 units	\$103,960 6.29%
4000 North Main Street Fall River, MA	8/2012	\$3,427,500	49 units	\$69,949 8.89%
1100 Pembroke Woods Drive Pembroke, MA	5/2012	\$42,250,000	240 units	\$176,042 5.46%
Union Place Franklin, MA	4/2012	\$48,700,000	300 units	\$162,333 4.71%
<i>Source: Keystone Consulting Group, CB Richard Ellis NE, and Cushman & Wakefield</i>				

Regarding the preceding table, the data indicates prices per apartment unit range from \$69,949 to \$176,042 per dwelling unit, while the sales indicate capitalization rates range from approximately 4.71 to 8.89 percent.

Investor Surveys- Capitalization Rates

The ***pwc Real Estate Investor Survey, Fourth Quarter 2012*** indicates capitalization rates for the institutional grade national apartment market and the non-institutional national apartment market as illustrated in the following table.

Capitalization Rates - National Apartment Market

	Fourth Quarter 2012		Fourth Quarter 2011
	Range	Average	Average
Institutional	3.75% - 10.0%	5.72%	5.80%
Non-institutional	4.0% - 14.0%	7.28%	7.43%

As indicated, the average cap rate for the institutional national apartment market declined by 8 basis points over the past year and the average cap rate for the non-institutional apartment market declined by 15 basis points. Cap rates for apartment properties have stabilized over the past year after a period of rapid compression. For example, the average cap rate in the fourth quarter 2011 for the national institutional grade apartment market was 71 basis points lower than the average cap rate in the fourth quarter 2010.

Summary

We provided an overview of the national apartment market, the regional apartment market, and the local apartment market. We also included data concerning new supply of rental units in the Providence Metro area and eventual reduction of the supply of rental units. The student housing market was identified and we also provided historic absorption data. Apartment sale activity and cap rate information was included in our overview. The primary points in our overview are as follows:

- On a national basis, positive demographics and homeownership displacement have increased demand for rental housing. Vacancy rates are low and rents are rising. Projects in the pipeline will come to market in 2013 and 2014.
- The Boston Metro apartment market continues to rank among the highest in the nation, based on a growing jobs market, limited new supply, and increasing rental rates. Rents now support new construction and development is expected to span the next three years.
- The New England apartment market reported a steady growth in rents, with Rhode Island experiencing the largest increase in average rent from Fall 2011 to Fall 2012.
- New supply of rental housing in downtown Providence will be provided by three projects offering a total of 201± units to the market.
- New supply of rental housing will also take place in Eagle Square on the west side of Interstate 95, where 146 units are planned.

- The largest addition to the rental housing supply will be provided by three waterfront projects in East Providence. These projects will not compete directly with the subject due to the time it will take to bring them to the market and the location.
- The supply of rental units in the downtown Providence area will be reduced by 268± units when The 903 and the Residences Providence remove their rental units from the market and offer them for sale.
- Our research involving demand for student housing in downtown Providence indicates that a total of 10,800± students from Brown University, Johnson and Wales University Providence campus, and RISD seek off-campus housing.
- The most recent absorption data is from a mixed-use mill complex known as Rumford Center, located in the village of Rumford, where 23 new rental units leased up at a rate of 4± to 8± units per month in January 2012. The absorption rate was paced by construction and all units were pre-leased.
- There is a waiting list for the 48 micro-loft units at the Arcade Providence that exceeds the number of available units and 50± percent of the 35 micro-loft units being developed at 100-110 North Main Street have been pre-leased.
- The apartment property sector is the most favored by investors and it has recovered faster than any other commercial property sector. Cap rates are at historic lows, although cap rates have stabilized over the past year after several years of rapid compression.

APARTMENT COMPETITIVE SUPPLY

We surveyed the competitive supply of rental housing in downtown Providence, the subject's primary market area. The following properties were included in our survey, with results presented on the following pages.

- Regency Plaza, One Regency Plaza, Providence, RI
- Avalon at Center Place, 50 Park Row West, Providence, RI
- Promenade at the Foundry, 299 Promenade Street, Providence, RI
- The 903 Residences, 903 Providence Place, Providence, RI
- The Residences Providence, One West Exchange Street, Providence, RI
- The Arcade Providence, 130 Westminster Street, Providence, RI
- Providence G, Weybosset and Dorrance Streets, Providence, RI

REGENCY PLAZA



LOCATION:

One Regency Plaza
Providence, Rhode Island

LESSOR/LEASING AGENT:

Chestnut Hill Realty

PROPERTY TYPE:

Three 11 and 12 story high rise apartment buildings

OCCUPANCY:

99± percent as of January 2013; 97± percent in October 2012; and 94± percent in February 2012.

IMPROVEMENT DATA:

This 444-unit apartment complex was completely renovated in 2003. The unit types include studio, one-bedroom/one-bathroom, two-bedroom/one and two-bathroom, and three-bedroom/two and three-bathroom styles. The unit sizes vary greatly: studio from 490 SF to 526 SF; 1 BR from 715 SF to 776 SF; 2 BR/1BA from 1,017 to 1,036 SF; 2BR/2BA from 1,029 to 1,782 SF; and 3 BR from 1,053 to 2,072 SF. The units have washers & dryers (in select units), central air conditioning, microwaves, dishwashers, and garbage disposals.

REGENCY PLAZA
(CONT'D)

COMMENTS (cont'd):

Communal amenities include 24-hour concierge service, fitness center, conference rooms, business center, indoor swimming pool and spa, gated entrance, garage parking, tennis courts, putting green, patio with grills, Wi-Fi in all common areas, and on-site dry cleaner, laundry service, and salon. Tenants pay \$60 per month for surface parking and \$125 per month for garage parking. Secure storage is \$25 for a bin and \$50 for a room.

The leasing agent reported that a rental premium is charged for upper floor units, ranging from \$50 to \$100 per month, depending on floor. A premium is also charged depending on whether there are upgrades in the units.

LEASE DATA:

Rental Rate:

Studio: ranges from \$1,175 to \$1,680 per month, or from \$2.40/SF to \$3.19/SF.

One-bedroom/one-bathroom: ranges from \$1,365 to \$1,895 per month, or from \$1.91/SF to \$2.44/SF.

Two-bedroom/one-bathroom: ranges from \$1,795 to \$2,365 per month, or from \$1.76/SF to \$2.28/SF.

Two-bedroom/two-bathroom: ranges from \$1,850-\$2,435 per month, or from \$1.37/SF to \$1.80/SF.

Three-bedroom/two & three-bathroom: ranges from \$2,050 to \$2,875 per month, or from \$1.39/SF to \$1.95/SF.

Landlord Pays:

All utilities.

Tenant Pays:

None.

RENTAL ANALYSIS:

The rents have been relatively unchanged from October 2012 to January 2013. The studio rents and the one-bedroom rents are up on average about 3± percent since February 2012. The low end of the rental range for the two-bedroom rents is up about 20± percent since February 2012 and the three-bedroom rents are down on average by about 9± percent since 2012.

REGENCY PLAZA
(CONT'D)

FURNISHED UNITS:

There are also 49 furnished, executive units in this property. The rents for the one-bedroom units average \$2,675 per month, the rents for the two-bedroom/one-bath units average \$2,875 per month, and the rents for the two-bedroom/two-bath units average \$3,075 per month. There is one two-bedroom/two-bath unit that rents for \$3,725 per month, given the upgrades in this particular unit. All utilities are included in the rent, as well as surface parking. We note that rents for the furnished units have not changed over the past year.

TENANT PROFILE:

There is a diverse tenant profile at this property including: students; empty nesters; young professionals; and Boston commuters.

COMMENTS:

The property is located on the east side of Interstate 95 on the western fringe of downtown Providence. Highway access is excellent and commuter rail access is a ten to fifteen minute walk.

VERIFICATION:

Leasing agent; Chestnut Hill Realty: (401) 861-0400

AVALON AT CENTER PLACE



LOCATION:

50 Park Row West
Providence, Rhode Island

LESSOR/LEASING AGENT:

Avalon Properties

PROPERTY TYPE:

Nine-floor high rise

OCCUPANCY:

93± percent as of January 2013; 97± percent in October 2012; and 99± percent in February 2012.

IMPROVEMENT DATA:

This 225-unit apartment complex was built in 1991. The unit types include one-bedroom/one-bathroom, two-bedroom/two-bathroom, and three-bedroom/2.5 bathroom styles. The unit sizes vary greatly: 1 BR from 719 SF to 827 SF; 1 BR plus den from 874 SF to 942 SF; 2 BR from 1,011 to 1,550 SF; 2 BR plus den from 1,402 SF to 1,601 SF; and 3 BR from 1,481 to 1,863 SF. The units have washers & dryers, central air conditioning, microwaves, dishwashers, garbage disposals, and some units have balconies.

Communal amenities include 24-hour concierge service, fitness center, conference room, indoor heated lap pool, gated entrance, garage parking, and on-site dry cleaner and salon. Storage units are available for rent at \$35 per month.

AVALON AT CENTER PLACE
(CONT'D)

IMPROVEMENT DATA (cont'd):

Parking is not included in the rent. Tenants can rent unreserved parking in the garage under the building for \$95 per month and reserved parking at \$240 per month.

LEASE DATA:

Rental Rate:

One-bedroom/one-bathroom: ranges from \$1,590 to \$2,775 per month, or from \$2.21/SF to \$2.95/SF.*

Two-bedroom/two-bathroom: ranges from \$1,980 to \$3,515 per month, or from \$1.96/SF to \$2.27/SF.

Two-bedroom plus den: ranges from \$2,765 to \$4,095 per month, or from \$1.97/SF to \$2.56/SF.

Three-bedroom/2.5-bathroom: ranges from \$2,520 to \$5,179 per month, or from \$1.70/SF to \$2.78/SF.

*This also includes one-bedroom units with den.

Landlord Pays:

None.

Tenant Pays:

Tenant pays for water, sewer and electric (heat is electric).

RENT ANALYSIS:*

The one-bedroom rents are down on average about 3± percent from rents in February 2012 and down on average about 12± percent from rents in October 2012. The two-bedroom rents are down on average about 14± percent from February 2012 and on average about 10± percent from October 2012. The rents for this property change daily with occupancy and type of units available.

TENANT PROFILE:

The tenant profile includes: Boston commuters; empty nesters; young professionals; and students. The latter category goes through careful screening.

FURNISHED UNITS:

There are also some furnished, executive units in this property. The leasing agent would not divulge the number, but answered our question with “not too many” units. Per the leasing agent, the average rent for a one-bedroom unit is \$3,075 per month and the average rent for a two-bedroom unit is \$3,550 per month. All utilities are included in the rent, as well as garage parking.

AVALON AT CENTER PLACE
(CONT'D)

COMMENTS:

The property is located across from Union Station, near the State House and the Providence Place Mall. Union Station provides MBTA train service to Boston. Access to Interstate 95 and other area highways is convenient.

VERIFICATION:

Leasing agent; Avalon Properties: (401) 274-5550

*We note that the winter months are typically the most challenging period of the year for apartment absorption which is reflected in a decrease in rents for some properties in order to improve occupancy. This was reported by several participants in our survey. None of the properties we surveyed was providing rent concessions; rather rents were reduced to spur rental activity.

PROMENADE AT THE FOUNDRY



LOCATION:

299 Promenade Street
Providence, Rhode Island

LESSOR/LEASING AGENT:

The Foundry

PROPERTY TYPE:

Converted mill complex with a residential loft component

OCCUPANCY:

98± percent as of January 2013; 96± percent in October 2012;
and 99± percent in February 2012.

IMPROVEMENT DATA:

This is a foundry mill renovated in 2005 to contain 230 apartment units. There are over 60 different floor plans in the complex. Studio units range from 500 SF to 840 SF, one-bedroom/one-bathroom units range from 625 SF to 1,345 SF, and two-bedroom/two-bathroom units range from 1,230 SF to 1,640 SF. Tenants of the smaller lofts and 1 BR units get one garage parking space as part of the base rent. Renters of the larger lofts and of 2 BR units get 2 garage spots as part of the base rent. Any additional parking spaces cost tenants \$85 per space. Storage units range from \$50 to \$125 per month.

Unit amenities include washer/dryer in the unit, central air conditioning, microwave, dishwasher, oversized windows, brick walls, granite counters and stainless steel appliances, and ceiling heights from 12± to 14± feet.

PROMENADE AT THE FOUNDRY
(CONT'D)

IMPROVEMENT DATA (cont'd):

Communal amenities include an on-site fitness center, a year round swimming pool in an area with a retractable roof, a business center, and a media center with a theater. Concierge service is available 7 days per week, during 8 daytime hours.

LEASE DATA:

Rental Rate:

Studio: ranges from \$1,150 to \$1,600 per month, or from \$1.90/SF to \$2.30/SF.

One-bedroom/one-bathroom: ranges from \$1,400 to \$1,900 per month, or from \$1.41/SF to \$2.24/SF.

Two-bedroom/two-bathroom: ranges from \$1,950 to \$3,000 per month, or from \$1.59/SF to \$1.83/SF.

Landlord Pays:

Gas, hot water, water and sewer.

Tenant Pays:

Electric.

RENTAL ANALYSIS:

Rents for all unit types have remained unchanged from October 2012 to January 2013. Studio rents have remained unchanged since February 2012. Since February 2012, the low end of the rental range for the one-bedroom units increased by 9± percent and the high end of the rental range for the two-bedroom units increased by 10± percent. The leasing agent reported that the upper floor units have a \$50 per month rental premium.

FURNISHED UNITS:

There are currently 3 furnished executive units in this property. They are all one-bedroom units with rents ranging from \$2,200 to \$2,700 per month. This rental range has not changed over the past year, but the number of furnished executive units was 6 in February 2012.

TENANT PROFILE:

The tenant profile includes the following: Boston commuters; young professionals; empty nesters; graduate students; and medical residents.

COMMENTS:

This property is located on the west side of Interstate 95, directly across from the back side of the Providence Place Mall. Highway access is excellent and commuter rail access is a ten minute walk

VERIFICATION:

Leasing agent; The Foundry: (401) 944-2442

THE 903



LOCATION:

903 Providence Place
Providence, Rhode Island

LESSOR/LEASING AGENT:

Barkan Management Company

PROPERTY TYPE:

Five-story interconnected series of apartment buildings

OCCUPANCY:

98± percent as of January 2013; 99± percent in October 2012;
and 99.5± percent in February 2012.

IMPROVEMENT DATA:

This is a 330-unit apartment/condominium complex which was constructed in 2003. The property was originally an apartment complex. Conversion to condominium use failed and the 233 remaining units are rented. The unit types include studio, one-bedroom/one-bathroom, two-bedroom/two-bathroom, and two-bedroom plus den/two-bathroom styles. The studio units range from 580 SF to 675 SF, the one-bedroom units range from 741 SF to 796 SF, the one-bedroom plus den units range from 854 SF to 875 SF, the two-bedroom/two-bathroom units range from 1,076 SF to 1,266 SF, and the two-bedroom/two-bathroom plus loft units average 1,421 SF. The units have washers & dryers, central air conditioning, microwaves, dishwashers, and some have patios, Juliette balconies, porches and fireplaces. Some units are also loft style with skylights or vaulted ceilings.

THE 903
(CONT'D)

IMPROVEMENT DATA (cont'd):

Communal amenities include 24-hour security/concierge service, fitness center, business center, outdoor swimming pool, garage parking, barbecue area, community room, and 25-seat theater.

LEASE DATA:

Rental Rate:

Studio: ranges from \$1,250 to \$1,325 per month, or from \$1.96/SF to \$2.21/SF.

One-bedroom/one-bathroom: ranges from \$1,450 to \$1,625 per month, or from \$1.96/SF to \$2.04/SF.

One-bedroom + den/one-bathroom: ranges from \$1,575 to \$1,600 per month, or from \$1.83/SF to \$1.84/SF.

Two-bedroom/two-bathroom: ranges from \$2,000 to \$2,300 per month, or from \$1.82/SF to \$1.86/SF.

Two-bedroom/two-bath plus loft: ranges from \$2,150-\$2,560 per month, or from \$1.51 to \$1.80/SF.

Landlord Pays:

None.

Tenant Pays:

Hot and cold water, heat, cooking, electricity.

RENTAL ANALYSIS:

The rents have remained the same since February 2012 for the studio units. The one-bedroom/one-bath unit rents increased on average by 8± percent from February 2012 to October 2012, and they have remained unchanged since that time. The low end of the rental range from the one-bedroom plus den units has remained unchanged since February 2012, while the high end decreased by 4± percent. The rent for the two-bedroom/two-bath units increased on average by 4± percent since February 2012.

There are rental premiums for floor level (\$10 per floor), view (\$20) and upgrades in the unit (\$30), and the leasing agent indicated that a unit could command a rental premium of \$100 per month, depending on these variables.

FURNISHED UNITS:

There are ten furnished, executive units. An executive leasing company handles the rental of these units and the on-site leasing agent could not provide any information about the rents.

THE 903
(CONT'D)

TENANT PROFILE:

The tenant profile for this property includes: empty nesters; young professionals; Boston commuters; Brown graduate students; and medical residents.

COMMENTS:

The property is located on the west side of Interstate 95, directly across from the back side of the Providence Place Mall. Highway access is excellent and commuter rail access is a ten minute walk.

VERIFICATION:

Leasing agent; Barken Management Co.; (401) 831-0903

THE RESIDENCES PROVIDENCE



LOCATION:

One West Exchange Street
Providence, Rhode Island

LESSOR/LEASING AGENT:

The Procaccianti Group

PROPERTY TYPE:

High rise tower connected to the Westin Hotel

OCCUPANCY:

100 percent

IMPROVEMENT DATA:

These rental units are condominium units which are being rented as an interim strategy. There are 46 condominium units remaining to be sold: 35 units are currently being rented; and 11 units are listed for sale. One of the “for sale” units is under agreement for closing in February 2013. The other ten “for sale” units will now be offered for rent. The rental units include one-bedroom and two-bedroom styles. The one-bedroom rental units contain 765 SF, 978 SF, and 1,038 SF. The two-bedroom rental units contain 1,161 SF, 1,416 SF, 1,480 SF, and 1,746 SF. The units have hardwood floors, marble bathrooms, frameless showers, oversized soaking tubs, central air conditioning, granite counters, stainless steel appliances (microwaves, dishwashers), a washer/dryer, large operable windows, Juliette balconies, some balconies or terraces, and 9 foot three inch ceilings in most units. Garage parking is available at \$125 per month.

THE RESIDENCES PROVIDENCE
(CONT'D)

IMPROVEMENT DATA (cont'd):

The residents benefit from their relationship with the Westin Hotel, in that they can use the services provided by the hotel, including the fitness center, swimming pool, housekeeping, room service, and valet parking, among other services. There is concierge service dedicated to the subject units on a 24/7 basis and secure access is through the entrance lobby or via the parking garage, where key fobs are required.

LEASE DATA:

Rental Rate:

Small one-bedroom (765 SF and 978 SF): \$2,300 per month, or \$2.35/SF and \$3.00/SF.

One-bedroom/one-bathroom (1,038 SF): \$3,000 per month, or \$2.89/SF.

Two-bedroom/two-bathroom (1,161SF): \$3,200 per month, or \$2.76/SF.

Two-bedroom/two-bathroom (1,416 SF and 1,480 SF): \$3,900-\$4,000 per month, or \$2.75/SF and \$2.70/SF.

Two-bedroom/two-bathroom (1,746 SF): \$5,000 per month, or \$2.86/SF.

Landlord Pays:

Gas, hot water, water and sewer.

Tenant Pays:

Electric.

RENTAL ANALYSIS:

The rents increased on average by 15± percent from February 2012 to October 2012. The rental increase from February 2012 to January 2013 ranged from 20± to 25± percent. As indicated, the “for sale” units are being withdrawn from the market and will be rented. Per the leasing agent, there had been a policy of increasing the rent with floor level or view, but now the rent depends only on the floor plan. The west was considered the least favored view and the rental premium for the other views had been \$100 per month.

FURNISHED UNITS:

There are currently 8 furnished executive units in this property. There are three one-bedroom units with rent of \$4,250 per month. The rent for the small two-bedroom units is \$5,250 per month and the rent for the large two-bedroom units is \$6,250 per month. Demand is strongest for the one-bedroom units. The executive unit rents increased on average 8± percent since February 2012, with the one-bedroom rents increasing the most (12± percent). The executive rents include all utilities and garage parking.

THE RESIDENCES PROVIDENCE
(CONT'D)

TENANT PROFILE:

There is a diverse tenant profile at this property including: empty nesters; young professionals; and Boston commuters. Among the young professionals, 50 percent are married and 50 percent are single, and the average age of the tenant in the conventional rental units is 45 years.

COMMENTS:

This property is well located at the Exit 22 interchange with Interstate 95. The units have direct access to the Providence Place Mall via the covered walkway from the Westin Hotel to the mall. Commuter rail and public bus transportation are both within walking distance.

VERIFICATION:

Leasing agent; Residences Providence: (401) 598-8282

THE ARCADE PROVIDENCE



LOCATION:

130 Westminster Street
Providence, Rhode Island

LESSOR/LEASING AGENT:

130 Westminster Street, LLC (Granoff)

PROPERTY TYPE:

Historic commercial building rehabilitated for apartment and retail uses.

OCCUPANCY:

Construction ongoing; waiting list for micro-loft units exceeds the number of units.

IMPROVEMENT DATA:

The Arcade is undergoing rehabilitation and renovation to result in retail and restaurants uses on the first floor and 48 “micro-lofts” (small efficient living spaces) on the second and third floors. These micro-loft kitchens will have sinks, microwaves, refrigerators and dishwashers, but no stoves/ovens. The majority of the units are one-bedroom styles with 19 units containing 225± SF and 19 units containing 298± SF. There are ten larger units between 300± and 800± SF, with two or three bedrooms.

The units will have full baths with showers, as well as built-in beds, seating and storage. There will be on-site laundry facilities, a common room with TV, a bike storage room, additional secure storage in the basement and garage parking at the Arcade Garage, which has the same owner, will be available at \$250 per month.

THE ARCADE PROVIDENCE
(CONT'D)

LEASE DATA:

Rental Rate:

Small micro-lofts (255 SF and 298 SF): starting at \$550 per month, or \$2.16/SF and \$1.85/SF.

Large micro-lofts (800 SF): \$1,800 - \$2,000 per month, or from \$2.25-\$2.50/SF.

Landlord Pays:

Gas, hot water, water and sewer.

Tenant Pays:

Electric.

TENANT PROFILE:

The waiting list include a diverse tenant profile as follows: students; young professionals; people with homes elsewhere in the state who want a pied-a-terre in the city; and business people who live elsewhere and travel frequently to Providence.

COMMENTS:

This property is located in the Financial District, within walking distance to commuter rail, public bus service, and retail/commercial services, as well as to the Providence universities. Access to Interstates 95 and 195 is convenient.

VERIFICATION:

Leasing agent; Arcade Providence: (401) 454-4568

PROVIDENCE G



(photo taken with development ongoing)

LOCATION:

100 Weybosset Street
Providence, Rhode Island

LESSOR/LEASING AGENT:

Providence Capital (property owner)

PROPERTY TYPE:

Historic commercial buildings and parking garage rehabilitated for apartment, office, and restaurant uses.

OCCUPANCY:

Construction ongoing; certificates of occupancy (COs) expected in March 2013; 7 units have been pre-leased as of mid-February 2013, and 15 are expected to be leased when COs have been acquired. The property owner reported that a sign on the building has been the only marketing tool for the units.

IMPROVEMENT DATA:

This property is comprised of three buildings located at the southeast corner of Weybosset and Dorrance Streets, in downtown Providence. The three buildings are being rehabilitated and renovated to result in 51 apartment units plus a parking garage. There will also be a lower level nightclub, a first floor restaurant, approximately 8,000± square feet of commercial space, and rooftop function space.

PROVIDENCE G
(CONT'D)

IMPROVEMENT DATA (cont'd):

The average size of the one-bedroom units is $607\pm$ square feet (14 units), the average size of the two-bedroom/one-bath units is $813\pm$ square feet (30 units), and the average size of the two-bedroom/two-bath units is $1,071\pm$ square feet (six units). There will be one townhouse style unit containing $2,200\pm$ square feet. The building is served by central air conditioning and elevators. The units have ceramic tile flooring and walls in the bathrooms, wood floors in the living areas, vinyl in the kitchens, and carpeting in the bedrooms. Appliances include dishwashers and windows are oversized.

The parking garage accommodates a total of approximately $70\pm$ vehicles on two levels and using tandem parking. Parking is not included in the rent. There is small gym for tenant use and laundry facilities.

LEASE DATA:

Rental Rate:

One-bedroom/one-bathroom: starting at \$1,600 per month, or starting at \$2.63/SF.

Two-bedroom/one- and two-bathroom: starting at \$2,000 per month, or starting at \$2.46/SF for one-bathroom units.

Landlord Pays:

Gas, hot water, water and sewer.

Tenant Pays:

Electric.

TENANT PROFILE:

The property owner has targeted young professionals, undergraduate students and graduate students. The tenants who have pre-leased units are young professionals and graduate students. The property owner expects to lease units to undergraduate students at a time when completion of the units and the school calendar coincide.

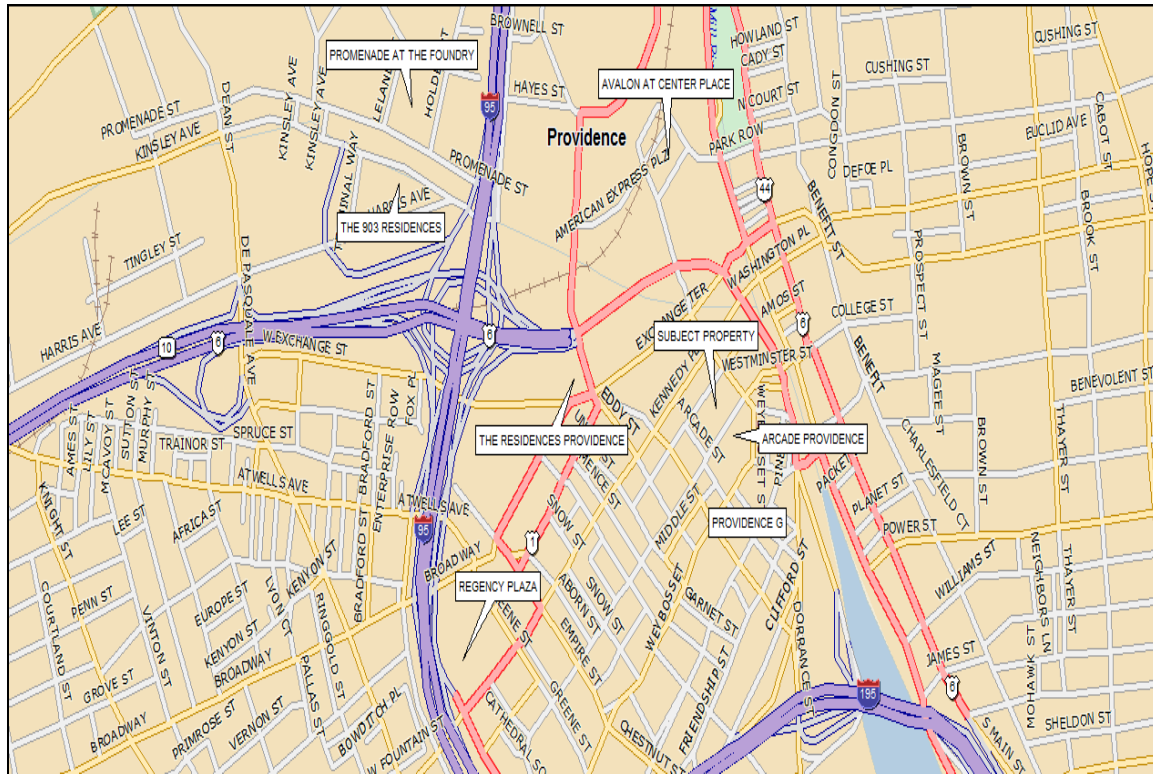
COMMENTS:

This property is located directly across from the Johnson and Wales University Yena Center, which houses the library, the admissions office, the career center, the alumni office and other financial offices for the university. The Johnson and Wales commons is located just west of the Yena Center. The commuter rail station is a fifteen minute walk and the bus hub at Kennedy Plaza is a ten minute walk. Access to Interstates 95 and 195 is convenient.

VERIFICATION:

Property owner, Vince Geoffrey

LOCATION MAP – DOWNTOWN PROVIDENCE PROPERTIES



APARTMENT MARKET ANALYSIS

The following table summarizes the rents for the preceding apartment properties.

Market Rents - Downtown Providence Properties

<u>Property</u>	<u>Unit Type</u>	<u>Unit Size SF</u>	<u>Rent per Month</u>	<u>Rent per SF</u>	<u>Basis</u>	<u>Occupancy</u>
Regency Plaza	Studio	490-526	\$1,175-\$1,680	\$2.40-\$3.19/SF	1	99%
	1 BR/1 BA	715-776	\$1,365-\$1,895	\$1.91-\$2.44/SF	1	
	2 BR/1 BA	1,017-1,036	\$1,795-\$2,365	\$1.76-\$2.28/SF	1	
	2 BR/2 BA	1,029-1,782	\$1,850-\$2,435	\$1.37-\$1.80/SF	1	
	3 BR/2&3 BA	1,053-2,072	\$2,050-\$2,875	\$1.39-\$1.95/SF	1	
Avalon at Center Place	1 BR/1 BA	719-942	\$1,590-\$2,775	\$2.21-\$2.95/SF	2	93%
	2 BR/ 2 BA	1,011-1,550	\$1,980-\$3,515	\$1.96-\$2.27/SF	2	
	2 BR plus den	1,402-1,601	\$2,765-\$4,095	\$1.97-\$2.56/SF	2	
	3 BR/2.5 BA	1,481-1,863	\$2,520-\$5,179	\$1.70-\$2.78/SF	2	
Promenade at the Foundry	Studio	500-840	\$1,150-\$1,600	\$1.90-\$2.30/SF	3	98%
	1 BR/1 BA	625-1,345	\$1,400-\$1,900	\$1.41-\$2.24/SF	3	
	2 BR/2 BA	1,230-1,640	\$1,950-\$3,000	\$1.59-\$1.83/SF	3	
The 903	Studio	580-675	\$1,250-\$1,325	\$1.96-\$2.21/SF	2	98%
	1 BR/1 BA	741-796	\$1,450-\$1,625	\$1.96-\$2.04/SF	2	
	1 BR+den	854-875	\$1,575-\$1,600	\$1.83-\$1.84/SF	2	
	2 BR/2 BA	1,076-1,266	\$2,000-\$2,300	\$1.82-\$1.86/SF	2	
	2 BR plus loft	1,421	\$2,150-\$2,560	\$1.51-\$1.80/SF	2	
The Residences Providence	Small 1 BR	765 & 978	\$2,300	\$2.35 & \$3.00/SF	3	100%
	1 BR/1 BA	1,038	\$3,000	\$2.89/SF	3	
	2 BR/2 BA	1,161	\$3,200	\$2.76/SF	3	
	2 BR/2 BA	1,416 & 1,480	\$3,900-\$4,000	\$2.75 & \$2.70/SF	3	
	2 BR/2 BA	1,746	\$5,000	\$2.86/SF	3	
Arcade Providence	1 BR microloft	225 & 298	\$550	\$2.16 & \$1.85/SF	3	N/A
	Larger microloft	800	\$1,800-\$2,000	\$2.25-\$2.50/SF	3	
Providence G	1 BR/1 BA	607	starting at \$1,600	starting at \$2.63/SF	3	N/A
	2 BR/1 BA	813	starting at \$2,000	starting at \$2.46/SF	3	

Basis

1) Landlord pays all utilities

2) Tenant pays all utilities

3) Tenant pays electric

Occupancy Rates

The preceding stabilized properties reflected occupancy rates ranging from 93± to 100± percent. The occupancy rate for Regency Plaza of 99± percent is an improvement over the occupancy rate of 94± percent one year ago. With the exception of Avalon at Center Place, the other downtown Providence apartment properties exhibited similar occupancy rates when compared with their respective occupancy rates one year ago. The current occupancy rate for these properties (The 903, The Residences Providence, and Promenade at the Foundry) ranged from 98± to 100± percent. The occupancy rates are reflective of strong demand for downtown Providence rental units.

The current occupancy rate at Avalon at Center Place is 93± percent, compared with 99± percent one year ago. The monthly and per square foot rents at this property are higher than those for the other properties in our survey, except for some of the units in The Residences Providence. Tenants are also responsible for all utilities at Avalon. The rents change daily for Avalon units depending on vacancies, going up when vacancy is low and going down when vacancy is high. Clearly, the downtown Providence apartment market is dynamic enough for the Avalon to maintain rents that are on the high end of the market range at the expense of their occupancy rate.

Unit Sizes

The following table summarizes unit sizes for individual unit types at the properties we surveyed. We note that we have included the two-bedroom plus loft unit at The 903 in the three-bedroom unit category.

	Market Unit Sizes				
	Regency	Avalon	Promenade	The 903	Residences
Studio - Range	490-526	N/A	500-840	580-675	N/A
Studio - Average	508		670	628	
1 BR/1 BA - Range	715-776	719-942	625-1,345	741-796	765-1,038
1 BR/1 BA Average	746	831	985	769	902
2 BR/2 BA - Range	1,029-1,782	1,011-1,550	1,230-1,640	1,076-1,266	1,161-1,746
2 BR/2 BA - Average	1,406	1,281	1,435	1,171	1,454
3 BR/2+BA - Range	1,053-2,072	1,481-1,863	N/A	1,421	N/A
3 BR/2+BA - Average	1,563	1,672		1,421	

We note that the Arcade Providence has studio/style micro-lofts which contain 225± and 298± square feet of gross living area, or an average of 262± per square foot. The larger micro-lofts will range from 300± to 800± square feet of gross living area. The 800± square foot units have two or three bedrooms.

The unit sizes at the Providence G are as follows: one-bedroom/one-bath – 607± SF; two-bedroom/one-bath – 813± SF; and two-bedroom/two-bath – 1,071± SF.

The subject property is a high rise office tower which is proposed for conversion to lower level commercial use and upper level apartment use. The developer has proposed the following apartment unit sizes for the project:

Unit Sizes Proposed for 111 Westminster Street

Unit Type	Developer's Proposed Unit Sizes: SF
Microloft	398
Studio	537
One-bedroom/one-bath	803
Two-bedroom/two-bath	1,126
Three-bedroom/two+ bath	1,386

Our market survey indicated that micro-loft units at the Arcade Providence ranged from 225± to 298± square feet with just a few larger units ranging from 300± to 800± square feet. The developer's proposed unit size of 398± square feet fall at the low end of the range of the larger micro-loft units at the Arcade.

Our market survey indicated that studio units range from 490± to 840± square feet of gross living area, with the average unit size for each property ranging from 508± to 670± square feet. The Promenade reflected the largest size range, which is reasonable as this property is a mill conversion project in which the units vary widely in size, in contrast to a conventional apartment property with fewer floor plans per unit type. The developer's projected studio unit size of 537± square feet falls at the low end of the range reflected by our market survey.

Our market survey indicated that 1 BR/1 BA units range from 607± to 1,345± square feet of gross living area, with the average unit size for each property ranging from 607± to 985± square feet. The smallest average unit size is at the Providence G, which has targeted the student population. Once again, the Promenade reflected the largest size range. The Residences Providence also offered one-bedroom units that were larger than those at the other properties we surveyed. This is reasonable as these rental units were constructed to be sold as high end condominiums. The developer's projected one-bedroom unit size of 803± square feet is just above the size range for the Regency and falls within the range exhibited by Avalon and The 903.

Our market survey indicated that 2 BR/2 BA units range from 1,011± to 1,782± square feet of gross living area, with the average unit size for each property ranging from 1,171± to 1,454± square feet. All of the properties, with the exception of The 903, reflected wide ranges in the sizes of their 2BR/2 BA units. The highest average size is for the units in the Promenade and the Residences. The developer's projected two-bedroom unit size of 1,126± square feet falls at the low end of the size range at the Regency and Avalon.

Our market survey indicated that 3 BR/2+ BA units range from 1,053± to 2,072± square feet of gross living area, with the average unit size for each property ranging from 1,421± to 1,672± square feet. The developer's projected size for the three-bedroom unit is 1,386± square feet. This unit size falls within the range exhibited by the Regency, but it is smaller than the units at Avalon and The 903.

We conclude that the unit sizes projected by the developer meet market parameters for downtown Providence apartment units. In making this conclusion, we place primary emphasis on the unit sizes at the Regency Plaza and Avalon at Center Place, two conventional apartment properties in the subject's immediate market area. The tenant profile at these properties includes young professionals, Boston commuters, empty nesters, and students. The subject tenant profile will most likely also target this tenant mix.

Unit Mix and Demand for Unit Types

We surveyed the comparable apartment properties to determine the unit mix at each property and to inquire about demand for specific unit types.

Regency Plaza offers studio, one-bedroom, two-bedroom and three-bedroom units. According to the leasing agent, the mix among the studio, one-bedroom and two-bedroom units is about equal. There is a smaller percentage of three-bedroom units. There was no reported difference in demand for particular unit types.

At the Avalon at Center Place, demand was strongest for studio units and for three-bedroom units. However, the leasing agent reported that studio units and three-bedroom units comprise a smaller percentage of the unit mix than one-bedroom and two-bedroom units. The leasing agent noted that there are not many three-bedroom units offered at downtown Providence properties. There are also one-bedroom and the two-bedroom units at the Avalon which offer dens. The units with dens were more sought after than those without.

The Promenade at the Foundry offers studio, one-bedroom, and two-bedroom units. Demand is highest for the studio and the one-bedroom units. There is also a higher percentage of these unit types at the Promenade than two-bedroom units. In addition, some of the two-bedroom units were converted to one-bedroom and studio units a few years ago, to meet demand.

The 903 offers a variety of unit types, which include a two-bedroom plus loft style and a one-bedroom plus den style. Demand is reportedly strongest for these two unit styles, and for studio units, as well. However, the leasing agent also reported that there were only 10 studio units, 3 one-bedroom plus den units, and 8 two-bedroom plus loft units, and the relatively small number, in addition to the appeal of the unit type, creates demand. The unit mix otherwise is primarily comprised of two-bedroom units and there are four different floor plans offered. There are a smaller percentage of one-bedroom units than two-bedroom units at this property, given that the majority of the units that sold as condominiums were one-bedroom units.

The Residences have a unit mix which is about half one-bedroom and half two-bedroom units. According to the leasing agent, demand is equal for both unit types.

The Providence G will offer 27± percent one-bedroom units and 73± percent two-bedroom units. Approximately 83± percent of the two-bedroom units has one bathroom. The project was developed to primarily target students, who would share a two-bedroom unit with one bath.

Our national apartment survey indicated that demand had become stronger for smaller unit types such as studio, one-bedroom and two-bedroom, with less demand for three-bedroom or larger units. Our primary market research indicates that there is strong demand for three-bedroom units, given the limited supply of this unit type in downtown Providence. The other unit type in demand is the studio unit, which was supported by comments from leasing agents at several properties. Units with dens or lofts were also appealing to tenants. The majority of the properties we surveyed offer two bathrooms with two bedrooms.

Our ring study demographic analysis indicated that the age category from 55 years and older is expected to experience the largest growth in years to come. However, the age category from 20 to 34 years comprises the largest percentage of the population now and is projected to continue to comprise the largest percentage of the population through 2017. Our survey of the downtown Providence universities indicated that there is demand for student housing, but that total enrollment will most likely increase only at Brown University.

We conclude from our survey that a relatively even mix of studio, one-bedroom and two-bedroom units is prudent, with a smaller percentage of three-bedroom units. Although there is demand for this unit type, much of the demand seems to be driven by the small number of three-bedroom units in the city. Two-bedroom and larger units should have two bathrooms. We also recommend the developer considering adding some one-bedroom/one-bathroom plus den units. We recommend that, if possible, the configuration of units by floor allow for subdivision to create smaller units or combination of units to create larger units to meet changing demand in future years.

Change in Rents

We analyzed the change in rents for most of our surveyed properties over two time periods: from October 2012 to January 2013; and from February 2012 to January 2013. The time periods were chosen given the availability of in-house data. The results for each property are in the following table.

Rent Changes in Our Market Survey		
	From Oct. 2012 to Jan. 2013	From Feb. 2012 to Jan. 2013
Regency Plaza	no change	studio & 1 BR up 20% 2 BR low end of range up 20% 3 BR down 9%
Avalon at Center Place	1 BR down 3% 2 BR down 14%	1 BR down 12% 2 BR down 10%
Promenade at Foundry	no change	1 BR low end of range up 9% 2 BR high end of range up 10%
The 903	no change	1 BR up 9% 1 BR+den high end of range down 4% 2BR up 4%
The Residences Providence	1 BR high end of range up 15% 2 BR low end of range up 7%	Rents for all units up 20% to 25%

As discussed, the rents for units at Avalon at Center Place change daily and, although the trend appears to be decreasing rents, the monthly and per square foot rents are consistently the highest for this property when compared with other downtown Providence apartment properties, with the exception of some rents at The Residences Providence.

The majority of the other properties in our survey reflected no change in rents during the relatively short time period from October 2012 to January 2013. The Residences Providence was the only other property to experience a change in rent from October 2012 to January 2013, and their change was an increase in rent. These are high end units, which are being rented on an interim basis until the condominium market recovers. Demand has been strong for these units and occupancy has been at or near 100 percent, supporting the ability to make regular rental increases.

With the exception of Avalon at Center Place, rents at all of the properties surveyed increased for most of the unit types. The Residences Providence and Regency Plaza exhibited the highest percentage increase in rent over the past year, from about 20± to 25± percent. We note, however, that the rent for the three-bedroom unit at Regency Plaza decreased by 9± percent over the past year, while the rents for the other unit types increased. On average, the rents at The 903 and the Promenade at the Foundry increased by a range from 4± percent to 10± percent, depending on unit type. One exception was that the high end of the rental range for the one-bedroom unit with den at The 903 decreased by 4± percent.

The general increase in market rents for the apartment properties surveyed, and the relatively high occupancy rates at these properties, indicate strong demand for rental units in downtown Providence. We also note that none of the properties has offered concessions over the past year and none are currently offering concessions. We further note that our market survey took place in January, which is typically one of the most challenging times of the year for apartment absorption.

Market Rent

The following table summarizes the range of rent per square foot for each unit type in a specific property and the average rent per square foot for each unit type. We note that we considered the two-bedroom plus loft unit at The 903 in the three-bedroom category in this table.

Rents per SF - Downtown Providence Properties

<u>Unit Type</u>	<u>Regency</u>	<u>Avalon</u>	<u>Promenade</u>	<u>The 903</u>	<u>Residences</u>	<u>Arcade</u>
Studio - Range	\$2.40-\$3.19/SF	N/A	\$1.90-\$2.30/SF	\$1.96-\$2.21/SF	N/A	\$2.44 & \$1.85/SF
Studio - Average/SF	\$2.80		\$2.10	\$2.09		\$2.15
1 BR/1 BA - Range	\$1.91-\$2.44/SF	\$2.21-\$2.95/SF	\$1.41-\$2.24/SF	\$1.96-\$2.04/SF	\$2.35 & \$3.00/SF	N/A
1 BR/1 BA Avg./SF	\$2.18	\$2.58	\$1.83	\$2.00	\$2.68	
2 BR/2 BA - Range	\$1.37-\$1.80/SF	\$1.96-\$2.27/SF	\$1.59-\$1.83/SF	\$1.82-\$1.86/SF	\$2.70 & \$2.86/SF	\$2.25-\$2.50/SF
2 BR/2 BA Avg./SF	\$1.59	\$2.12	\$1.71	\$1.84	\$2.78	\$2.38
3 BR/2+ BA - Range	\$1.39-\$1.95/SF	\$1.70-\$2.78/SF	N/A	\$1.51-\$1.80/SF	N/A	N/A
3 BR/2+ BA Avg./SF	\$1.67	\$2.24		\$1.66		

The rents for the units that have been pre-leased at Providence G are \$2.64/SF for one-bedroom/one-bath units and \$2.46/SF for two-bedroom/one-bath units. These rents are relatively high on a per square foot basis. The one-bedroom unit is much smaller than similar units in the market.

Our market rent for the subject property assumes that the tenants pay electric. The landlord is responsible for heat, hot water, and cooking, as well as for water and sewer. Therefore, we have adjusted the average rent per square foot for Regency Plaza down for utilities, as the landlord pays for all utilities. We have adjusted the average rent per square foot up for utilities at Avalon and The 903, as the tenants are responsible for all utilities. We have based these utility adjustments on the HUD Allowance for Tenant-Furnished Utilities and Other Services grid, dated July 1, 2012. A copy of this grid is included in the Addenda.

Rents per SF - Downtown Providence Properties
Adjusted for Utilities

<u>Unit Type</u>	<u>Regency</u>	<u>Avalon</u>	<u>Promenade</u>	<u>The 903</u>	<u>Residences</u>	<u>Arcade</u>
Studio - Average/SF	\$2.80	N/A	\$2.10	\$2.09	N/A	\$2.15
Utility Adjustment	<u>\$0.16</u>		<u>\$0.00</u>	<u>\$0.09</u>		<u>\$0.00</u>
	\$2.64		\$2.10	\$2.18		\$2.15
1 BR/1 BA Avg./SF	\$2.18	\$2.58	\$1.83	\$2.00	\$2.68	N/A
Utility Adjustment	<u>\$0.13</u>	<u>\$0.08</u>	<u>\$0.00</u>	<u>\$0.07</u>	<u>\$0.00</u>	
	\$2.05	\$2.66	\$1.83	\$2.07	\$2.68	
2 BR/2 BA Avg./SF	\$1.59	\$2.12	\$1.71	\$1.84	\$2.78	\$2.38
Utility Adjustment	<u>\$0.09</u>	<u>\$0.06</u>	<u>\$0.00</u>	<u>\$0.06</u>	<u>\$0.00</u>	<u>\$0.00</u>
	\$1.50	\$2.18	\$1.71	\$1.90	\$2.78	\$2.38
3 BR/2+ BA Avg./SF	\$1.67	\$2.24	N/A	\$1.66	N/A	N/A
Utility Adjustment	<u>\$0.10</u>	<u>\$0.06</u>		<u>\$0.07</u>		
	\$1.57	\$2.30		\$1.73		

Based on the size of the subject units, the location of the property, and assuming unit and communal amenities which are considered standard for the downtown Providence apartment market, we conclude the following market rents for the subject. We note that these rents assume that the tenants pay for electricity and that parking is available at a fee proximate to the property.

Consultant's Market Rents - 111 Westminster Street, Providence, RI

Unit Type	Unit Sizes: SF	Rent per Month	Rent per SF
Microloft	398	\$1,125	\$2.83
Studio	537	\$1,325	\$2.47
1 BR/1 BA	803	\$1,675	\$2.09
2 BR/2 BA	1,126	\$2,175	\$1.93
3 BR/2+BA	1,386	\$2,750	\$1.98

Parking

All of the properties we surveyed, except for the Arcade Providence, have on-site garage parking. Regency Plaza also has surface parking. There is no on-site parking at the Arcade Providence, but tenants will be offered garage parking at the Arcade Garage for \$250 per month. Providence G will provide some parking for their tenants, but the garage will not have enough spaces to accommodate all of the tenants.

The results of our parking and storage survey are summarized in the following table.

	On-Site Parking and Storage
Regency Plaza	\$60/month: surface parking \$125/month: garage parking Storage: \$25/bin and \$50/room per month
Avalon at Center Place	\$95/month for unreserved garage spaces \$240/month for reserved garage spaces Storage : \$35/bin per month
Promenade at Foundry	One garage space included in 1 BR and smaller loft rents Two garage spaces included in the 2BR rent \$85/month for an additional garage space Storage: \$50 to \$125 per month
The 903	Parking included in the rent Additional parking is \$75/month Storage: \$115-\$200/room per month
Residences Providence	\$125/month: garage parking Storage rooms sold with condo units
Arcade Providence	No on-site parking Parking in Arcade Garage at \$250/month
Providence G	Some on-site garage parking \$225-\$250/month

Parking is handled differently by each property. The condominium units at The 903 have deeded parking spaces, but parking is a “free for all” for the rest of the residents. Guests are permitted to park on the fifth floor of the parking garage, which is open to the elements, for a maximum of three nights per week.

We note that parking is included in the two properties located on the west side of Interstate 95, The 903 and Promenade. The downtown apartment properties in our survey offer on-site garage parking, but the tenant is charged a monthly fee. Regency Plaza also has surface parking, at a lower rate than the garage parking. The Arcade will not have on-site garage parking, but the tenants will be able to park at the Arcade Garage at their own expense.

When we interviewed leasing agents, the most valued communal amenity was on-site parking. The leasing agent at the Residences noted that in 2009 parking was included with the rent and it was used as bargaining point to attract tenants or adjust the rent. Now the tenant is responsible for the cost of parking. As indicated in our survey, downtown Providence residents do not expect the cost of parking to be included in their rent, but availability of surface or garage parking is one of the most important factors in selecting where to rent.

We recognize that on-site parking would be less important for an undergraduate student than for a graduate student and it would most likely be more important for an empty nester or family.

Rental Premiums

Our market survey indicated that rental premiums for upper floors are typical for the downtown Providence properties. At Regency Plaza the rental premium ranges from \$50 to \$100 per month, depending on floor level. The rental premium at Promenade at the Foundry is \$50 per month for upper floor units. The leasing agent at The 903 quoted several premiums for their units: \$10 per month per floor; \$20 per month for view; and up to \$100 per month for upgrades in the unit. This property went through an apartment to condominium conversion process and some of the rental units were upgraded before as “for sale” units before the condominium market stalled.

The leasing agent with The Residences Providence reported that they had instituted an earlier policy of increasing the rent with floor level and with view, but now the rent is determined by the floor plan. At the time of this policy, a rental premium of up to \$100 per month was applied for view. We analyzed the sales prices for condominium units at this property by looking at the prices for the same unit type and size on the same floor, but with different views. The view premium ranged from 10± to 19± percent above the base sale price. We also analyzed the sales prices for the same unit type and size with the same view, but on different floors. The floor premium ranged from 1.2± percent to 6.2± percent, with an average of 3.8± percent above the base sale price. There are two caveats to this analysis: the units analyzed were all above the 20th floor; and the premiums charged to a tenant may not be as high as a buyer would be willing to invest.

Our market survey conclusion is that a rental premium for floor level and view is market accepted and a total premium up to and in excess of \$100 per month could be achieved at the subject property. The configuration of the floor plates in the subject’s 26-story tower will determine which units can achieve rental premiums for floor level, which units can achieve rental premiums for view, and which units can achieve rental premiums for both floor level and view.

Unit Amenities

There are a variety of unit amenities which are offered by all of the downtown Providence apartment properties we surveyed as follows: central air conditioning; elevators; washer/dryer combinations; microwaves; and dishwashers. We note Regency Plaza offers washer/dryer combinations only in select units and they are not offered in the units in the Arcade Providence or Providence G. The leasing agent at the Regency reported that demand is strong for their few units with washer/dryer combinations in the units. There are balconies in some of the Avalon at Center Place and Regency Plaza units, patios or Juliette balconies in some of the units at the Promenade at the Foundry, and Juliette or conventional balconies in all of the units at The Residences Providence. Avalon also has an outdoor area over the parking garage, or one level up from the street. The leasing agents reported that some kind of outdoor space is highly valued in an urban location.

The Promenade at the Foundry offers some unique unit amenities given that it is a mill conversion property: ceiling heights of 12± to 14± feet; oversized windows, and brick walls. Similarly, the units at The Residences Providence offer unit amenities which are superior to those for conventional rental units given that these units will eventually be sold as residential condominiums. Amenities include soaking tubs, frameless showers, double sinks in the master bathroom, large operable windows, marble bathrooms, hardwood floors, and stainless steel appliances, among others. The units at The 903 Residences also offer upgrades not typically associated with conventional rental units, given their eventual sale as condominium units. These amenities include fireplaces, upgraded kitchens, and some loft style units with skylights and vaulted ceilings.

Given that our market study pertains to a re-adaptive use of a 26-story former office tower, there might be some physical traits that would constrain the unit amenities provided. Outdoor space is offered in some of the downtown Providence apartment properties, and it could be offered in some of the subject units. Communal rooftop space, such as offered at the Peerless building at 229 Westminster Street in Providence, might also be provided at the subject.

Unit amenities which are expected by tenants in an upscale downtown Providence apartment include central air conditioning, stainless steel appliances (including microwave, dishwasher), washer/dryer combination in the unit, hardwood and tile floors, and granite kitchen counters and/or bathroom vanities. Some properties have units with oversized windows and higher ceilings, which enhance the appeal of an apartment unit.

The Promenade and the Residences Providence offer a variety of unit styles for each general unit type. The mill conversion process and the shape of the tower at the Westin made this possible and is it appealing to tenants to offer unique living spaces.

Common Area Amenities

The Arcade Providence micro-lofts are in an historic building that was formerly an indoor retail mall. The historic rehabilitation and the positioning of the residential units as streamlined, efficient, and relatively small units, result in fewer unit and common area amenities than the other downtown Providence apartment properties in our survey. There will be common area laundry, a common room with TV, a bike storage room, and additional secure storage in the basement.

All of the downtown Providence apartment properties we surveyed offer a variety of common amenities which, in general, exceed those for suburban apartment properties as follows.

Regency Plaza: 24-hour concierge services; fitness center; conference room; business center; indoor swimming pool and spa; gated entrance; tennis courts; putting green; patio with grills; and on-site personal services such as dry cleaner and salon. The leasing agent reported demand for all of the amenities provided.

Avalon at Center Place: 24-hour concierge services; fitness center; conference room; heated lap pool; gated entrance; outdoor space; and on-site personal services such as dry cleaner and salon. The leasing agent reported that the tenants value the fitness center (open 24 hours) and the outdoor space, which is situated on the roof of the parking garage.

Promenade at the Foundry: concierge services 7 days per week during 8 daytime hours; fitness center; indoor swimming pool with retractable roof; business center; and media center with theater. The leasing agent reported that the tenants value the fitness center over any other communal amenity. They also value the garage parking and the function room, which may be reserved for parties. The business center is not used that much since residents have their own computers.

The 903: 24 hour security/concierge services; fitness center; business center; outdoor swimming pool; community room; 25-seat theater; and barbecue area. The leasing agent reported that the tenants valued the fitness center the most. Their gym has 3 treadmills, 3 elliptical machines, 3 bikes, free weight and weight machines. The gym is open 24 hours a day and many of the tenants are residents at the area hospitals whose schedules make convenient gym use important. The tenants also use the business center, which is open 24 hours a day, offering free printing and free paper.

The Residences Providence offer more common area amenities than the rest of the competition. This is primarily due to the location of the units on the upper floors of the Westin Hotel tower. The tenants can use the services provided by the hotel including the fitness center, swimming pool, spa, housekeeping, valet parking, and room service. There is also 24/7 concierge service dedicated to the residential units in this tower. The leasing agent reported that the tenants at the Residences valued the discounted hotel rooms for their guests over any other amenity. The hotel gym membership (which includes a pool) had been free but now the tenants pay a discounted membership of \$70 per month. The other amenities that the tenants value, which are associated with the hotel, are room service and day porter service. The day porter run errands, unloads groceries from Peapod, walks pets, and mail packages, among other daily tasks.

Based on the preceding, the subject property should offer a fitness center and some form of outdoor space. Given the downtown location and the services offered at most of the competitive properties, we also recommend that 24 hour concierge/security be provided. The majority of the apartment properties offer some type of swimming pool – either indoor or outdoor – but this is not a major factor in attracting tenants, and we do not recommend the subject development offer a pool.

Target Market

We interviewed the leasing managers about the tenant profile at their properties. The results are as follows:

Regency Plaza: empty nesters; young professionals; students; and Boston commuters.

Avalon at Center Place: empty nesters; young professionals; students; and Boston commuters.

Promenade at the Foundry: young professionals; Boston commuters; empty nesters; graduate students; and medical residents.

The 903: young professionals; Boston commuters; empty nesters; Brown University graduate students; and medical residents.

The Residences Providence: empty nesters; young professionals; and Boston commuters. The leasing agent also provided more detailed information about their tenants. Approximately 50± percent are married and 50± percent are single, and the average age is 45 years.

The waiting list for the micro-lofts at the Arcade Providence includes: students; young professionals; people with homes elsewhere in the state who want a pied-a-terre in the city; and business people who live elsewhere and travel frequently on business to Providence.

Providence G: pre-leasing by young professionals and graduate students. Undergraduate students will be targeted when construction has been completed and the school calendar begins a new semester.

We note that the leasing managers at these apartment properties had varying policies about renting to students. The Promenade and The 903 rent only to graduate students or medical residents. As indicated, The 903 limits their graduate students to Brown University. The student tenants at Avalon are carefully screened, per the leasing manager.

Although not expressly mentioned in our survey, we believe that the professionals segment would also include married or cohabitating couples, single roommates, as well as single persons. The middle-aged single category is one of the fastest growing population categories, given the high rate of divorce and given that more people are simply choosing to live alone.

The subject property is within walking distance from the commuter rail station and the public bus hub. Vehicular access to Interstate 95 and 195 is less than one half mile from the subject. Most of the major employers in the state of Rhode Island are in the city of Providence. There are three universities in downtown Providence and Providence College is located in the northwest part of the city. The hospital complex is located just south of downtown Providence. Theaters, Dunkin' Donuts convention center, Providence Place Mall, and numerous restaurants are within walking distance of the subject property. The subject location is well suited for young professionals, older professionals, Boston commuters, empty nesters, and students. We conclude that this is the tenant profile for the subject.

Furnished, Executive Units

Several of the properties in our survey offer furnished units for business use. The following table summarizes the availability of units at each property and rental data.

Furnished, Executive Units		
Property	Monthly Rent	Comments
Regency Plaza		
One-bedroom/one-bath	Average rent of \$2,675	Total of 49 furnished units.
Two-bedroom/one-bath	Average rent of \$2,875	All utilities and surface parking included in the rent.
Two-bedroom/two-bath	Average rent of \$3,725	Rents have not changed over the past year.
Avalon at Center Place		
One-bedroom/one-bath	Average rent of \$3,075	"Not too many" units.
Two-bedroom/two-bath	Average rent of \$3,550	All utilities and garage parking included in the rent.
Promenade at the Foundry		
One-bedroom/one-bath	\$2,200 to \$2,700	3 furnished units; reduced from 6 in 2/12. All utilities and garage parking included in the rent. Rents have not changed over the past year.
The 903		
	N/A	Ten furnished units with leasing handled by an off-site company.
The Residences Providence		
One-bedroom/one-bath	\$4,250	Ten furnished units.
Small two-bedroom	\$5,250	Demand strongest for one-bedroom units.
Large two-bedroom	\$6,250	All utilities and garage parking included in the rent. Rents increased on average 8±% from one year ago.

The rents are highest at the Residences Providence, given the amenities available through the Westin Hotel. Regency Plaza appears to be the major supplier of corporate units in downtown Providence.

The Regency Plaza offers leases as short as one month up to multiple years. Rents are the same regardless of lease length. The Residences will not lease a corporate unit for less than three months. Leases can be over a year or extend on a month-to-month basis. Rent is the same regardless of lease length.

We note that the Arcade Providence will be providing an economical option for business travelers, however these micro-lofts will most likely be used for occasional overnights or weekends, rather than more long term residency.

Given the convenient location of the subject property and based on our survey of the properties offering corporate units and the achievable rents, we recommend that a small percentage of the total subject units – from 5± to 10± percent – be offered for lease as furnished corporate units. This is supported by the limited supply in the market, the relatively high rents, and the diversity provided by another income source than traditional rental housing.

Absorption

There are a total of 134 rental units currently nearly completion in downtown Providence. There is a waiting list for the 48 micro-loft units at the Arcade Providence so these units will not compete with the subject units for absorption. There are 51 rental units at the Providence G, which will be completed in March 2013. Seven of the units have been pre-leased and the developer/owner expects that eight more will be leased by March. The target market for these units is undergraduate students (the property is located directly across from the Johnson and Wales campus) and we project that these units will also be absorbed prior to redevelopment of the subject. Fifty percent of the 35 micro-loft units being developed at 100-110 North Main Street have been pre-leased. These units will also not compete with the subject for absorption.

The mixed-use property proposed for Thayer Street will offer 102 rental units, but these units will target Brown University students. These units could provide some competition with the subject, as this property has not yet been developed.

Over the next few years, supply of rental units in downtown Providence will be reduced by 268 units, when rental units at The 903 and the Residences Providence are offered for sale. On the other hand, the supply of rental units in the Providence Metro area will be increased over the next few years upon completion of the first phases of the waterfront projects in East Providence. Three projects could bring over 1,200 total new units to the market. However, these units would not compete directly with the subject on location.

Our historic absorption data is not recent, except for absorption at Rumford Center, given the limited new supply of rental units since 2009. The addition of 23 rental units at the mixed-use mill complex known as Rumford Center, located in the village of Rumford, indicated absorption of 4± to 8± units per month. However, all of these units were pre-leased prior to completion of construction. The mill conversion properties in the greater Providence area reflected absorption rates ranging from 5± to 9± units per month in 2008-2009.

We conclude that absorption of the subject's 285 apartment units would be on average ten units per month or a total absorption period of $2.5 \pm$ years. This absorption period is based on the consultant's recommendations for unit size, mix, rent, amenities, and parking availability. In addition, the absorption rate was based on the following factors:

- the current new supply of rental units in downtown Providence (Arcade Providence, Providence G, and 100-110 North Main Street) will be absorbed by the time the subject comes to market
- the Thayer Street project will target Brown University students
- the number of downtown Providence rental units will be reduced when the units at The 903 and the Residences Providence are sold
- the potential for a significant number of rental units on the East Providence waterfront to be added to the market, but will constitute only secondary competition
- absorption at Rumford Center was $4 \pm$ to $8 \pm$ units in January 2012
- absorption at mill conversion properties was $5 \pm$ to $9 \pm$ units in 2008-2009
- demand for student housing in downtown Providence
- proximity of the subject to public transportation, highways, employment, services

Summary of Major Recommendations

The following are our primary recommendations based on the Apartment Competitive Survey.

- Subject unit sizes as follows: micro-loft – 398 SF; studio – 537 SF; one-bedroom/one-bath – 803 SF; two-bedroom/two-bath – 1,126 SF; and three-bedroom/two+ bath – 1,386 SF.
- Subject rents as follows: micro-loft - \$1,125/month; studio - \$1,325/month; one-bedroom - \$1,675/month; two-bedroom - \$2,175/month; and three-bedroom - \$2,750/month. All net of tenant electricity.
- Unit mix: even percentage of studio, one-bedroom and two-bedroom units; smaller number of three-bedroom units. Two bathrooms in two-bedroom units. Consideration should be given to including one-bedroom/one-bathroom plus den units in the mix.
- Possible configuration for subdividing or combining units in the future.
- Rental premiums of up to \$100 per month for view or floor level.
- Garage parking proximate to the property should be available at the tenant's expense.
- Unit amenities should include central air conditioning, stainless steel appliances (including microwave and dishwasher), washer/dryer combinations in the units, hardwood and tiled floors, granite kitchen and bathroom counters.
- Communal amenities should include a 24 hour fitness center, 24 hour concierge/security, and some type of outdoor space.

- Target profile will include: young professionals; single professionals; Boston commuters; students; and empty nesters. The target market will also most likely include older single persons and married couples or partners without children.
- Furnished, corporate apartments are recommended as a small percentage of the total number of units given demand in the city and the relatively high rents.
- Absorption of the 285 subject units has been projected to take 2.5± years or on average 10± units per month

APARTMENT OPERATING EXPENSES

The following tables present historic and, in one case, projected operating expenses for apartment properties. We have excluded real property taxes from our analysis. For the purposes of this market study, we have assumed that the subject tenants will be responsible for electricity.

Market Rate Comparable Expenses

Providence, RI

Landlord pays heat & hot water, tenant pays gas cooking and electric; no AC

<u>Expenses</u>	<u>2011</u>	<u>Per Unit</u>	<u>2010</u>	<u>Per Unit</u>
Property Insurance	\$7,676	\$226	\$7,153	\$210
Utilities	\$80,232	\$2,360	\$62,682	\$1,844
Maintenance*	\$76,671	\$2,255	\$69,736	\$2,051
Administrative/Prof. Fees	\$3,380	\$99	\$9,157	\$269
Management Fee	<u>\$14,895</u>	<u>\$438</u>	<u>\$10,140</u>	<u>\$298</u>
Total Expenses	\$182,854	\$5,378	\$158,868	\$4,673

34 Units

*Excludes contractor and labor expense for 2010

North Kingstown, RI, townhouse style predominantly

Landlord pays water, sewer, and trash removal

<u>Expenses</u>	<u>Thru 9/2012</u>	<u>Per Unit</u>	<u>2011</u>	<u>Per Unit</u>
Property Insurance	\$34,217	\$244	\$53,060	\$379
Utilities	\$74,911	\$535	\$98,961	\$707
Administrative	\$19,575	\$140	\$32,976	\$236
Management Fee	\$73,592	\$526	\$83,589	\$597
Repairs & Maintenance	<u>\$87,686</u>	<u>\$626</u>	<u>\$91,802</u>	<u>\$656</u>
Total Expenses	\$446,483	\$3,189	\$565,589	\$4,040

140 Units

West Warwick, RI, scattered site, 2 complexes

Landlord pays heat & hot water, tenants pay other electric and electric cooking.

<u>Expenses</u>	<u>2011</u>	<u>Per Unit</u>	<u>2010</u>	<u>Per Unit</u>
Property Insurance	\$25,181	\$300	\$17,989	\$214
Utilities	\$122,136	\$1,454	\$117,378	\$1,397
Administrative	\$9,907	\$118	\$12,303	\$146
Management Fee	\$36,410	\$433	\$31,272	\$372
Maintenance	<u>\$56,690</u>	<u>\$675</u>	<u>\$53,433</u>	<u>\$636</u>
Total Expenses	\$250,324	\$2,980	\$232,375	\$2,766

84 Units

Market Rate Apartment Comparable Expenses - Continued

North Smithfield, RI

Tenant pays electric only (gas cooking included in rent)

<u>Expenses</u>	<u>2010</u>	<u>Per Unit</u>	<u>2009</u>	<u>Per Unit</u>
Property Insurance	\$19,958	\$333	\$16,022	\$267
Utilities	\$79,808	\$1,330	\$80,132	\$1,336
Maintenance	\$173,700	\$2,895	\$140,247	\$2,337
Administrative/Prof. Fees	\$45,900	\$765	\$37,180	\$620
Management Fee	<u>\$41,608</u>	<u>\$693</u>	<u>\$42,233</u>	<u>\$704</u>
Total Expenses	\$362,984	\$6,050	\$315,814	\$5,264

60 Units

Cranston, RI

Tenant pays electric (cooking is electric)

<u>Expenses</u>	<u>2011</u>	<u>Per Unit</u>	<u>2010</u>	<u>Per Unit</u>
Property Insurance	\$17,922	\$193	\$25,737	\$277
Utilities	\$167,052	\$1,796	\$185,119	\$1,991
Maintenance	\$169,043	\$1,818	\$143,150	\$1,539
Administrative/Prof. Fees	\$148,029	\$1,592	\$135,215	\$1,454
Management Fee	<u>\$42,217</u>	<u>\$454</u>	<u>\$42,229</u>	<u>\$454</u>
Total Expenses	\$544,263	\$5,852	\$531,450	\$5,715

93 Units

Fall River, MA

Tenant pays only electric

<u>Expenses</u>	<u>2012</u>	<u>Per Unit</u>	<u>2011</u>	<u>Per Unit</u>
Property Insurance	\$20,472	\$122	\$19,300	\$115
Utilities	\$230,555	\$1,372	\$230,601	\$1,373
Maintenance	\$162,900	\$970	\$187,062	\$1,113
Payroll	\$301,196	\$1,793	\$278,570	\$1,658
Administrative	\$22,034	\$131	\$21,885	\$130
Marketing	\$16,032	\$95	\$14,116	\$84
Management Fee	<u>\$85,078</u>	<u>\$506</u>	<u>\$82,700</u>	<u>\$492</u>
Total Expenses	\$838,267	\$4,990	\$834,234	\$4,966

168 Units

Market Rate Apartment Comparable Expenses - Continued

Pawtucket, RI

Landlord pays all utilities

<u>Expenses</u>	<u>2011</u>	<u>Per Unit</u>	<u>2010</u>	<u>Per Unit</u>
Property Insurance	\$34,181	\$481	\$35,966	\$507
Utilities	\$183,166	\$2,580	\$192,234	\$2,708
Maintenance	\$117,164	\$1,650	\$100,640	\$1,417
Admin/Prof/Salaries	\$28,200	\$397	\$27,018	\$381
Management Fee	<u>\$37,851</u>	<u>\$533</u>	<u>\$38,755</u>	<u>\$546</u>
Total Expenses	\$400,562	\$5,642	\$394,613	\$5,558

71 Units

Norfolk County, MA

Landlord pays water and sewer

<u>Expenses</u>	<u>Pro-forma</u>	<u>Per Unit</u>
Property Insurance	\$48,900	\$408
Utilities	\$78,300	\$653
Maintenance	\$156,600	\$1,305
Administrative	\$19,600	\$163
Management/Prof. Fee	<u>\$107,600</u>	<u>\$897</u>
Total Expenses	\$411,000	\$5,789

120 Units

In addition to the preceding expense data, we have included a luxury apartment property in downtown Providence. The tenants are responsible for their electricity. The total operating expense per unit, excluding real property taxes, is approximately \$11,000± per unit. This expense includes heat and air conditioning, hot and cold water, sewer, common area lighting, window washing, snow removal, property insurance, landscaping, security system, trash and recycling removal, a full-time manager, a concierge desk manned 24 hours daily, a day porter, a building engineer, maintenance and clean personnel, and reserves. This per unit expense exceeds those in the preceding tables, however, reserves are included in this expense, as well as expenses for high end common amenities, which are not provided at the properties in the tables.

We have also referred to the Institute of Real Estate Management (IREM) for comparable expense data. The survey which is most comparable to the subject is that of an elevator served high rise building, in the Boston market. Eleven properties were surveyed containing a total of 2,330 apartment units. The median total operating expenses, including real property taxes, was \$7,186 per unit. After deducting the median real property tax per unit of \$1,271 from the total of \$7,186 per unit, the adjusted median operating expense without taxes is \$5,915 per unit. The majority of the properties in our analysis reflected total operating expenses, without taxes, ranging from \$5,000 to \$6,000 per unit.

We note that the IREM expenses and the comparable property expenses in the preceding tables do not include reserves. Reserves for replacement depend on the effective age of the property, the property type (high rise, low rise, multiple individual buildings, garden style), and the financing requirements, among other factors. In general, reserves range from \$250 per unit to \$350 per unit.

Based on the preceding, we conclude that operating expenses for the subject property, a downtown Providence upscale apartment building, of \$5,500 to \$6,500 per unit, including reserves but excluding real estate taxes, are reasonable.

COMMERCIAL MARKET OVERVIEW

National Office Market

The **Urban Land Institute** and **pwc** publication, ***Emerging Trends 2013***, indicates the office sector, which has been lagging other commercial property types, will finally rebound. The urban office market is considered to be “modestly good” with 47 percent of respondents rating this sector as a “buy” and only 18 percent suggesting now is the time to “sell.” The suburban office market is considered to be “fair” with only 25 percent of respondents rating this sector as a “buy” and 29 percent believing now is the time to “sell.” Office properties are benefiting from a protracted period of construction slowdown. Investors are focusing more than ever on location; with a preference for strong 24-hour downtowns and a lot of diversity. With the increased density, urban locations are generally favored over traditional suburban office parks. Energy efficient buildings are viewed favorably by tenants both because of their lower operating expenses and the positive response from their employees for going “green.” However, this sector is not entirely out of the woods. Vacancy rates remain solidly in the double digits for both urban and suburban properties. A substantial number of leases written at the peak of the market are now rolling over and many of those tenants are downsizing, negotiating lower rents or leaving projects entirely. This report also ranks 51 in real estate markets throughout the country. Providence is ranked 46, near the bottom, and is classified as a “generally poor” investment market.

The **pwc Real Estate Investor Survey, Fourth Quarter 2012**, the average capitalization rate for the CBD office market continues to decline, the tenth consecutive quarterly decline since the first quarter of 2010. The current average cap rate of 6.7± percent is the lowest reported for this market since the second quarter of 2008. Given this cap rate compression, investors are identifying assets to sell, while others are searching for select buying opportunities. Investors remain conservative with regard to rent growth expectations due to sluggish leasing in some markets. The average initial-year market rent change rate held steady this quarter. The evolving job market adds some leasing risk to this market.

Rhode Island Office Market

According to the **CBRE/New England Market Outlook 2013** report, the downtown Providence office market ended 2012 with a vacancy rate of $16\pm$ percent, slightly higher than the $15.9\pm$ percent at year end 2011. There was significant Class A absorption during 2012, leading to the lowest Class A vacancy rate in ten years. The default by a large tenant brought $104,316\pm$ square feet back on line and contributed to an increase in the Class B vacancy.

Per this report, the Financial District is Providence's largest submarket. The most notable transaction in 2012 was the renewal and expansion of Bank America at 100 Westminster Street and One Financial Plaza. The downtown Class A market has reached a stable level and landlords are less aggressive with concessions. Unlike the last four years, deal rents more closely mirror asking rents. There are still several large requirements that could impact 2013 and landlords will be watching One Citizens Plaza and the 2015 expiration of its major tenant.

Per the **CoStar Group Fourth Quarter 2012 Providence Office Market** report, the overall vacancy rate for the Rhode Island office market was $8.2\pm$ percent at the end of the fourth quarter 2012, unchanged from the vacancy rate of the previous quarter and down from $9.1\pm$ percent one year ago. Net absorption was positive $30,603\pm$ square feet for the fourth quarter, marking the third consecutive quarter with positive net absorption. Vacant sublease space remained unchanged from the previous quarter with $126,826\pm$ square feet. The average asking rent in the fourth quarter 2012 was $\$18.11\pm$ per square foot, net of tenant utilities. This represents a $4.0\pm$ percent increase from the previous quarter, which had an average asking rent of $\$17.42$ per square foot, net of tenant utilities.

Per the **CoStar Group Fourth Quarter 2012** report, the subject property is located in the Providence Metro office submarket. There are a total of 975 buildings in this market, containing $17,203,489\pm$ square feet of building area. The current vacancy rate is $7.8\pm$ percent, down from $8.5\pm$ percent one year ago. There was positive net absorption of $18,769\pm$ square feet in the fourth quarter 2012, compared with negative $46,216\pm$ square feet in the previous quarter and positive $24,217\pm$ square feet one year ago. The average asking rent was $\$20.43\pm$ per square feet, net of tenant utilities, in the fourth quarter 2012, down from $\$21.41\pm$ per square foot, net of tenant utilities, one year ago.

Per this analytic report, there are 775 office buildings in the city of Providence, containing a total of $15,197,373\pm$ square feet of area. The vacancy rate as of the fourth quarter 2012 was $7.3\pm$ percent and the year-to-date net absorption was positive $163,161\pm$ square feet. The average asking rent was $\$21.21\pm$ per square foot, net of tenant utilities.

National Retail Market

Per the annual ***pwc Emerging Trends in Real Estate 2013***, retail real estate will endure a very long recovery and a dramatic transformation in how and where people shop. The successful retailers will learn how to integrate technology into bricks and mortar stores. Landlords and tenants will need to adjust how space is priced as marketing and promotion become more important to retailers than in-store sales. Prime neighborhood retail is expected to survive, as necessity shopping for groceries and pharmacy items endures. However, just about everywhere in the U.S., there could be less retail space per capita.

Suburban retail development will not take place, but redevelopment of older malls will help them deal with the in-store/on-line challenges. Restaurants, movie theaters, and entertainment features will be vital in the mall mix to entice shoppers. Urban retail development has the most potential.

According to the ***pwc Real Estate Investor Survey, Fourth Quarter 2012***, investors in strip shopping center properties are searching for properties in select markets with strong demographics and little room for new development. Focusing on these two factors has become more important for investors in grocery-anchored centers, given the rapidly expanding grocery industry. Many big box stores and drugstores are adding grocery aisles to their stores. The cap rate range for the national strip shopping center market as of the fourth quarter 2012 ranged from 5.25% to 9.5% percent, with an average of 7.06% percent. This average is unchanged from the previous quarter and it is down ten basis points from one year ago.

Rhode Island Retail Trends

Per the ***CoStar Group Fourth Quarter 2012 Providence Retail Market*** report, the overall vacancy rate for the Rhode Island at year end 2012 was 6.4% percent, unchanged from the prior two quarters and down from 6.6% percent at year end 2011. Net absorption is basically flat, with negative 12,270± square feet in the fourth quarter 2012, compared with negative 4,908± square feet in the previous quarter. Quoted rental rates averaged \$14.49± per square foot, triple net, in the fourth quarter 2012, down from \$14.75± per square foot, triple net, in the previous quarter, but up from \$14.30± per square foot, triple net, in the fourth quarter 2011.

In the ***CoStar Group*** report, the subject property is included in the retail submarket identified as the Providence Metro market, comprised of Providence, Pawtucket, Central Falls, and North Providence. In the fourth quarter 2012, this submarket was comprised of 2,359 retail properties containing a total of 18,024,865± square feet. The overall vacancy rate was 5.0% percent in the fourth quarter 2012, up slightly from 4.9% percent in the previous quarter and down from 5.1% percent in the fourth quarter 2011. Net absorption in the Providence Metro submarket during the fourth quarter 2012 was negative 14,621± square feet, compared with positive 1,988± square feet in the previous quarter and positive 19,539± square feet in the fourth quarter 2011. The average asking rent for the Providence Metro retail submarket was \$14.65± per square foot, triple net, in the fourth quarter 2012, compared with \$14.70± per square foot, triple net, in the previous quarter and \$14.08± per square foot, triple net, one year ago.

Per this analytic report, there are 1,707 retail buildings in the city of Providence, containing a total of 12,679,819± square feet of area. The vacancy rate as of the fourth quarter 2012 was 4.6± percent and the year-to-date net absorption was negative 3,112± square feet. The average asking rent was \$14.73± per square foot, triple net.

Local Commercial Market

We conducted a **Costar Group** analysis of the office and retail market in reference to the geographic area south of Orms Street, north of Point Street, east of Interstate 95 and west of North and South Main Street, in the city of Providence. There are a total of 338 retail and office properties in this geographic area containing a total of 12,286,448± square feet. Per this report, the vacancy rate is 6± percent and the availability rate is 9± percent.

COMMERCIAL COMPETITIVE SUPPLY

Comparable Office Rental Data

We have presented comparable office rental data for properties in downtown Providence in the following tables.

COMPARABLE OFFICE RENTAL #1	
ADDRESS:	100 Westminster Street Providence, RI
TENANT:	Bank of America
COMMENCEMENT:	May 2013
LEASED AREA:	19,000± square feet
LEASE TERM:	Eight years
LEASE RATE:	\$26.50± per square foot
EXPENSE BASIS:	Net of tenant electric and increases in base year property taxes and utilities.
COMMENTS:	This is an expansion of the space that Bank of America is already occupying in this building, estimated at 50,000± square feet. The 390,000± square foot, Class A 20-story office tower was constructed in 1983. It is located between Westminster Street and Kennedy Plaza. The building includes a parking garage offering 100 parking spaces.

COMPARABLE OFFICE RENTAL #2

ADDRESS:	10 Weybosset Street Providence, RI
TENANT:	a) Roberts, Carroll, Feldstein & Pierce b) LGC & D
LEASED AREA:	a) 12,960± square feet b) 12,920± square feet
LEASE TERM:	a) Five years; commenced May 2012 b) Five years; commenced July 2011
RENTAL RATE PER SQUARE FOOT:	a) Effective rent of \$23.30± per square foot b) Effective rent of \$24.70± per square foot
EXPENSE BASIS:	a) and b) Net of increases in base year taxes and operating expenses, and net of electric.
COMMENTS:	This is office space in a 10-story Class B office building located in the Financial District. The building was constructed in 1896 and renovated in the 1980s. Tenants can rent parking spaces at rates from \$165 to \$195 per month on surface lots in the vicinity, under the same ownership as the office building.

COMPARABLE OFFICE RENTAL #3

ADDRESS:	One Financial Plaza Providence, RI
TENANT:	Confidential
LEASED AREA:	9,000± square feet (approximate)
LEASE TERM:	10 years; 2012
RENTAL RATE PER SQUARE FOOT:	Effective rent of \$31.00± per square foot
EXPENSE BASIS:	Net of tenant electric
COMMENTS:	<p>This space is mid-level within this Class A 30-story office tower. This deal is a renewal/expansion of an existing tenant. The landlord did not complete any work to the existing space, but completely renovated the expansion space, spending \$15±/SF on TI's on a blended basis. Rent starts out in the upper \$20's per SF and escalates to the mid \$30's per SF over time, resulting in an average of \$31± per SF. By renewing prior to the end of the existing term, the tenant is also receiving a break on their existing rent.</p> <p>Asking rents for this building currently range from \$28/SF to \$32/SF, net of tenant electric. There is no parking associated with this building. There is an on-site fitness center which is free for building tenants.</p>

COMPARABLE OFFICE RENTAL #4

ADDRESS:	Confidential Providence, RI
TENANT:	Confidential
LEASED AREA:	Confidential
LEASE TERM:	12 years; commenced in November 2012
RENTAL RATE PER SQUARE FOOT:	Effective rent of \$16.67± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This is a downtown Class A office property in which the tenant occupies the entire building. There is parking associated with this property.

COMPARABLE OFFICE RENTAL #5

ADDRESS:	GTECH Center Providence, RI
TENANT:	a) Available b) Greater Providence/Warwick Convention Bureau c) Rockland Trust Company
LEASED AREA:	a) 14,924± square feet available for lease; 8,000 SF contiguous b) 5,889± square feet c) 3,623± square feet
LEASE TERM:	a) Negotiable b) 10.5 years; commenced November 2012 c) 5.5 years; commenced in August 2011
RENTAL RATE PER SQUARE FOOT:	a) Asking rent of \$34.95± per square foot b) Effective rent of \$22.00± per square foot c) Effective rent of \$33.88± per square foot
EXPENSE BASIS:	a) Net of tenant electric b and c) Net of tenant electric and increases in base year taxes and expenses
COMMENTS:	This Class A 10-story building was constructed in 2006 and is the world headquarters for GTECH. There is a three-level public parking garage above ground level retail. The property is located near the commuter rail station, at an interchange with Interstate 95 and directly across from the Providence Place Mall.

COMPARABLE OFFICE RENTAL #6

ADDRESS:	500 Exchange Street Providence, RI
TENANT:	a) Available b) Providence Investment Management
LEASED AREA:	a) 10,000± square feet available for lease b) 10,356± square feet
LEASE TERM:	a) Negotiable b) Six and one quarter years; commenced July 2011
RENTAL RATE PER SQUARE FOOT:	a) Asking rent of \$33.00± per square foot b) \$29.50± per square foot
EXPENSE BASIS:	Net of tenant electric
COMMENTS:	This Class A office tower is the newest building in downtown Providence. It was a build-to-suit for Blue Cross Blue Shield in 2008. The building is LEED certified and there is an on-site parking garage, fitness center, cafeteria and conference/media room. The building is located in the heart of the city, proximate to the commuter rail station, State House and Providence Place Mall.

COMPARABLE OFFICE RENTAL #7

ADDRESS:	40 Westminster Street Providence, RI
TENANT:	a) Mancosh Management b) Forensic Risk Alliance
COMMENCEMENT:	a) April 2012 lease extension b) February 2013
LEASED AREA:	a) 2,180± square feet b) 7,942± square feet
LEASE TERM:	a) 1.5 years b) Five years
LEASE RATE:	a) \$22.50± per square foot b) Effective rent of \$22.50± per square foot
EXPENSE BASIS:	a) Net of light and plugs b) Net of increases in base year taxes and operating expenses, and net of electric.
COMMENTS:	The first comparable rent is a lease extension for an existing tenant in this 23-story Class A office tower. The tenant has access to two underground parking spaces at \$235 per month. The second tenant was provided with TIs of \$22/SF and received four parking spaces at \$235/month. Asking rent for this building is \$23.00 per square foot.

COMPARABLE OFFICE RENTAL #8

ADDRESS:	400 Westminster Street Providence, RI
TENANT:	Providence Business News
COMMENCEMENT:	August 2011
LEASED AREA:	6,000± square feet
LEASE TERM:	5 years
LEASE RATE:	\$18.00± per square foot
EXPENSE BASIS:	Net of utilities with a BY stop.
COMMENTS:	This office tenant is located on the 6 th floor of the building. The landlord delivered the space on a turnkey basis, the broker estimates they spent \$20±/SF. There is no parking provided at this building.

COMPARABLE OFFICE RENTAL #9

ADDRESS:	10 Dorrance Street Providence, RI
TENANT:	a) Timbar b) Allstate
LEASED AREA:	a) 6,225± square feet b) 3,074± square feet
LEASE TERM:	a) Five years; rent commences May 2013 b) Five years plus two months; rent commences July 2013
RENTAL RATE PER SQUARE FOOT:	a) Effective rent of \$22.00± per square foot b) Effective rent of \$19.50± per square foot
EXPENSE BASIS:	a) and b) Net of increases in base year taxes and operating expenses, and net of electric.
COMMENTS:	This is office space in an office over commercial building located on Kennedy Plaza in downtown Providence. The first tenant received TIs of \$20/SF and the second tenant received TIs of \$22.15/SF. There is no parking associated with this building. Asking rent is \$19.50± per square foot.

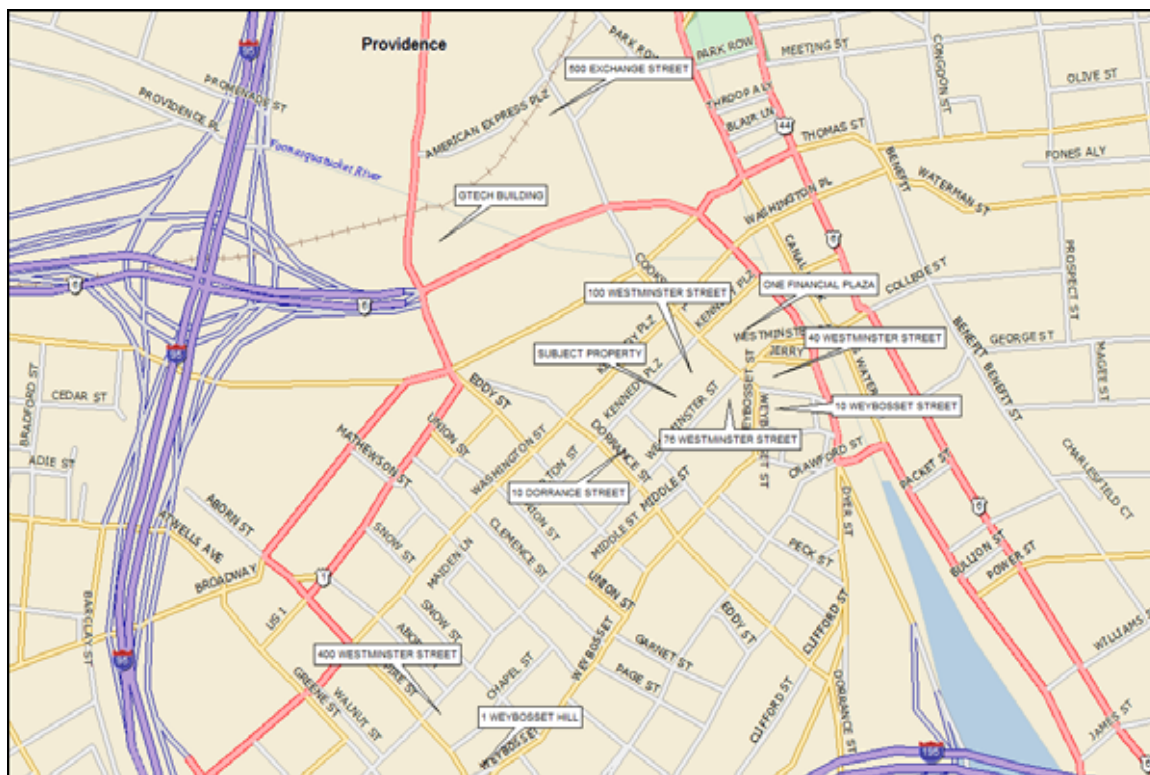
COMPARABLE OFFICE RENTAL #10

ADDRESS:	Turk's Head Building 76 Westminster Street Providence, RI
TENANT:	Leadership Development Worldwide
LEASED AREA:	1,664± square feet
LEASE TERM:	Five years, commenced September 2010
RENTAL RATE PER SQUARE FOOT:	Effective rent of \$21.40± per square foot
EXPENSE BASIS:	Net of tenant electric
COMMENTS:	This is space within a 16-story 150,000± square foot historic office building on the corner of Westminster Street and Weybosset Street. The tenant received a turnkey suite. The lease includes the option to rent two spaces in the Pine Street parking garage at the discounted rate of \$185 per month.

COMPARABLE OFFICE RENTAL #11

ADDRESS:	1 Weybosset Hill Providence, RI
TENANT:	Johnson and Wales University
LEASED AREA:	17,000± square feet
LEASE TERM:	Five years, will commence in May 2013
RENTAL RATE PER SQUARE FOOT:	\$19.45± per square foot
EXPENSE BASIS:	Net of utilities, janitorial and parking
COMMENTS:	This is the lease of space in a seven-story office building that was constructed circa 1971. The landlord did not provide any TIs for this space, but provided the tenant with one month free rent. Rent starts at \$19.45/SF and escalates by \$0.50/SF each year. The tenant is not provided with parking and is required to pay an additional \$125 per month for parking available in a garage and \$115 per month for parking on the deck.

COMPARABLE OFFICE RENTAL LOCATION MAP



The preceding office rents range from an effective rent of \$16.67± per square foot, triple net, for a large block of space in a downtown office building to an asking rent of \$34.95± per square foot, net of tenant electric for 14,924± square feet in the GTECH building. Some of the office buildings have parking garages and the GTECH building (three-level public parking garage).

Based on the location of the subject property and its utility (assuming updating of office space for new tenants), we conclude that market rent for mid-sized office suites would be in the range of \$25.00± per square foot, net of tenant electric. This rent does not consider any on-site parking for the tenant.

Our market analysis indicates that the national CBD office market is doing better than the suburban office market, although the Rhode Island market is ranked No. 46 out of 51 national real estate investment markets. Class A office space in downtown Providence reflects relatively low vacancy rates. In fact the current vacancy rate is the lowest Class A vacancy rate in ten years. According to a CBRE market outlook report, the downtown Class A market has reached a stable level and deal rents most closely mirror asking rents. However, it is noted that the 2015 expiration of the major tenant's lease at One Citizen Plaza will most likely have an impact on the CBD office market.

Comparable Retail Rental Data

We have presented comparable retail rental data for properties in downtown Providence in the following tables.

COMPARABLE RETAIL RENTAL #1

ADDRESS:	10 Dorrance Street Providence, RI
TENANT:	Quickly USA
COMMENCEMENT:	April 2012
LEASED AREA:	2,900± square feet
LEASE TERM:	10 years
LEASE RATE:	Effective rent over the lease term of \$27.63± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This is first floor space in an office over commercial building on the northeast corner of Westminster Street and Dorrance Street. The space has frontage on both streets, and it was previously occupied by Tim Horton's. The new tenant is the world's largest Asian fast food restaurant chain, with U.S. shops primarily in California and New York. The tenant took the space "as is." There is no parking associated with this space.

The asking rent for a 2,000 SF ground floor corner unit, located at the signalized intersection of Dorrance Street and Westminster Street, is \$29/SF, triple net.

COMPARABLE RETAIL RENTAL #2

ADDRESS:	146 Westminster Street Providence, RI
TENANT:	Available
COMMENCEMENT:	Negotiable
LEASED AREA:	4,650± square feet
LEASE TERM:	Negotiable
LEASE RATE:	Asking rent of \$25.00± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This is the first floor unit of a 5-story office building, with the unit on the corner of Westminster and Orange Streets. The windows are oversized and there are two on-site parking spaces for this tenant. The first floor was historically occupied by a bank and there is still a vault in the unit. The space is tired and would require updating and perhaps reconfiguration. TIs are negotiable.

COMPARABLE RETAIL RENTAL #3

ADDRESS:	The Arcade 130 Westminster Street Providence, RI
TENANT:	17 retail units and three restaurants
COMMENCEMENT:	Available March 2013
LEASED AREA:	Average 400± square feet
LEASE TERM:	Negotiable
LEASE RATE:	\$1,000 per month, which equates to \$30.00± per square foot, using an average unit size of 400 SF
EXPENSE BASIS:	Net of heat and electricity, as well as increases over base year CAM
COMMENTS:	This historic building is undergoing rehabilitation and renovation for micro-loft units on the second and third floors and retail/restaurant use on the first floor. It was historically an indoor retail mall. The majority of the retail units have been pre-leased and the three restaurant units are under negotiation. The profile of the retail tenants varies widely, but will most likely include new retailers testing their products in brick and mortar shops. There is no parking associated with this property.

COMPARABLE RETAIL RENTAL #4

ADDRESS:	170 Westminster Street Providence, RI
TENANT:	The Dorrance
COMMENCEMENT:	December 2011
LEASED AREA:	7,195± square feet (5,395 SF first floor & 1,800 SF mezzanine level)
LEASE TERM:	5 years
LEASE RATE:	Effective rent over the lease term of \$18.50± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This is restaurant space in the Union Trust Building which is located on the southeast corner of Westminster and Dorrance Streets. The net rentable area does not include basement level space, where there is a kitchen and storage space. The tenant was given an allowance of \$100,000 for renovating the space plus the landlord was responsible for replacing the water heater, repairing the bathrooms in the basement, and repairing leaks in the mezzanine ceiling, as well as other routine deferred maintenance. There is no parking associated with this restaurant.

COMPARABLE RETAIL RENTAL #5

ADDRESS:	143 Westminster Street Providence, RI
TENANT:	Dunkin' Donuts
COMMENCEMENT:	November 2011
LEASED AREA:	2,000± square feet
LEASE TERM:	7 years
LEASE RATE:	\$18.00± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This building is located on the northwest corner of Westminster and Arcade Streets. Although this building also fronts on Kennedy Plaza, the Dunkin' Donuts space does not extend to Kennedy Plaza. There is no on-site parking associated with this building.

COMPARABLE RETAIL RENTAL #6

ADDRESS:	180 Westminster Street Providence, RI
TENANT:	TD Bank
COMMENCEMENT:	August 2010
LEASED AREA:	9,766± square feet
LEASE TERM:	20 years; three five year options
LEASE RATE:	Effective rent over the lease term of \$33.12± per square foot
EXPENSE BASIS:	Triple net
COMMENTS:	This is first floor space in an office over commercial building on the corner of Westminster Street and Dorrance Street. The landlord was responsible for lead and asbestos clean-up, demolition of walls, a new storefront, upgrading the electrical system, new HVAC, while the tenant will be responsible for the interior finish. There is no parking associated with this property. The rent for the first five years is \$30.50/SF and the rent escalates 10% every five years.

COMPARABLE RETAIL RENTAL #7

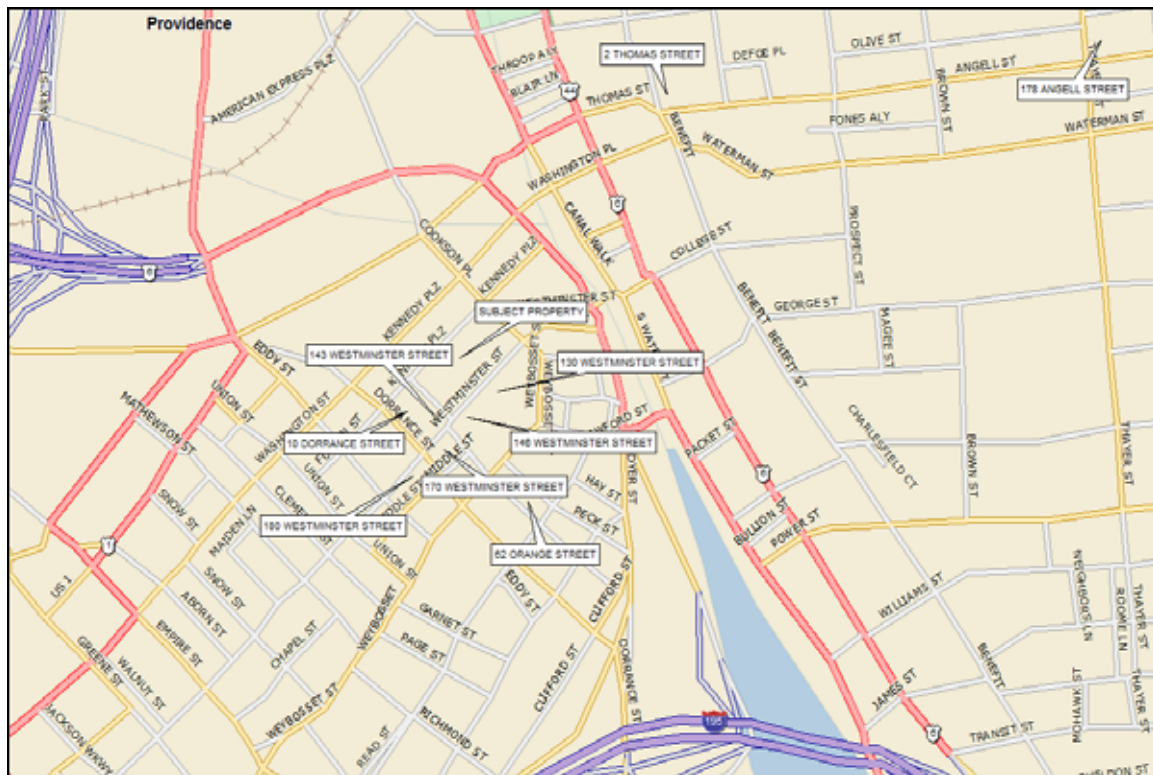
ADDRESS:	2 Thomas Street Providence, RI
TENANT:	Café Choklad
COMMENCEMENT:	Lease extension in 2010
LEASED AREA:	1,054± square feet
LEASE TERM:	Extension is through July 2013.
LEASE RATE:	\$33.75± per square foot
EXPENSE BASIS:	Net of increase in base year taxes and CAM, and tenant utilities
COMMENTS:	This is the lease of a ground level, retail condominium unit, located on the signalized corner of Thomas Street and North Main Street. This is a heavy pedestrian area, located at the base of "College Hill" and near Brown University and RISD. There is no parking associated with this space.

COMPARABLE RETAIL RENTAL #8

ADDRESS:	178 Angell Street Providence, RI
TENANT:	Chipotle Mexican Grill
COMMENCEMENT:	January 2011
LEASED AREA:	1,514± square feet plus free use of basement space
LEASE TERM:	Ten years
LEASE RATE:	Effective rent of \$86±/SF; current rent of \$77±/SF
EXPENSE BASIS:	Net of tenant utilities and pro-rata CAM, plus increases in base year taxes.
COMMENTS:	This restaurant unit is at the corner of Angell and Thayer Streets in the “College Hill” area of Providence. The Wheeler school is in the neighborhood and Brown University campus is to the south. Thayer Street in this location is a prime retail destination. There are four five-year options with percentage rent beginning in the first year of the first option period. There is no parking associated with this property.

COMPARABLE RETAIL RENTAL #9

ADDRESS:	62 Orange Street Providence, RI
TENANT:	The Congress Tavern
COMMENCEMENT:	October 2011
LEASED AREA:	1,700± square feet
LEASE TERM:	Ten years
LEASE RATE:	\$16.00± per square foot with CPI increase after five years
EXPENSE BASIS:	Triple net
COMMENTS:	This restaurant unit is located between Weybosset and Pine Streets, across from the Providence G redevelopment project. The landlord spent \$60,000 on long overdue HVAC, rough electrical, and rough plumbing upgrades to the space that would be required for any user, and the tenant sanded the existing hardwood floors that had been protected by commercial carpeting and built out the space for their needs including all FF&E at their expense. There is no on-site parking.

COMPARABLE RENTAL PROPERTIES LOCATION MAP

The preceding retail rents range from \$16.00± per square foot, triple net, for a 1,700± square foot retail unit on Orange Street in which the tenant did all of the build-out for restaurant use to a current rent of \$77.00± per square foot, triple net, for a 1,514± square foot unit leased by Chipotle Mexican Grill on Thayer Street in a prime retail neighborhood. None of the downtown Providence retail properties in our survey provide parking. Based on the location of the subject property and its utility (assuming new vanilla box for retail tenants), we conclude that market rent would range from \$20.00± to \$25.00± per square foot, triple net.

Our market analysis indicates that the rapid compression in cap rates for national retail properties has ended, as the most current average cap rate was only ten basis points lower than one year ago. The ***pwc Emerging Trends in Real Estate 2013*** report indicated that urban retail development provides the most potential. According to ***CoStar Group*** reports, the vacancy rates in the downtown Providence and the Providence Metro retail markets are relatively low, averaging about 4.6± to 5.0± percent. The quoted average rent for the Providence Metro retail market in the fourth quarter 2012 was up from one year ago.

COMMERCIAL OPERATING EXPENSES

The following tables present operating expenses for downtown Providence office properties. The expenses do not include reserves for replacement.

Comparable Expenses for Downtown Providence Office Buildings

<u>Expenses</u>	Projected		<u>2011</u>	<u>Per SF</u>
	<u>2012</u>	<u>Per SF</u>		
Property Insurance	\$28,170	\$0.38	\$28,170	\$0.38
Utilities	\$178,627	\$2.44	\$210,627	\$2.87
Maintenance	\$206,682	\$2.82	\$206,682	\$2.82
Building Security	\$35,300	\$0.48	\$35,300	\$0.48
Professional Fees	\$7,016	\$0.10	\$7,016	\$0.10
Miscellaneous	\$10,425	\$0.14	\$35,375	\$0.48
Management Fee	<u>\$46,800</u>	<u>\$0.64</u>	<u>\$46,800</u>	<u>\$0.64</u>
Total Expenses	\$513,020	\$7.00	\$569,970	\$7.78
	73,290 SF			

<u>Expenses</u>	<u>2011</u>		<u>2010</u>	<u>Per SF</u>
	<u>2011</u>	<u>Per SF</u>		
Property Insurance	\$5,315	\$0.25	\$8,287	\$0.39
Utilities	\$60,120	\$2.81	\$51,432	\$2.40
Maintenance	\$24,997	\$1.17	\$45,976	\$2.15
Cleaning	\$15,346	\$0.72	\$13,791	\$0.64
Professional Fees	\$11,320	\$0.53	\$15,275	\$0.71
Management Fee	<u>\$0</u>	<u>\$0.00</u>	<u>\$0</u>	<u>\$0.00</u>
Total Expenses	\$117,098	\$5.47	\$134,761	\$6.30
	21,400 SF			

<u>Expenses</u>	Projected		<u>2010</u>	<u>Per SF</u>
	<u>2011</u>	<u>Per SF</u>		
Property Insurance	\$47,000	\$0.35	\$49,222	\$0.36
Utilities	\$235,000	\$1.73	\$249,254	\$1.84
Administrative	\$68,700	\$0.51	\$58,963	\$0.44
Management Fee	\$119,500	\$0.88	\$119,500	\$0.88
Maintenance	<u>\$444,800</u>	<u>\$3.28</u>	<u>\$420,743</u>	<u>\$3.10</u>
Total Expenses	\$915,000	\$6.75	\$897,682	\$6.62
	135,512 SF			

<u>Expenses</u>	<u>2010</u>	<u>Per SF</u>	<u>2009</u>	<u>Per SF</u>
Property Insurance	\$24,771	\$0.45	\$24,951	\$0.46
Utilities	\$118,398	\$2.16	\$135,429	\$2.47
Professional Fees	\$16,366	\$0.30	\$9,455	\$0.17
Administrative	\$5,146	\$0.09	\$9,455	\$0.17
Payroll	\$129,492	\$2.37	\$126,649	\$2.31
Management Fee	\$36,000	\$0.66	\$36,000	\$0.66
Maintenance	<u>\$115,777</u>	<u>\$2.11</u>	<u>\$155,323</u>	<u>\$2.84</u>
Total Expenses	\$445,950	\$8.15	\$497,262	\$9.08
54,750 SF				

The preceding operating expenses for downtown Providence office properties ranged from \$5.47± per square foot to \$9.08± per square foot of building area. The median expense per square foot is \$6.88± and the average expense per square foot is \$7.14±. These expenses do not include real property taxes or reserves. Based on the preceding, we conclude that operating expenses of \$7.25/SF, excluding reserves and taxes, are supported by our primary research. Per *pwc Real Estate Investor Survey Fourth Quarter 2012*, investors use a replacement reserve for the CBD office market ranging from \$0.15/SF to \$0.50/SF. Based on the preceding, we have added reserves of \$0.25/SF to result in total operating expenses of \$7.50± per square feet, excluding real property taxes.

We also referred to the 2012 *BOMA Experience Exchange Report* for operating expense data. The data for the city of Providence involves seven office buildings containing a total of 561,653± square feet of building area. The following table presents the summary of the report. More detailed information is included in the Addenda.

		Dollars/SF		Range	
		Average	Median	Low	High
Operating Expenses	*	\$8.14	\$8.44	\$8.01	\$9.99
Cleaning		\$1.61	\$1.40	\$0.94	\$1.46
Repair/Maintenance		\$2.25	\$2.26	\$2.19	\$2.50
Utilities		\$2.31	\$1.72	\$1.16	\$2.56
Roads/Grounds		\$0.62	\$0.38	\$0.33	\$0.57
Security		\$0.05	\$0.05	\$0.04	\$0.09
Administrative		\$1.07	\$2.30	\$0.99	\$3.11
Real Property Taxes		\$2.75	\$3.19	\$2.46	\$3.75

*Excluding taxes and building insurance

The survey results indicated a median operating expense of \$8.14/SF and an average operating expense of \$8.44/SF. The range was from \$8.01/SF to \$9.99/SF. The operating expenses did not include building insurance or reserves. Based on the BOMA data, we conclude total operating expenses, excluding taxes, building insurance and reserves, of \$8.25/SF. We have added in building insurance of \$0.35/SF and reserves of \$0.25/SF to result in a total of \$8.85/SF, excluding taxes.

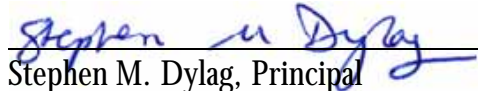
Based on the preceding, we conclude that total operating expenses, excluding property taxes but including reserves, would most likely be somewhere in the range of \$8.00/SF to \$8.50/SF.

CERTIFICATION

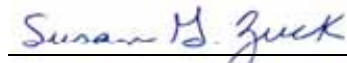
We certify that, to the best of our knowledge and belief:

- The statements of fact reported and used in the valuation process are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The opinions of value found within were not based upon a requested minimum valuation, a specific valuation, or the approval of a loan;
- No one provided significant real property appraisal assistance to the undersigned.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- Our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the ***Code of Professional Ethics*** and ***Standards of Professional Appraisal Practice*** of The Appraisal Institute, and the ***Uniform Standards of Professional Appraisal Practice (USPAP)*** as promulgated by the Appraisal Foundation;
- As of the date of this report, Stephen M. Dylag and Susan G. Zuck have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Candidate for Designation and/or Affiliate;
- This report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- Our engagement was not contingent upon developing or reporting pre-determined results;

- We have not performed appraisal services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.



Stephen M. Dylag, Principal
Certified General Real Estate Appraiser – Rhode Island #CGA.0A00280
Expires: 10/22/14



Susan G. Zuck, Vice President
Certified General Real Estate Appraiser – Rhode Island #CGA.0A00855
Expires: 11/28/13

STATEMENT OF GENERAL AND LIMITING CONDITIONS

This report has been prepared under the following assumptions and limiting conditions:

- Information furnished by others is assumed to be true, factually correct, and reliable. No effort has been made to verify such information and no responsibility for its accuracy is assumed by the appraiser. *Should there be any material error in the assumptions in this report, the results of this report are subject to review and revision.*
- All mortgages, liens and encumbrances (except lease documents) have been disregarded unless so specified within this report. The subject property is analyzed as though under responsible ownership and competent management. It is assumed in this analysis that there were no hidden or unapparent conditions of the property, subsoil, or proposed structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them. No responsibility is assumed for legal matters existing or pending, nor is opinion rendered as to title, which is assumed to be good and merchantable.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is noted.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the analysis.
- It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the opinions of value contained in this report are based.
- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The appraiser assumed that there is no hazardous waste contaminating the subsoils. The appraiser is not qualified to detect such substances on the property or to evaluate the effect of such substances on the value of the property.
- Unless prior arrangements have been made, the appraiser, by reason of this report, is not required to give further consultation or testimony, or to be in attendance in court with reference to the property that is the subject of this report.
- The conclusions apply only to the property specifically identified and described herein.

- The appraiser has made no legal survey nor have they commissioned one to be prepared. Therefore, reference to a sketch, plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.
- Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute.
- The signatory of this appraisal is a fully qualified commercial appraiser who has been involved in the valuation and/or review of many similar properties. The education and experience in valuing and reviewing similar properties satisfies the competency provision of USPAP.
- The analysis and recommendations reflect future outcomes, based on economic and market conditions as of January 25, 2013. Neither Keystone Consulting Group, nor the individual consultants, can be held responsible for unforeseeable future events that alter future market conditions.

ADDENDA

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ENGAGEMENT LETTER

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KEYSTONE CONSULTING GROUP

Keystone File No. 13-029m

January 9, 2013

Mr. Eric Busch
Rustpoint Advisory, LLC
Pawtuxet, RI

RE: Market study examining the proposed redevelopment of 111 Westminster Street,
Providence, Rhode Island.

Dear Mr. Busch:

This letter serves as a formal engagement letter between you as representative of the property owner, and Keystone Consulting Group (KCG), to have KCG perform a market study for the referenced property. The market study will examine professional office use, retail use, and rental apartment use at the subject and will cover and report on demographic, employment growth, population, income information, competitive and comparable properties and their attributes, achievable market rents for professional office space, retail space, and standard and premium rental apartments at 111 Westminster Street, and occupancy levels. Our study will include information on the most comparable projects on a city wide basis, including rental rates, complex size, on-site amenities, and absorption.

As outlined in your request for proposal, the scope of work will include:

1. Select a comparable set for market rate apartments; with a focus on premium units in central Providence. Our survey will exclude: Westminster Lofts (Peerless Building, the Smith Building, the Burgess-O'Gorman Building, the Wilkinson Building, and the Alice Building) Westminster Street, Providence.

We will consider that basic unit type square footage may be as follows within the subject property (approximate):

Microstudios:	445 SF
Studios:	500 SF
One Bedrooms:	775 SF
Two Bedrooms:	1,025 SF
Two Bedroom (+):	1,250 SF

P 508.699.7777
F 508.699.7728

299 Chestnut Street
North Attleboro, MA 02760

2. Identify the target market (who is renting these comparable units? (empty-nesters, young professionals, Boston commuters, etc.).
3. Provide data to support an approximate, optimal unit mix - for both immediate occupancy and over a period of ten or more years.
4. Provide data to help determine the market for larger (2 bedroom or more), premium units.
5. Outline basic amenities and finish levels in the comparable apartments.
6. Identify any corporate apartment operators in the market and the opportunity for such. If there is an opportunity, we will discuss the criteria for leasing blocks of units.
7. Provide information to help determine the ability to isolate premium versus standard units on different floors.
8. Describe the criticality of parking on-site/adjacent (how important? identify basic parking ratios and additional cost/fees, proximity).
9. Provide data to help determine the potential absorption rate for 285 units, given listed assumptions.
10. Describe other planned comparable product in planning or development and the known pipeline of supply.
11. Provide comparable rental data for comparable retail and office units in Providence.
12. Provide comparable operating expenses, without real estate taxes, for commercial and residential projects.

The report will be presented in a summary format. I will provide you with four hard copies of the final report and an electronic copy in PDF format.

The report will comply with the Uniform Standards of Professional Appraisal Practice, and the Appraisal Institute's Standards of Professional Appraisal Practice and Code of Professional Ethics.

The proposed fee for this study will not exceed [REDACTED]. A retainer of [REDACTED] is due at the start of the assignment and payment in full is due within 30 days of our delivery of the report to you. A late fee equal to 1% of the original invoiced amount will be assessed each month for unpaid balances beyond 30 days.

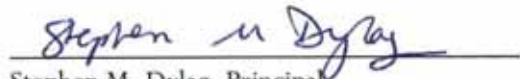
We will deliver a draft copy of the study within 4 weeks or 20 complete business days from the date of engagement. We will be available immediately to discuss the draft and address issues raised by your review.

The intended users of the report will be you, the owner, and the development team. The intended use is to assist in project planning and feasibility analysis.

I can be reached at (508) 699-7777, x 101 with any questions or concerns, and my email address is sdylag@KeystoneNE.com. Please sign below indicating your authorization to proceed, and return a signed copy to my attention at our North Attleboro address.

Sincerely,

KEYSTONE CONSULTING GROUP



Stephen M. Dylag, Principal

Certified General Real Estate Appraiser – Rhode Island #CGA.0A00280

Expires: 10/22/14

CONFIRMATION AND AUTHORIZATION TO PROCEED:

Eric Busch

Date

/SMD:nwc

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SUBJECT EXHIBITS

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BOMA EER REPORT 2012

Experience Exchange Report ®

Report Year:	2011	Sector:	All Sectors	Building Size:	All Sizes	Unit of Measure:	Square Feet
Country:	USA	Building Type:	All Functions	Public Transit:	Any Proximity	Location:	All Locations
Market:	Providence, RI	Ownership Type:	All Types	All Electric:	Any	Building Age:	All Ages
Zip Code:	Any Zip Code	Number of Floors:	All Heights	Agency Managed:	Any	Property Class:	All Property Classes
% Gov't Tenants:	All Occupancy Ranges	% 24/7 Tenants:	All Occupancy Ranges	% Pvt. Tenants:	All Occupancy Ranges	Energy STAR Certified?	Any
				BOMA 360 Designated?	Any	LEED Achievement Level:	All LEED Certifications

Income and Expense Overview - 2011											Income and Expense Overview - Trend Data 2011										
	Total Building Rentable Area					Total Office Rentable Area					Total Building Rentable Area					Total Office Rentable Area					
	# Bldgs	561,653 Sq. Ft.				561,318 Sq. Ft.					# Bldgs	561,653 Sq. Ft.				561,318 Sq. Ft.					
		Dollars/S.F.		Mid Range		Dollars/S.F.		Mid Range				Dollars/S.F.		Mid Range		Dollars/S.F.		Mid Range			
		Avg	Mdn	Low	High	Avg	Mdn	Low	High			Avg	Mdn	Low	High	Avg	Mdn	Low	High		
Income											Income										
Total Rental Income	5	15.94	14.98	14.54	16.85	15.99	14.98	14.61	16.95		Total Rental Income	5	15.94	14.98	14.54	16.85	15.99	14.98	14.61	16.95	
Total Income	5	17.62	17.94	16.22	18.76	17.68	18.04	16.30	18.76		Total Income	5	17.62	17.94	16.22	18.76	17.68	18.04	16.30	18.76	
Expense											Expense										
Total Oper Exp	7	8.14	8.44	8.01	9.99	8.15	8.48	8.01	9.99		Total Oper Exp	7	8.14	8.44	8.01	9.99	8.15	8.48	8.01	9.99	
Total Oper + Fixed Exp	7	8.66	11.62	9.15	13.25	8.67	11.62	9.17	13.25		Total Oper + Fixed Exp	7	8.66	11.62	9.15	13.25	8.67	11.62	9.17	13.25	
Income and Expense Summary - 2011											Income and Expense Summary - Trend Data 2011										
Income											Income										
Office Rent	5					16.20	14.19	13.98	16.95		Office Rent	5					16.20	14.19	13.98	16.95	
Retail Rent											Retail Rent										
Other Rent											Other Rent										
Telecom Income											Telecom Income										
Miscellaneous Income	5	1.23	1.09	0.32	1.68						Miscellaneous Income	5	1.23	1.09	0.32	1.68					
Expense											Expense										
Cleaning	6	1.61	1.40	0.94	1.46	1.61	1.40	0.94	1.47		Cleaning	6	1.61	1.40	0.94	1.46	1.61	1.40	0.94	1.47	
Repair / Maintenance	7	2.25	2.26	2.19	2.50	2.25	2.27	2.19	2.50		Repair / Maintenance	7	2.25	2.26	2.19	2.50	2.25	2.27	2.19	2.50	
Utility	7	2.31	1.72	1.16	2.56	2.32	1.72	1.16	2.56		Utility	7	2.31	1.72	1.16	2.56	2.32	1.72	1.16	2.56	
Roads / Grounds	6	0.62	0.38	0.33	0.57	0.62	0.38	0.34	0.57		Roads / Grounds	6	0.62	0.38	0.33	0.57	0.62	0.38	0.34	0.57	
Security	7	0.05	0.05	0.04	0.09	0.05	0.05	0.04	0.09		Security	7	0.05	0.05	0.04	0.09	0.05	0.05	0.04	0.09	
Administrative	5	1.07	2.30	0.99	3.11	1.07	2.30	0.99	3.13		Administrative	5	1.07	2.30	0.99	3.11	1.07	2.30	0.99	3.13	
Fixed	5	2.75	3.19	2.46	3.75	2.76	3.19	2.46	3.78		Fixed	5	2.75	3.19	2.46	3.75	2.76	3.19	2.46	3.78	
Directly Expensed											Directly Expensed										
Amortized Leasing											Amortized Leasing										
Parking											Parking										
Telecom											Telecom										

Experience Exchange Report ®

Report Year:	2011	Sector:	All Sectors	Building Size:	All Sizes	Unit of Measure:	Square Feet
Country:	USA	Building Type:	All Functions	Public Transit:	Any Proximity	Location:	All Locations
Market:	Providence, RI	Ownership Type:	All Types	All Electric:	Any	Building Age:	All Ages
Zip Code:	Any Zip Code	Number of Floors:	All Heights	Agency Managed:	Any	Property Class:	All Property Classes
% Gov't Tenants:	All Occupancy Ranges	% 24/7 Tenants:	All Occupancy Ranges	% Pvt. Tenants:	All Occupancy Ranges	Energy STAR Certified?	Any
				BOMA 360 Designated?	Any	LEED Achievement Level:	All LEED Certifications

Income and Expense Detail - 2011

	Total Building Rentable Area					Total Office Rentable Area				
	# Bldg	Dollars/S.F.		Mid Range		# Bldg	Dollars/S.F.		Mid Range	
		Avg	High	Low	High		Avg	High	Low	High
Income										
Office Rent										
Base Rent	5					15.31	14.64	13.63	15.99	
Pass Throughs										
Escalators										
Lease Cancellations										
Rent Abatements (-)										
Telecom Income										
Rooftop Income										
Wire/Buyer Access										
Miscellaneous										
Gross Parking Income										
Tenant Service Income										
Other Misc. Income										
Expense										
Cleaning										
Payroll, Taxes, Fringes										
Routine Contracts	6	1.38	0.39	0.20	1.34	1.38	0.39	0.20	1.34	
Window Washing										
Other Specialized										
Supplies / Materials	5	0.13	0.11	0.08	0.15	0.13	0.11	0.08	0.15	
Trash Removal /	7	0.09	0.15	0.10	0.17	0.09	0.15	0.10	0.17	
Miscellaneous / Other										
Repair /										
Payroll, Taxes, Fringes	7	0.61	0.62	0.56	0.74	0.61	0.62	0.56	0.74	
Elevator										
HVAC	6	0.56	0.67	0.49	0.72	0.56	0.67	0.49	0.72	
Electrical	6	0.48	0.16	0.05	0.47	0.48	0.16	0.05	0.47	
Structural / Roofing	6	0.04	0.03	0.02	0.26	0.04	0.03	0.02	0.26	
Plumbing	7	0.06	0.04	0.03	0.08	0.06	0.04	0.03	0.08	
Fire / Life Safety	6	0.13	0.11	0.09	0.24	0.13	0.11	0.09	0.24	
General Building	7	0.10	0.12	0.09	0.16	0.10	0.12	0.09	0.16	
General Building	7	0.11	0.31	0.09	0.37	0.11	0.31	0.09	0.37	
Parking Lot										
Miscellaneous / Other	6	0.10	0.07	0.01	0.11	0.11	0.07	0.01	0.11	
Utility										
Total Electricity	6	1.69	1.51	0.66	2.18	1.69	1.51	0.67	2.19	
Gas	7	0.50	0.41	0.35	0.48	0.50	0.41	0.35	0.48	
Fuel Oil										
Steam										
Chilled Water										
Water / Sewer	5	0.15	0.28	0.10	0.52	0.15	0.28	0.10	0.52	
Roads / Grounds										
Landscaping	6	0.22	0.34	0.16	0.41	0.22	0.35	0.16	0.41	
Snow Removal										
Miscellaneous / Other										
Security										
Payroll, Taxes, Fringes										
Contracts										
Equipment										
Miscellaneous / Other										
Administrative										
Payroll, Taxes, Fringes	6	0.88	1.19	0.90	1.45	0.88	1.19	0.91	1.46	
Management Fees	7	0.22	0.64	0.27	1.02	0.22	0.64	0.27	1.03	
Professional Fees										
General Office	7	0.09	0.08	0.03	0.16	0.09	0.08	0.03	0.16	
Employee Expenses										
Miscellaneous / Other	6	0.78	0.22	0.11	1.48	0.79	0.22	0.11	1.49	
Fixed										
Real Estate Taxes	5	2.72	3.19	2.34	3.75	2.73	3.19	2.34	3.77	
Personal Property Tax										
Other Tax										
Building Insurance										
License / Fees /										
Directly Expensed										
Payroll										
Commissions / Fees										
Advertising /										
Professional Fees										
Tenant Improvements										
Other Leasing Costs										
Amortized Leasing										
Commissions / Fees										
Tenant Improvements										
Other Leasing Costs										
Parking										
In-house										
Contract										
Snow Removal										
Shuttle										

Income and Expense Detail - Trend Data 2011

	Total Building Rentable Area					Total Office Rentable Area				
	# Bldg	Dollars/S.F.		Mid Range		# Bldg	Dollars/S.F.		Mid Range	
		Avg	Med	Low	High		Avg	Med	Low	High
Income										
Office Rent										
Base Rent	5					15.31	14.64	13.63	15.99	
Pass Throughs										
Escalators										
Lease Cancellations										
Rent Abatements (-)										
Telecom Income										
Rooftop Income										
Wire/Riser Access										
Miscellaneous										
Gross Parking Income										
Tenant Service Income										
Other Misc. Income										
Expense										
Cleaning										
Payroll, Taxes, Fringes										
Routine Contracts	6	1.38	0.39	0.20	1.34	1.38	0.39	0.20	1.34	
Window Washing										
Other Specialized										
Supplies / Materials	5	0.13	0.11	0.08	0.15	0.13	0.11	0.08	0.15	
Trash Removal /	7	0.09	0.15	0.10	0.17	0.09	0.15	0.10	0.16	
Miscellaneous / Other										
Repair /										
Payroll, Taxes, Fringes	7	0.61	0.62	0.56	0.74	0.61	0.62	0.56	0.74	
Elevator										
HVAC	6	0.56	0.67	0.49	0.72	0.56	0.67	0.49	0.72	
Electrical	6	0.48	0.16	0.05	0.47	0.48	0.16	0.05	0.47	
Structural / Roofing	6	0.04	0.03	0.02	0.26	0.04	0.03	0.02	0.26	
Plumbing	7	0.06	0.04	0.03	0.08	0.06	0.04	0.03	0.08	
Fire / Life Safety	6	0.13	0.11	0.09	0.24	0.13	0.11	0.09	0.24	
General Building	7	0.10	0.12	0.09	0.16	0.10	0.12	0.09	0.17	
General Building	7	0.11	0.31	0.09	0.37	0.11	0.31	0.09	0.37	
Parking Lot										
Miscellaneous / Other	6	0.10	0.07	0.01	0.11	0.11	0.07	0.01	0.11	
Utility										
Total Electricity	6	1.69	1.51	0.66	2.18	1.69	1.51	0.67	2.19	
Gas	7	0.50	0.41	0.35	0.48	0.50	0.41	0.35	0.48	
Fuel Oil										
Steam										
Chilled Water										
Water / Sewer	5	0.15	0.28	0.10	0.52	0.15	0.28	0.10	0.52	
Roads / Grounds										
Landscaping	6	0.22	0.34	0.16	0.41	0.22	0.35	0.16	0.41	
Snow Removal										
Miscellaneous / Other										
Security										
Payroll, Taxes, Fringes										
Contracts										
Equipment										
Miscellaneous / Other										
Administrative										
Payroll, Taxes, Fringes	6	0.88	1.19	0.90	1.40	0.88	1.19	0.91	1.40	
Management Fees	7	0.22	0.64	0.27	1.02	0.22	0.64	0.27	1.02	
Professional Fees										
General Office	7	0.09	0.08	0.03	0.16	0.09	0.08	0.03	0.16	
Employee Expenses										
Miscellaneous / Other	6	0.78	0.22	0.11	1.49	0.79	0.22	0.11	1.49	
Fixed										
Real Estate Taxes	5	2.72	3.19	2.34	3.75	2.73	3.19	2.34	3.77	
Personal Property Tax										
Other Tax										
Building Insurance										
License / Fees /										
Directly Expensed										
Payroll										
Commissions / Fees										
Advertising /										
Professional Fees										
Tenant Improvements										
Other Leasing Costs										
Amortized Leasing										
Commissions / Fees										
Tenant Improvements										
Other Leasing Costs										
Parking										
In-house										
Contract										
Snow Removal										
Shuttle										

HUD ALLOWANCES FOR TENANT-FURNISHED UTILITIES

Allowance for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 4/30/2014)

Locality		Rhode Island Housing National Grid			Unit Type High Rise (High Rise with Elevator)*		Effective Expires	07/01/2012 06/30/2013
Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	41	46	55	67	75	94	
	b. Electric	36	44	53	66	82	95	
	c. Bottle Gas							
	d. Oil							
Cooking	a. Natural Gas	7	9	12	15	19	21	
	b. Electric	7	9	12	15	19	20	
	c. Bottle Gas							
Other Electricity		25	33	44	54	67	72	
Air Conditioning								
Water Heating	a. Natural Gas	9	12	16	19	24	26	
	b. Electric	12	15	21	26	32	34	
	c. Bottle Gas							
	d. Oil							
Water		33	38	44	51	55	60	
Sewer		40	47	55	64	70	77	
Trash Collection								
Range/Microwave		4	3	4	4	5	5	
Refrigerator		3	3	4	5	5	7	
Other -- specify								

Actual Family Allowances To be used by the family to compute allowance.
Complete below for actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	\$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	\$

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QUALIFICATIONS OF THE CONSULTANTS

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STEPHEN M. DYLAG

Principal

EDUCATION

Columbia University Graduate School of Business, MBA, Real Estate
Finance/Accounting

Trinity College, Hartford, Connecticut, B.A. English

REAL ESTATE EDUCATION

Appraisal Institute Courses:

Real Estate Appraisal Principles

Basic Valuation Procedures

Capitalization Theory and Techniques, Parts A & B

Standards of Professional Practice

R. E. Law & the R. E. Appraiser (seminar)

Case Studies in Real Estate Valuation

Report Writing and Valuation Analysis

Various seminars sponsored by the Appraisal Institute and the MBREA

MEMBERSHIPS & LICENSES

Commonwealth of Massachusetts Certified General Appraiser, License #1711

State of Connecticut Certified General Appraiser, License #RCG.0001065

State of New Hampshire Certified General Appraiser, License #NHCG-689

State of Rhode Island Certified General Appraiser, License #CGA.0A00280

State of Vermont Certified General Appraiser, License #080.0064045

Candidate for Designation of the Appraisal Institute

Trustee, The Providence Country Day School

EMPLOYMENT HISTORY

Keystone Consulting Group

North Attleborough, Massachusetts, Principal

Guest Lecturer, Real Estate Finance, Bryant University

Smithfield, RI

Fleet Bank of Massachusetts

Boston, Massachusetts, Assistant Vice President & Team Leader

Bank of New England - Appraisal Department

Boston and Brockton, Massachusetts, Assistant Vice President & Regional Manager

Old Stone Bank - Real Estate Investment Group

Providence, Rhode Island, Appraisal Officer and Loan Analyst

P 508.699.7777

F 508.699.7728

299 Chestnut Street
North Attleboro, MA 02760

CURRENT CLIENTS

Lenders

Citizens Bank
Bank of America, N.A.
Sovereign Bank
Rhode Island Housing
Wells Fargo
Bank Rhode Island
Citibank
Webster Bank
Brookline Bank
Washington Trust
Rockland Trust
U.S. Bank
Walpole Cooperative Bank
Wrentham Cooperative Bank
Navigant Credit Union
Bank Newport
TD Banknorth, N.A.
People's United Bank
Bristol County Savings Bank
Massachusetts Housing & Finance
Eastern Bank

Not for Profits/Housing Agencies

U.S. Department of Housing & Urban Development
City of Boston, MA
Town of Brookline, MA
Cumberland RI Housing Authority
South Shore Housing
West Elmwood Housing & Development Corp.
Preservation of Affordable Housing
U.S. Fish & Wildlife
Audubon Society
The Nature Conservancy
Archdiocese of Fall River

Private Residential Developers/Owners

Ranne Warner/Riverlofts LLC
Peregrine Group
Cornish Associates
Ferland
Picerne Real Estate
Struever Brothers Eccelles & Rouse
The Property Advisory Group
Guardian Property Management
Walsh Construction

PROJECTS

Partial List of Residential Condominiums:

River Lofts, Pawtucket, RI
Eagle Square, Providence, RI
Monohasset Mills, Providence, RI
The Ocean House, Watch Hill, RI
Royal Mills at River Point, West Warwick, RI
The Grant's Block, Providence, RI
Stone Harbour, Thames Street, Bristol, RI
333 Atwells Avenue, Providence, RI
Laurelwood, North Smithfield, RI
Emerald Court, Tewksbury, MA
Wise Living @ Falmouth, Falmouth, MA
The Lawrence Mills, Lowell, MA
Brown & Howard Wharf, Newport, RI
Red Mill Village, Norton, MA

Partial List of Affordable Housing Projects:

Riverside Gateway, Olneyville/Providence, RI
Smith Hill Visions, Providence, RI
Newport Heights, Newport, RI
Williams Woods, Providence, RI
Driftwood Apartments, Narragansett, RI
Colony House Apartments, Providence, RI
St. Elizabeth Place, Providence, RI
Cherry Hill Apartments, Johnston, RI
Heritage Village, North Kingstown, RI

Partial List of Market Rate Apartment Properties:

River Village, Canton, MA
Royal Crest, Warwick, RI
Briarwood Meadows, Warwick, RI
River Bend Apartments market study, Woonsocket, RI
Wood's Edge Apartments, Attleboro, MA
Granville at the Common Apartments, South Kingstown, RI

Partial List of Mixed Use Properties:

Dynamo House at Providence Point, Providence, RI
Rising Sun Mills, Providence, RI
The Plant, Providence, RI
American Locomotive, Providence, RI
The Alice Building, Providence, RI
The Peerless Building, Providence, RI
Pearl Street Lofts, Providence, RI
Sockanosset Crossroads, Cranston, RI
Thames Street Landing, Bristol, RI

Partial List of Office Properties:

One Citizens Plaza, Providence, RI
56 Exchange Terrace, Providence, RI
321 Fortune Boulevard, Milford, MA
58 & 62 Summer Street, Boston, MA
180 South Main Street, Providence, RI

Partial List of Retail Properties:

7-Eleven portfolio, Rhode Island
Honey Dew Donuts portfolio, New England
Walmart's Plaza, North Smithfield, RI
Shaw's anchored center, New Bedford, MA

Partial List of Automobile Dealerships:

Columbia Buick/Pontiac/GMC, Hanover, MA
Inskip Auto Corner/AutoMax, Warwick, RI
Inskip Infiniti/Lexus, Warwick, RI
Inskip Mercedes, Middletown, RI
Newport Imports Auto Center/BMW/VW, Middletown, RI
Proposed Jaguar/Land Rover dealership, Norwood, MA

Partial List of Lodging Properties:

Park Plaza Hotel & The Castle, Boston, MA
The Lenox, Boston, MA
Marriott, Providence, RI
Holiday Inn Express, Milford, MA
Hyatt Place, Uncasville, CT
Best Western Atlantic Beach, Middletown, RI
Vanderbilt Hall Hotel, Newport, RI
Water's Edge Resort, Westbrook, CT
Crowne Pointe Inn, Provincetown, MA
Proposed Holiday Inn Express, Warwick, RI
Proposed Hampton Inn, Manchester, CT
Proposed Hampton Inn, Westford, MA
Proposed Hampton Inn, Raynham, MA
Proposed Hampton Inn, Plymouth, MA
Proposed Hampton Inn, Mystic, CT
Proposed Holiday Inn Express, Middletown, RI
Bristol Harbor Inn, Bristol, RI
Daniel Webster Inn, Sandwich, MA
John Carver Inn, Plymouth, MA

SUSAN G. ZUCK

Vice President

EDUCATION

Babson College Graduate School of Business, MBA, Management

Gettysburg College, Gettysburg, Pennsylvania, B.A. Psychology/Education
Phi Beta Kappa

REAL ESTATE EDUCATION

Real Estate Appraisal Principles
Standards of Professional Practice
General Applications
Highest and Best Use/Market Analysis
Basic Income Capitalization
Advanced Income Capitalization
Advanced Sales Comparison and Cost Approaches

MEMBERSHIPS & LICENSES

Commonwealth of Massachusetts Certified General Appraiser, License #70084
State of Rhode Island Certified General Appraiser, License #CGA.0A00885
Practicing Affiliate of the Appraisal Institute

EMPLOYMENT HISTORY

Keystone Consulting Group
North Attleborough, Massachusetts
Vice President

PROJECTS

Partial List of Office Properties:

10 Weybosset Street, Providence, RI
480 West Central Street, Franklin, MA
10 Dorrance Street, Providence, RI
160 Pine Street, Providence, RI
443 & 480 Jefferson Boulevard, Warwick, RI
225 Service Avenue, Warwick, RI
1598 South County Trail, East Greenwich, RI
1401 South County Trail, East Greenwich, RI
6 Fortune Boulevard, Billerica, MA

Partial List of Residential Properties:

The Waterfront, East Providence, RI
The Cottages at West Glen, West Warwick, RI
Dartmouth Woods, Dartmouth, MA
Vistas on the Trail, East Greenwich, RI
Fry Brook, East Greenwich, RI
Ross Commons, Rumford, RI
Royal Crest Apartments, Warwick, RI

Partial List of Industrial Properties:

763 Quequechan Street, Fall River, MA
101 Dexter Road, East Providence, RI
345 John Quincy Adams Road, Taunton, MA
605 Myles Standish Boulevard, Taunton, MA

Partial List of Retail Properties:

Causeway Plaza, Stoughton, MA
North Attleborough Market Place, N. Attleboro, MA
Walgreens, North Main Street, Providence, RI
CVS, Old Louisquissett Pike, N. Smithfield, RI
369 Central Street, Foxboro, MA
30 Chauncy Street, Mansfield, MA
870-880 West Main Road, Middletown, RI
Northwoods Shopping Center, Taunton, MA
Woodruff Place, Narragansett, RI
Shaw's, Cove Road, New Bedford, MA

Partial List of Mixed Use

Chapel View, Cranston, RI
Rumford Center, Rumford, RI
Grant's Block, Providence, RI
The Peerless Building, Providence, RI

Partial List of Marinas:

Brown and Howard Wharf, Newport, RI
Fairhaven Shipyard, Fairhaven, MA
Bayside Marine, Duxbury, MA
Oyster Harbors Yacht Basin, Osterville, MA
Port Marine, Beverly, MA
Warwick Cove Marina, Warwick, RI
Dawn Marina, Rings Island, Salisbury, MA