

### Third Amendment to the Mercer Arena Ground Lease Project Enhancements

Assumptions:	
2008 Seattle Opera Mercer Arena Project Budget	\$40,000,000
2016 Seattle Opera Mercer Arena Project Budget	\$60,272,700
2016 Seattle Opera Project Budget Less Open Space & Mercer St. Frontage Improvements	\$59,628,700
Lease Term in Years	30
Lease Start and Rent Commencement Date	1-Jul-14
Assumed Building Completion	2018
Initial Term of Lease Ends	2043
2008 Budgeted Project Building Life in Years, with regular maintenance	60
2016 Budgeted Project Building Life in Years, with regular maintenance <sup>1</sup>	100
Years of Building Depreciation, completion to end of Initial Term	25
2008 Budgeted Project Building Depreciation (straightline)	41.67%
2016 Budgeted Project Building Depreciation (straightline)	31.25%
Present Value of 2008 Budgeted Depreciated Building	\$7,310,023
Range of Present Value of 2016 Budgeted Depreciated Building	\$12,843,105
Real Discount Rate	5.00%
Nominal Discount Rate	8.15%
Annual Escalation/CPI	3.0%
<b>Project Enhancements:</b>	
Range of Net Present Value of Increase in Opera's Capital Investment	\$5,533,081
Open Space Improvements	\$569,000
Mercer Street Frontage Improvements Design	\$75,000
<b>Total Project Enhancements</b>	<b>\$6,177,081</b>
City Funds	\$5,000,000
<b>Estimated Net Value of Project Enhancements to City</b>	<b>\$1,177,081</b>

<sup>1</sup> The 2016 project is designed for a 100 year useful life. If a 100 year life is used in the estimate, the present value of the depreciated building at the end of the lease would be \$14,010,659, increasing the net present value of the Opera's capital investment by \$6,700,636 over the 2008 project. The value of the total project enhancements would be \$7,344,636 resulting in the project enhancements providing the City with an increased net value of \$2,344,636. A more conservative 80 year useful life was used for the estimate.