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2016/04/04

+1 [Redacted]

Hi Jeffrey. This is Ron Lanthier, Julian's buddy from Canada with whom you chatted yesterday. Sorry about this long text but it is my only way to communicate with you in writing.

Thx for taking my call yesterday. I will call you again on Weds as you kindly suggested. When you are chatting about the Detroit CBD office market with your real estate experts, please be aware that very few real estate people (even located in Detroit!) truly understand the depth of the transformation going on in this geographically compact submarket. For example, the major brokerage houses all report Detroit CBD office vacancy at about 11%, having fallen from about 20% five years ago. Although this is indicative of good positive momentum, the real figures are a vacancy of about 5% today from about 15% five years ago, showing greater positive momentum and representing one of the tightest "landlord" submarkets in North America.

What most real estate experts also don't understand is the extent of the impact on this compact submarket on Gilbert's and Ilitch's \$2.5 billion spent so far and the impact of their "currently in the pipeline" expenditures of a further \$2 billion in the next two to four years. One must remember that this submarket is 1/20 the size of Manhattan, making these \$4.5 billion of expenditures "equivalent" to \$90 billion of Manhattan expenditures, solely on real estate. The bottom line is we are in the fourth inning of this renaissance and most experts don't really get it yet.

In addition, SE Michigan's high tech industrial base now rivals Silicon Valley in size. It is a different type

03:16:26 pm

....of high tech, but now enormous in size, with one of the most important hubs now in the Detroit CBD.

If you thought it helpful, perhaps it might be good for me to chat directly to one of your real estate experts. Regardless, Jeffrey, I will call you on Weds as you requested!

03:19:16 pm



2016/04/06

[REDACTED]

Hi Jeffrey. This is Ron Lanthier (Mr Detroit from Canada). I just called your cell as requested. No luck. I will call you earlier in the day tomorrow and hopefully catch you this time. Thx.

08:50:37 pm

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2016/04/07

[REDACTED]

Hi Jeffrey. This is Ron Lanthier. I will leave it to you to call me or text me back if you would like to discuss the Detroit opportunity any further. I am at [REDACTED]. Thx.

05:28:31 pm

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2016/04/08

[REDACTED]

No answer yet

01:11:05 pm

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[REDACTED]

Understood, Jeffrey. No panic. Please note my previous text about the general ignorance, even with sophisticated real estate experts, of the extent AND MOMENTUM of the Detroit downtown renaissance. It is a small submarket, with only about 100,000 people working there, but it is growing strongly with high tech, engineering, financial services, government and manufacturer head offices leading the pack. If you think it might be of use, I would be happy to chat with some of your real estate expert folks. Thanks for following up, Jeffrey!

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[REDACTED]

Ok

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There seems to be a great deal of parking close by

01:20:20 pm

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✓ Sent

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The parking situation in the downtown is interesting. A number of the 22 MM sf of office buildings were built many decades ago with limited or NO parking. As a result, there is a chronic parking shortage downtown as many surface lots, over the decades, have been converted to other uses. Parking rates are still relatively low at \$200/\$250 per month for a "floating"/"reserved" stall respectively, but these rates are more than double of several years ago. Because of the general market undersupply there is continued strong upward pressure on rates.

The Buhl comes with a 8 level parking structure next door, giving it a real advantage over its competition. Moreover, existing Buhl tenant rates in the garage average less than 60% of current market rates, giving us additional major net operating income increases as leases roll over. Also hourly and daily rates keep jumping. Half of this asset's NOI comes from its parking structure, another very positive aspect of this deal. The parking situation downtown is so tight that Gilbert is having to shuttle in some of his tenants from surface lots several miles away!

01:33:13 pm

On a conf call now, Jeffrey. Will check back in later as you need!

01:34:03 pm

✓ Read