

Election to adopt Recurring Item Exception to Economic Performance Requirements

The Taxpayer, pursuant to Internal Revenue Code Section 461, 461(h)(3)(A), and related Regulations and announcements, hereby elects to adopt the Recurring Item Exception with respect to all types of liability items and expenses incurred in its trade or business.

The Taxpayer has liability and expenses which are recurring in nature, and are treated by the taxpayer on a consistent basis from year to year. Its accrual in the year before economic performance results in a more proper matching against income, than if it were accrued in the year of economic performance.

Election to Accrue Property Taxes

The Taxpayer elects to accrue property taxes ratably in accordance with Internal Revenue Code Section 461(c), and the applicable state law, for all taxable years beginning on the date in which the taxpayer commences business. This election shall apply to the taxpayer's activity in real estate.