

CROWN HEIGHTS, BROOKLYN, NY

787 Franklin Avenue

Team BGO



Meet the Team

Team BGO



Marcus Aguirre



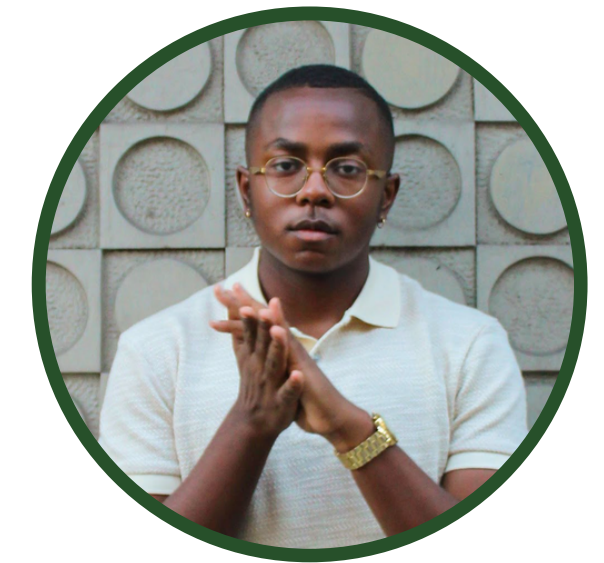
Paapa Osei-Otopah



Marella Doltaire



Mark Esquivel



Isaiah Williams



Djely B. Kouyate



Kenny Oyewole



Antony Edge



Ayomide Ayedun



Tosin Rahman
Program Manager

Agenda

Our Topics For Today

About Our Asset

The Location

Value Add Mission

Financing

Q&A

Executive Summary

Our Asset: 787 Franklin Avenue Brooklyn, NY

PROPERTY TYPE:

Mixed Use-Multi Family and
Ground Floor Retail

MARKET & SUBMARKET:

New York City
Crown Heights, Brooklyn

INVESTMENT TYPE:

Core Plus with Value-Add
potential

LISTING PRICE:

\$7,700,000

NOI:

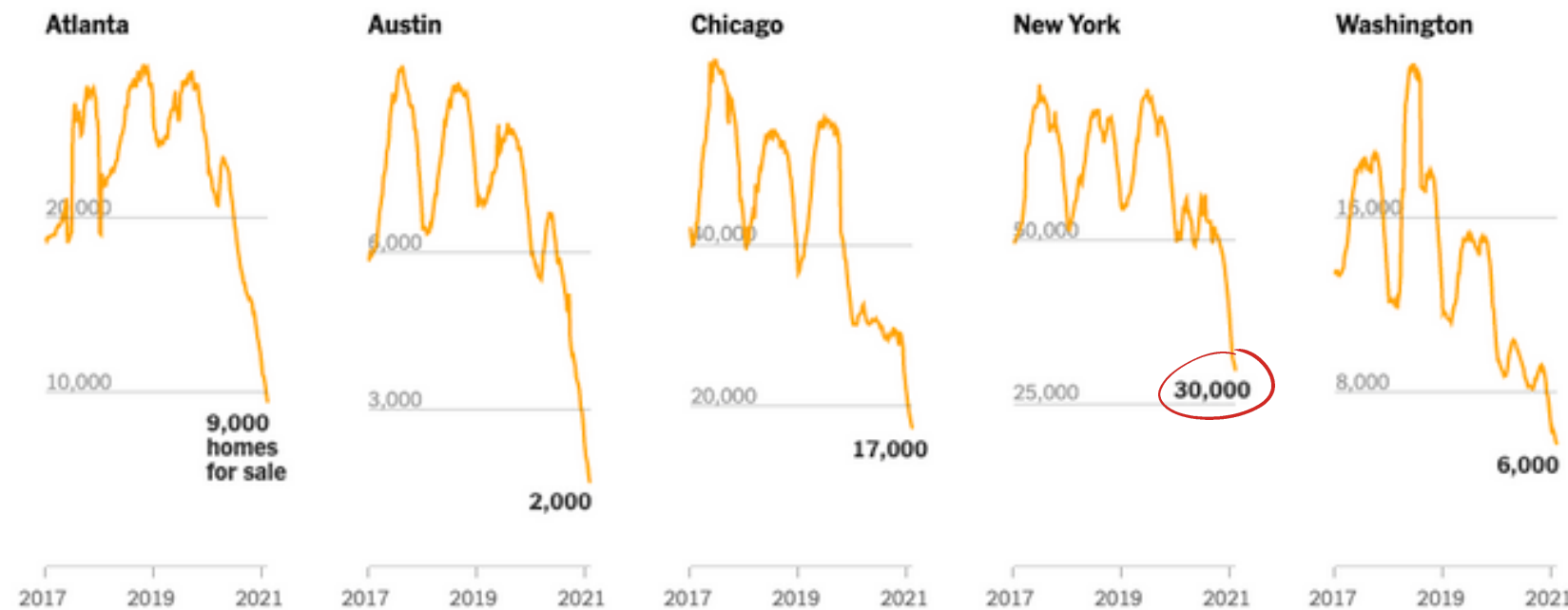
\$389,411



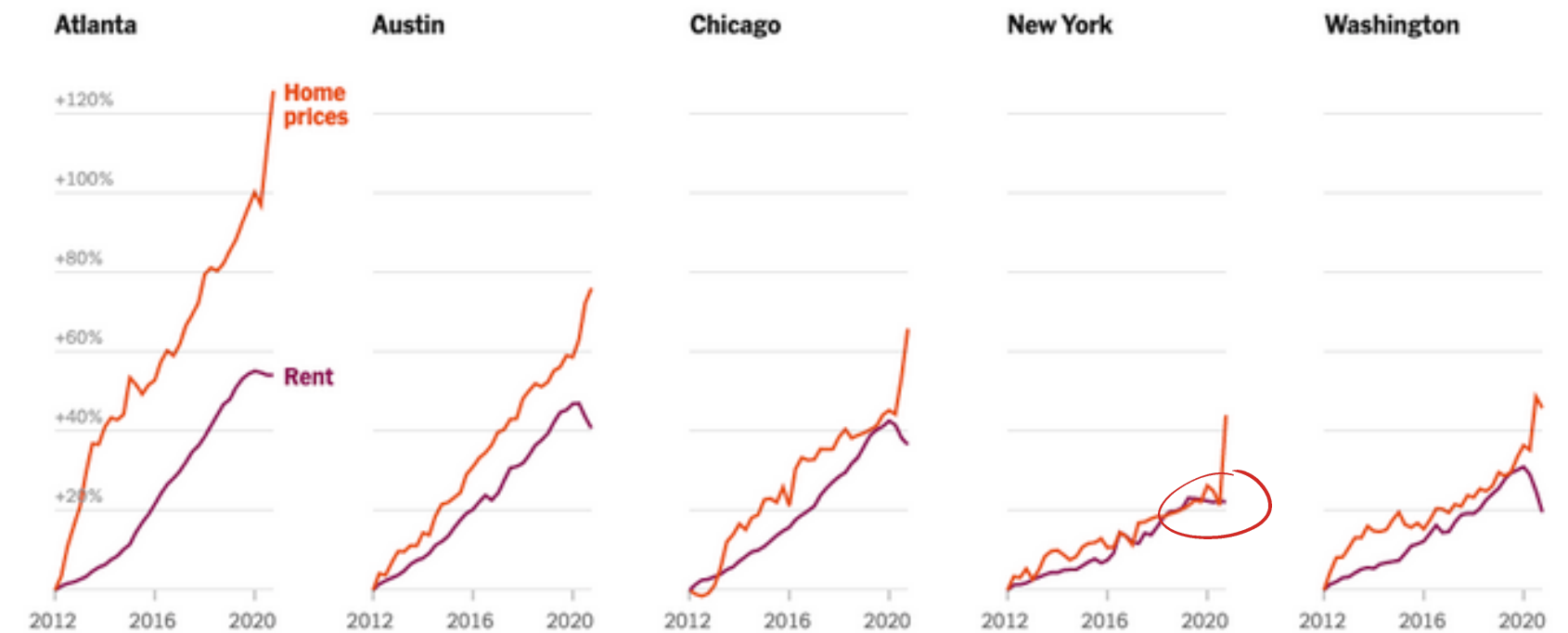
State of the World

The Impact of COVID-19

The number of available homes has fallen steeply in metros across the country



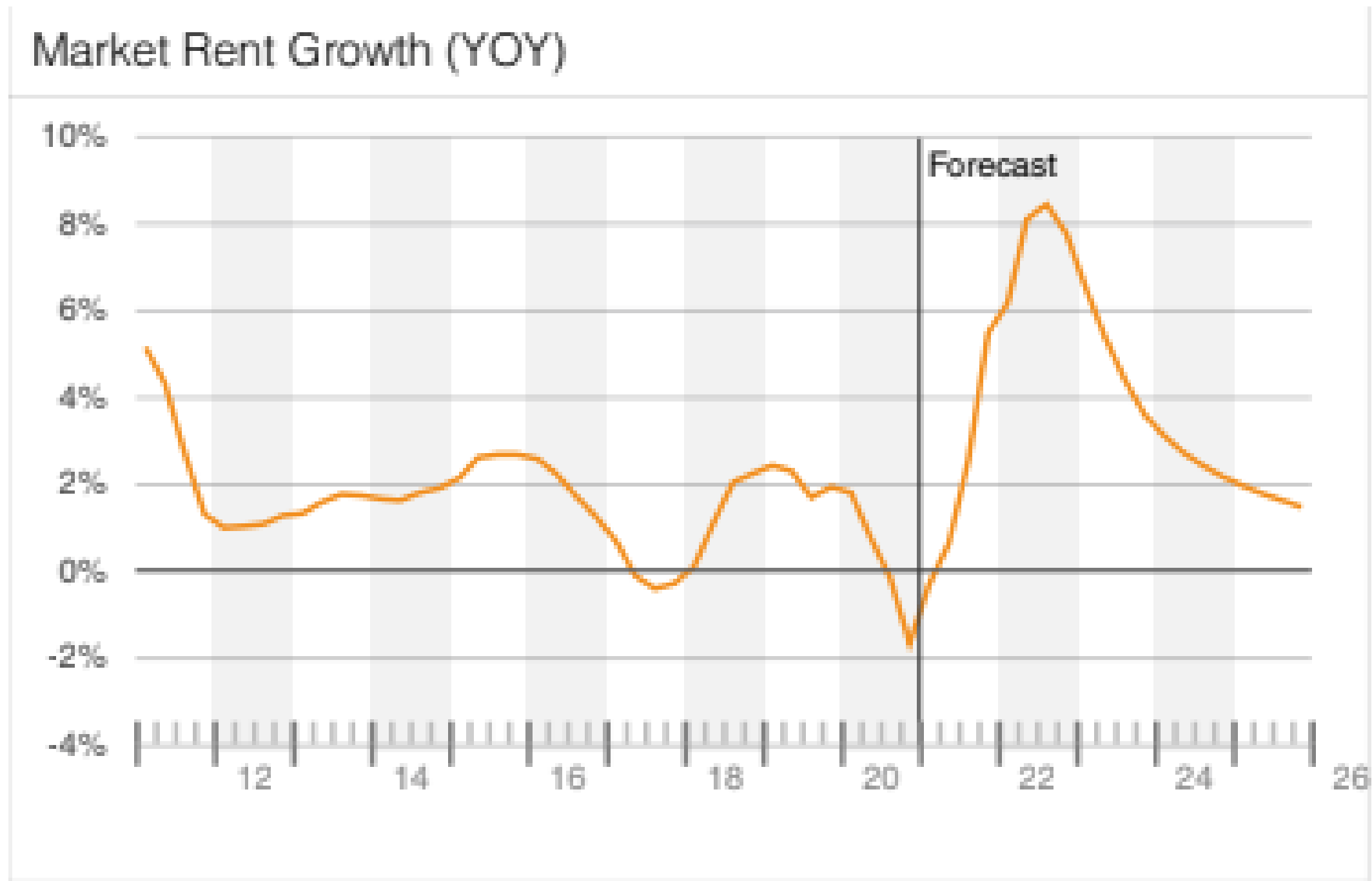
Rents and home prices have diverged



- Housing inventory has fallen across major metro markets
- Prices have been directly affected by the effects of covid-19
- The time to buy has passed for prospective movers in major metros
- Renting will be far more attractive for young-professionals

State of the World

The Impact of COVID-19



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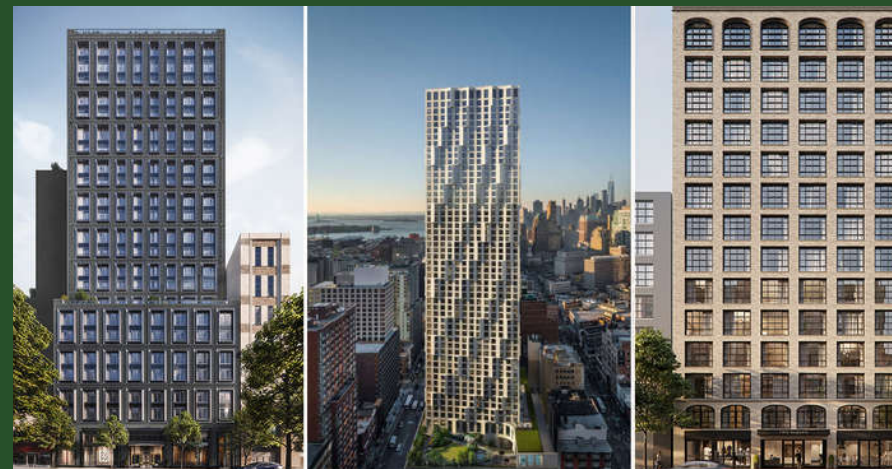
Market Overview

Brooklyn Clusters

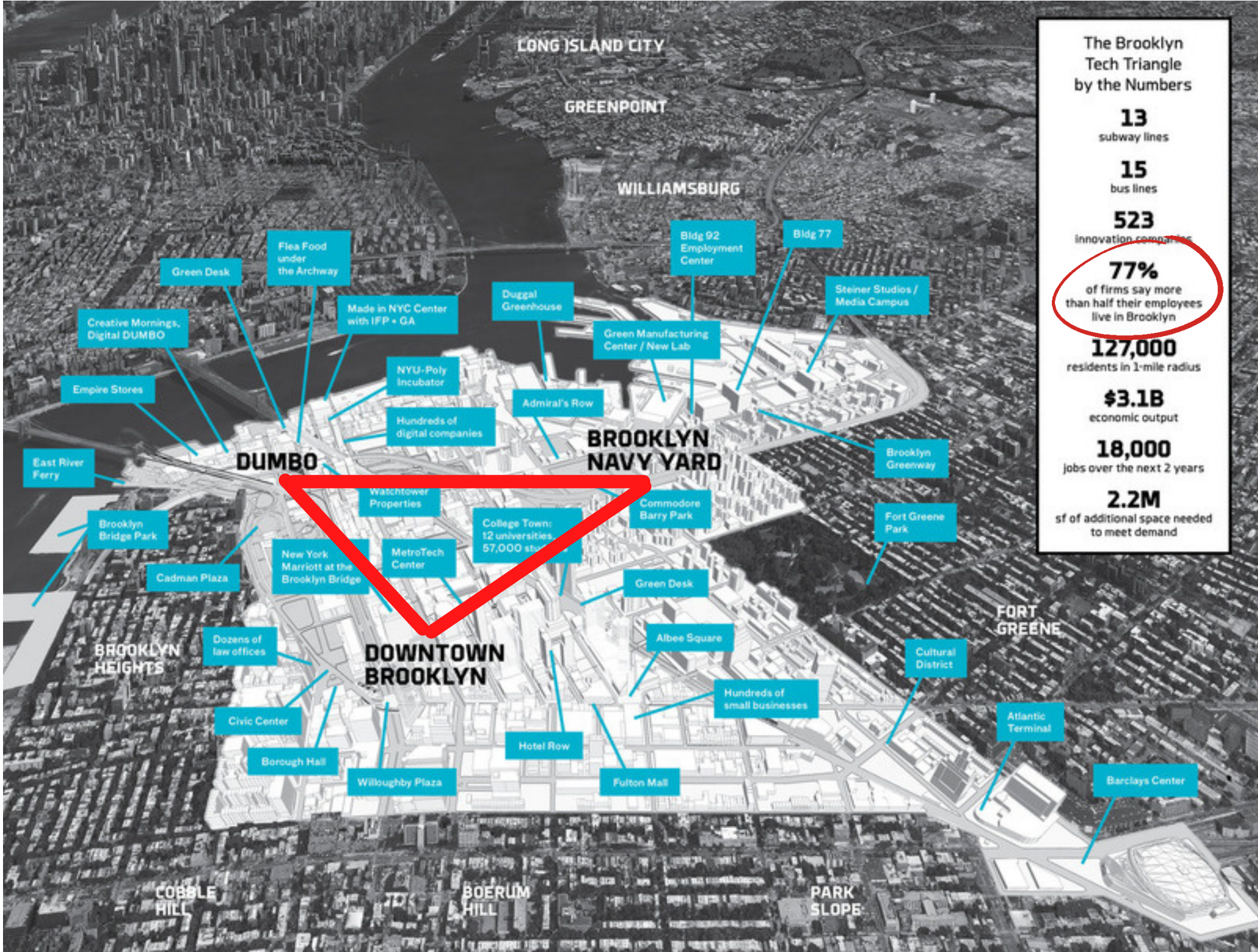
Brooklyn Snapshot

Brooklyn, New York

- Brooklyn is extremely popular
- Brooklyn is growing exponentially
- Brooklyn has become a stand-alone market



Brooklyn Economic Clusters



Labor Profile:

- Young-professional and early-career level positions
- Ages 21-30
- Occupations in Stem/Business/Healthcare
- 77-110k annual income range

Employers:

- J.P. Morgan & Chase Co.
- Etsy
- WeWork
- Honeybee Robotics

An aerial photograph of a city street, showing a grid of buildings, streets, and trees. The buildings are mostly multi-story structures with flat roofs. The streets are paved and have some parked cars. There are several trees scattered throughout the area, particularly along the sidewalks and in small parks or open spaces. The overall scene is a typical urban environment.

Submarket Overview

Crown Heights

Renter Persona



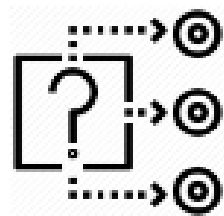
Age Range:
27-31



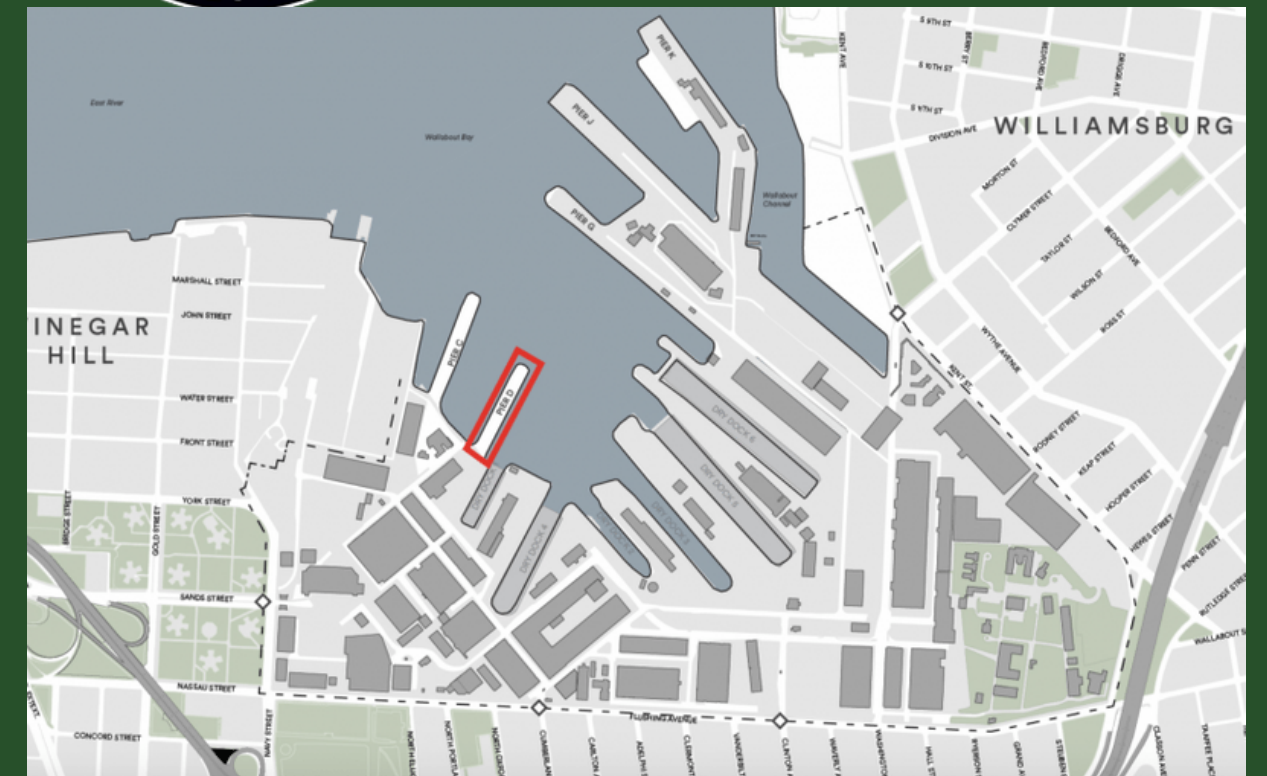
Occupations:
STEM, Healthcare



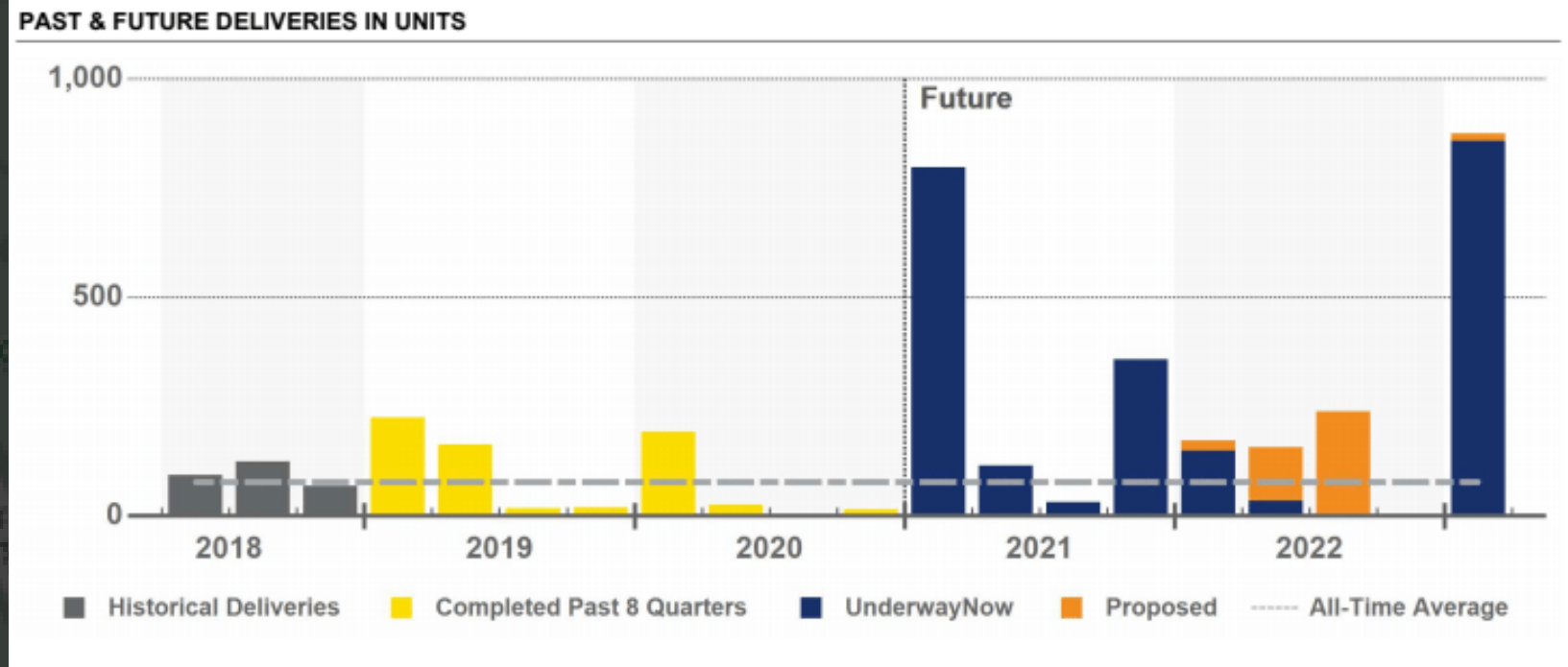
Income:
\$70K-\$110K



Accessible by public
transportation,
close proximity
to shopping centers & parks



Future Developments



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Capital Markets Overview

Crown Heights

MARKET CAP RATE & TRANSACTION CAP RATE



Market Cap Rate

4.5%

12 Mo Mkt Sale Price/Unit Chg

-2.1%

12 MO SALES PRICE	Average	Lowest	Highest	Market
Cap Rate	4.6%	1.2%	7.0%	4.5%
Sale Price/Unit	\$297.5K	\$8.3K	\$1.1M	\$321K
Sale Price	\$3.6M	\$150.2K	\$11.1M	-
Sale vs Asking Price	-8.1%	-17.7%	0%	-
% Leased at Sale	94.4%	0%	100%	-

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Property Overview

787 Franklin Avenue



Property Summary

Address

787 Franklin Avenue

Submarket

Crown Heights, Brooklyn

Residential Units

8 Units

Residential Vacancy

100% Occupancy

Residential Square Footage

4,500

Retail Units

1 Unit

Retail Vacancy

Delivered Vacant

Retail Square Footage

1,520

Interior Photos

Take a look inside our asset



Rent Roll Summary

787 Franklin Avenue

	# of Units	Avg Size	Avg In-Place Rent	Prospect Heights Market Rent	Crown Heights Market Rent	% to Market: PH
Studio	1	300SF	\$2,550	\$2,399	\$1,784	106%
1 Bedroom	1	400SF	\$2,800	\$3,148	\$2,037	89%
2 Bedroom	3	616SF	\$3,500	\$3,917	\$2,317	89%
3 Bedroom	3	650SF	\$3,933	\$4,437	\$2,735	88%
Total	8	6020SF	\$33,350			

Affordability Analysis

787 Franklin Avenue

Average Renter Annual Income:
\$77,000-\$110,000

Rent Per Household Per Year:
\$32,000 - \$48,000:

Range Of Affordabilty:
\$28,500-\$84,000:

	Average Year Rent Per Household	Average Household Yearly Income	Affordability 30% of Income
1 Bedroom	\$32,100	\$93,500	\$28,500
2 Bedroom	\$42,000	\$126,000	\$37,800
3 Bedroom	\$47,199	\$141,597	\$42,479

The logo for BentallGreenOak, featuring the company name in a green sans-serif font followed by a circular icon containing three stylized green leaves or branches.

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Value Add Plan

787 Franklin Avenue

Retail Lease Up: High End Medical

Example Tenant Scope

Dentist
Urgent Care
Pediatrician



Timeline

An in-depth look at the potential
turnaround possible to complete our vision



Q2 2021

Complete Market Research / Hire Broker

Q3 2021

Secure Tenant/ Negotiate Lease

Q4 2021

Buildout

Q1 2022

Open for business!

Value Add: Smart Building

Example Providers

ButterflyMX

Latch

Salto



Financial Summary

After Value Add

BEFORE

AFTER

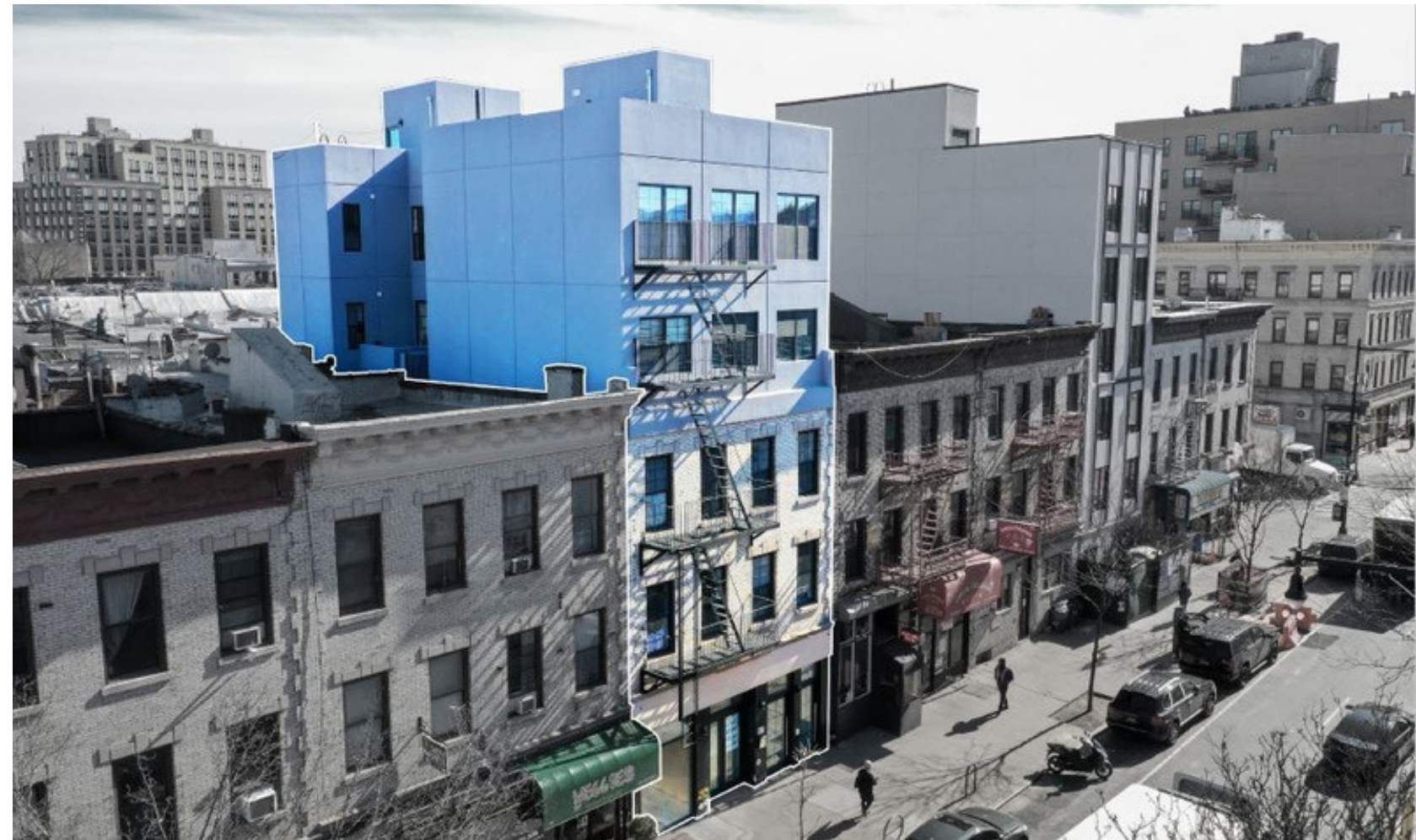
GROSS RENT	\$400,200
VACANCY/CREDIT LOSS	\$68,400
EFFECTIVE GROSS INCOME	\$331,800
OPERATING EXPENSES	(\$49,132)
NET OPERATING INCOME	\$282,668

GROSS RENT	\$400,200
VACANCY/CREDIT LOSS	\$20,112
EFFECTIVE GROSS INCOME	\$380,088
OPERATING EXPENSES	(\$49,132)
NET OPERATING INCOME	\$340,956

Valuation

After Value Add

LISTING PRICE	\$7,700,000
SALES COMP VALUE	\$4,961,465
INCOME APPROVAL VALUE	\$6,461,441
OUR PRICE	\$6,250,000



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Financing

Loan & Interest

Sources & Uses

787 Franklin Avenue

Sources			
Acquisition Loan	\$	4,375,000	64%
Construction Loan	\$	118,560	2%
Initial Equity	\$	2,317,431	34%
Additional Equity	\$	-	0%
Total Equity	\$	2,317,431	34%
Total Debt	\$	4,493,560	66%
Total Sources	\$	6,810,991	100%
Uses			
Purchase Price	\$	6,250,000	91.76%
TI&LC	\$	197,600	2.90%
Closing Cost	\$	312,500	4.59%
Origination Fees	\$	11,530	0.17%
Interest Reserve	\$	14,361	
Prop Tech	\$	25,000	0.37%
Total Uses	\$	6,810,991	100.00%

34% EQUITY



66% DEBT

Terms and Conditions:

1.25 DSCR
66% LTV

Loan Amounts:

Acquisition: \$4,375,000.00
Construction: \$118,560.00

Annual Debt Service:

Acquisition (3.75%): \$164,062.50
Construction (4%): \$164,062.50

Income Statement Proforma

787 Franklin Avenue

Pro Forma		4/1/2021	3/31/2022	3/31/2023	3/31/2024
		Year 0	Year 1	Year 2	Year 3
Rent Growth		X	-2.0%	6.0%	4.0%
Expense growth		X	3.0%	3.0%	3.0%
Vacancy Rate		22.3%	12.8%	5.0%	3.0%
Gross Rental Revenue		401,720	393,686	417,307	433,999
Vacancy/Credit Loss		(89,572)	(50,263)	(20,865)	(13,020)
Net Rental Revenue		312,148	343,422	396,441	420,979
Other Income	Per Year		-	-	-
Net Revenue		312,148	343,422	396,441	420,979
Operating Expenses					
Superintendent		\$ 3,000	3,090	3,183	3,278
Water Sewer		\$ 6,000	6,180	6,365	6,556
Utilities	Per Year / Unit	\$ 844	\$ 1,595	1,643	1,743
Management Fee	% of Net Revenue	3.0%	\$9,364	10,303	11,893
Administrative	Per Year / Unit	\$ 278	\$ 2,500	2,575	2,732
Maintenance	Per Year / Unit	\$ 4,500	\$ 4,500	4,635	4,917
Insurance	Per Year / Unit	\$ 665	\$ 5,981	6,160	6,536
Taxes	Per Year / Unit	\$ 1,389	\$ 12,408	12,780	13,559
Total Operating Expenses		45,348	47,366	50,069	51,950
NOI		266,799	296,056	346,373	369,029
Y-o-Y Growth			10.97%	17.00%	6.54%
Operating Expense Ratio		14.5%	13.8%	12.6%	12.3%

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3 Year Holding Period

787 Franklin Avenue

Property Level Returns		4/1/2021	3/31/2022	3/31/2023	3/31/2024
		Year 0	Year 1	Year 2	Year 3
Sale		-	-	-	8,006,241
Sale Costs		-	-	-	(240,187)
Initial Investment		(6,810,991)	-	-	-
NOI			296,056	346,373	369,029
Unlevered Returns		(6,810,991)	296,056	346,373	8,135,083
Free Cash Flow	4.95%		4.35%	5.09%	5.42%
IRR	9.19%				
Equity Multiple	1.29x				
Acquisition Loan					
Draw		4,375,000	-	-	-
Debt Begin Balance		-	4,375,000	4,283,333	4,187,083
Interest		-	(218,750)	(214,167)	(209,354)
Debt/Principal Repayment		-	(91,667)	(96,250)	(4,187,083)
Total Debt Service		-	(310,417)	(310,417)	(4,396,437)
Debt/Principal End Balance		4,375,000	4,283,333	4,187,083	-
Prepayment Penalty		-	-	-	146,548
Levered Returns		(2,317,431)	(14,361)	35,956	3,885,194
Cash on Cash	3.99%		-0.62%	5.70%	6.89%
IRR	19.02%				
Equity Multiple	1.68x				

Projected Returns: Cap Rate Sensitivity

787 Franklin Avenue

		<i>Levered IRR As Purchase Price and Exit Cap Rate</i>					
		19.02%	4.25%	4.50%	4.75%	5.00%	5.25%
\$	5,750,000	35.06%	30.74%	26.63%	22.68%	18.87%	
\$	6,000,000	31.39%	27.03%	22.86%	18.85%	14.96%	
\$	6,250,000	27.66%	23.25%	19.02%	14.94%	10.98%	
\$	6,500,000	24.06%	19.60%	15.31%	11.15%	7.10%	
\$	6,750,000	20.58%	16.06%	11.69%	7.45%	3.29%	

		<i>Levered EM As Purchase Price and Exit Cap Rate</i>					
		1.68	4.25%	4.50%	4.75%	5.00%	5.25%
\$	5,750,000	2.45	2.22	2.02	1.84	1.67	
\$	6,000,000	2.26	2.04	1.85	1.67	1.52	
\$	6,250,000	2.07	1.87	1.68	1.52	1.36	
\$	6,500,000	1.90	1.71	1.53	1.37	1.23	
\$	6,750,000	1.75	1.56	1.39	1.24	1.10	

Project Return Comparison to other Asset Classes

787 Franklin Avenue - 19.02% IRR

2019	Cash (T-Bill) -0.1%	Int'l Bonds 5.5%	All U.S. Bonds 6.3%	High Yield U.S. Bonds 13.3%	Gold 15.9%	Emerging Mkt Stocks 17.6%	Int'l Dev Stocks 19.3%	U.S. Small Cap Stocks 24.5%	REITs 26.1%	U.S. Large Cap Stocks 28.5%
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Investment Strategy	Annualized Returns %	Leverage %
Core	7-10	40-45
Core-Plus	8-10	45-60
Value-Add	11-20	60-75
Oppourtunistic	20+	70+
787 Franklin Ave	19.02	66

Equity Split: Waterfall

787 Franklin Avenue

Equity Waterfall

Equity Contributions	% Split	Cash	Promote Tiers	IRR Hurdle Rate	Promote	Promote Spread	Sponsor %	Investor %
Sponsor	10.00%	\$681,099	Hurdle 1	12.0%	0.0%	0.0%	10.0%	90.0%
Investor	90.00%	\$6,129,892	Hurdle 2	15.0%	15.0%	13.5%	23.5%	76.5%
Total	100.00%	\$6,810,991	Hurdle 3	100.0%	40.0%	36.0%	46.0%	54.0%

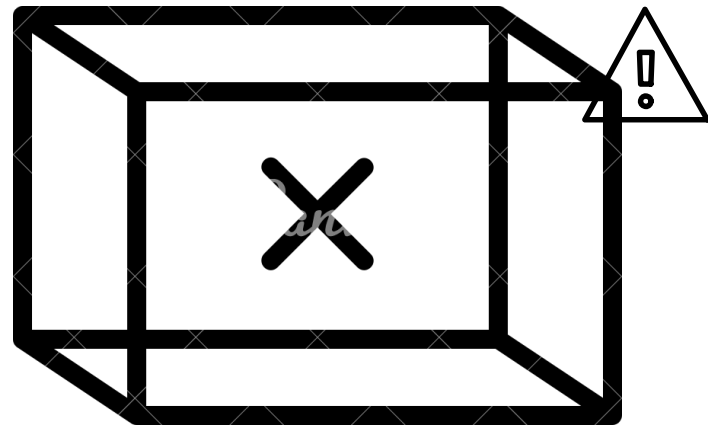
Equity Split: Investor Returns

787 Franklin Avenue

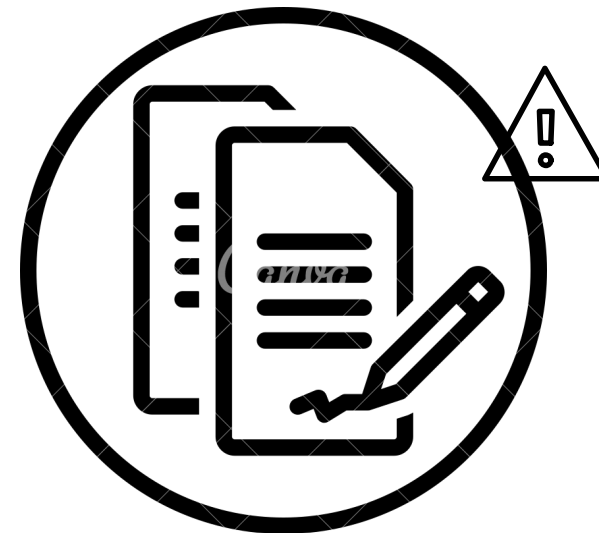
Investor Returns				
	4/1/2021	3/31/2022	3/31/2023	3/31/2024
	Year 0	Year 1	Year 2	Year 3
Returns Summary				
Investor Equity Contributions	(2,085,688)	(12,925)	-	-
Investor Distributions	-	-	32,360	3,322,524
Investor Net Cash Flows	(2,085,688)	(12,925)	32,360	3,322,524
Investor IRR	17.03%			
Investor Equity Multiple	1.60x			
Sponsor Equity Contributions	(231,743)	(1,436)	-	-
Sponsor Distributions	-	-	3,596	562,670
Sponsor Net Cash Flows	(231,743)	(1,436)	3,596	562,670
Sponsor IRR	34.58%			
Sponsor Equity Multiple	2.44x			

Risk & Mitigants

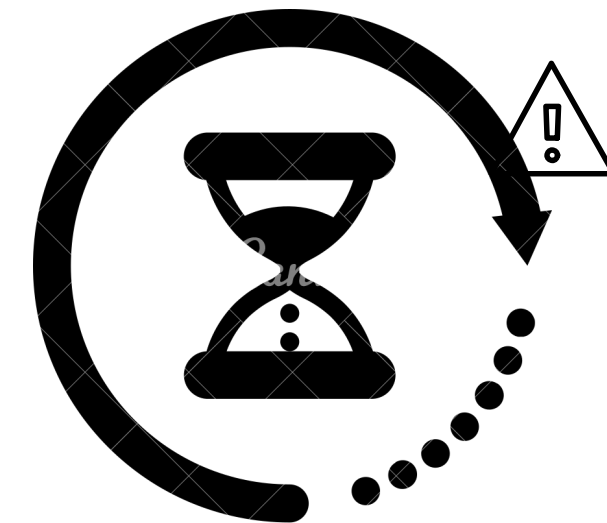
787 Franklin Avenue



Retail Vacancy



Lease Length



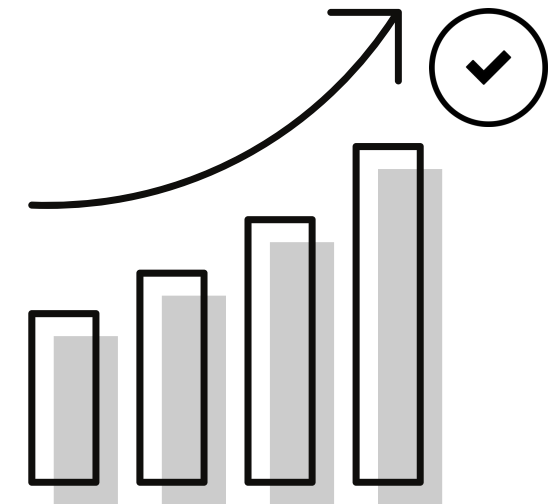
Longer Economic Recovery



Competitive Retail Advantage



High Credit Tenants



Protection Against Economic Conditions



Why Invest?

787 Franklin Avenue is an opportunity overflowing with potential

High potential to refinance and cash out upon stabilization

Renters need housing and need it now,

Less COVID risk than larger/Manhattan assets,

Thank You!

BentallGreenOak 

