666 FIFTH AVENUE

By: Ignacio Backhouse

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EXECUTIVE SUMMARY

Urban Buildings (UB) is pleased to present this invitation to invest in 666 Fifth Avenue's "Rebirth". The complete renovation of this iconic office building located in the heart of Manhattan gives you the opportunity to be part of New York's worldwide known skyline and to get attractive returns at the same time.

666 Fifth Avenue

YEAR	:	1957
SURFACE	:	1,463,892 SF
TYPE	:	Office
CLASS	:	B
PURCHASE PRICE	:	$1,286,000,000
RENOVATION COSTS[1]	:	$400,585,092

As the General Partner (GP), UB is seeking a $475MM LP Equity investment to acquire and launch the renovation of the building. This invitation has a minimum CAP of $10 MM per Equity Investor. The remaining $53MM will be invested by the sponsor (UB).

The Plan

The plan looks to give life to the building so that it starts living up to its neighborhood which is nothing less than the heart of Midtown Manhattan, home to some of most iconic landmarks, best retail and restaurants of the island. The goal is to accomplish a value-add strategy in which the asset is acquired, renovated and sold upon stabilization.

To achieve this, the project has to undergo through primarily two courses of action: (1) A complete renovation of the building (Interior and Exterior) and an (2) aggressive marketing campaign in order to reach the right target demand and build a strong tenant database.

That being said, the building will remain as an almost 100% office building but with some service retail in hot spots of the asset.

Returns[2]

INVESTMENT HORIZON	:	**7 Years**
LP PROFIT	:	**$632,941,960**
LP EQUITY MULTIPLE	:	**2.34x**
LP IRR	:	**15.01%**

(1,2): No assurance or warranty is made that this metrics will be achieved. They are estimations and subject to change.

HIGHLIGHTS OF THE PROJECT

1.- An iconic building in Midtown New York in one of the most concurred neighborhoods of the island is not an investment that will go unnoticed. For a period in time in history you'll own piece of one of the world's most famous skyline. This is an excellent opportunity if some of the things you seek is to gain **track record** in the industry.

2.- Manhattan has proven to be relentless to economic cycles regarding real estate assets appreciation. Even if the project doesn't deliver the desire returns the land value is most likely continue to increase.

3.- Development and redevelopment in the area are being incentivize. Local authorities want that the East Midtown area remains as one of the region's premier office districts so this and other programs are being launch to achieve this goal. Being just "as of right" is a great highlight for a project of this size in terms of time and costs.

PROJECT OVERVIEW

The Project:

As it was mentioned before, after acquiring the 666 5th Avenue Building for $1,286,000,000 our project looks to give life to the building so that it coexists in tune with its neighborhood which is nothing less than the heart of Midtown Manhattan. The building will remain as an almost 100% office building with some service retail in the right places. The goal is to accomplish a value-add strategy in which we acquiree the asset, renovate and sell it upon stabilization.

To achieve this, the project has to undergo through primarily two courses of action: (1) A complete renovation of the building, an (2) aggressive marketing campaign in order to reach the right demand and build a strong tenant database and (3) strategic financing figure.

Renovation Program/Strategy:

The renovation program estimates to invest $500,000,000 (approximately and including interest reserves) in the property to improve the external look and to modernize the building adjusting its structure and spaces to match our product to the right kind of tenants.

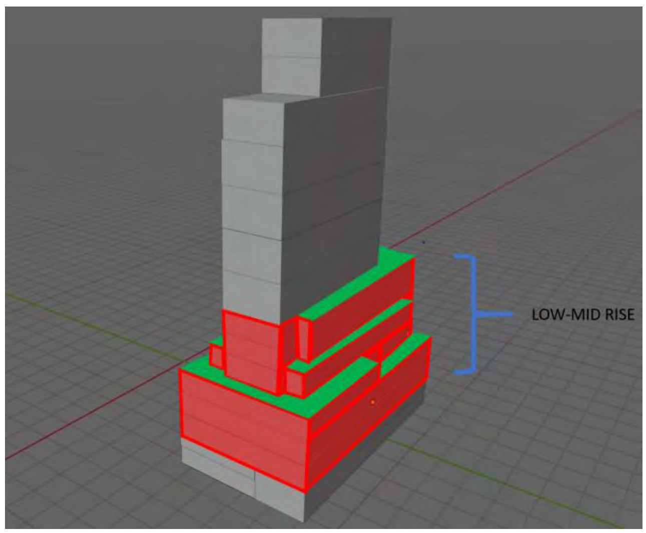
a) Lobby modernization: First impression is critical so the lobby has to be a state of the ark in terms of technology, architecture, design, materials and illumination. People must be compelled into entering the building. Also, due to the current situation (COVID-9) people are becoming more aware of what they touch. It would be a good opportunity to install a touchless entrance system. To get to your office without touching anything (elevators buttons, doors, etc).

b) Façade: Times have changed, and the building cannot continue to have that 1957 look. The whole exterior will be replaced with an insulated glass panel curtain wall (floor to ceiling windows) that not only will modernize the look of the building but also will increase the amount of natural light that goes into the building. Also, the setbacks and the coronation of the building will be redesign as green spaces, common spaces and open terraces with crystal railings.

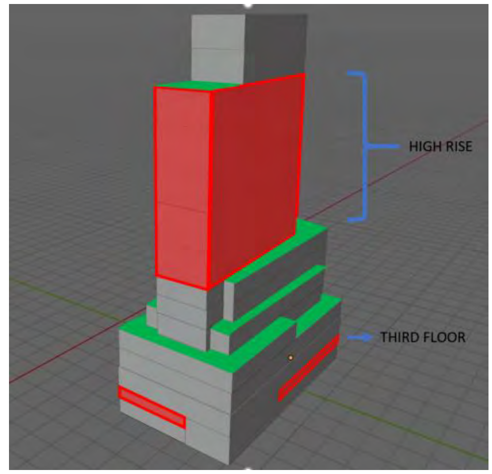
c) Mechanical and Electric System: The mechanical and electric system must be renewed to fit the necessity of contemporary tenants and the new structure of the building. This includes elevators, all type of electric connections, the use led lights, HVAC and ventilation equipment, among others.

d) Smart Building: Considering points (a) and (c), the idea is for 666 5th Avenue to become a smart building. With this, the plan is to optimize the maintenance processes, reduce the energy footprint and better manage the building space, providing an improved tenant experience which according to recent market studies, is trending a one of the top priorities for tenants.

e) Change into double height offices: Big and strong tenants are demanding more and more when it gets to choose the place for their headquarters, offices, branches, etc. Among those things, the size and height are critical. For that reason, the low and mid-rise part of the building (parts where the open spaces are larger in size) will be turned into double height open office spaces.



f) Leaving the ceilings as it is: For the high-rise part of the building (and the third floor over Krown retail), the sizes of the open spaces get too small for the same kind of tenant. For that reason, it makes no sense to invest in double height spaces. So, to gain some altitude, we will leave the ceilings as it is, with view to the sprinklers, the HVAC, the heater and any other pipeline. As said before, this measure will give the impression of higher ceilings and also a modern industrial environment.



Example of ceilings as it is.

g) Green Spaces and Exterior Terraces: The plan is to use the setbacks of the building in our favor. To take these spaces and convert them into an attractive common space using modern landscaping plans. In the case of main setback, the plan is to transform it into a compelling place where people would tend to gather for some leisure and recreative time while enjoying the view to 5th avenue and Midtown Manhattan.

h) Common Spaces Materiality: All materials of common spaces such hallways, bathrooms, amenity spaces, etc., will be changed and modernized (this includes illumination).

i) Column elimination and reinforcement: After a deep analysis from structural engineers the project contemplates eliminating all possible columns in order to enrich the use of spaces. Due to some floor elimination (due to the new double height office space), some columns may have to be reinforced. Regarding common spaces, special design will be applied for all columns that must remain in place.

Examples of different designs that can be applied.

j) Roof-top and Open Terrace Retail: As an increasing trend all around the world, the project contemplates leaving some retail space over the first setback of the building (this includes a open terrace coffee and open terrace bar) and on the last floor, a roof-top high-quality restaurant. At the top, the project involves carving out some part of the building in order to create a sky terrace.

k) Common Space (6th Floor): On the 6th floor there will be 8,178 sq ft of common space. This space will include 4 modern conference rooms that can be rented and reserve by any of the tenants and a full equipped gourmet lounge where people from the building can hang out, rest or have lunch.

Example of Conference Room

Example of Gourmet Lounge

l) Parking: Keep the parking as another income source and add some other service options like carwash and Valet Parking.

m) Internet Connection: The building will provide a fast WIFI network to all tenants. This network will be available through the whole building (from the lobby to the rooftop). From our side, we will ensure that everyone stay connected and reachable.

n) Architect Consultant: A second top of the line architecture firm like KPF will be hired as consultants and to elevate the standard and name of the project to the highest levels.

This renovation program will add value to the neighborhood in term of esthetics by modernizing the building, in terms of urban life by adding service retail in top floors with open terraces and views to Midtown Manhattan and in terms of density as we are making some double height floors in some parts of the building increasing quality and decreasing quantity.

<u>Marketing Program/Strategy:</u>

The first marketing measure will be to change the building's name and current location number (from 666 to 660). Lot of people are influenced for this type of things and would be less willing to consider our product as an option just for that name or address.

As mentioned before, our project contemplates an aggressive marketing campaign directed specially to the kind of tenant that is adequate for our product in our specific location. This Campaign will start during the construction/renovation period to achieve the most efficient pre-lease-up (the shorter period of time as possible even considering the current times) and start with the highest as possible occupancy rate in order to achieve stability in no more than 3 years (after the two years spend on construction).

Office Space Lease-up Strategy:

a) <u>Low / Mid-rise Double Height Office Space</u>:

For this office spaces that go from 39,000 sq ft to 58,000 sq ft involving floors from 4 – 9. To maximize the results of our lease-up the strategy is to focus our attention in certain target tenants so that we can carry out a personalized marketing strategy (and create smarter add for our campaign). The industries we want to focus on, are the ones that currently drive the growth in New York City. Inside each industry, the plan is not to focus on the top 10 (which will most likely prefer a brand-new Commercial Building in Hudson Yards), but to target the next best which are still very successful companies that will appreciate to have the same luxuries at a lower price. On this particular list we have:

<u>Technological Companies</u>: The technology industry is the leader in growth rates on New York. Its growth is exponential. We are aware that big technological companies as Amazon, Apple, Microsoft, Google would rather be in brand the new High-Rise Class-A buildings located in Hudson Yards or even East Midtown. 1950s commercial buildings like ours can only go so far even been fully renovated. So, our strategy is to target 3rd tier (in terms of returns) technical companies like Pinterest, Shazam, Waze, Yelp, Lyft, among others. The reality is that there are more tech companies in this group than in 1st and 2nd tiers. These companies, still worth millions, would probably appreciate the fact of being located in one of New York's prime location (the heart of Midtown) with all the benefits it represents (like being known all over around the world) at a lower rental rate.

<u>Consulting Companies</u>: The Consulting Industry is expanding globally. Mostly, the speedy development in the digital technology field is creating more opportunities for this industry and allowing their businesses to flourish. Many of them operate in the US and abroad. For that reason, the location for these types of companies is primal (even more than how new

or how technological is the building in which they are located). What better location that the heart of Manhattan just over the 5th avenue.

Construction and Development Companies: The world as it is right now (instability and unawareness of what can happen in many places like Latin America, Middle East, China, Hong Kong, among others) has made New York City a safe haven for the real estate industry in terms of investing in a safe place and in an industry where you have physical liabilities. New York City has proven to be stable in this matter even in bad economic cycles. Rarely a real estate asset will lose value in Manhattan. For that reason, and because is also a prime place for making business, a considerable number of developers are seeking to have their headquarters in Manhattan. For this type of Company an office space in our location could be very attractive in term of price, location and history.

Entertainment Companies: The entertainment industry is a rising star in New York. Currently, there are more than 20 tv-series (and increasing) being filmed in the city and the industry is segregating. There are a considerable number of these companies located around our property. A world-wide famous location like hours would certainly be of interest for this type of companies.

With this input, in order to maximize our results, our strategy involves in addition to all that, hiring a company like Savills who are experts in uniting the right tenant with the property they need.

In addition to all what's been stated above, there will be also the standard concessions (Tenants Improvements and months of free rent) that will vary depending on the type of tenant.

b) <u>High-Rise Single Height Office Space</u>:

For these office spaces that have a surface of approximately 19,000ft and goes from floors 10 to 31 (22 floors) and in the 3rd floor over Krown's retail a different strategy must be adopted. This space is too small for the classic big company tenancy and probably too expensive for smaller companies. For that reason, for this office space, we will work with five different strategies for the lease-up:

<u>Regus Approach</u>: Regus is a Co-working company that offers payment flexibility in a way that clients can get to pay by the hour, day or month. The have 110 location in Manhattan. Plan A is to offer them 5 floors of our building. Plan B is to do it ourselves in the same number of floors.

<u>Foreign Companies</u>: As mentioned before, as the world is right now, a lot of companies are moving huge amount of their Capital into the US in search of a safe haven. Many of them are even searching for working spaces to move part or their entire company. This type of floors and this location could be a good fit for them. To reach this target customer the strategy contemplates hiring a company like Savills for making the match. 4 floors would be dedicated to this target tenant.

<u>Educational Institution</u>: An educational institution would appreciate to be located in the heart of Midtown Manhattan. The EF would be a good fit. EF is located in the downtowns of almost all prime cities in the world (London, Sydney, Hong Kong, among others), but in New York is located out and far from Manhattan (in Thornwood). Our strategy consists seeking an educational institution as this one and offered them from 4 floors above. Also, due to the current times of uncertainty and job losses a considerable number of people considers that this are the right moments for studying so demand for this type of institutions should go on the rise during the following years meaning that the timing could be appropriate for the EF (for example) to move to Manhattan.

<u>Convene Approach</u>: Convene is a Co-Working company that focuses on its client's experience. They provide customize office space and 5 stars amenities. They also look for presence in iconic buildings. They have 14 locations in New York City. Plan A is to offer them 5 floors. Plan B is to do it ourselves in the same number of floors.

<u>Plug and Play Strategy</u>: For medium sized tenants that have outgrown a co-working space we plan to deliver office spaces furnished and ready to use. The tenant can start working from day one. The plan is to use this strategy in 4 floors. To reach this target customer the strategy again contemplates hiring a company like Savills for making the match.

The number of floors used for each strategy may change depending of the level of success that is being achieve in each one of them. In sum, we are approaching two different styles of co-working spaces to cover a wide variety of tenant's needs and targeting 3 other different type of tenants in particular. Again, this allows us to focus our energy and make a more successful personalized marketing strategy.

Service Retail Space Lease-up Strategy:

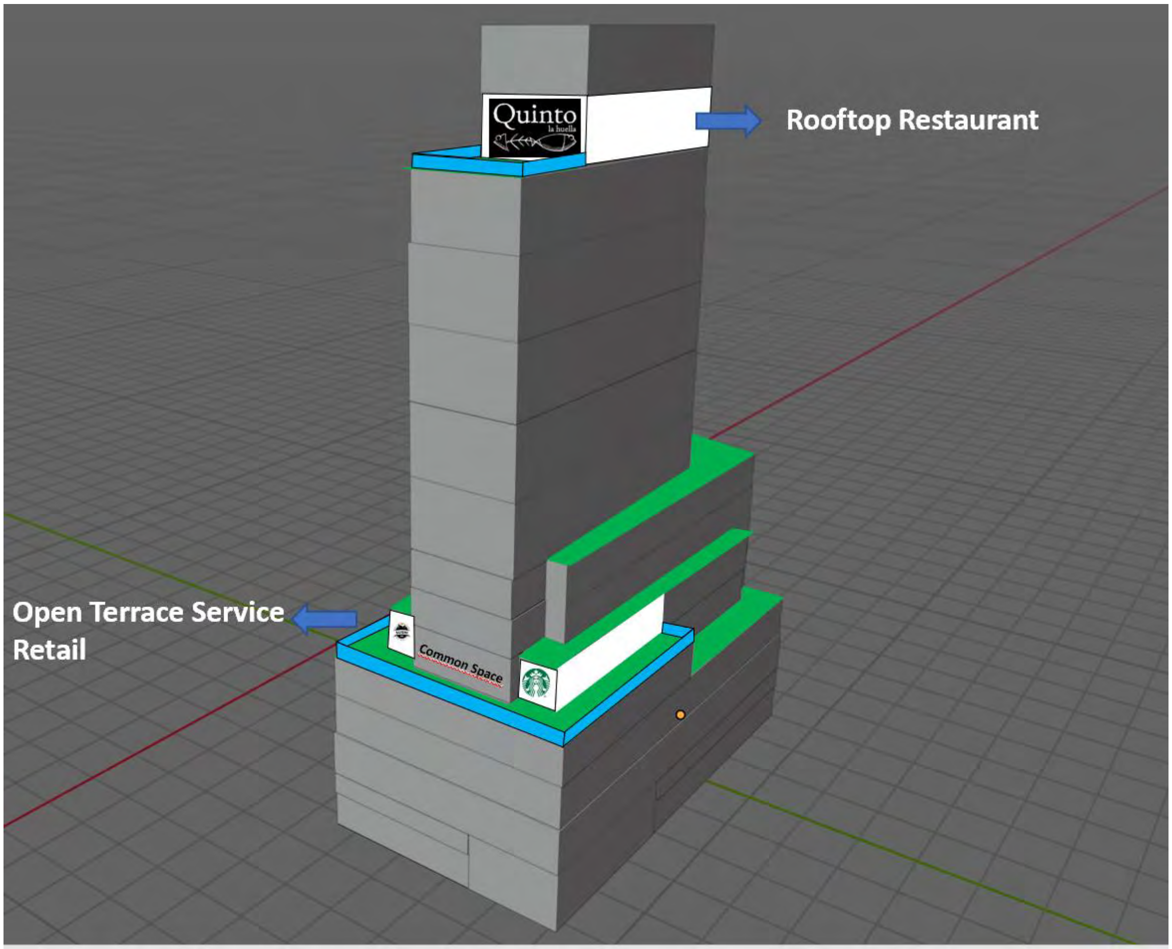
Roof-top Restaurants, Bars, Coffees are trend around the world. Some of the most exclusive restaurants seek to be on a roof-top and people seems to enjoy eating or drinking with a view. Manhattan is no exception.

a) First Setback – Open Terrace:

Coffee Shop – Open Terrace: The preferred outcome would be to rent this space to a known branch like Starbucks, Pret a Manger or Pain Quotidien. This type of branch tends to attract all kind of people. From tourists to local residents. Due to high traffic of people in the area (locals and tourists) to rent this space to one of those brands (or a similar one) should be a straight forward process.

Bar – Open Terrace: For this space the strategy is to rent it to a "tapas" or "sushi" type of bar that suits perfectly with local residents looking for after hour gatherings or tourists just passing by.

b) *Roof-top – Restaurant*: Having dinner (or lunch) at 480' with a view of an iconic neighborhood of Manhattan (above the best retail) is all the strategy needed to attract top quality restaurants as tenants. Though we have in mind to offer this space to restaurant call "Quinto from La Huella". One of the best restaurants in Uruguay which recently open a branch (with success) in the rooftop of a commercial building in Brickell, Miami. Knowing the owner for many years, we know he is targeting New York. A rooftop in an iconic building in a location like this one would be of much interest for him. Midtown Manhattan has already more than 21 rooftop restaurants in which is very difficult to get a table without at least a 2 days prior reservation.



Pricing Strategy:

Our pricing strategy will depend of the type of product at lease. Double height offices will have an asking rent around $95.00. Just below Class A office space but over the classic Class B office space. Our single height offices will have an asking rent around $80.00. Just above the average Class B office space due to all the renovations and improvements that will be done to the building. This give us an average asking rent of $85.10 for the total office space on the building. We know that we are not a brand new Class A commercial building but we will offer the same benefits, the same customer experience and also the benefit from a prime location. In sum, the strategy is to charge a price below Class A average just enough to make it compelling for any tenant to choose us over them.

Our service retail will have an asking rent price around $500 per sq ft based on the conservative side of some similar comps of the area. We have to keep in mind that some of the best restaurants of Manhattan are nearby and that all service retail fight for spots in the neighborhood.

<u>Other Income</u>**:**

Conference Rooms: The four conference rooms in the 6th floor will be available upon prior reservation for tenants of the building at a $60 for two hours.

Parking: Will keep its $15 per hour fee and $300 per month fee.

Car Wash: A space would be rented to "ECOWASH" which is the biggest Car Wash company in Chile with 42 different hotspots between Malls, Office Buildings, Hospitals and Power Centers. The asking rent will be $1,000 monthly.

<u>Financing Strategy:</u>

For making this happen, the Project depends on the following financing structure:

- *Acquisition Loan* → 2-year term Loan.
- *Construction Loan* → 2-year term loan with draws in accordance to the renovation/construction's advances during that period.
- *Bridge Loan* → At year 2 the plan is to seek an only-interest Bridge Loan for a 3 years period until stabilization is reached.
- *Permanent Loan* → Upon stabilization, the plan involves getting a Permanent Laon for a major value (a CPM type Loan).

To achieve al this financing at the best possible terms Urban Buildings is planning to form an alliance with a well-known local operator for it to help with its track record in NYC Real Estate industry.

ZONING

Zoning Overview and Strategy:

666 Building is already overbuilt in terms of zoning regulations. Even with our project plan in which FAR is being freed (because of the floor demolition for creating double height spaces) the building still remains overbuilt. In terms of uses, the plan is proposing nothing new to what had been historically in place: Offices, Retail and a Restaurant in the roof-top. In addition to that, the building is maintaining the same height. For that reason, no major entitlement issues should be encountered as we are working in “as of right” terms. In fact, our plan is fully in line with the Great East Midtown Rezoning plan.

666 5th Ave, New York, NY 10103
Zoning and Site Analysis

Neighborhood:	Midtown Manhattan
Address:	666 5 AVENUE, 10103
Block #:	1268
Lot #:	7502
Zoning District:	C5-2.5, C5-3, MID
Community District:	Manhattan Community District 5
City Concil Distric:	Council District 4

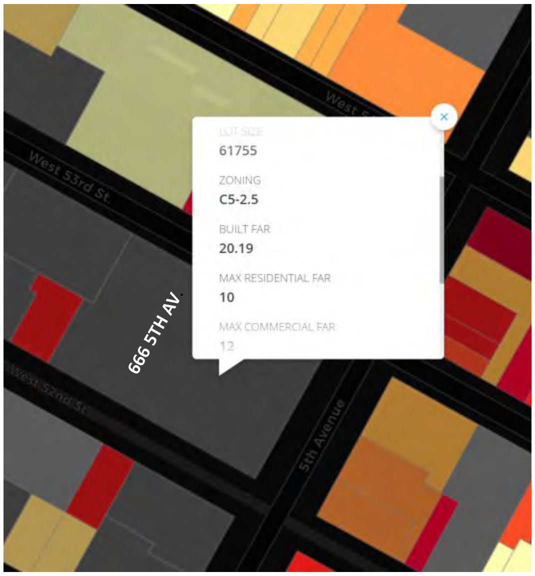
	666 5th Ave	
Exisiting Condition	40-Story Commercial and Office Building	
Site Dimensions	200.83' x 315'	
Lot Area	61,755 sq ft	
Land Use	Commercial & Office Buildings	
Street Conditions	Through Lot: Wide Street	
Other Zoning Areas	None found	
Other Existing Conditions	Grandfather Clause	
Commercial FAR	15.0	926,325 sq ft
Exisiting Gross Floor Area	1,246,882 sq ft	
Number of Floors	40	
Building Height (Roof)	483 ft	
Permitted Sign Regulation	3X Street Frontage	

Zoning details.

Zola Map

In terms of design and exterior façade, our proposal does not defer much from Brookfield’s already presented proposal:

666 5th Avenue Brookfield’s makeover proposal.



Development Rights Map.

As it was previously mentioned, 666 5th Avenue is currently over built and will remain overbuilt after our proposed makeover.

Current Surface	**:**	**1,032,792 SF**
Proposed Surface	**:**	**928,998 SF**
Regulation SF	**:**	**741,060 SF**

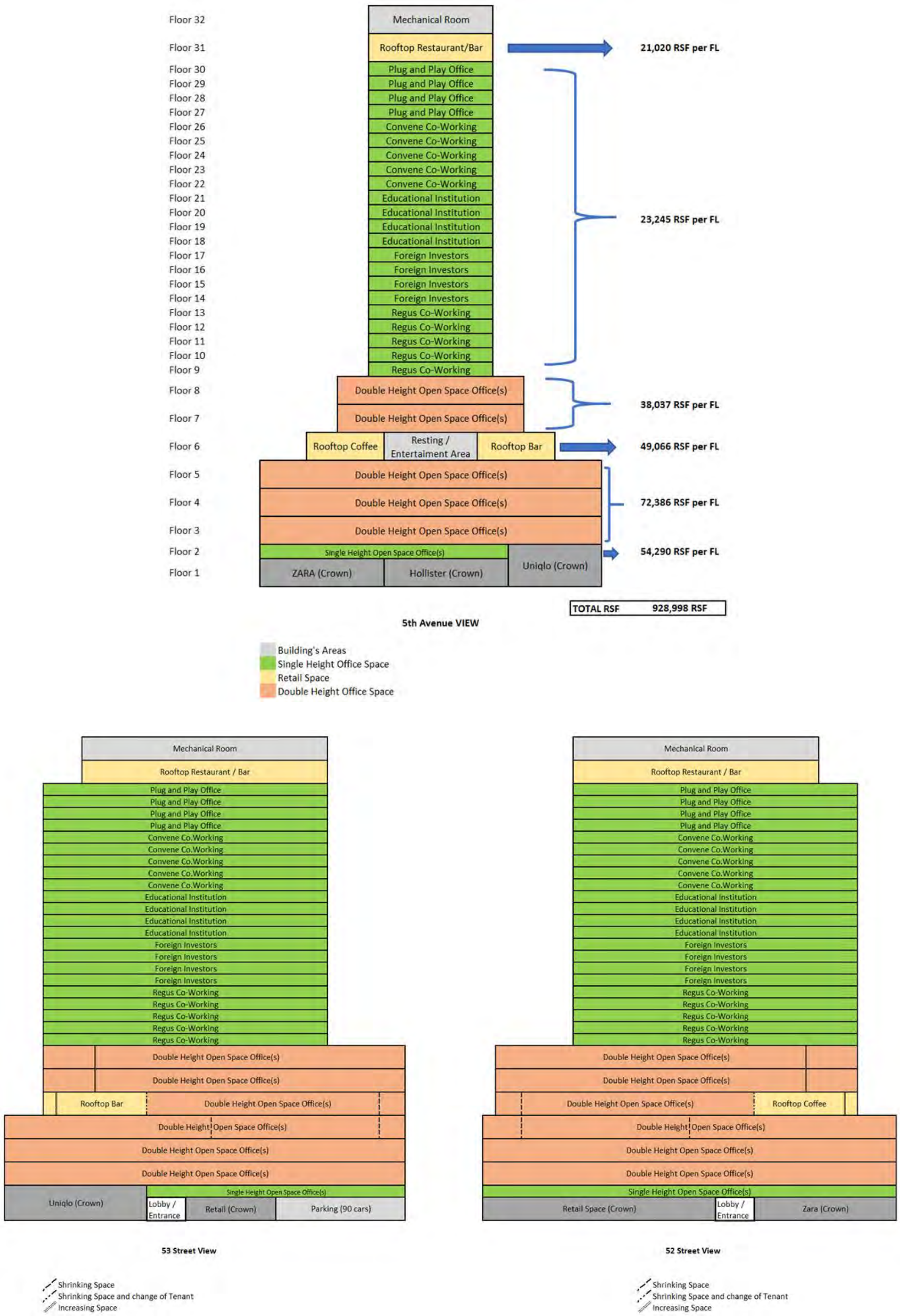
<u>Great East Midtown Rezoning Plan:</u>

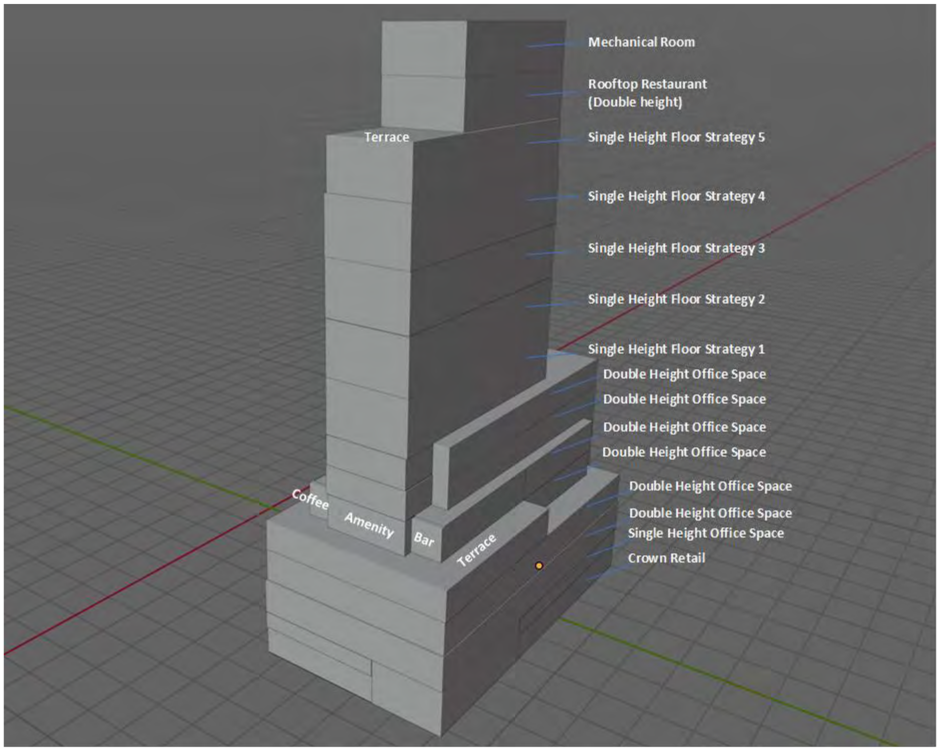
The purpose of the rezoning is to ensure the area’s future as a world-class business district and major job generator for New York City. The plan provides zoning incentives to promote the development and renovations of commercial buildings in the area so that East Midtown’s office stock remains attractive to a broad range of businesses, including major corporate tenants.

This impacts our project in mainly two ways:

- No major issues regarding approvals and regulations.
- More Office space stock and competition.

Massing Diagram:

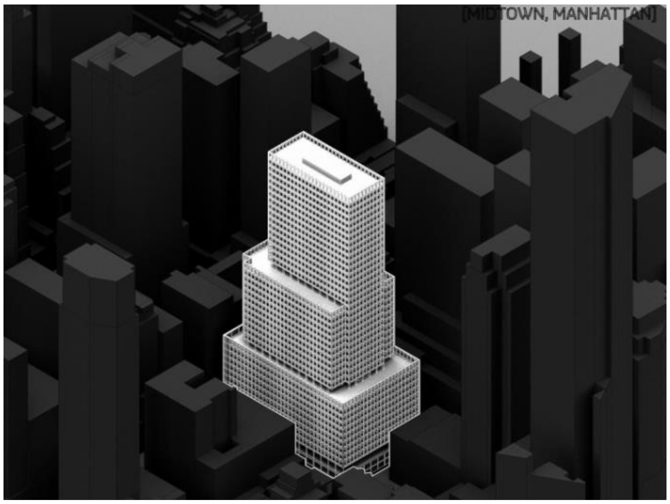


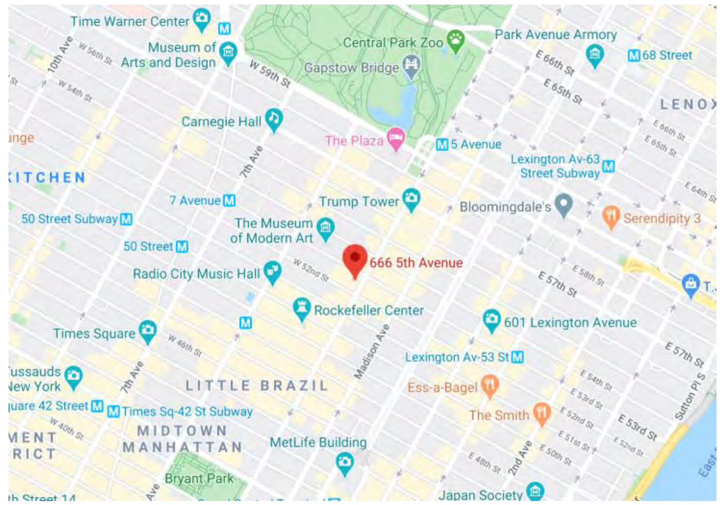


3D Massive Diagram

ARCHITECTURE AND DESIGN

Project Location and Layout





666 5th Avenue is located on the west side of 5th avenue between 52nd and 53rd street in the heart of Midtown Manhattan.

Its location offers:

- Almost immediate connectivity to NYC Subway and proximity to most of its lines.
- Proximity to almost any type of amenities and services.
- Proximity to best Retail.
- Proximity to some of the most trending bars and restaurants.
- Walking distance to Green Spaces (Bryant Park – 15 minutes / Central Park – 10 minutes).
- Walking distance to some of the best entertainments in the city (Broadway, Time Square).
- Proximity to some of NYC most iconic landmarks.

666 is located in a “historic” commercial environment. Most of the building in the area are old and because of that, classified as Class B but as a commercial district, our location is at the same or better level than other commercial HUBs like Hudson Yards and the World Trade Center.

The Building Proposal (design)

Comparisons:

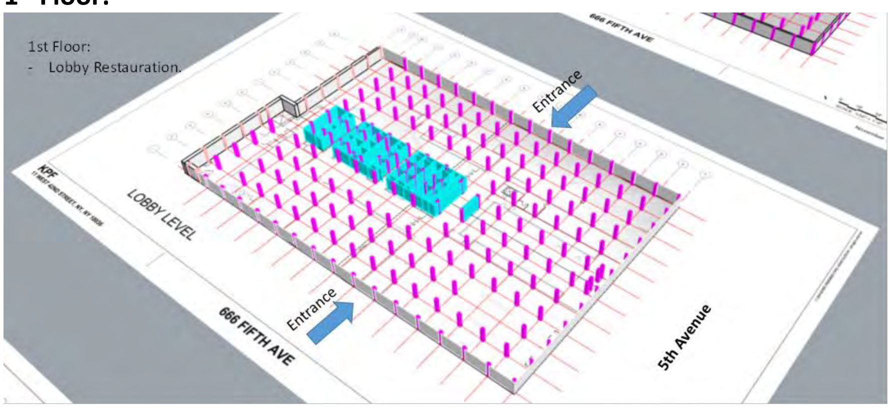
Current State

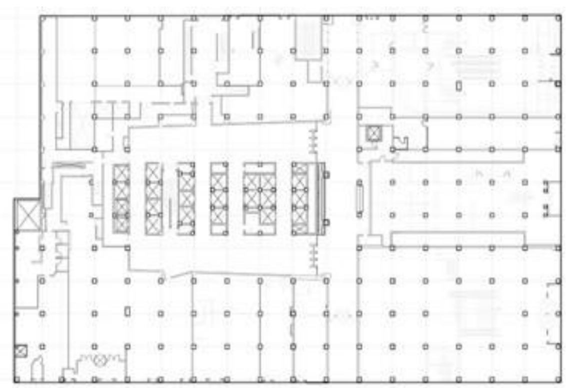
Brookfield's proposal

OUR PROPOSAL

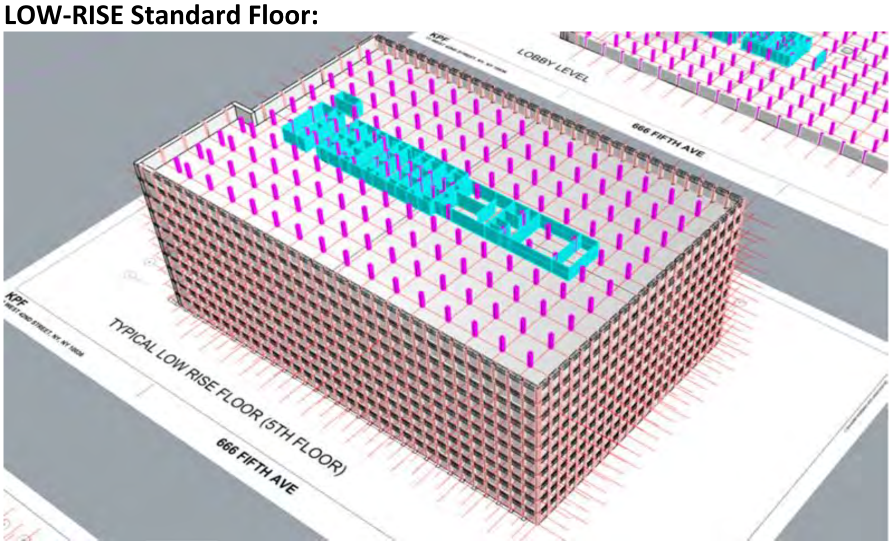
Floor Plans and Heights:

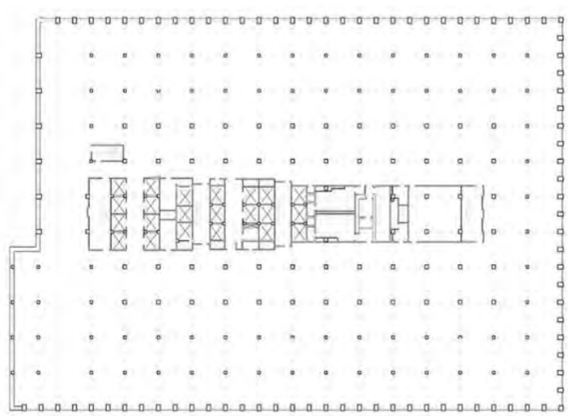
1st Floor:



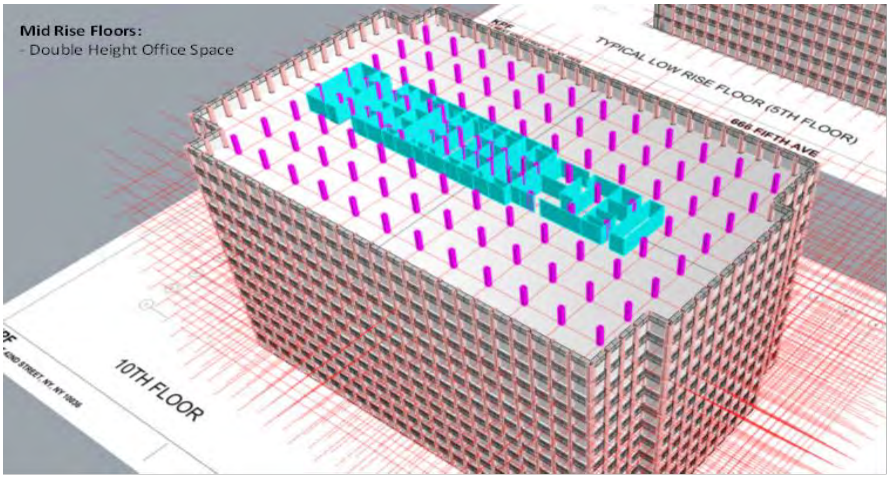


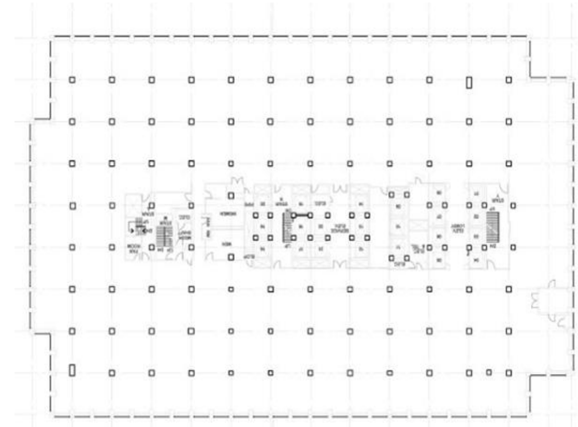
LOW-RISE Standard Floor:



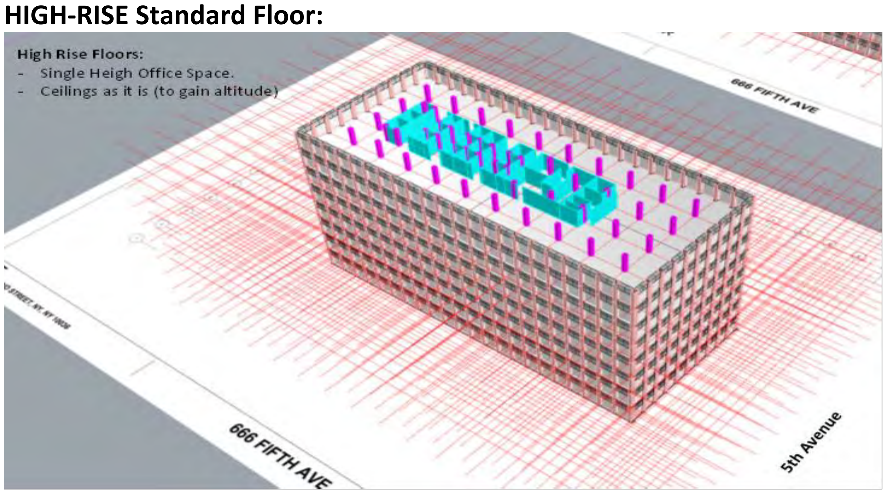


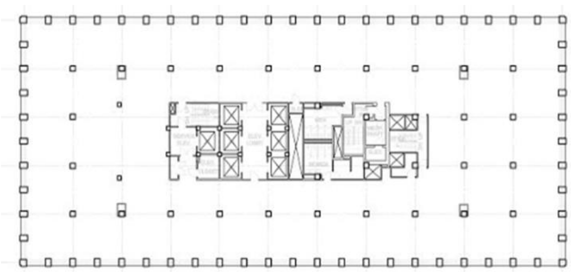
MID-RISE Standard Floor:





HIGH-RISE Standard Floor:





MARKET ANALYSIS

Global Economy Overview

- Brexit
- Latin America's instability
- Honk Kong riots.
- China-US trade war
- Corona Virus (COVID-19)…among others.

Though it looks like a pile of bad news, we can make an opportunity of this for our project. All this instability and uncertainty causes that investors all around the world start looking exact for the contrary. New York is one of the economic centers of the world and will most likely become a safe haven for these individuals. It's likely that a considerable amount of money will come from different places of the world. Adding to this, during these kinds of times, people tend to invest their money on physical assets which are specific and relatively immobile. Regarding the market, rents will become a more relevant factor for all tenants at the moment of choosing were to stablish their offices. Being a renovated class B building offering the same level of benefits than the new class A building but at a lower price could become beneficial for the project. Also, among all effects that COVID-19 has caused, one of them is that a great amount of people has realized that they can do their job from their home. Probably home office will become a strong tendency. That means that tenants will need smaller spaces for their offices (part of their stuff would be working from home). If that would be the case, our project would fit perfectly because great percentage of the floors in the building are in the lower side in terms of the average amount of square feet big companies currently (before COVID-19) need to operate.

Real Estate Industry – Manhattan

During 2019 Manhattan's new leasing slowed in the third quarter with nearly 7.3 million square feet (msf) transacted. The limited demand was driven by a reduction in Midtown leasing, which registered the lowest quarterly total in more than six years. Year-to date leasing totaled 25.6 msf, down a slight 0.5% from one year ago. Vacancy increased modestly during the quarter, up just 10 basis points to 7.7%. Year-to-date absorption remained negative for the third consecutive quarter at 2.2 msf. The Manhattan overall asking rent fell by $0.25 psf during the quarter to $73.91, even though asking rents in 12 of the 20 Manhattan submarkets increased.

Class A versus Class B Office Space:

As mentioned before, 666 5th Avenue is a Class B building and will probably remain in that category (or get an upgrade to Class B+) regarding all the renovations described above.

Variable	Class A	Class B	Comment
Supply	Oversupply	Decreasing	There is an oversupply of Class A building and a lot of more space upcoming on the pipeline (se picture xx on the appendix).
Vacancy	↑	↑	Steady increase in both of 0.3% annually in average though in Class A building the % is 8.2% and in Class B is of 6.8%
Absorption	↓	↓	In Average, South Midtown is the only sector with positive absorption but it is offset by the rest of Manhattan. Class B in Midtown has barely positive absorption (close to 0).
Rent	↓	↑	Class A Base Rent decrease 2.4% over last year while Class B increased 3.8% (in Midtown rose by 4.08% to $67.62 psf).

Office Market trends in NYC:

- Flexible Space: The term flexible applies for the lease agreement, the design and amount of space. → **Consistent with our Project Structure.**

- Shorter leases and open to change.

- Demand form tech companies on the rise. → **One of our targets in our lease-up strategy (3rd tier tech companies).**

- Smaller tenants driving the office leasing activity: Although they don´t make the headlines, they are the ones that had signed the majority of leases during the last years. This are leases under 20,000 square feet of tenants that have outgrown co-working facilities. → **One of our targets in our lease-up strategy.**

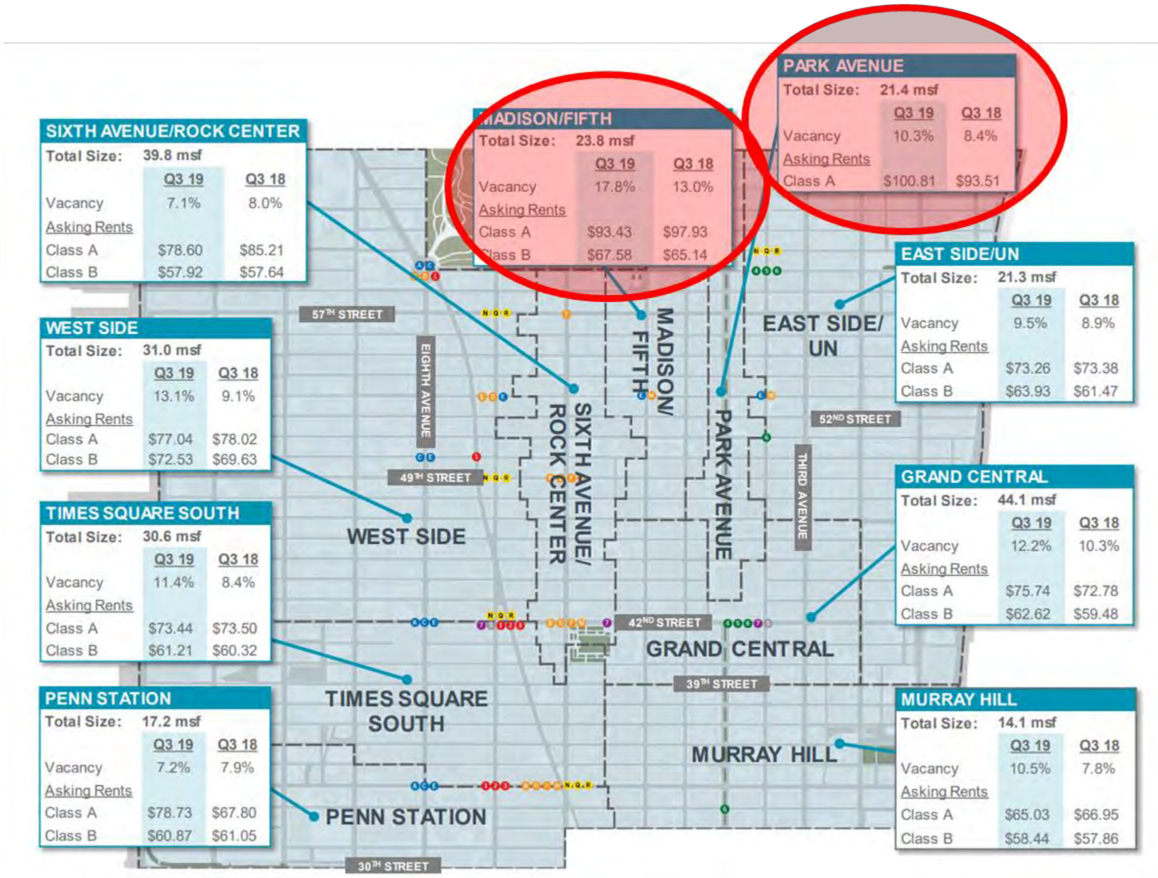
- Co-Working Spaces: Theses spaces cover independent professionals and entrepreneurs, freelancers, remote workers, Start-ups, SMEs, temporary workers and side-giggers (those who are employed in some capacity but take on other part-time, independent assignments). → **One of our lease-up strategies.**

- Live-Work-Play Neighborhoods: NYC neighborhoods are evolving into what's being described as a "crossover" which basically means neighborhoods offering a vibrant "MIX" of office, retail, restaurants, activities, hotels and residential spaces. → **Our neighborhood already has this and there are upcoming plans to make it even better.**

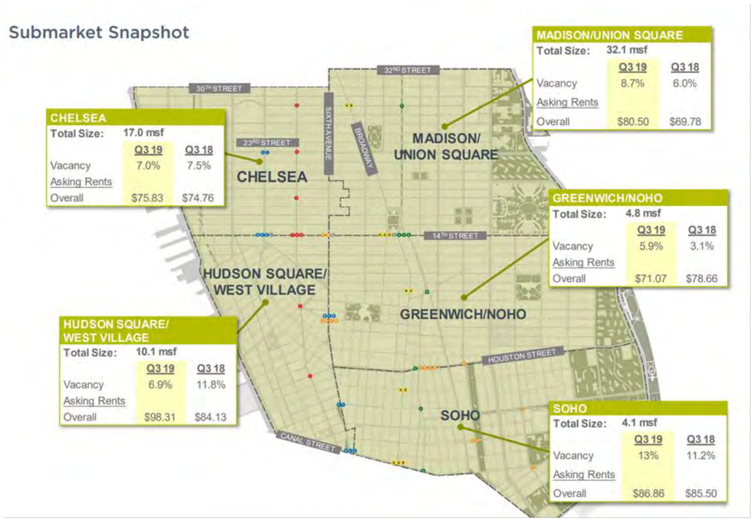
The Neighborhood

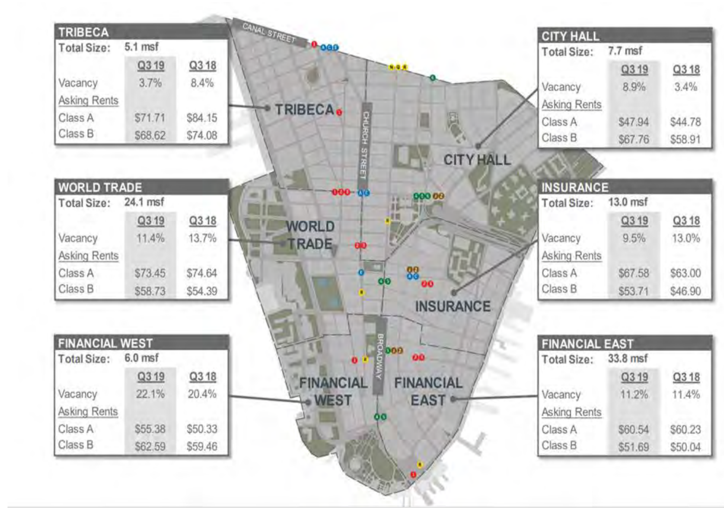
Office Space:

Office Space Average Rent and Vacancy in Midtown:



The average rent for a Class B buildings in the locations that are relevant to us is $67.58. The average rent for a Class A buildings in the locations that are relevant to us is $96,92. Though, we have to take into consideration that we will renovate our asset and transform some of its MIX. Our project would turn out to be a Class B+ Building. For our Double height office space (which would be much like an Office Space in a Class A building) we will charge a higher price but a little under the one of the Class A space. This number would be around $95.00 RSF. For our single height office space which would be renovated and modernized we would charge an amount above the average Class B Building but considerable below the rent average from class A buildings. This number would be around $80.00 RSF.





Other Commercial HUBs

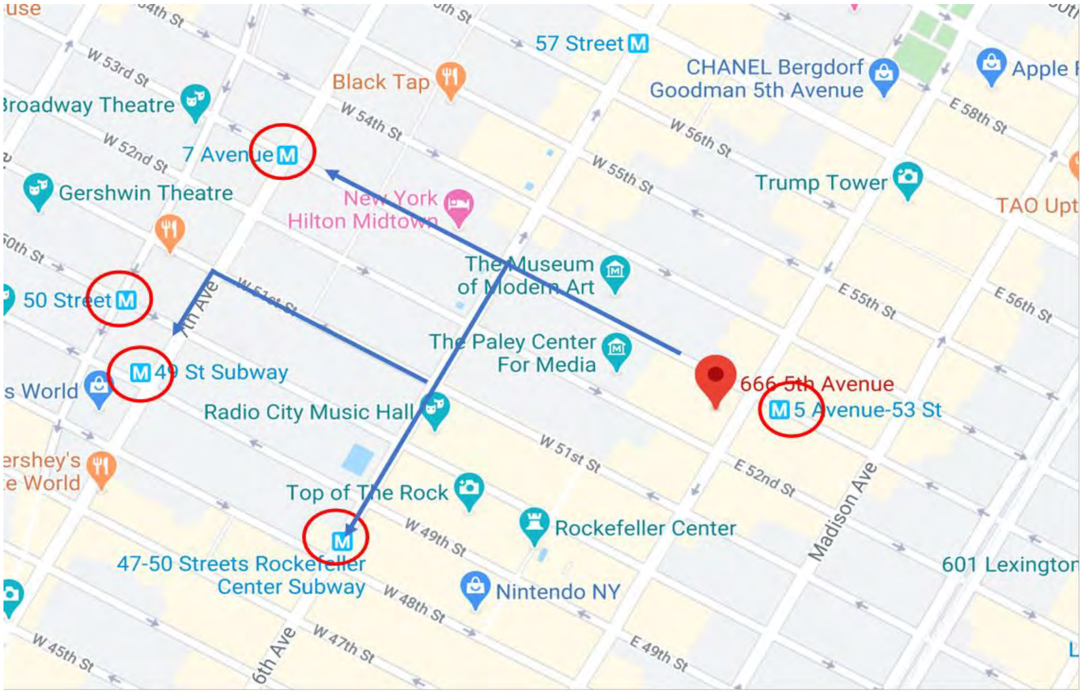
Hudson Square / West Village rents could be relevant for our project asking rent analysis and overall (Class A and Class B) they are among $98,31 PSF.

<u>Office Market and The Neighborhood</u>:

Office tenant values the following aspects in term of neighborhood and location:

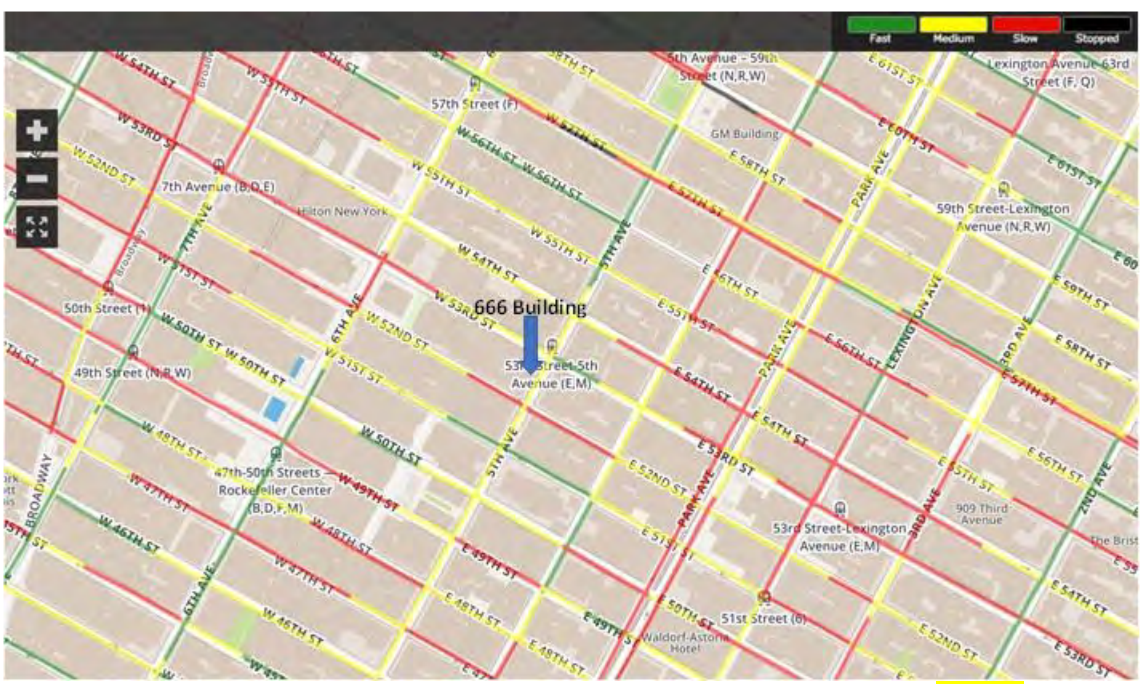
1.- Connectivity: Centrally located in the heart of Midtown Manhattan, 666 Building is easy to reach from Grand Central Terminal, Penn Station and the Port Authority Bus Terminal, making it ideal for companies with large number of suburban commuters. In addition to this, the complex also sits directly above the 5th/53 Street subway station, providing immediate access to the E and M subway trains and in close proximity to four more stations giving access to almost the whole subway web. Also, there are numerous bus routes nearby.

SUBWAY STATION	LINES	DISTANCE
5av. w/ 53 Street	E and M	Immediate Access
7 Av station.	B, D and E	5 min. walking
Rockefeller St.	B, D, E and F	5 min. walking
50 st station.	1 and 2	7 min. walking
49 st station.	N, Q, R, and W	7 min. walking



Subway Stations surrounding the building – Access to almost every line

2.- *Traffic*: People that use their car for going to work value locations were traffic isn't too intense. 666 Building is located in a place where the average traffic is considered medium (if you take the right streets). In the map below you can see ways to reach the building incurring only in fast and medium traffic. Considering this aspect, our location is better in comparison to Easter Midtown (almost just red lines) and the same in comparison to Hudson Yards.



Traffic Map: Street surrounding the Building. Hudson Yards and Easter Midtown maps can be found in the appendix.

3.- *Proximity to Amenities, Retail, Services and Green Spaces*: Midtown Manhattan is globally known for having some of New York's most iconic landmarks and best retail. Along with that in proximity to 666 building location you can find any type of amenity and service you could need. Coffee shops, drug stores, schools, grocery stores, some of the best restaurants and bars of the island, among others, are all in close walking distance from the building. Also, Bryant Park and Central Park are located at reachable walking distance (10 minutes). In comparison to other commercial HUBs like Hudson Yards, East Midtown and WTC Downtown, I would say our location is in the same or better level in this aspect.

4.- Office Environment (Live-Work-Play Neighborhood): 666 is located in a "historic" commercial environment. Most of the building in the area are old and because of that, classified as Class B. The current trend in terms of office space where modern cutting-edge office buildings can be found are in Hudson Yards and Easter Midtown. Although 666 building is located in a globally known location, in term of trend and office environment we are in disadvantage.

Restaurants and Service Retail Space:

<u>Retail Average Rent in the Neighborhood</u>:

Figure 11: Average Asking Rents* | Q1 2020

Neighborhood	Corridor Parameters	Total direct ground floor availabilities Q1 2020	Q1 2020	Q4 2019	Quarter-over-quarter change	Q1 2019	Year-over-year change
Upper West Side	Broadway | 72nd to 86th Streets	18	$236	$267	(11.7%)	$272	(13.4%)
Upper East Side	Third Avenue | 60th to 72nd Streets	16	$221	$218	1.3%	$226	(2.2%)
Upper Madison Ave	Madison Avenue | 57th to 72nd Streets	42	$920	$911	1.0%	$1,025	(10.2%)
Plaza District	Fifth Avenue | 49th to 59th Streets**	10	$3,000	$3,000	0.0%	$3,150	(4.8%)
Grand Central**	Fifth Avenue | 42nd to 49th Streets	8	$774	$828	(6.6%)	$854	(9.4%)
Times Square	Broadway & Seventh Avenue | 42nd to 47th Streets	10	$1,647	$1,615	2.0%	$1,955	(15.7%)
Herald Square**	34th Street | Fifth to Seventh Avenues	9	$500	$509	(1.7%)	$617	(19.0%)
Flatiron/Union Square	Broadway | 14th to 23rd Streets	11	$362	$365	(0.8%)	$397	(8.7%)
Flatiron/Union Square	Fifth Avenue | 14th to 23rd Streets	11	$338	$344	(1.8%)	$386	(12.6%)
SoHo	Broadway | Houston to Broome Streets	21	$420	$466	(10.0%)	$600	(30.1%)
SoHo	Prince Street | Broadway to West Broadway	5	$683	$719	(5.0%)	$698	(2.1%)
SoHo	Spring Street | Broadway to West Broadway	8	$644	$646	(0.3%)	$709	(9.2%)
Meatpacking	14th Street | Eighth to Tenth Avenues	15	$332	$340	(2.4%)	$399	(17.0%)
Meatpacking	Gansevoort | Little West 12th Street | 13th Street | Ninth to Tenth Avenues	14	$376	$357	5.3%	$365	3.0%
Meatpacking	Washington Street | 14th to Gansevoort Streets	2	$575	$575	0.0%	$500	15.0%
Downtown	Broadway | Battery Park to Chambers Street	26	$401	$413	(2.8%)	$401	(0.1%)

Keeping aside the fact that today all retail is closed and going through tough times, our service retail is projected to open approximately two years from now so we will avoid this matter in our analysis. Also, our retail is service retail so is internet resistant. Our open terrace and rooftop service retail will serve as ankers for giving life to our building. It has to be trending and of the best quality. If we analyze the asking rent average of the areas that are of concern to us an average of US 1,564 per sq ft. Due that is critical to lease these spaces as fast as possible, our starting rent will be lower than the lowest average of the data relevant to us. For the open terrace where the original plan consists of a coffee shop and a bar, the initial asking rent will be $500 per sq ft. For the Rooftop, which is the best and most trending spot, the initial asking rent will be $650 per sq ft. Depending on the performance of the whole project the growth of this rent will be analyze further in time. Meanwhile our financial analysis will stay on the conservative side.

<u>Restaurants and Service Retail and the Neighborhood</u>:

As already mentioned, Midtown is the location of some of the best restaurants and bars of the island. The great amount of high-quality retail, entertainment places (Broadway, Museums, etc), touristic landmarks, hotels, and office environment ensures enough human density at all times of the day during all the year to keep them full and make them a profitable business. As it was mentioned before, you must call two days in advance to get a table at a restaurant.

Neighborhood Plans:

- *Great Midtown East Rezoning:* The vision is that the Greater East Midtown area will remain one of the region's premier office districts. All this by incentivizing development and redevelopment in the area.

- *Extension of Long Island Rail Road* (from its main line in Queen's into under Grand Central Terminal).

- *Other Midtown programs:* Street beautification program, annual food tasting event ("Grand Gourmet: The Flavor of Midtown") and Summer Solstice Music Festival.

<u>Comps:</u>

Sale Comps:

2019 Investment Sales: Top 10 Biggest Transactions

Address	Buyer	Seller	Price	District	Use
30 Hudson Yards	Related Companies Allianz Real Estate	WarnerMedia	$2.16B ($1,437 psf)	Hudson Yards	Commercial
Deal included 15-year leaseback of 1.5M-sf condo unit spanning floors 16-51 through 2034. Allianz is reportedly a minority 49% stakeholder. WarnerMedia (formerly Time Warner Inc. acquired the unit in June 2018 for roughly $1.426 billion.					
711 Fifth Avenue	Wafra Capital Partners Nightingale Properties	Coca-Cola Company	$909MM ($2,569 psf)	Plaza	Commercial
711 Fifth Avenue	Michael Shvo, Bilgili Holding, BVK, Deutsche Finance	Wafra Capital Partners Nightingale Properties	$937MM ($2,647 psf)	Plaza	Commercial
Sellers opted to flip the asset after acquiring one month prior.					
330 Madison Avenue	Abu Dhabi Investment Authority	Vornado Realty Trust	$900MM ($1,064 psf)	Grand Central	Commercial
Vornado opted to sell its minority 25% stake upon ADIA introducing its 75% stake to the market, and subsequently opting to exercise its option for a partner buyout, valuing the building at $900M. In November German-based reinsurance firm Munich RE reportedly entered into contract to purchase the building for between $850 million and $900 million ($1,034 psf)					
424 Fifth Avenue	WeWork Property Advisors (WeWork / Rhône Group)	Hudson's Bay Company	$850MM ($1,283 psf)	Penn Plaza	Commercial
As part of the sale of the former Lord & Taylor's flagship of 104-years, HBC retained a reportedly $125 million "preferred minority equity interest."					
Milk Building 450 West 15th Street	Alphabet-owned Google	Jamestown Properties	$592MM ($2,103 psf)	Chelsea	Commercial
Previously traded in 2013 for $295 million ($1,048 psf).					
885 Second Avenue	Rockpoint Group	Ruben Companies	$566MM ($723 psf)	Midtown East	Commercial
First time the asset sold since developed in 1974 by Lawrence Ruben.					
850 Third Avenue	Jacob Chetrit	HNA Group, MHP Real Estate Srvcs, ATCO Properties & Mgmt	$422MM ($688 psf)	Plaza	Commercial
Previously traded in 2016 for $463 million ($754 psf)					
521 Fifth Avenue	Savanna	SL Green Realty, Quantum Global Real Estate Partners, LaSalle Investment Mgmt	$379MM ($774 psf)	Grand Central	Commercial
345 Park Avenue South	Deerfield Management	RFR Realty	$344.5MM	NoMad	Commercial
In addition the deal reportedly included an interest to RFR in one of Deerfield's life science funds valued at around $150 million. Building to undergo a planned medical lab conversion at a reported estimated cost of $290 million.					

666 5th Avenue → $1.286 billion ($879 psf)

The property in the red circle is the best comparable of the biggest transactions during 2019. Comparing with our project, both Class B buildings of similar look. 330 Madison Avenue is more expensive in terms of square footage which can be explain by its location (currently more trending than ours in term of commercial buildings). This give us the right idea than an acceptable price is being paid for our property. All the other comps smaller buildings, or too far, or Class A buildings.

Lease Comps:

Significant lease transactions		
WeWork 437 Madison Avenue	Class A 362,197 SF	
EisnerAmper LLP 733 Third Avenue	Class B 124,327 SF	Consulting Company (*)
IDB Bank 1114 Avenue of the Americas	Trophy 120,000 SF	
Tribune Media Company 220 East 42nd Street	Class B 101,368 SF	Entertaiment Company (*)
General Atlantic 55 East 52nd Street	Trophy 93,542 SF	

The above are the most significant lease transactions during the las quarter of 2019. Regarding Class B commercial buildings, we can see that the respective tenants are both within the industries we are targeting as potential clients. Also, the initial asking rent we are considering in our analysis is lower than in both highlighted comps which make us feel comfortable with our analysis staying in the conservative side.

<u>Upcoming Pipeline:</u>

Market/building	Class	Developer/owner	RBA	Preleased	Major tenants signed	Delivery date
Midtown						
50 Hudson Yards	Trophy	Related/Oxford/Mitsui Fudosan	2,900,000 SF	29.3%	BlackRock	2022
66 Hudson Boulevard	Trophy	Tishman Speyer	2,850,000 SF	34.4%	Pfizer, AllianceBernstein	2023
One Vanderbilt	Trophy	SL Green/NPS/Hines	1,732,955 SF	45.3%	TD Bank; Greenberg Traurig	2020
Farley Building	A	Vornado/Related	767,000 SF	0.0%	N/A	2020
441 Ninth Avenue	Trophy	Cove Property Group	700,000 SF	58.7%	Peloton, Lyft	2020
425 Park Avenue	Trophy	L&L Holding Company/GreenOak Real Estate	670,000 SF	31.6%	Citadel	2020
1245 Broadway	A	GDS Development	200,000 SF	0.0%	N/A	2020
104-106 W 56th St	A	Atom Assets/Savanna	90,000 SF	0.0%	N/A	2019
Midtown South						
Pier 57	A	RXR Realty/Youngwoo	413,835 SF	77.3%	Google	2019
124 E 14th Street	A	NYCEDC/ RAL Development	237,838 SF	0.0%	N/A	2020
799 Broadway	A	Normandy R/E/ Columbia Property Trust	182,187 SF	0.0%	N/A	2020
202 Broome Street	A	Taconic/L+M Development Partners/BFC Partners	175,000 SF	0.0%	N/A	2020
180 Broome Street	A	Taconic/L+M Development Partners/BFC Partners	175,000 SF	0.0%	N/A	2020
60 Charlton Street	A	APF Properties, Drake Street Partners	98,000 SF	0.0%	N/A	2020
Downtown						
74 Trinity Place	A	Trinity Real Estate	310,000 SF	51.6%	Trinity Church (partially owner-occupied)	2020
1 Broadway	A	Midtown Equities / Rockwood Capital	253,268 SF	0.0%	N/A	2019
15 Laight Street	A	Vanbarton Group	122,000 SF	0.0%	N/A	2020
CBD totals			**11,702,083 SF**	**35.7%**		

The upcoming pipeline during the next three years is strong and will most likely cause a strong oversupply considering the current global situation. The good news is that all upcoming projects are Class A commercial buildings. If we manage to get through to the correct tenants for our product with our strategy (giving almost the same benefits at a lower asking rent price) we could turn what it looks like to be a tough situation into an opportunity.

FINANCIAL ANALYSIS

Main Assumptions:

- The Property is being purchased at the already informed price of $1,286,000,000. There is a pending negotiation in which a better price may be achievable.

- The Development cost estimation of $400,585,092 and the timeline of 24 months are an estimation. There is a detailed calculation analysis of how we get this budget and schedule but there are pending negotiations with the contractors and suppliers. It could be more or it could be less.

- Vacancy Rates have been separated for each of the type of tenants (3 types) that've been previously described. For conservative reasons and due to current events, these rates have been estimated higher than average and its evolution in time is slower than data informed in different market analysis of the industry and the area.

- For the same reasons explained above, the estimated lease-up period is of 3 years in total. From year 3 to year 6. In year 7 we reach stabilization.

- Rents assumptions have already been explained in previous chapters. They are on the conservative side giving room for increasing.

- The project depends on three different Loans (Acquisition/Construction Loan, Bridge Loan and a Permanent Loan). The terms of this loans have been estimated using realistic criteria but there are pending negotiations with Banks and other possible Financing Institutions.

- Growth Rent rates estimation is conservative and in the low side of the average of several market analysis.

- CPI growth rates start higher and decrease in time. This due to the current economic situation.

- For the same reason, the used discount rate is 7.5%. That's 1 point lower than an average estimation for NYC.

- Capital Call: The offering to LP investors is up to $474,453,385 with a minimum participation of $10,000,000.

Exit Strategies:

Different exit strategies have been evaluated in other to make the best decisions regarding the project and to know what to expect in each scenario. These exit strategies are:

1) Sell the property immediately after the renovation:

   The Sale price has been calculated using the present value (5 years) of the stabilize property net operating income estimated for the project. This basically means that the project would be sold at Year 2 after its acquisition. Due its unlikely to happen because investor and/or buyers are most likely to invest in business with tangible cash flows, with this exit strategy we get the higher returns in terms of IRR:

Sale Price	:	$1,966,712,911
Profit	:	$235,070,325
IRR	:	29.7%
Equity Multiple	:	1.59x

   Selling the property in Year 2 (just after the renovation is finished) delivers a high IRR that allows even to do a discount of 5.8% on the above sale price if we wanted to get the same IRR if the property would be sold upon stabilization:

Discount Sale Price	:	$1,851,458,643
Profit	:	$119,816,058
IRR	:	16.0%
Equity Multiple	:	1.30x

   Although this event is unlikely to happen, we plan to put the property for sale from day 1. If the right price can be achieved way not.

2) REFI upon Stabilization (year 7) and hold of the property for a longer period of time:

   For the REFI (far away in the future), we assumed the same terms than the ones achieved in the first permanent Loan (a CPM Loan). With this in mind the property would be finally sold on year 12 from the acquisition. The results of this exit strategy are the following:

Sale Price	:	$2,872,599,347
Profit	:	$1.087.540.139
IRR	:	11.19%
Equity Multiple	:	2.81x

These results are very similar to the ones we would get if we just hold the property with the first Permanent Loan and are not the ones that maximize of the project's returns as it is selling upon stabilization. For that reason, this strategy will be discarded.

3) Sell upon stabilization on year 7.

After the Renovation and the Lease-up period, selling the property on year 7 is the most realistic strategy and the one that maximizes the returns. **Our model from now on, will be based on this strategy.**

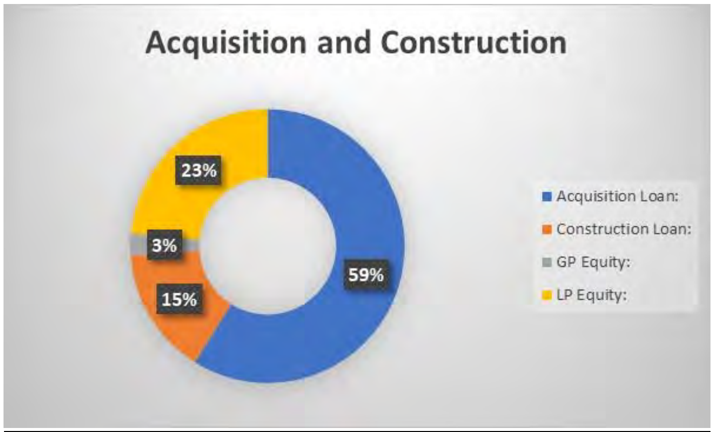
Model Inputs Data:

Purchase - Sale Summary			
	%	*Amount*	*PSF*
Purchase Price:		$1,286,000,000	$1,147
Closing Costs:	2.00%	$25,720,000	$23
Stab. Going-in Cap Rate:	5.26%		
Purchase Date:		31-07-2020	
Sale Price:		$2,774,372,191	$2,474
Sale Costs:	2.00%	$55,487,444	$49
Exit Year:	7		
Exit Cap-Rate:	3.50%		
Discount Rate:	7.50%		
CPI Growth Rate:			
Year 3	3.50%	(prior years too)	
Year 4	3.20%		
Year 5	3.10%		
There After:	3.00%		
	from:	*to:*	
Lease-up period	Year 3	Year 6	
	%	*Amount*	*PSF*
Capital Expenses:	**1.00%**	**$4,005,851**	**$3.57**
Year 8	25.00%	$1,001,463	$0.89
Year 13	75.00%	$3,004,388	$2.68

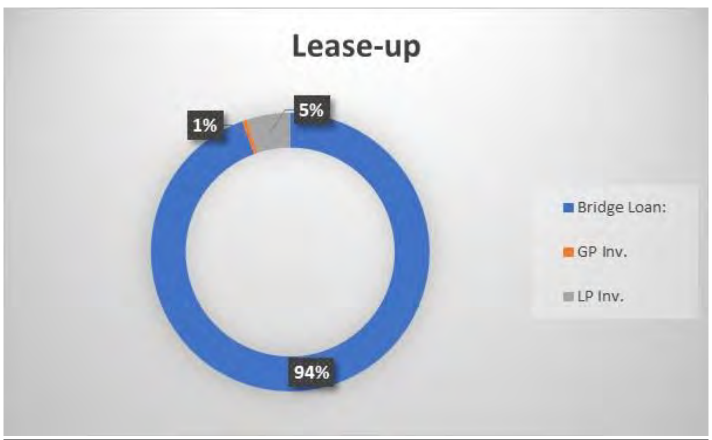
Renovation / Construction:			
	%	Amount	PSF
Hard Costs:	54.75%	$306,646,901	$273
Soft Costs:	12.93%	$72,434,289	$65
Others:	3.84%	$21,503,901	$19
Total Development Costs:	71.52%	$400,585,092	$357
Interest Reserves:	28.48%	$159,542,276	$142
Total Development Costs (w/ int. Res):	100.00%	$560,127,368	$499
Construction Period:		24 months	

Appendix for detailed Development Cost

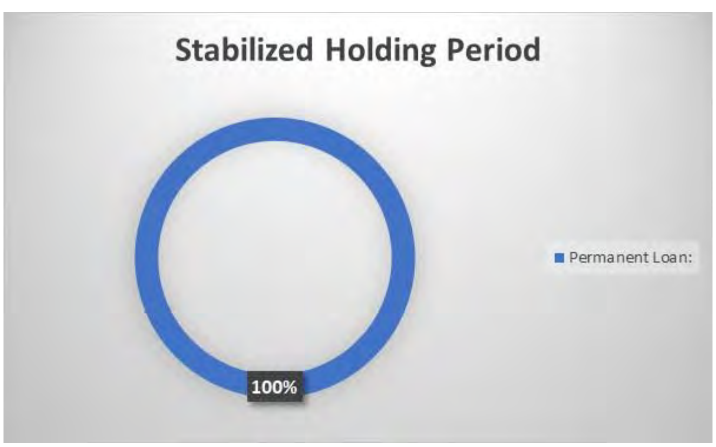
Capitalization / Sources and Uses:



SOURCES		USES	
Acquistion Loan	$1,008,564,360	Property Acquisition:	$1,286,000,000
Construction Loan	$256,374,459	Closing Costs:	$25,720,000
		Total Development Costs:	$400,585,092
Equity:	$447,366,273		
GP Inv.	*$44,736,627*		
LP Inv.	*$402,629,646*		
TOTAL:	$1,712,305,092	TOTAL:	$1,712,305,092



SOURCES		USES	
Bridge Loan:	$1,344,676,940	Adq - Const. Loan Paymei	$1,264,938,819
		Interest Payments:	$159,542,276
Equity:	$79,804,155		
GP Inv.	*$7,980,416*		
LP Inv.	*$71,823,740*		
TOTAL:	$1,424,481,095	TOTAL:	$1,424,481,095



SOURCES		USES	
Permanent Loan:	$1,626,478,151	Bridge Loan Payment	$1,344,676,940
		Interest Payments:	$242,041,849
		Investors Distribution:	$39,759,362
TOTAL:	$1,626,478,151	TOTAL:	$1,626,478,151

Loans Details, Assumptions and Capital Calls:

LOANS (ASSUMPTIONS & DETAILS)

Acquisition & Construction Loan:

Type:		I-O
LTC:		75%
Term (years):		2
Term (months):		24
Rate (annual):		6.45%
Rate (monthly):		0.54%
Loan Amount:		$1,264,938,819
Adq. Part:	80%	$1,008,564,360
Const. Part:	64%	$256,374,459
Interest Reserves:		$159,542,276

Bridge Loan:

Type:	I-O
LTV:	45%
Initial Term:	Year 2
Term (years):	3
Term (months):	36
Rate (annual):	6%
Rate (monthly):	0.50%
Loan Amount:	$1,344,676,940
Payment:	$80,680,616

Permanent Loan:

Type:	CPM	
LTV:	75%	
DSCR:	1.2	
Debt Yield:	6.00%	
Term:	2 Years	24 Months
Amort.	30 Years	360 Months
Rate (Annual):	3.80%	
Rate (Monthly):	0.32%	
Loan Amount:	$1,626,478,151	
Points:	0	
Real Loan Amount:	$1,626,478,151	
Payment (monthly):	$7,578,695	
Payment (annual)	$90,944,334	
End Balance:	$1,626,478,151	
Initial Date:	Year 5	
I-O period:	2	
I-O payment (monthly):	$5,150,514	
I-O payment (annual):	$61,806,170	

THE ASK:

		Year 0	Year 1	Year 2	TOTAL
Total Equity		**$303,155,640**	**$93,736,911**	**$130,277,877**	**$527,170,428**
GP	10%	$30,315,564	$9,373,691	$13,027,788	$52,717,043
LP	90%	$272,840,076	$84,363,220	$117,250,089	$474,453,385

Sources of Income:

Tenant 1:

Type:	Double Height / Large Offices	
Surface:	293,232 SF	
Base Rent:	$95.00	
Avg Rent:	$95.78	(due to height factor)

Tenant 2:

Type:	Single Height / Middle Size Offices	
Surface:	565,680 SF	
Base Rent:	$80.00	
Avg Rent:	$82.34	(due to height factor)

Tenant 3:

Type:	Retail - Restaurant - Bar - Coffee Shop	
Surface:	70,086 SF	
Base Rent:	$500.00	
Avg Rent:	$544.99	(due to height factor)

Lease Contract (Tenant Type 1):

Type	Gross
Term	5 Years
T.I.	$3.00
T.I. Renov:	$1.50
Free Rent	6 months
Broker Com:	6%
Expense Stop:	$21.00

Lease Contract (Tenant Type 2):

Type	Gross
Term	5 Years
T.I.	$3.50
T.I. Renov:	$1.75
Free Rent	3 months
Broker Com:	6%
Expense Stop:	$19.50

Lease Contract (Tenant Type 3):

Type	Gross
Term	5 Years
T.I.	$4.00
T.I. Renov:	$2.00
Free Rent	3 months
Broker Com:	6%
Expense Stop:	$20.00

Project Returns & Distributions:

Project Unleveraged Returns	
PROFIT:	$1,294,327,357
IRR:	8.93%
E.M:	1.76x

Project Leveraged Returns	
PROFIT:	$769,130,892
IRR:	15.95%
E.M:	2.46x

Project Returns (LP):	
PROFIT:	$632,941,960
IRR:	15.01%
E.M:	2.34x

DISTRIBUTIONS (LP)						
	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
DISTRIBUTION	$3,025,043	$29,270,157	$88,520,212	$24,188,007	$962,391,927	**$1,107,395,346**
%	0.27%	2.64%	7.99%	2.18%	86.91%	**100.00%**

Sensitivity Analysis:

1) IRR for Exit Cap-Rate vs Exit Year (leveraged):

	6	7	8	9	10	11	12
4.25%	7.81%	7.34%	7.33%	7.92%	6.16%	8.97%	7.55%
4.00%	9.21%	9.91%	9.50%	9.76%	7.81%	10.32%	8.77%
3.75%	10.72%	12.75%	11.87%	11.76%	9.58%	11.79%	10.08%
3.50%	12.36%	15.95%	14.52%	13.98%	11.52%	13.42%	11.53%
3.25%	14.15%	19.65%	17.55%	16.51%	13.70%	15.27%	13.15%
3.00%	16.12%	24.05%	21.14%	19.50%	16.25%	17.45%	15.05%
2.75%	18.29%	29.48%	25.57%	23.18%	19.36%	20.12%	17.36%

2) IRR for Purchase Price vs Exit Year (leveraged)

	6	7	8	9	10	11	12
$1,450,000,000	9.96%	10.77%	9.95%	9.89%	7.79%	10.04%	8.39%
$1,400,000,000	10.66%	12.22%	11.22%	11.03%	8.82%	10.97%	9.25%
$1,350,000,000	11.39%	13.78%	12.59%	12.25%	9.94%	11.99%	10.19%
$1,286,000,000	12.36%	15.95%	14.52%	13.98%	11.52%	13.42%	11.53%
$1,200,000,000	13.74%	19.28%	17.48%	16.64%	13.97%	15.65%	13.61%
$1,150,000,000	14.59%	21.47%	19.44%	18.42%	15.61%	17.14%	15.02%
$1,100,000,000	15.48%	23.89%	21.61%	20.40%	17.46%	18.83%	16.61%

3) IRR and E.M. for Purchase Price vs Exit Cap-Rate (leveraged)

	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%	4.25%
$1,450,000,000	22.4%/4.66x	17.8%/3.05x	14.0%/2.28x	10.8%/1.82x	7.9%/1.52x	5.3%/1.31x	2.9%/1.16x
$1,400,000,000	24.3%/5.56x	19.5%/3.44x	15.6%/2.51x	12.2%/1.98x	9.3%/1.64x	6.6%/1.40x	4.2%/1.23x
$1,350,000,000	26.4%/6.91x	21.4%/3.96x	17.3%/2.79x	13.8%/2.16x	10.7%/1.77x	8.0%/1.51x	5.5%/1.31x
$1,286,000,000	29.5%/10.00x	24.0%/4.90x	19.7%/3.26x	16.0%/2.46x	12.8%/1.98x	9.9%/1.66x	7.3%/1.43x
$1,200,000,000	34.3%/25.13x	28.2%/7.19x	23.3%/4.23x	19.3%/3.01x	15.8%/2.35x	12.8%/1.93x	10.1%/1.64x
$1,150,000,000	37.5%/208.02x	30.9%/9.88x	25.7%/5.10x	21.5%/3.46x	17.9%/2.63x	14.7%/2.13x	11.9%/1.79x
$1,100,000,000	41.2%/-33.14x	34.0%/15.77x	28.4%/6.44x	23.9%/4.07x	20.1%/2.99x	16.8%/2.37x	13.8%/1.97x

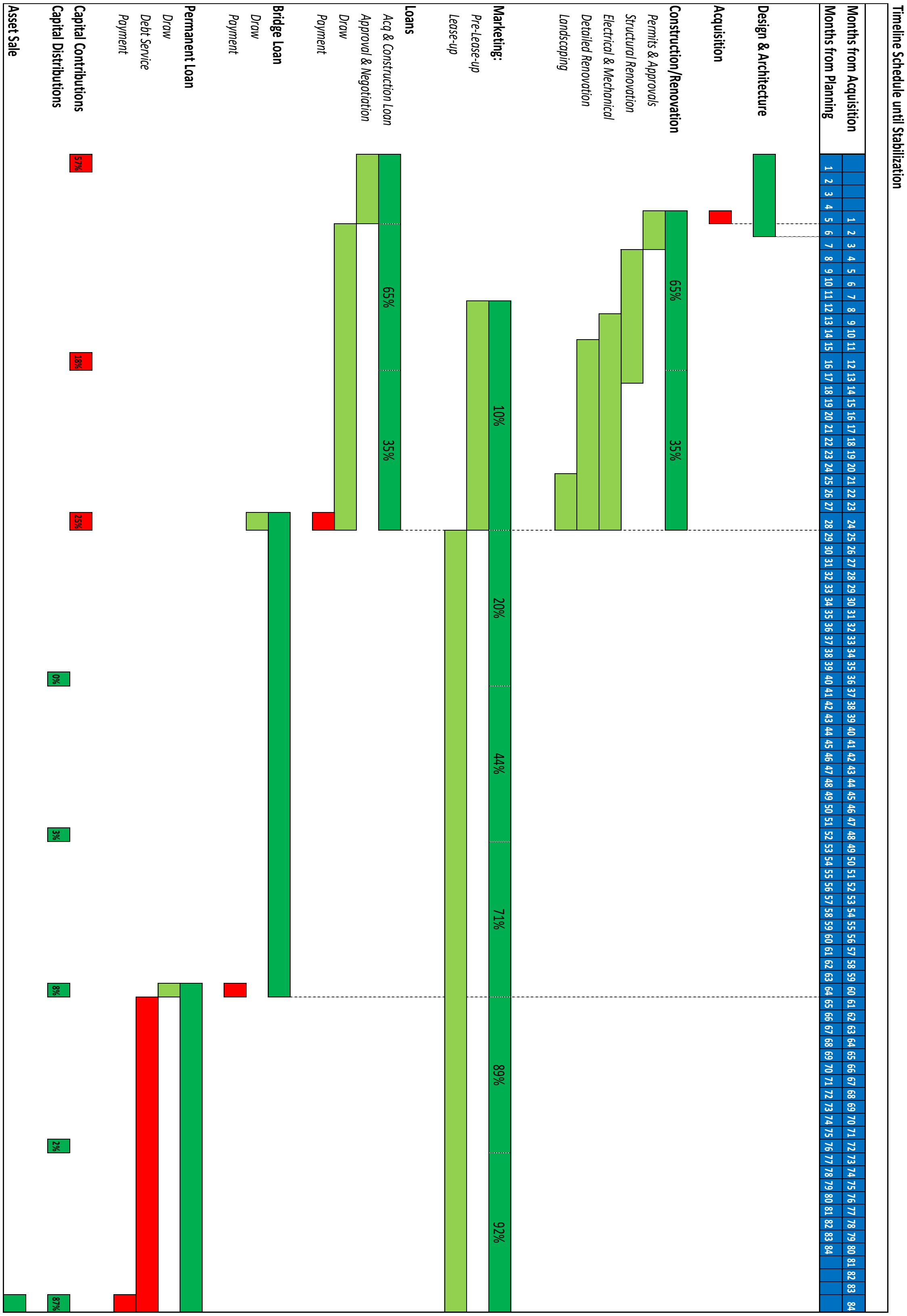
4) IRR for Tenant 1 Rent vs Construction Costs (leveraged):

	$370,000,000	$380,000,000	$390,000,000	$400,585,092	$410,000,000	$420,000,000	$430,000,000
$102.5	18.59%	18.17%	17.77%	17.35%	16.98%	16.61%	16.24%
$100.0	18.10%	17.69%	17.29%	16.88%	16.52%	16.15%	15.79%
$97.5	17.61%	17.21%	16.82%	16.42%	16.07%	15.70%	15.34%
$95.0	17.13%	16.74%	16.35%	15.95%	15.61%	15.25%	14.90%
$92.5	16.65%	16.26%	15.89%	15.50%	15.16%	14.80%	14.46%
$90.0	16.17%	15.79%	15.42%	15.04%	14.71%	14.36%	14.02%
$87.5	15.70%	15.33%	14.96%	14.59%	14.26%	13.92%	13.58%

5) IRR for Tenant 2 Rent vs Construction Costs (leveraged):

	$370,000,000	$380,000,000	$390,000,000	$400,585,092	$410,000,000	$420,000,000	$430,000,000
$87.5	19.77%	19.34%	18.92%	18.49%	18.11%	17.72%	17.34%
$85.0	18.88%	18.47%	18.06%	17.64%	17.27%	16.89%	16.52%
$82.5	18.00%	17.60%	17.20%	16.79%	16.44%	16.07%	15.71%
$80.0	17.13%	16.74%	16.35%	15.95%	15.61%	15.25%	14.90%
$77.5	16.26%	15.88%	15.51%	15.12%	14.79%	14.44%	14.10%
$75.0	15.40%	15.03%	14.67%	14.30%	13.97%	13.63%	13.30%
$72.5	14.55%	14.19%	13.84%	13.48%	13.16%	12.83%	12.51%

Timeline / Schedule: *(24 months of Construction – Stabilization on Year 7)*



RISKS AND MITIGANTS

Location:

Risk: 666 5th Avenue isn´t located in a trendy office hub zone like Hudson Yards. This may become a problem for finding tenants and leasing up the building.

Mitigant: Though what is previously state is true, the middle of Midtown is a globally known area in which plenty of people would like to be located. In addition to that, plans are been made for this zone to encourage office development and re-development and transform this zone to a trendy office hub zone.

Lease-up:

Risk: There is over supply on the market so the lease-up period may take longer than planned.

Mitigant: The excess of over supply is regarding mostly to A Class office building. In addition to that, the project contemplates a lease-up plan engaging different strategies to mitigate any risk of not leasing up the building in the expected period of time.

Financing:

Risk: The project relays in a considerable amount debt and different loans. May be difficult to achieve the projected loans which would impact the expected returns in a negative way.

Mitigant: If necessary, we would work in JV with another trustworthy operator to mitigate any doubt or concerns from the lenders.

Incoming Pipeline:

Risk: There are more than 11MM SF incoming in Manhattan during the next 4 years. This will over stock the market, increase vacancy rates and slow lease-ups.

Mitigant: The incoming pipeline is entirely Class A office space. If we execute our strategy correctly this shouldn't affect us in a considerable way because we are targeting different costumers.

Construction / Renovation Costs:

Risk: The renovation of the building is massive. Any unexpected cost in addition to the presented budget could impact the project in a considerable way.

Mitigant: The presented budget is already conservative. Unexpected costs are been considered within it.

APPENDIX

Construction Budget:

CONSTRUCTION BUDGET

ITEM	$ per Unit / $ per Surface	N° Unit / Surface	Total Cost	%	Description
HARD COSTS:					
1) Structural					
Floor Demolition	$10.20 per SF	363,318 SF	$3,705,844		*Low-mid part of the building (from floors 2, 3 to 8 and 31)*
Column Demolition	$550	30 columns	$16,500		*Estimate a 1% of the existing columns.*
Current Facade	$7.50 per SF	346,994 SF	$2,602,456		*Extraction current glasses and demolition.*
Ceilings (non structural)	$6.45 per SF	565,680 SF	$3,648,636		*High rise part of the building (from floors 9 to 30)*
2) Renovations:					
Column Reinforcement	$2,000	194 columns	$388,000		*Low-Mid part of the building (because of floor demolition) - assumtion 50% of columns*
Exterior Wall	$22.45 per SF	346,994 SF	$7,790,019		*Rigid insulation for high rise.*
Curtain Wall	$475.00 per SF	346,994 SF	$164,822,223		*Insulated glass panel (from floor to ceiling) curtainwall. Top in design and technology*
Stairs	$50.00 per SF	8,651 SF	$432,550		*Adjustment into double height floors and painting and repairment as needed.*
Exterior Ilumination	$550	5500 lights	$3,025,000		*Per light. Includes installation (LED)*
Interior Design Features			$5,000,000		*According project's budget*
Electric System:					
Wiring	$3.17 per SF	1,121,594 SF	$3,555,453		
HVAC System	$17.16 per SF	1,121,594 SF	$19,246,553		*Includes slpitter renovation and installation*
Generator	$1,500,000	1	$1,500,000		*New Generator*
Security System:					
Sprinklers and Detectors	$7.84 per SF	1,121,594 SF	$8,793,297		*Includes installation.*
Communications and Security	$7.70 per SF	1,121,594 SF	$8,636,274		*includes cameras, phones, internet wiring, alarms.*
Pipeline Fixtures	$3.42 per SF	1,121,594 SF	$3,835,851		
Elevators:					
Main Elevators	$85,000	20	$1,700,000		*includes installation*
Utility Elevators	$55,000	5	$275,000		*includes installation*
Exterior Doors:					
Revolving Glass Door	$12,000	2	$24,000		*includes installation*
Glass Doors	$3,000	4	$12,000		*includes installation*
Lobby:					
Entrance System	$5,000	26.4	$132,000		*per 250 people*
System installation (software, barriers, etc)		1	$2,500,000		*According Project's budget.*
Interior Doors:	$1,000	4	$4,000		*Double Height glass doors*
Floor	$40.66 per SF	14,477 SF	$588,643		*High traffic procelanic floor. Includes installation.*
Reception Desk	$150,000	1	$150,000		*modern retroiluminated desk, chairs, correspondance furniture, lockers.*
Walls	$30.50 per SF	14,477 SF	$441,555		*roller work, 2 coats Vinyl wall covering, fabric back, medium weight*
Lights (and other items)	$10,000	6	$60,000		*Per light. Includes installation (LED). Top desgn and prime in technology.*
Hallways:					
Floor	$10.50 per SF	278,699 SF	$2,926,344		*High traffic gress procelanic floor. Includes installation.*
Interior Doors:					
Double Height	$2,500	16	$40,000		*Glass doors. Include installation*
Single Height	$1,000	46	$46,000		*Glass doors. Include installation*
Walls	$5.91 per SF	278,699 SF	$1,647,113		*roller work, 2 coats Vinyl wall covering, fabric back, medium weight*
Lights (and other items)	$50	3,150	$157,500		*Per light. Includes installation (LED)*
Terraces and Rooftop:					
Glass Railings	$2,500	2,960 Ft	$7,400,000		*per linear foot.*
Floor	$12.45 per SF	51,366 SF	$639,507		*High traffic ceramic.*
Concrete structures (decorative)	$25.00 per SF	17,122 SF	$428,050		*For green spaces and design of common spaces of the building.*
Bathrooms:					
Floor	$5.00 per SF	40,000 SF	$200,000		*High traffic gress procelanic floor. Includes installation.*
Lights (and other items)	$20	7,500	$150,000		*Per light. Includes installation (LED)*
Walls	$7.20 per SF	40,000 SF	$288,000		*roller work, 2 coats Vinyl wall covering, fabric back, medium weight*
Toilets	$600	750	$450,000		*Includes laser detector and installation*
Handwashers	$850	750	$637,500		*Includes laser detector and installation*
Mirrors	$15.00 per SF	10,000 SF	$150,000		*includes installation*
Urinals	$600	375	$225,000		*Includes laser detector and installation*
Partitions walls	$10.45 per SF	40,000 SF	$418,000		*includes installation*
Dryers	$550	300	$165,000		*Includes laser detector and installation*
Amenity Space:					
Floor	$12.50 per SF	16,356 SF	$204,450		*High traffic vinilic floor. Includes installation.*
Lights (and other items)	$500	200	$100,000		*Per light. Includes installation (LED)*
Walls	$8.50 per SF	16,356 SF	$139,026		*roller work, 2 coats Vinyl wall covering, fabric back, medium weight*
Ceilings:					
Finishing	$11.37 per SF	511,390 SF	$5,814,504		*Antioxidant paint and suspended support for pipelines*
Roof:					
Covering	$1.64 per SF	51,366 SF	$84,240		*asphalt felt, mopped perlite*
TOTAL DIRECT COSTS:			**$265,196,088**		
3) General Costs					
Site Installaltion	$1,000,000	1	$1,000,000		
Security Equipment	$400	700	$280,000		*Per Worker*
Workforce and maintenance	$3,500	700	$2,450,000		*Per Worker*
Others		20%	$746,000		
TOTAL GENERAL COSTS:			**$4,476,000**		
4) Contractor's Margin		15%	$40,450,813		
TOTAL HARD COSTS:			**$306,646,901**		

SOFT COSTS					
ITEM	**$ per Unit / $ per Surface**	**% / Surface**	**Total Cost**	**%**	**Description**
Architecture and Engineering		6.50%	$19,932,049		
Arcgitecture firm 2 (consulant)		4.50%	$13,799,111		*Consultant and Name*
Legal fees		3.50%	$10,732,642		
Appraisal and Title		0.15%	$459,970		
Marketing	$11.40 per RSF	928,998 SF	$10,590,577		*Agressive Mk campaign during lease-up period*
Landscaping		0.49%	$1,500,000		*For terraces, rooftops and openspaces*
Security Project			$1,500,000		
Interior Design and Ilumination Project		0.98%	$3,000,000		
Taxes (during construction)		3.26%	$10,000,000		*Two years*
Insurance		0.30%	$919,941		
TOTAL SOFT COSTS:			**$72,434,289**		
Approval Fees	$1.20 per SF	1,121,594 SF	**$1,345,913**		
Unforseen Costs		6.50%	**$20,157,989**		
TOTAL DEVELOPMENT COSTS:			**$400,585,092**		
Interest Reserves:			$159,542,276		
TOTAL DEVELOPMENT COSTS:			**$560,127,368**		

Annual DCF Proforma:

Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Income:								
Base Rent:	$0	$0	$0	$112,860,065	$114,309,088	$115,391,870	$117,201,012	$117,391,416
CPI Adjustments:	$0	$0	$0	$911,570	$3,705,763	$7,700,937	$13,627,022	$17,636,149
Reinbursments:	$0	$0	$0	$4,668,057	$5,240,541	$5,827,154	$6,428,245	$7,044,173
Total Rent Income:	**$0**	**$0**	**$0**	**$118,439,692**	**$123,255,392**	**$128,919,961**	**$137,256,279**	**$142,071,738**
Other Income:	**$0**	**$0**	**$0**	**$414,120**	**$424,473**	**$435,085**	**$445,962**	**$457,111**
Pottential Gross Income:	**$0**	**$0**	**$0**	**$118,853,812**	**$123,679,865**	**$129,355,046**	**$137,702,241**	**$142,528,849**
Vacancy:	**$0**	**$0**	**$0**	**($88,844,513)**	**($62,280,717)**	**($40,521,740)**	**($16,914,028)**	**($6,663,108)**
Effective Gross Income:	**$0**	**$0**	**$0**	**$30,009,299**	**$61,399,148**	**$88,833,306**	**$120,788,213**	**$135,865,741**
Operational Expenses:								
Property Taxes:	$0	$0	$0	($11,286,007)	($11,568,157)	($11,857,361)	($12,153,795)	($12,457,639)
Property Insurance	$0	$0	$0	($846,450)	($867,612)	($889,302)	($911,535)	($934,323)
Maintenance:	$0	$0	$0	($603,849)	($617,435)	($631,328)	($645,532)	($660,057)
Utilities:	$0	$0	$0	($9,028,805)	($9,254,525)	($9,485,888)	($9,723,036)	($9,966,112)
Contracted Services:	$0	$0	$0	($928,998)	($947,578)	($966,530)	($985,860)	($1,005,577)
Supply Costs:	$0	$0	$0	($564,300)	($575,586)	($587,098)	($598,840)	($610,817)
Management Fee:	$0	$0	$0	($1,200,372)	($2,455,966)	($3,553,332)	($4,831,529)	($5,434,630)
Total Operational Expenses:	**$0**	**$0**	**$0**	**($24,458,781)**	**($26,286,859)**	**($27,970,838)**	**($29,850,126)**	**($31,069,155)**
Net Operating Income (operation):	**$0**	**$0**	**$0**	**$5,550,518**	**$35,112,289**	**$60,862,467**	**$90,938,087**	**$104,796,587**
Capital Expenditures:								
Capital Improvements:	$0	$0	$0	$0	$0	$0	$0	$0
Tenant Improvements:	$0	$0	$0	($626,668)	($733,142)	($868,018)	($559,363)	($81,358)
Broker Commisions:	$0	$0	$0	($1,562,691)	($1,856,750)	($1,398,020)	($1,696,992)	($129,245)
Total Capital Expenditures:	**$0**	**$0**	**$0**	**($2,189,359)**	**($2,589,892)**	**($2,266,038)**	**($2,256,354)**	**($210,602)**
Net Operating Income (property):	**$0**	**$0**	**$0**	**$3,361,159**	**$32,522,397**	**$58,596,429**	**$88,681,733**	**$104,585,984**
Purchase Price:	**($1,286,000,000)**							
Closing Costs:	($25,720,000)							
Construction Costs:	**$0**	**($260,380,310)**	**($140,204,782)**	**$0**	**$0**	**$0**	**$0**	**$0**
Asset Sale:	$0	$0	$0	$0	$0	$0	$0	$2,774,372,191
Sale Costs:	$0	$0	$0	$0	$0	$0	$0	($55,487,444)
Sale Proceeds:	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,718,884,747**
Unleveraged Net Cash Flow:	**($1,311,720,000)**	**($260,380,310)**	**($140,204,782)**	**$3,361,159**	**$32,522,397**	**$58,596,429**	**$88,681,733**	**$2,823,470,731**
Yield on Cost:				*0.20%*	*1.90%*	*3.42%*	*5.18%*	*164.89%*

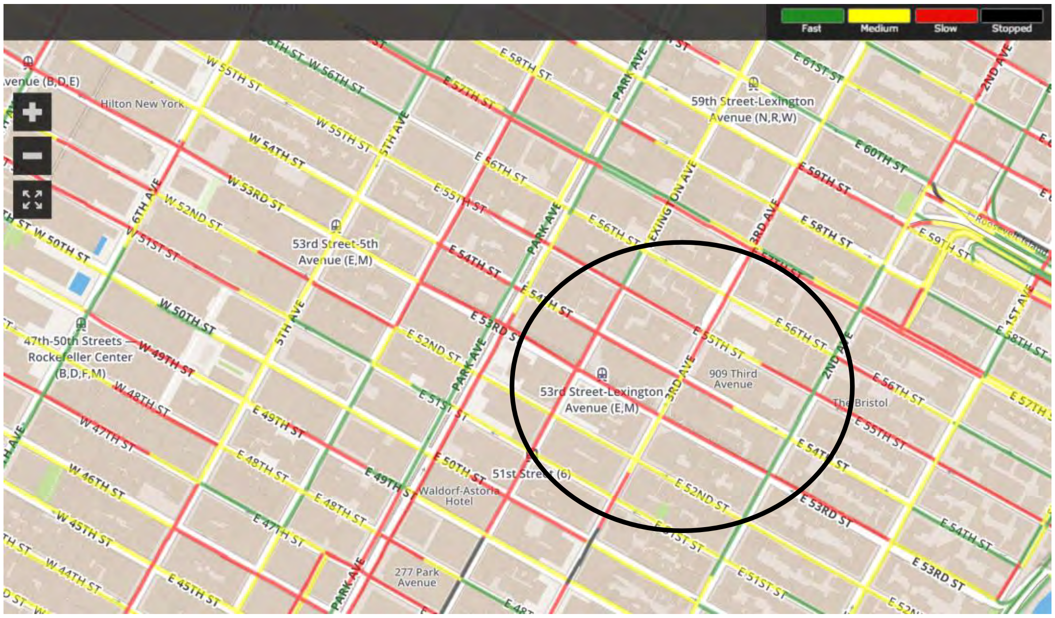
Profit:	**$1,294,327,357**
IRR:	**8.93%**
E.M:	**1.76x**

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Adq - Construct. Loan:								
Adq. Loan:	$1,008,564,360							
Const. Loan:	$0	$166,643,398	$89,731,061	$0	$0	$0	$0	$0
(-) Interest Reserves:	$0	$0	($159,542,276)	$0	$0	$0	$0	$0
Loan Payment:	$0	$0	($1,264,938,819)	$0	$0	$0	$0	$0
Bridge Loan:	$0	$0	$1,344,676,940	$0	$0	$0	$0	$0
(-) Interest:	$0	$0	$0	$0	$0	($242,041,849)	$0	$0
Loan Payment:	$0	$0	$0	$0	$0	($1,344,676,940)	$0	$0
Permanent Loan:	$0	$0	$0	$0	$0	$1,626,478,151	$0	$0
Debt Service:	$0	$0	$0	$0	$0	$0	($61,806,170)	($61,806,170)
Loan Payment:	$0	$0	$0	$0	$0	$0	$0	($1,626,478,151)
Leveraged Net Cash Flow:	**($303,155,640)**	**($93,736,911)**	**($130,277,877)**	**$3,361,159**	**$32,522,397**	**$98,355,791**	**$26,875,563**	**$1,135,186,410**
Cash on Cash:				*0.20%*	*1.90%*	*5.74%*	*1.57%*	*66.30%*

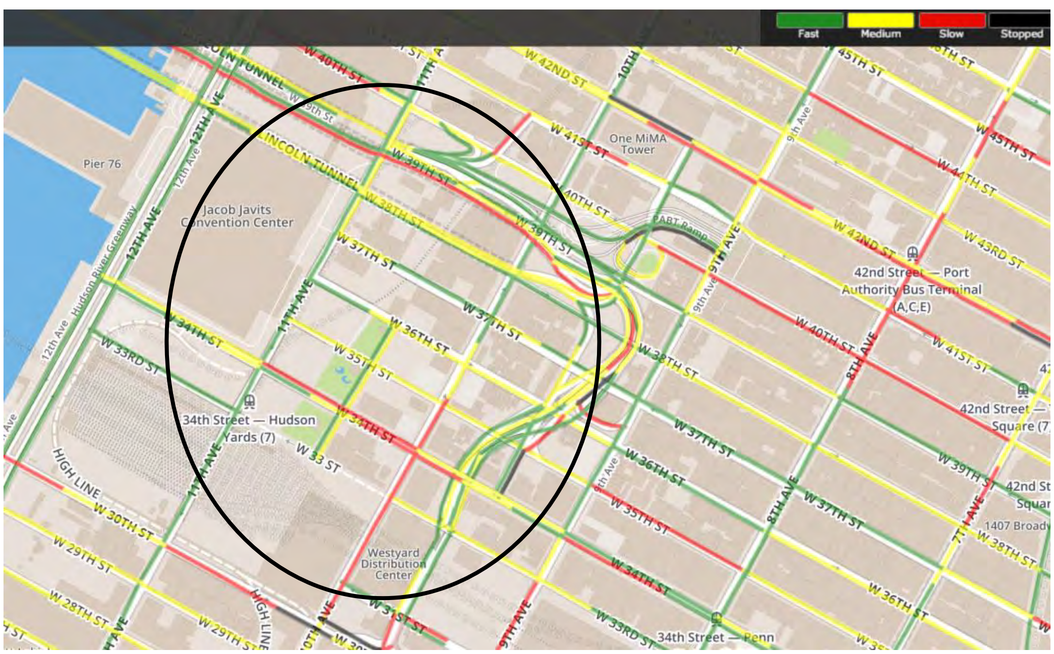
Profit:	**$769,130,892**
IRR:	**15.95%**
E.M:	**2.46x**

Traffic Maps in Easter Midtown and Hudson Yards (trendy Office Hubs):

Easter Midtown:



Hudson Yards:



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