

670 5TH AVE

Redevelopment Project of 666 Fifth Avenue, New York, NY 10103

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CONTENT

EXECUTIVE SUMMARY	4
.....	
ZONING ANALYSIS	6
.....	
ARCHITECTURAL SYNOPSIS	8
.....	
MARKET ANALYSIS	18
.....	
FINANCIAL ANALYSIS	24
.....	
PROJECT MANAGEMENT	28
.....	
MARKETING STRATEGY	29
.....	
RISKS AND MITIGATION	31
.....	
APPENDICES	32



EXECUTIVE SUMMARY

Existing Property Overview

Current address: 666 Fifth Avenue, New York, NY 10103

Use: Office

Year built: 1957

Number of floors: 39 (retail condos at the bottom two floors)

Office rentable area: 1,548,459 SF

Average rent: \$88.78/SF in 2018

Zoning districts: C5-2.5 & C5-3 in Special Midtown District

Maximum blended FAR: 16.16

Actual FAR: 20.19 (overbuilt)

Terrace area: 41,946 SF

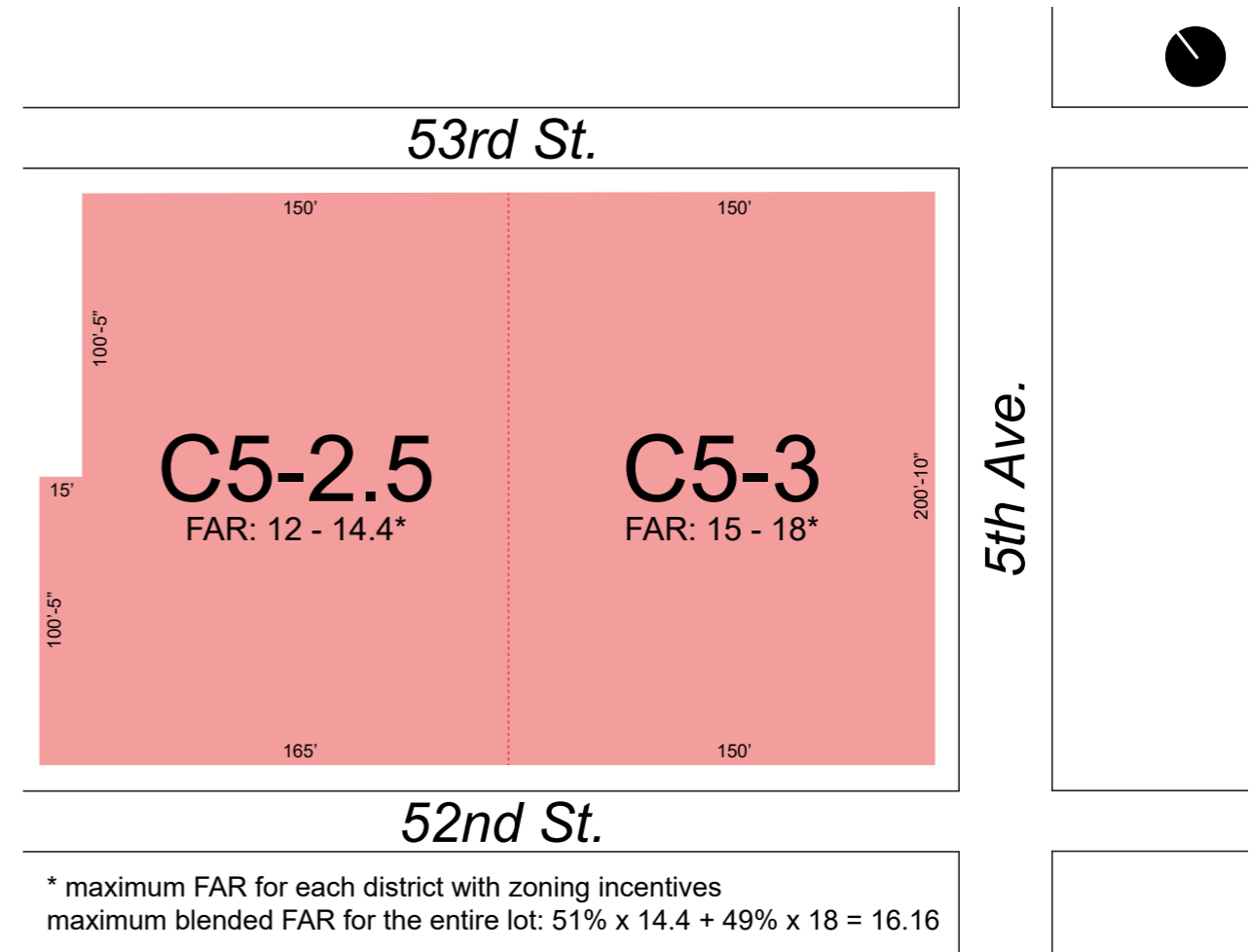
\$773M EQUITY FINANCING DESIRED FOR AN INVESTMENT WITH 38.9% LEVERED IRR

This deal book is prepared to invite joint venture partners for a redevelopment of the existing office building. The iconic property is located on Fifth Avenue between West 52nd and 53rd Streets. Dilapidated aluminum panel façade, low ceiling heights, internal columns with short span, and mullion spacing of average 2'-2" prevent from earning a higher income. The project will include recladding, lobby improvement, interior renovation with relocating MEP pipes, creating rooftop terraces, and rebranding by changing the address to 670 Fifth Avenue in order to increase the building's sustainability and compete with other class B offices in Midtown Manhattan market.

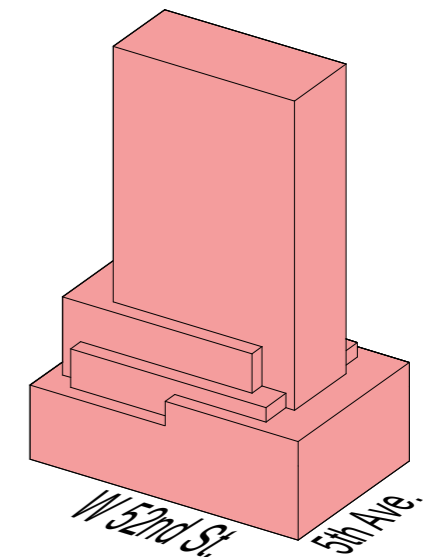
ZONING ANALYSIS

The property is sitting on a split lot that belongs to two different zoning districts, C5-2.5 and C5-3. The building codes allow a maximum blended FAR of 16.16 while the existing building's FAR is 20.19, which is 41% more than what's permitted today. Therefore, the current shape will remain almost same except the fact that the recladding will increase exterior wall thickness by 6" outward. The property also belongs to Special Midtown District and Fifth Avenue Subdistrict.

ZONING DISTRICTS OF 666 FIFTH AVENUE (BLOCK 1268 / LOT 7502)



EXISTING BULK TO STAY

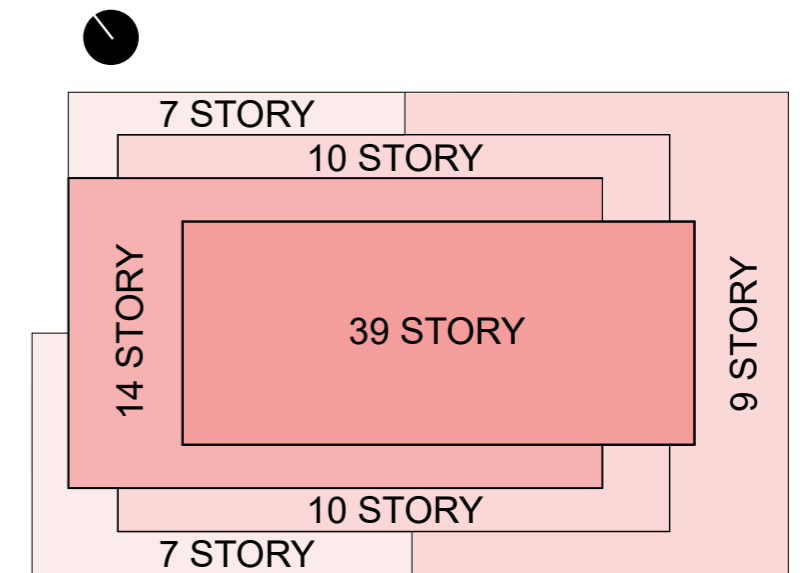


ARCHITECTURAL SYNOPSIS

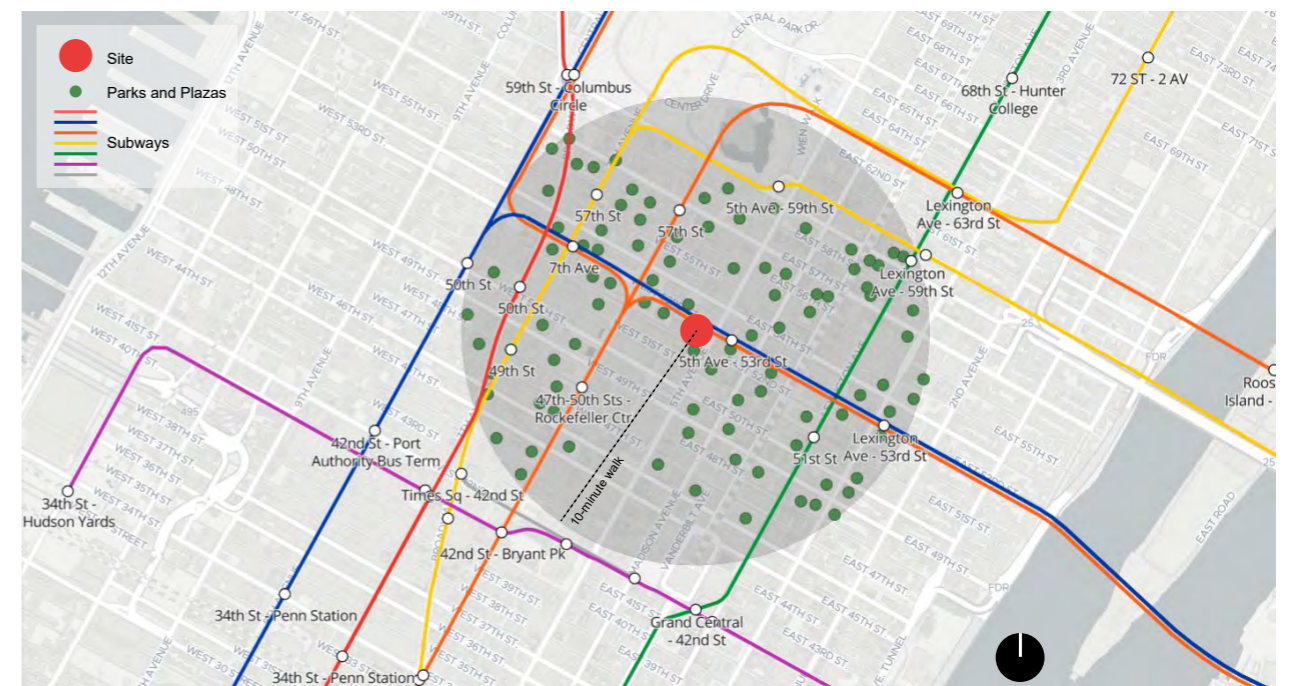
As shown in the bulk diagram above, the building is a tower on a base with several setbacks at mid-rise floor levels. This gives an opportunity of utilizing rooftop terraces, which will be discussed in details later. For the lobby renovation, reconfiguration of entrance and retail spaces is necessary.

Within 10-minute walking distance from the site, there are numerous parks and plazas including Central Park. Moreover, 12 subway stations, bus stops, bike routes, Citibike stations, and parking lots and garages are conveniently located nearby. Easy access to these amenities in the neighborhood greatly appeals to potential office tenants.

SITE PLAN

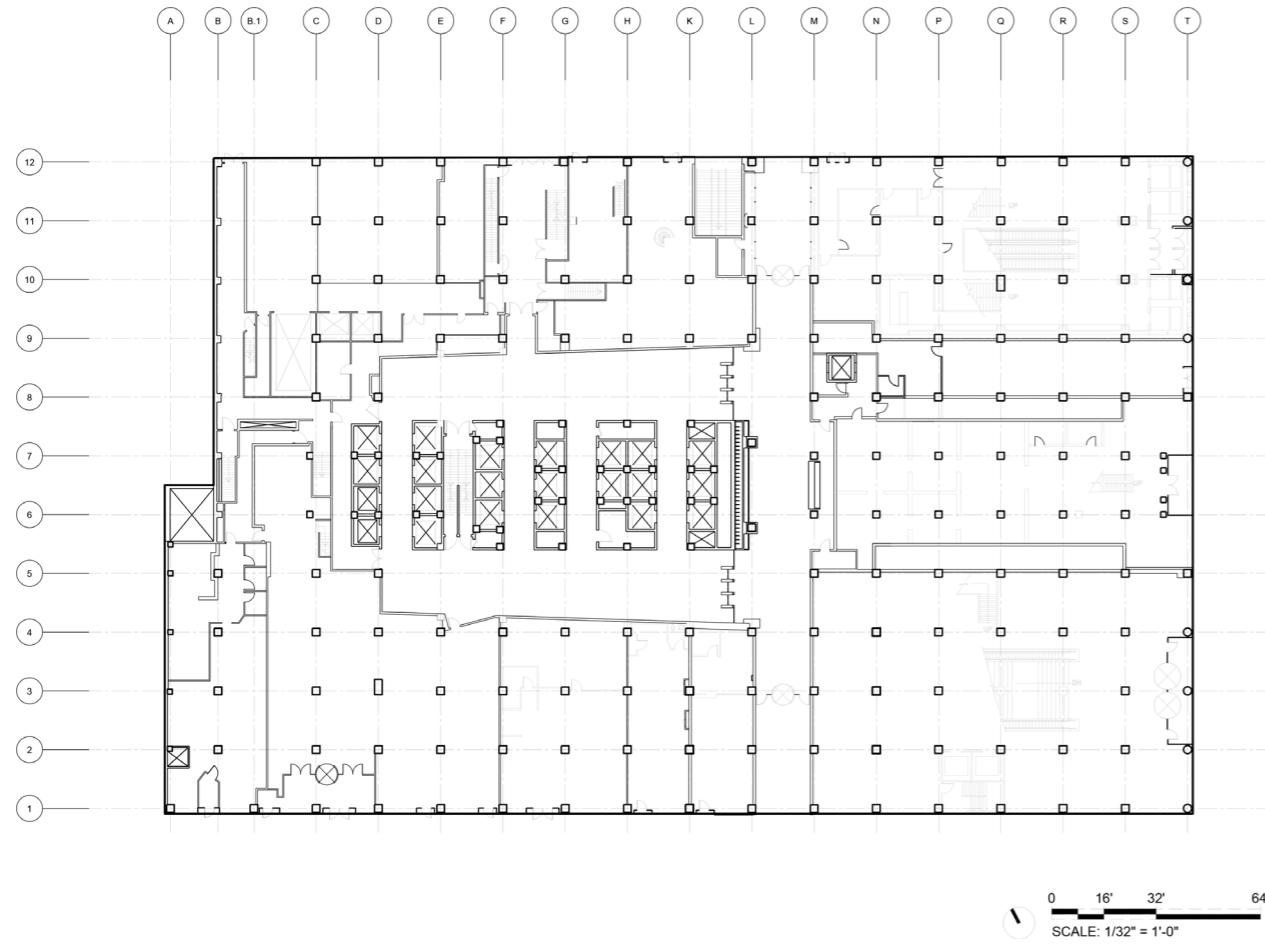


CONTEXT MAP source: NYC Department of City Planning

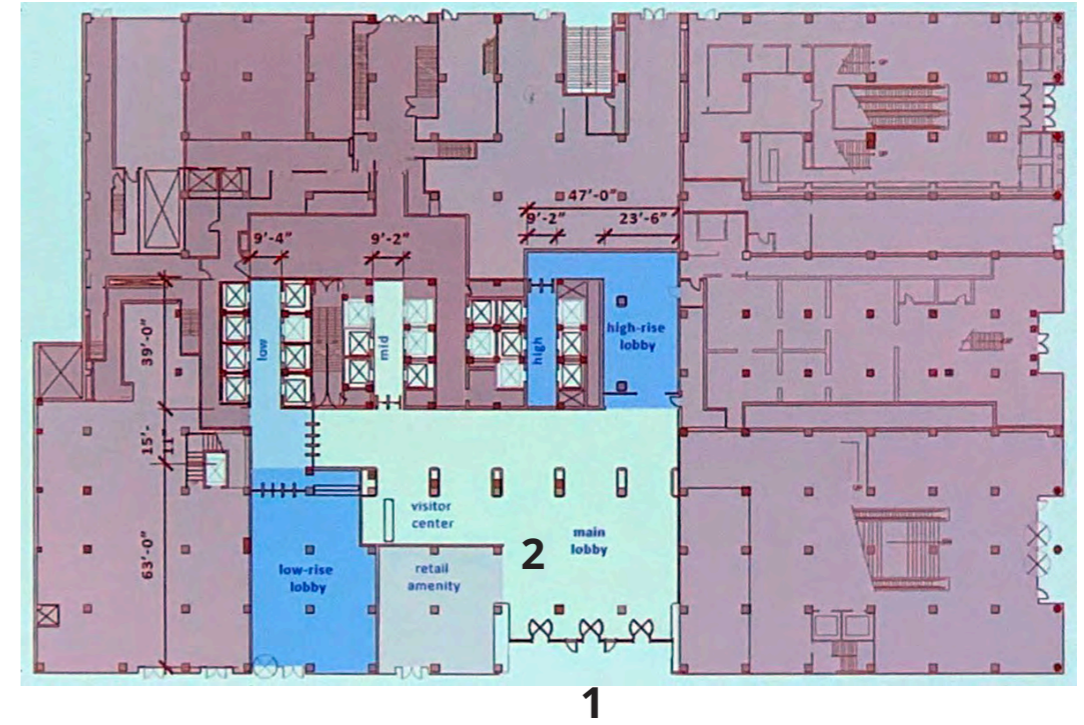


EXISTING LOBBY PLAN

source: KPF

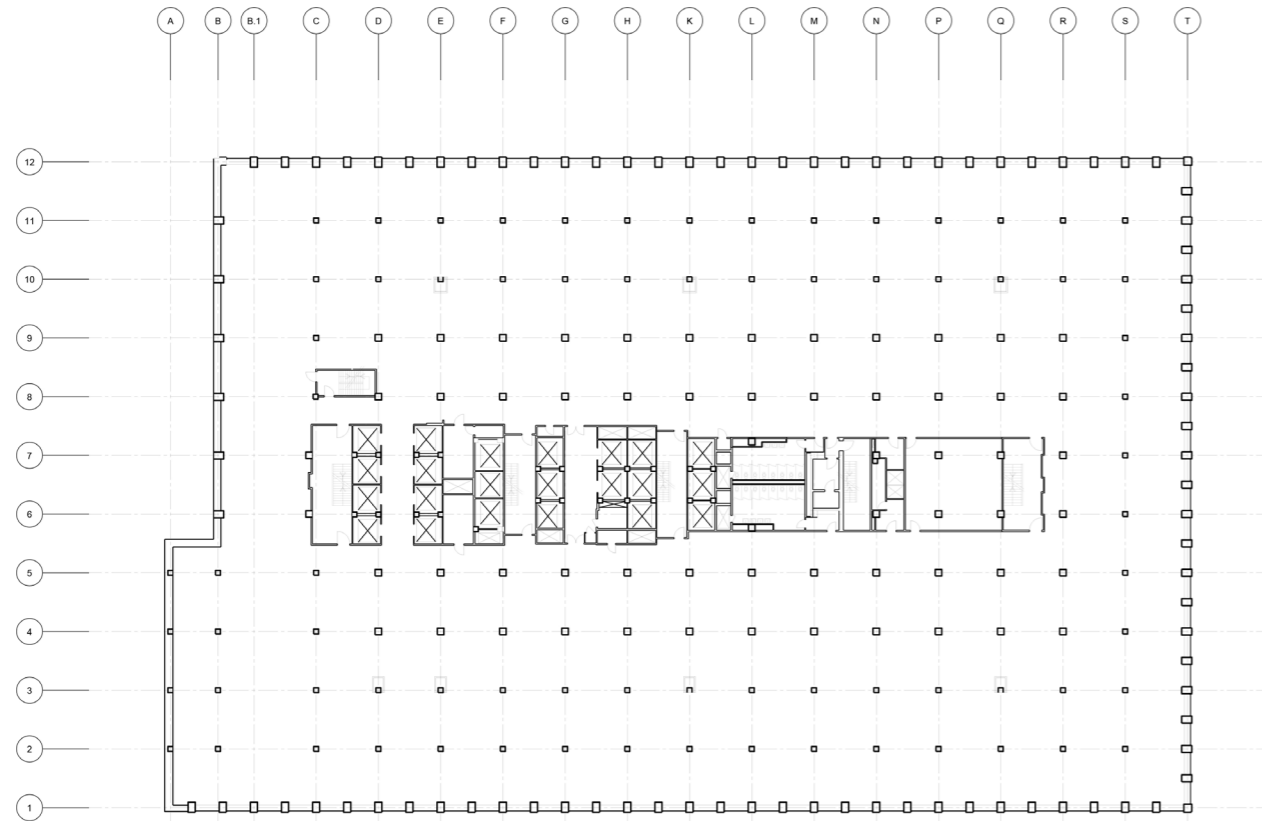


PROPOSED LOBBY PLAN

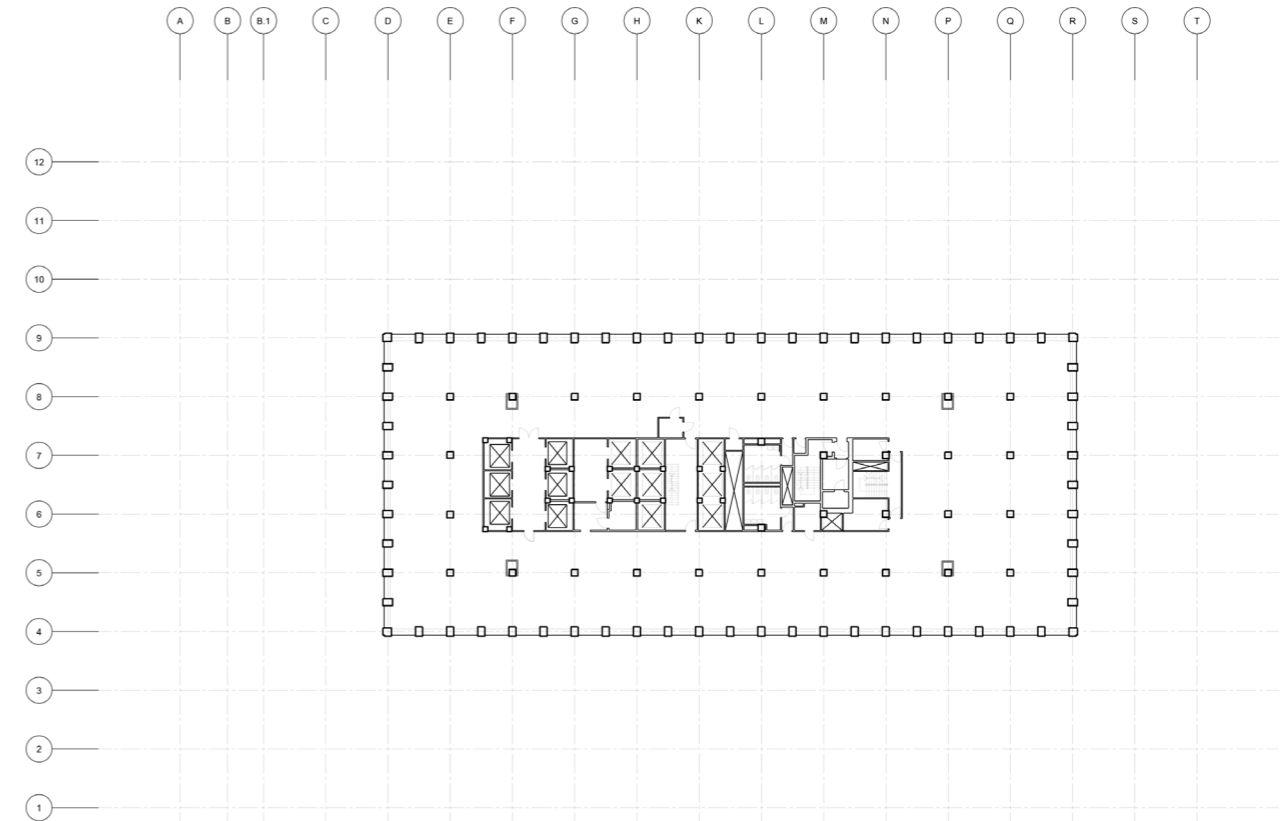


EXISTING FLOOR PLANS

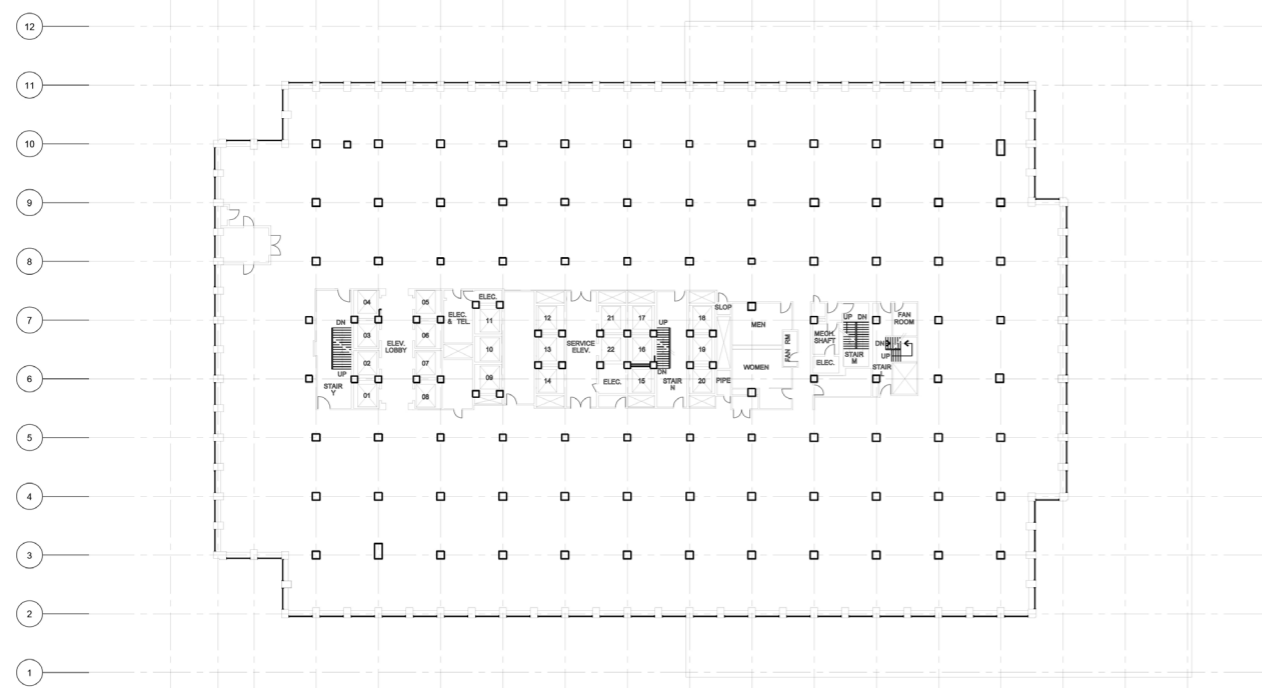
source: KPF



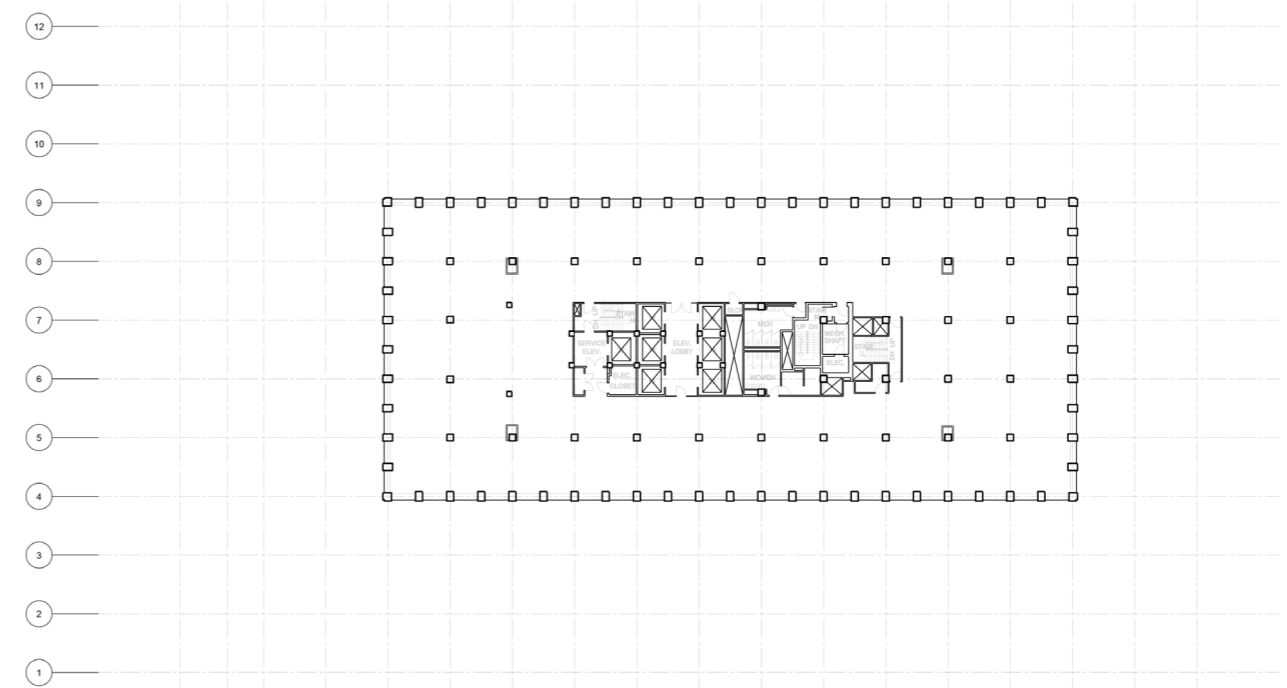
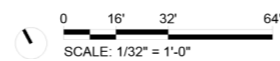
TYPICAL LOW RISE FLOOR (5TH FLOOR)



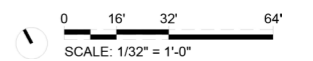
TYPICAL MID RISE FLOOR (20TH FLOOR)



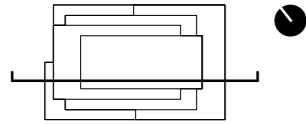
10TH FLOOR



TYPICAL HIGH RISE FLOOR (30TH FLOOR)



BUILDING SECTION



FLOOR	FLOOR HEIGHT	GSF
40		3,830
39	19'-4 1/4"	14,736
38	14'-2 3/4"	19,703
37	16'-10"	19,703
36	11'-0"	19,703
35	11'-0"	19,703
34	11'-0"	19,703
33	11'-0"	19,703
32	11'-0"	19,703
31	11'-0"	19,703
30	11'-0"	19,703
29	11'-0"	19,703
28	11'-0"	19,703
27	11'-0"	19,703
26	11'-0"	19,703
25	11'-0"	19,703
24	11'-0"	19,703
23	11'-0"	19,703
22	11'-0"	19,703
21	11'-0"	19,703
20	11'-0"	19,703
19	11'-0"	19,703
18	11'-0"	19,703
17	11'-0"	19,703
16	11'-0"	19,703
15	11'-0"	19,703
14	11'-0"	32,241
13	11'-0"	32,241
12	11'-0"	32,241
11	11'-0"	32,241
10	16'-0"	41,589
9	11'-6"	54,117
8	11'-0"	54,117
7	10'-10 1/2"	61,313
6	10'-10 1/2"	61,356
5	10'-10 1/2"	61,356
4	10'-10 1/2"	61,356
3	10'-10 1/2"	61,356
2	10'-10 1/2"	61,473
1	17'-3"	59,428
CELLAR	15'-0"	63,924
SUB CELLAR	10'-6"	61,811

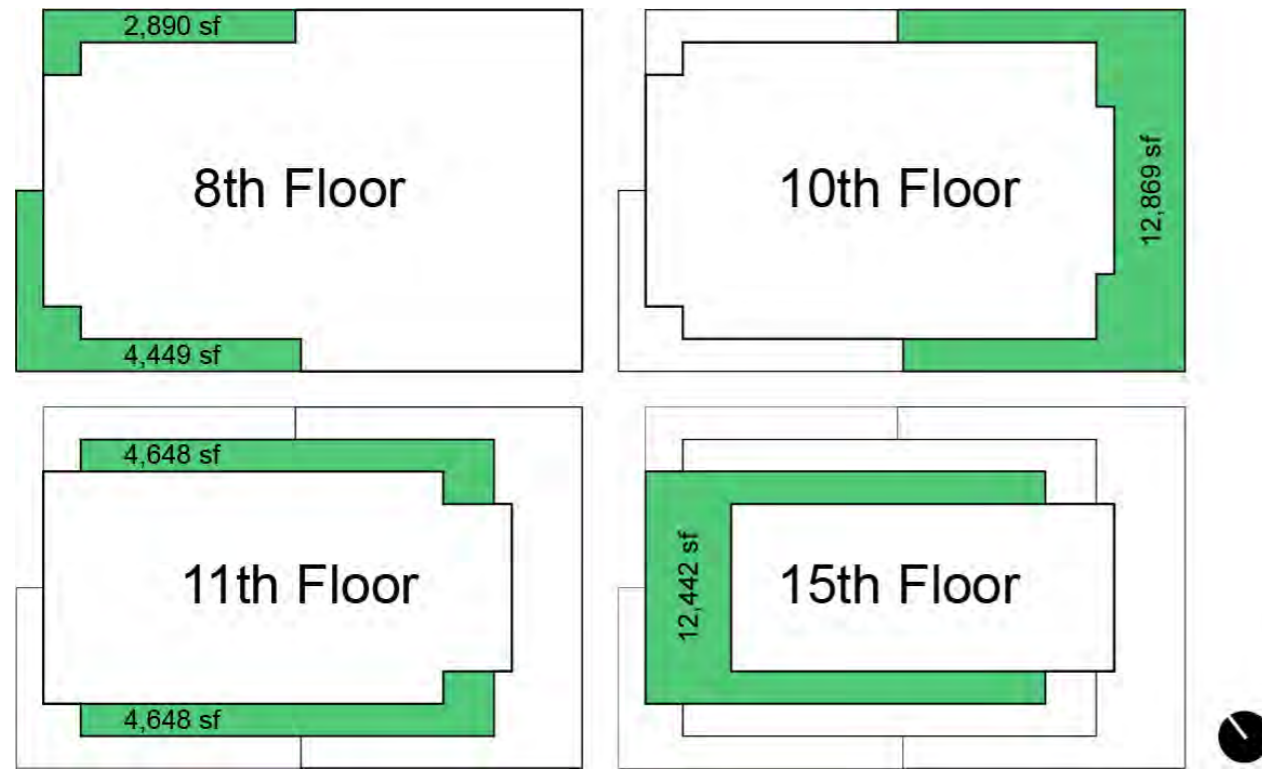
Total gross area including mezzanines is 1,345,858 square feet.

Replacing the exterior finish to glass curtain wall increases the façade thickness by 6", and thus 7,000 square feet is added to the total area. To compensate it, carving out some internal slabs is required. This will create nice double-height spaces at some parts throughout the building without causing any loss to rentable area.



Four floors will have access to rooftop terraces. Especially, 10th floor has the biggest terrace and its ceiling height is 5' greater than other typical floors. Therefore, it will be used as an amenity floor. 38th and 39th floors also have higher floor heights (16'-10" and 14'-2 3/4" respectively) with great views. It can attract boutique tenants that can afford higher rents such as private equity or hedge fund firms.

FLOORS WITH ACCESS TO TERRACE



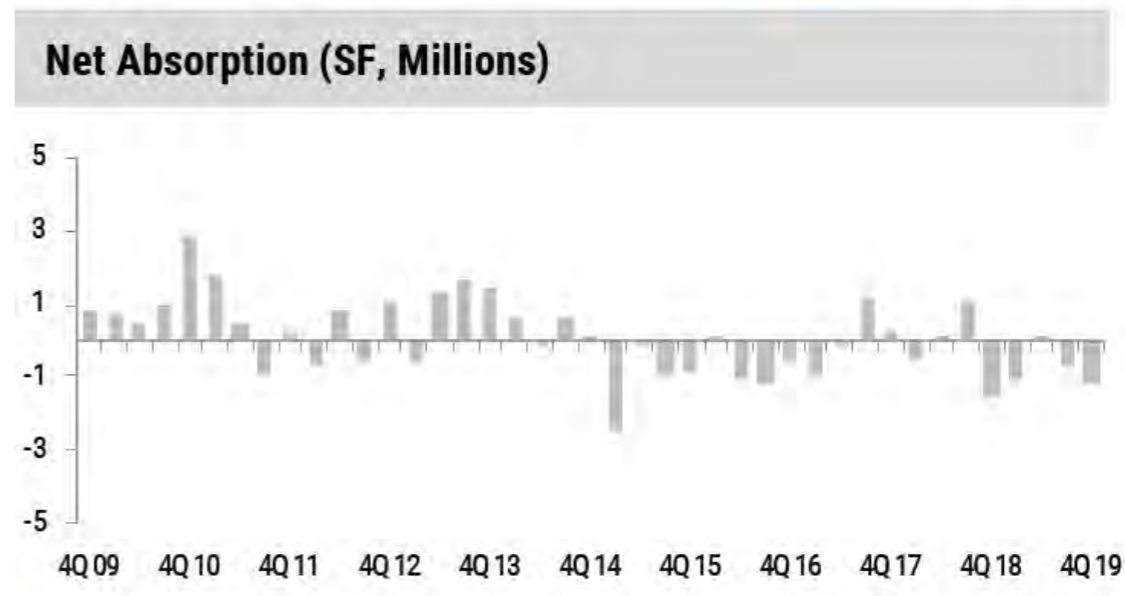
MARKET ANALYSIS

Midtown Manhattan's office market mostly attracts TAMI sector, FIRE tenants and legal services firms. Recently, annual leasing activity reached a cyclical high of 28.4 million square feet in 2019 after it increased for the sixth consecutive year as large deals were completed in the Far West Side (Hudson Yards). Availability remained flat at 12.7% during the fourth quarter last year since large space additions offset strong leasing.

Average asking rents also reached a cyclical high of \$85 per square foot, driven by the addition of large Class A blocks. Although new construction is being leased at a rapid pace, there is still 13.2 million square feet currently under construction and 10.2 million square feet planned in Midtown. Absorption was negative for the second consecutive quarter, falling to 1.2 million square feet.

MARKET SNAPSHOT

source: Newmark Knight Frank



	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	289 MSF	286 MSF	281 MSF	↑
Availability Rate	12.7%	12.8%	12.3%	↑
Quarterly Net Absorption	-1,185,475	-722,449	-1,483,793	↓
Average Asking Rent	\$85.00	\$84.15	\$82.01	↑
Under Construction	13.2 MSF	16.1 MSF	8.9 MSF	↑
Deliveries	3.0 MSF	0 SF	1.3 MSF	↑

Transactions similar to the property happen at \$1,035 per square foot in Plaza District Submarket where the site is located while 666 Fifth Avenue was sold in 2018 for \$902 per square foot. Cap rates for stabilized properties are between 4.5% and 4.75%. There is no office building being built in the submarket. However, the total availability rate is 16.1% which is higher than Manhattan's average, 12%. Nonetheless, the submarket's relatively high absorption and asking rent shows a strong possibility of this project's success.

While financial institutions and professional services firms continue to take up the largest share of the New York City commercial office leasing market, high-tech and other high-growth industries (HGI) have emerged as increasingly powerful drivers of office-using employment and commercial office space demand. HGI tenants demand space close to transportation, social amenities, clients, investors and residential neighborhoods. This combination of pricing and physical attributes generally aligns with the characteristics of Class B buildings in the city.

According to a study conducted by Alvarez & Marsal Real Estate Advisory Services and JRT Realty Group, Class B office stock in New York City is projected to decrease until 2025. This reduction is due to the conversion of existing space into residential use for a greater potential financial return. New stock is unlikely to be added as rental rates achievable for Class B do not justify the high costs of development. The increasing demand for Class B space that is affordable to HGI firms and the continuing decline of Class B office stock creates a gap.

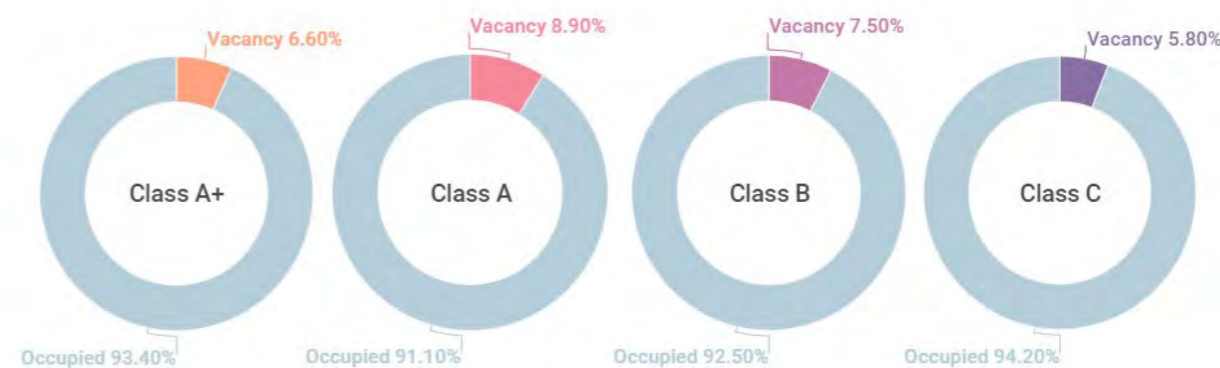
Therefore, this rehabilitation project targets HGI in advertising, business services, consulting, education, healthcare, non-profit, R&D and Technology industries. 666 Fifth Avenue's large contiguous floor plates and exposed ceiling can be selling points to them. Other preferred attributes include wide and bright windows, bike storage and shower facilities. As of January 2020, the vacancy rate of Manhattan's Class B offices was 7.5%.

TARGET TENANTS



MANHATTAN OFFICE VACANCY RATES (JANUARY 2020)

source: NREI



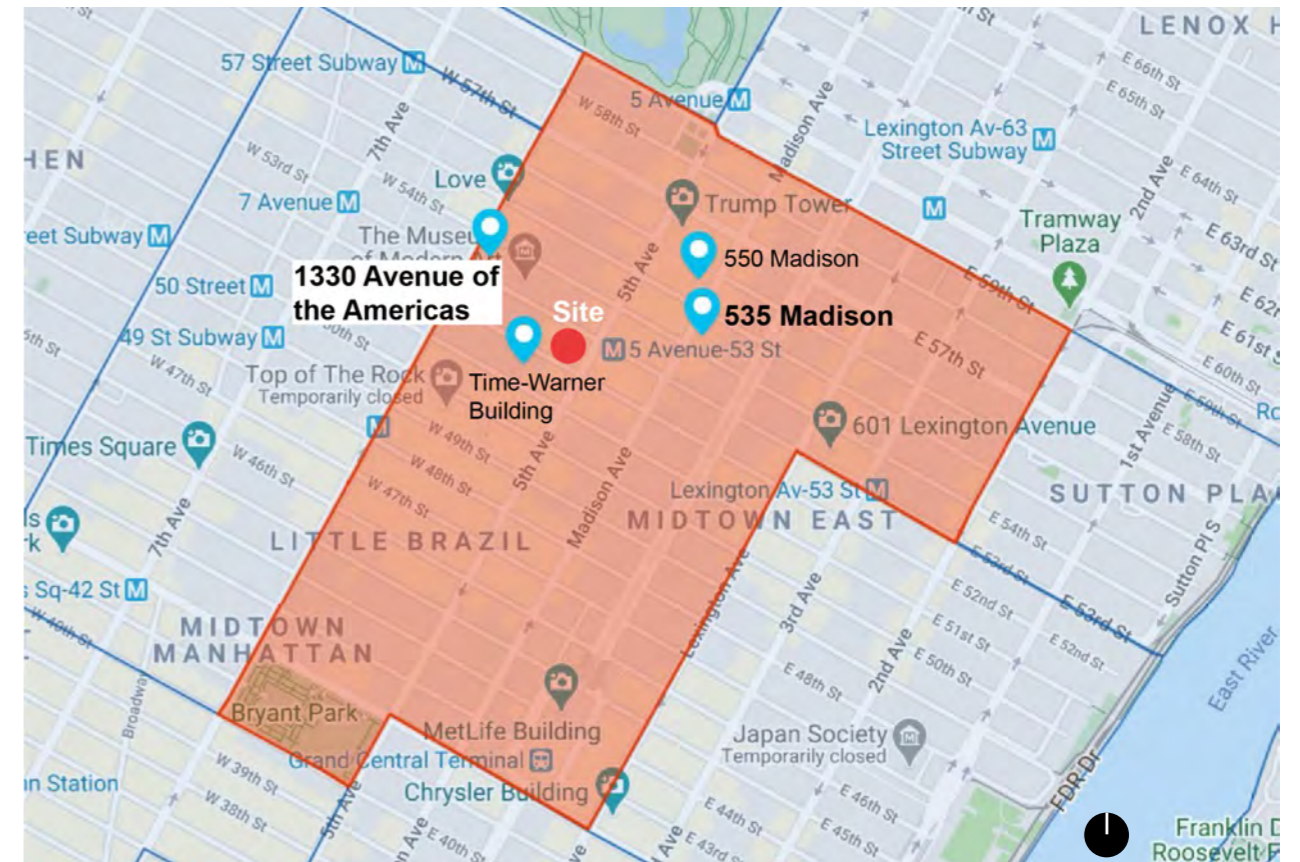
4Q 2019 MIDTOWN OFFICE SUBMARKET

source: Newmark Knight Frank

MARKET COMPARABLES (CENTRAL MIDTOWN)



SUBMARKET STATISTICS								
	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Midtown	288,619,358	13,146,572	12.7%	-1,185,475	-5,130,256	\$88.24	\$68.20	\$85.00
Eastside	24,648,396	0	17.9%	-70,378	-781,340	\$79.07	\$58.60	\$77.76
Far West Side	11,748,159	9,662,418	5.9%	632,418	154,441	\$115.23	\$76.08	\$109.34
Grand Central	47,556,123	1,700,000	11.5%	-46,920	-581,232	\$87.85	\$60.10	\$84.99
Murray Hill	7,837,204	0	11.0%	-83,058	-68,454	\$63.02	\$57.25	\$62.06
Park Avenue	26,969,382	705,244	11.9%	-245,803	-917,655	\$112.64	\$78.43	\$109.42
Penn Station	22,054,602	923,910	13.1%	-278,830	-733,859	\$95.91	\$63.05	\$82.65
Plaza District	26,733,087	0	16.1%	76,729	205,228	\$115.55	\$102.80	\$114.07
Sixth Ave/Rock Center	45,231,157	90,000	10.6%	110,905	-90,835	\$85.40	\$78.79	\$84.34
Times Square	14,663,247	0	17.2%	42,390	118,404	\$77.05	\$74.68	\$76.87
Times Square South	35,474,092	65,000	10.1%	-370,432	-740,155	\$57.52	\$51.78	\$55.93
Westside	25,703,909	0	14.9%	-952,496	-1,694,799	\$74.46	\$67.05	\$72.72
Midtown South	76,347,143	3,096,930	9.3%	-705,323	-597,359	\$85.55	\$72.37	\$83.53
Chelsea	25,779,142	1,101,961	9.0%	-177,262	178,390	\$73.35	\$64.02	\$71.74
East Village	1,772,657	410,934	25.2%	-161,793	-356,085	\$89.13	N/A	\$89.13
Flatiron/Union Square	27,238,249	331,323	9.7%	-188,314	-557,375	\$84.17	\$73.94	\$82.85
Hudson Sq./Meatpacking	12,095,981	1,003,948	6.2%	7,507	570,517	\$105.35	\$80.30	\$99.11
NoHo/SoHo	9,461,114	248,764	9.5%	-185,461	-432,806	\$102.44	\$78.90	\$98.09
Downtown	95,272,939	80,000	12.2%	-579,050	942,074	\$66.01	\$58.19	\$64.54
Downtown East	49,946,372	80,000	11.3%	-119,545	533,360	\$59.07	\$47.97	\$57.67
Downtown West	36,616,541	0	14.2%	-357,912	568,403	\$70.63	\$62.98	\$68.54
Tribeca/City Hall	8,710,026	0	8.5%	-101,593	-179,689	\$89.16	\$68.00	\$88.22
Manhattan	460,239,440	16,323,502	12.0%	-2,469,848	-4,785,541	\$83.09	\$66.12	\$80.26



	670 5th ave	535 Madison	1330 Avenue of the Americas
Year built	1957 (renovated in 2021)	1981	1965 (renovated in 2007)
Facade	glass curtain wall	glass & aluminum	glass cladding
Number of floors	39	37	40
Floor size (SF)	14,736 - 61,473	9,493 - 14,765	10,400 - 16,550
Typical Floor height	11'-0"	12'-0"	10'-10 1/2"
Column spacing	19'	30'	22'-6"
Number of elevators	24	11	11
Amenities	bike storage, shower facilities, coffee shop, lobby lounge	fitness center, private shower, multi-purpose rooms, bike room, messenger center	conferencing center, yoga classes, coffee bar pop-ups, speaker events,
Outdoor space	terraces at 4 levels	sculpture garden	plaza
Parking space	90	n/a	225
Annual rent (PSF)	\$113	\$105	\$78 - \$130

FINANCIAL ANALYSIS

Acquisition price is \$1.5 billion considering it was purchased at \$1.4 billion two years ago. Estimated construction costs are \$303 million which equals to \$196 per square foot. The total development cost will be \$2,453 million or \$1,584 per square foot. With the average annual rent of \$113 per square foot and 10% vacancy, the unlevered internal rate of return (IRR) is 6.62% when the property is held for 3 years after stabilization (scenario 1). If it is sold upon stabilization, the unlevered IRR goes up to 10.35% (scenario 2). A 65% loan-to-cost construction loan and a 70% loan-to-value permanent loan will increase IRR to 38.94% in scenario 1 or 36.49% in scenario 2.

Desired capital structure is 65% of a construction loan (\$1.6 billion) and 35% of a joint venture equity (\$869 million). Within the joint venture, the general partner will support 10% and the limited partner 90%. 62% of the total funds will be used for the acquisition. 12% of the total sources is allocated for hard costs and 25% for soft costs. As a redevelopment project, leasing and operation fees as well as retail condo owner concessions take up a big portion of the soft costs.

The redevelopment project will take 5 years until exit: 1 year for construction, 1 year for stabilization and 3 years for hold. This scenario 1 provides the higher levered IRR compared to the scenario 2, sale-upon-stabilization as mentioned above. Based on year 6's net operating income,

the estimated sale price is \$2.5 billion with the cap rate of 5%. The net profit is \$2,586 million and the return on cost is 2.9. In addition, the equity multiple is 3.17x.

Return Metrics	
Unlevered IRR	6.62%
Levered IRR	38.94%
Net profit	\$2,586,118,917
Return on cost	2.90
Equity multiple	3.17x

Redevelopment Costs		PRSF	%
Acquisition costs			
Purchase price	\$1,500,000,000	\$969	61.2%
Closing expenses	2% \$30,000,000	\$19	1.2%
Total acquisition costs	\$1,530,000,000	\$988	62.4%
Hard costs			
Construction			
Façade replacement	\$247,753,440	\$160	10.1%
Interior renovation	\$35,614,557	\$23	1.5%
Total construction costs	\$283,367,997	\$183	11.6%
Contingency	5% \$14,168,400	\$9	0.6%
Total hard costs	\$297,536,397	\$192	12.1%
Soft costs			
Consultants	2% \$5,950,728	\$4	0.2%
Construction	2% \$5,950,728	\$4	0.2%
Legal	3% \$8,926,092	\$6	0.4%
Financing	\$31,888,762	\$21	1.3%
Leasing	\$230,000,000	\$149	9.4%
Marketing	1% \$2,975,364	\$2	0.1%
Operation	\$290,000,000	\$187	11.8%
Retail condo owner concessions	\$20,000,000	\$13	0.8%
Developer's fee	5% \$14,876,820	\$10	0.6%
Contingency	5% \$14,876,820	\$10	0.6%
Total soft costs	\$625,445,314	\$404	25.5%
Total Development Costs	\$2,452,981,711	\$1,584	100.0%

Sources		
Construction loan	65%	\$1,594,438,112
JV equity	35%	\$858,543,599
LP	90%	\$772,689,239
GP	10%	\$85,854,360
Total sources	100%	\$2,452,981,711

Uses		
Acquisition costs	62%	\$1,530,000,000
Hard costs	12%	\$297,536,397
Soft costs	25%	\$625,445,314
Total uses	100%	\$2,452,981,711

Construction Loan		
Loan to cost	65%	\$1,594,438,112
Interest rate	7%	
Loan proceeds	2%	(\$31,888,762)

Permanent Loan		
Loan to value	70%	\$1,749,123,802
DSCR	1.3	\$1,335,802,118
Annual debt service		\$96,105,703
Monthly debt service		\$8,008,809
Debt yield	6%	\$2,082,290,240
Loan amount		\$1,335,802,118
Interest rate	6%	
Period (years)	30	
Loan proceeds	2%	(\$26,716,042)
Monthly payment		(\$8,008,809)
Annual payment		(\$96,105,703)

Sensitivity Analysis (Levered IRR)

Average rent (PSF)	Acquisition Price		
	\$1,400,000,000	\$1,500,000,000	\$1,600,000,000
\$120	49.09%	44.79%	41.10%
\$113	42.69%	38.94%	35.67%
\$105	35.69%	32.47%	29.63%

Project Timeline					
Milestone	Start date	Start month	Duration (months)	End date	End month
Acquisition				12/31/2020	0
Construction	1/1/2021	1	12	12/31/2021	12
Stabilization	1/1/2022	13	12	12/31/2022	24
Hold	1/1/2023	25	36	12/31/2025	60

Revenue	
Average projected rent (PSF)	\$113
Vacancy	10%

Operating Expenses		PSF
Utilities		\$2.5
Cleaning service		\$1.7
Maintenance		\$2.0
Administrative		\$2.2
Security		\$0.8
Insurance		\$0.5
Real estate property taxes		\$8.0
Subtotal		\$17.7

Management fees 5% of EGI

Sale	
Exit cap rate	5%
Sale costs	2%

Tax		
Land value	0%	\$0 (ground lease)
Building value	100%	\$1,530,000,000
Depreciation (years)	39	
Annual depreciation		(\$39,230,769)
Depreciation recapture rate	25%	
Capital gain tax rate	15%	
Income tax rate	35% (federal only)	
Original cost basis (purchase price)		\$1,530,000,000
plus Capital improvements		\$289,318,725
plus Leasing costs		\$230,000,000
less Accumulated depreciation		(\$196,153,846)
Adjusted cost basis in property		\$1,853,164,879

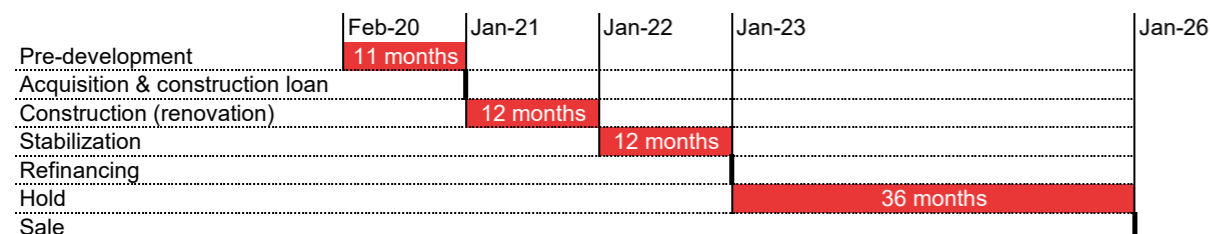
Unlevered		Tax
Gain on appreciation	\$399,454,598	(\$59,918,190)
Accumulated Depreciation	\$196,153,846	(\$49,038,462)
Total capital gain taxes		(\$108,956,651)

Levered		Tax
Gain on appreciation	\$399,454,598	(\$59,918,190)
Accumulated Depreciation	\$196,153,846	(\$49,038,462)
Total capital gain taxes		(\$108,956,651)

PROJECT MANAGEMENT

During the pre-development process, due diligence, securing zoning and entitlements, selecting project team members will help avoid delays in the rest of the project. Once the construction starts, scheduling contractors, processing payments and managing change orders are important for timely delivery and staying within the budget. Frequent site visits by a team of multiple managers with different experience and responsibilities to check the progress reduces the possibilities of unforeseen conditions which waste time and money. The most important key for success is conformance with the regulations and safety control.

PROJECT TIMELINE



MARKETING STRATEGY

According to The Real Deal, CBRE topped the annual Manhattan office leasing with the most square footage of space rented in 2018. Cushman & Wakefield took the second spot, followed by JLL. Hiring brokers from the top companies, the stabilization of our property can be accelerated. The total marketing budget is set to \$3 million. The ideal exit time is in Year 6, 3 years after the stabilization. However, the building can be sold upon the stabilization if the office market's future conditions do not seem to be greater, which results in the levered IRR of 36.49%.

LEADERS IN MANHATTAN OFFICE LEASING



Mary Ann Tighe
CBRE



Peter Riguardi
JLL



David Levy
Adams & Company

MANHATTAN'S TOP OFFICE LEASING BROKERAGES (2018)

source: The Real Deal

RANK	FIRM	TOTAL SQ. FT. LEASED	TOTAL NO. OF DEALS	SQ. FT. FOR LANDLORD DEALS	SQ. FT. FOR TENANT DEALS
1	CBRE	14.9M	647	8.6M	9.7M
2	Cushman & Wakefield	11.2M	361	4.6M	7.1M
3	JLL	8.2M	146	5.1M	5.1M
4	Newmark Knight Frank	5.4M	110	3.1M	2.6M
5	Savills Studley	4M	252	0	4M
6	Colliers International	2.9M	218	818,008	2.1M
7	Adams & Company	1M	177	934,872	697,864
8	Avison Young	570,505	77	400,413	188,770
9	ABS Partners Real Estate	474,923	85	474,923	39,678
10	Lee & Associates NYC	409,582	72	84,839	333,150
11	SkyLight Leasing	364,798	16	0	364,798
12	Cresa	341,950	8	8,049	333,901
13	Savitt Partners	302,613	7	37,416	265,197
14	Prime Manhattan Realty	166,110	43	31,154	157,347
15	Winick Realty Group	125,426	4	13,426	114,450

RISKS AND MITIGATION

Due to the COVID-19, the recent economic activities have shrunk worldwide. With no cure or vaccine for it, people feel nervous about the uncertain future. To stop the spread of virus, remote working is a common practice nowadays in New York City. Many businesses layoff or furlough their employees in the midst of this crisis. Therefore, the demand for office space is declining. However, many experts expect that the vaccine is developed by the next year. When our construction is finished in late 2021 or early 2022, the market would recover to the state before COVID-19.

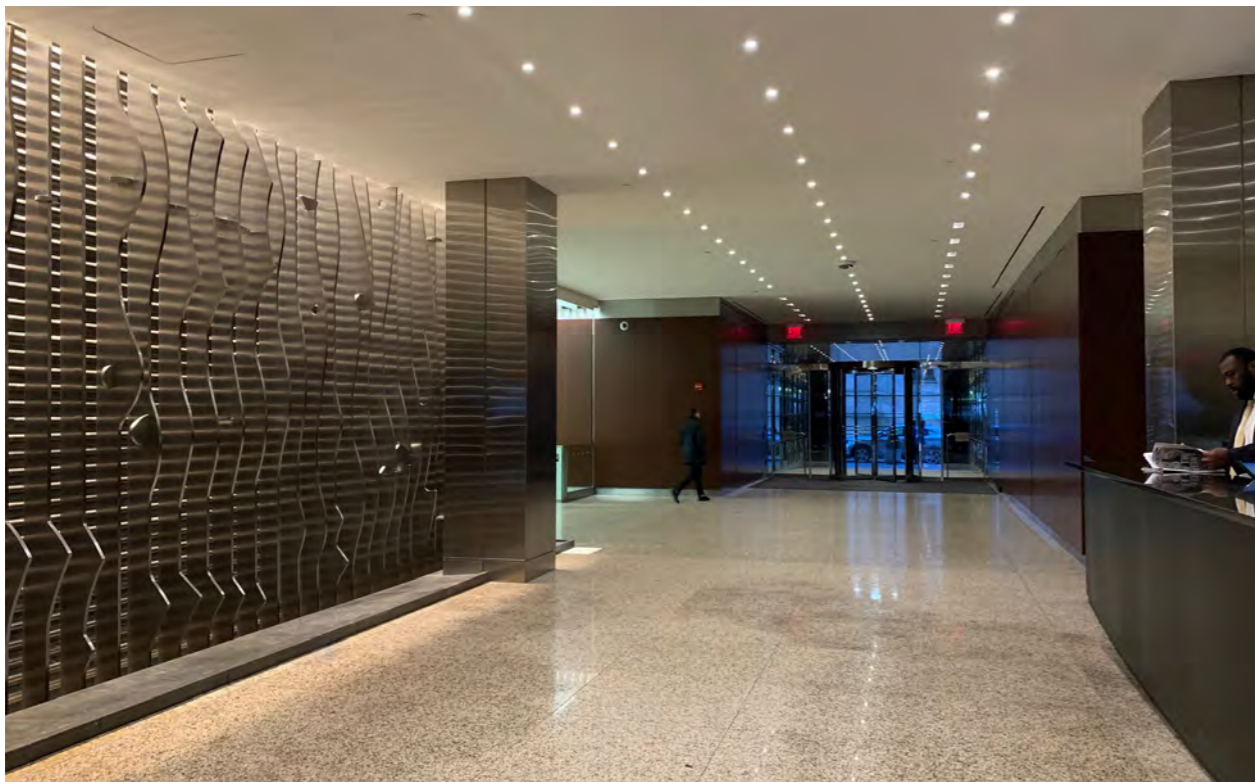
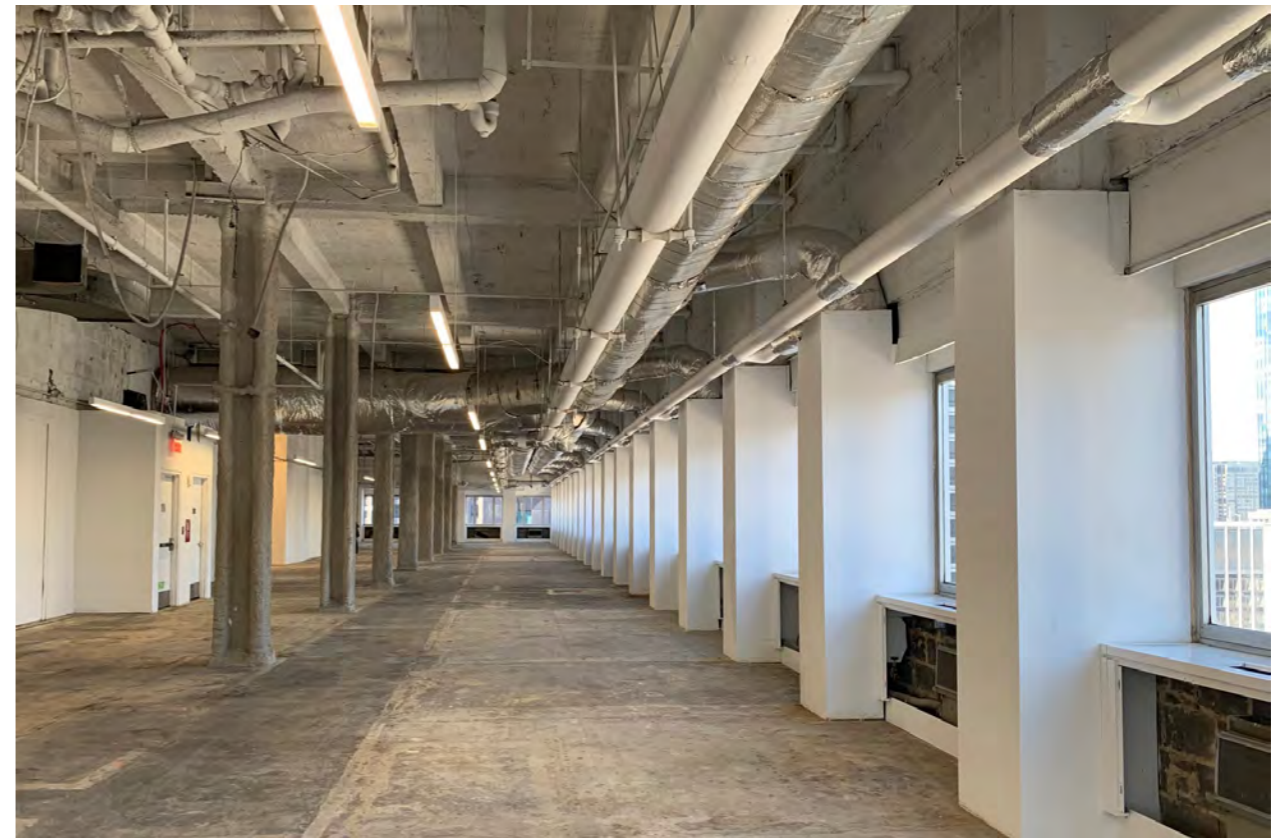
New supply of office spaces is also a threat to the project. Especially, fresh Class A offices in Hudson Yards already secured many big-name tenants. To compete with those buildings, we will keep our rent at a relatively affordable rate and target smaller but growing firms in the HGI sector. Moreover, high accessibility and mobility of our site, without a doubt, make the redevelopment profitable.

APPENDICES

THE NEIGHBORHOOD



BUILDING CONDITIONS



UNLEVERED PRO FORMA (3-YEAR HOLD)

Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24				
Year	0	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	2	3	4	5
	2020	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2023	2024	2025	
Acquisition	(\$1,530,000,000)																												
Construction		(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue																													
Newly leased area (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Newly leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	
Total leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	232,269	348,403	464,538	580,672	696,807	812,941	929,075	1,045,210	1,161,344	1,277,479	1,393,613	1,393,613	1,393,613	1,393,613	
Effective gross income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,123,190	\$26,246,380	\$39,369,570	\$52,492,760	\$65,615,950	\$78,739,140	\$91,862,330	\$104,985,520	\$118,108,710	\$131,231,900	\$144,355,090	\$157,478,280	\$157,478,280	\$157,478,280	\$157,478,280	
Operating expenses																													
Management fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$656,160)	(\$1,312,319)	(\$1,968,479)	(\$2,624,638)	(\$3,280,798)	(\$3,936,957)	(\$4,593,117)	(\$5,249,276)	(\$5,905,436)	(\$6,561,595)	(\$7,217,755)	(\$7,873,914)	(\$7,873,914)	(\$7,873,914)	(\$7,873,914)	
Other operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,055,579)	(\$4,111,159)	(\$6,166,738)	(\$8,222,317)	(\$10,277,897)	(\$12,333,476)	(\$14,389,055)	(\$16,444,635)	(\$18,500,214)	(\$20,555,793)	(\$22,611,373)	(\$24,666,952)	(\$24,666,952)	(\$24,666,952)	(\$24,666,952)	
Total operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,711,739)	(\$5,423,478)	(\$8,135,216)	(\$10,846,955)	(\$13,558,694)	(\$16,270,433)	(\$18,982,172)	(\$21,693,911)	(\$24,405,649)	(\$27,117,388)	(\$29,829,127)	(\$32,540,866)	(\$32,540,866)	(\$32,540,866)	(\$32,540,866)	
Net operating income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	\$124,937,414	\$124,937,414	\$124,937,414	
Sale																													
Property value																										\$0	\$0	\$0	\$2,498,748,288
Sale costs																										\$0	\$0	\$0	(\$49,974,966)
Net sale proceeds																										\$0	\$0	\$0	\$2,448,773,323
Unlevered before-tax cash flow	(\$1,530,000,000)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	\$124,937,414	\$124,937,414	\$124,937,414	\$2,573,710,737
Taxable income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,142,220	\$17,553,672	\$27,965,123	\$38,376,574	\$48,788,025	\$59,199,476	\$69,610,928	\$80,022,379	\$90,433,830	\$100,845,281	\$111,256,732	\$121,668,184	\$85,706,645	\$85,706,645	\$85,706,645	\$85,706,645
Income tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,499,777)	(\$6,143,785)	(\$9,787,793)	(\$13,431,801)	(\$17,075,809)	(\$20,719,817)	(\$24,363,825)	(\$28,007,833)	(\$31,651,841)	(\$35,295,848)	(\$38,939,856)	(\$42,583,864)	(\$29,997,326)	(\$29,997,326)	(\$29,997,326)	(\$29,997,326)
Capital gain taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$108,956,651)
Unlevered after-tax cash flow	(\$1,530,000,000)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$7,911,674	\$14,679,117	\$21,446,561	\$28,214,004	\$34,981,447	\$41,748,890	\$48,516,334	\$55,283,777	\$62,051,220	\$68,818,664	\$75,586,107	\$82,353,550	\$94,940,089	\$94,940,089	\$94,940,089	\$2,434,756,760
Year	2020	2021	2022	2023	2024	2025																							
Unlevered after-tax cash flow	(\$1,530,000,000)	(\$922,981,711)	\$541,591,345	\$94,940,089	\$94,940,089	\$2,434,756,760																							
Unlevered IRR		6.62%																											

UNLEVERED PRO FORMA (SALE-UPON-STABILIZATION)

Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Year	0	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2	
	2020	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2021	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	2022	
Acquisition	(\$1,530,000,000)																									
Construction		(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue																										
Newly leased area (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Newly leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	
Total leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	232,269	348,403	464,538	580,672	696,807	812,941	929,075	1,045,210	1,161,344	1,277,479	1,393,613	
Effective gross income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,123,190	\$26,246,380	\$39,369,570	\$52,492,760	\$65,615,950	\$78,739,140	\$91,862,330	\$104,985,520	\$118,108,710	\$131,231,900	\$144,355,090	\$157,478,280	
Operating expenses																										
Management fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$656,160)	(\$1,312,319)	(\$1,968,479)	(\$2,624,638)	(\$3,280,798)	(\$3,936,957)	(\$4,593,117)	(\$5,249,276)	(\$5,905,436)	(\$6,561,595)	(\$7,217,755)	(\$7,873,914)	
Other operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,055,579)	(\$4,111,159)	(\$6,166,738)	(\$8,222,317)	(\$10,277,897)	(\$12,333,476)	(\$14,389,055)	(\$16,444,635)	(\$18,500,214)	(\$20,555,793)	(\$22,611,373)	(\$24,666,952)	
Total operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,711,739)	(\$5,423,478)	(\$8,135,216)	(\$10,846,955)	(\$13,558,694)	(\$16,270,433)	(\$18,982,172)	(\$21,693,911)	(\$24,405,649)	(\$27,117,388)	(\$29,829,127)	(\$32,540,866)	
Net operating income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	
Sale																										
Property value																									\$2,498,748,288	
Sale costs																										(\$49,974,966)
Net sale proceeds																										\$2,448,773,323
Unlevered before-tax cash flow	(\$1,530,000,000)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	
Taxable income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,142,220	\$17,553,672	\$27,965,123	\$38,376,574	\$48,788,025	\$59,199,476	\$69,610,928	\$80,022,379	\$90,433,830	\$100,845,281	\$111,256,732	\$121,668,184	
Income tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,499,777)	(\$6,143,785)	(\$9,787,793)	(\$13,431,801)	(\$17,075,809)	(\$20,719,817)	(\$24,363,825)	(\$28,007,833)	(\$31,651,841)	(\$35,295,848)	(\$38,939,856)	(\$42,583,864)	
Capital gain taxes		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$108,956,651)
Unlevered after-tax cash flow	(\$1,530,000,000)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$7,911,674	\$14,679,117	\$21,446,561	\$28,214,004	\$34,981,447	\$41,748,890	\$48,516,334	\$55,283,777	\$62,051,220	\$68,818,664	\$75,586,107	\$82,353,551	
Year	2020	2021	2022																							
Unlevered after-tax cash flow	(\$1,530,000,000)	(\$922,981,711)	\$2,881,408,016																							
Unlevered IRR	10.35%																									

LEVERED PRO FORMA (SALE-UPON-STABILIZATION)

Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Year	December 2020	January 2021	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021	January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022	
Acquisition	(\$1,530,000,000)																									
Construction loan	\$1,594,438,112																									
Construction loan proceeds	(\$31,888,762)																									
Construction		(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Revenue																										
Newly leased area (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	
Newly leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	116,134	
Total leased area (SF)		-	-	-	-	-	-	-	-	-	-	-	-	116,134	232,269	348,403	464,538	580,672	696,807	812,941	929,075	1,045,210	1,161,344	1,277,479	1,393,613	
Effective gross income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,123,190	\$26,246,380	\$39,369,570	\$52,492,760	\$65,615,950	\$78,739,140	\$91,862,330	\$104,985,520	\$118,108,710	\$131,231,900	\$144,355,090	\$157,478,280	
Operating expenses																										
Management fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$656,160)	(\$1,312,319)	(\$1,968,479)	(\$2,624,638)	(\$3,280,798)	(\$3,936,957)	(\$4,593,117)	(\$5,249,276)	(\$5,905,436)	(\$6,561,595)	(\$7,217,755)	(\$7,873,914)
Other operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,055,579)	(\$4,111,159)	(\$6,166,738)	(\$8,222,317)	(\$10,277,897)	(\$12,333,476)	(\$14,389,055)	(\$16,444,635)	(\$18,500,214)	(\$20,555,793)	(\$22,611,373)	(\$24,666,952)
Total operating expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,711,739)	(\$5,423,478)	(\$8,135,216)	(\$10,846,955)	(\$13,558,694)	(\$16,270,433)	(\$18,982,172)	(\$21,693,911)	(\$24,405,649)	(\$27,117,388)	(\$29,829,127)	(\$32,540,866)
Net operating income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	
Construction loan amortization		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,833,294,536)
Sale																										
Property value																										\$2,498,748,288
Sale costs																										(\$49,974,966)
Net sale proceeds																										\$2,448,773,323
Levered before-tax cash flow	\$32,549,350	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	\$740,416,201
Net operating income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,411,451	\$20,822,902	\$31,234,354	\$41,645,805	\$52,057,256	\$62,468,707	\$72,880,158	\$83,291,610	\$93,703,061	\$104,114,512	\$114,525,963	\$124,937,414	
Less depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)	(\$39,230,769)
Taxable income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$28,819,318)	(\$18,407,867)	(\$7,996,416)	\$2,415,036	\$12,826,487	\$23,237,938	\$33,649,389	\$44,060,840	\$54,472,292	\$64,883,743	\$75,295,194	\$85,706,645
Income tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,086,761	\$6,442,753	\$2,798,745	(\$845,262)	(\$4,489,270)	(\$8,133,278)	(\$11,777,286)	(\$15,421,294)	(\$19,065,302)	(\$22,709,310)	(\$26,353,318)	(\$29,997,326)
Capital gain taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$108,956,651)
Levered after-tax cash flow	\$32,549,350	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	(\$76,915,143)	\$20,498,213	\$27,265,656	\$34,033,099	\$40,800,542	\$47,567,986	\$54,335,429	\$61,102,872	\$67,870,315	\$74,637,759	\$81,405,202	\$88,172,645	\$94,940,088	\$601,462,224
Year	2020	2021	2022																							
Levered after-tax cash flow	\$32,549,350	(\$922,981,711)	\$1,199,151,943																							
Levered IRR	36.49%																									
Net profit	\$308,719,582																									
Return on cost	0.35																									
Equity multiple	1.33x																									
Year	2020	2021	2022																							
Levered before-tax cash flow	\$32,549,350	(\$922,981,711)	\$1,427,571,981																							
Cash on cash			160.32%																							

670
5th ave