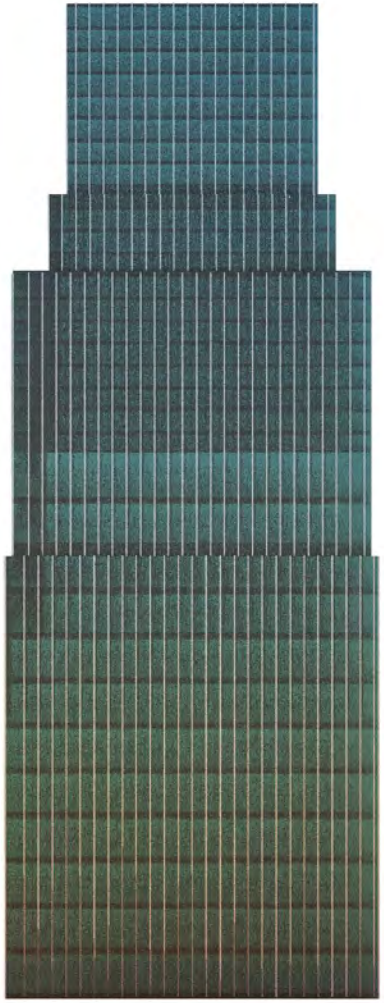
# 666 Fifth Avenue
# Redevelopment Proposal
# April 2020

Bennett Heller – blh2140

# Table of Contents




| | |
|---|---|
| Executive Summary | 3 |
| Location Analysis | 4 |
| Zoning Analysis | 8 |
| Development Concept | 12 |
| Market Analysis | 17 |
| Financial Analysis & Capital Structure | 22 |
| Project Delivery Plan | 29 |
| Project Risks & Mitigants | 33 |
| Appendix | 35 |

# Executive Summary



## The Opportunity

Pound Ridge Equities, LLC ("The Sponsor") is pleased to present the redevelopment of the office component of 666 Fifth Avenue ("The Property") as a premiere investment opportunity in the heart of the New York City market. The Sponsors are seeking a Limited Partnership equity investment of at least $500,000,000 in order to move forward with acquisition and redevelopment.

Once an icon of the Midtown Manhattan skyline, The Property has since fallen out of office leasing competition due to a combination of obsolescence, financial distress, and shifting dynamics among New York's corporate tenant base.

The redevelopment program aims to boldly reinterpret the existing structure by redistributing the building's massing, overhauling its base infrastructure, and moving on from the original aluminum façade with a full, wraparound glass curtain wall.

The redevelopment process is expected to last four years, with a further two years budgeted for stabilization. With a variety of floor plate sizes and ceiling heights along with its irreplaceable location and Central Park Views, the reimagined office tower will appeal to tenants across a variety of industries. The Sponsor intends to specifically target major technology firms seeking to expand their New York operations for the largest floors.

| 666 Fifth Avenue – Deal Highlights | |
|---|---|
| Acquisition Cost | $849,000.000 |
| Total Development Cost | $2,266,000,000 |
| LP Equity Requirement | $500,000,000 |
| Projected Hold Period | 72 Months |
| Projected Gross Exit Value | $2,837,000,000 |
| Projected Gross LIRR | 15.22% |
| Projected Gross MOIC | 2.12x |

# Location Analysis

# Location Analysis

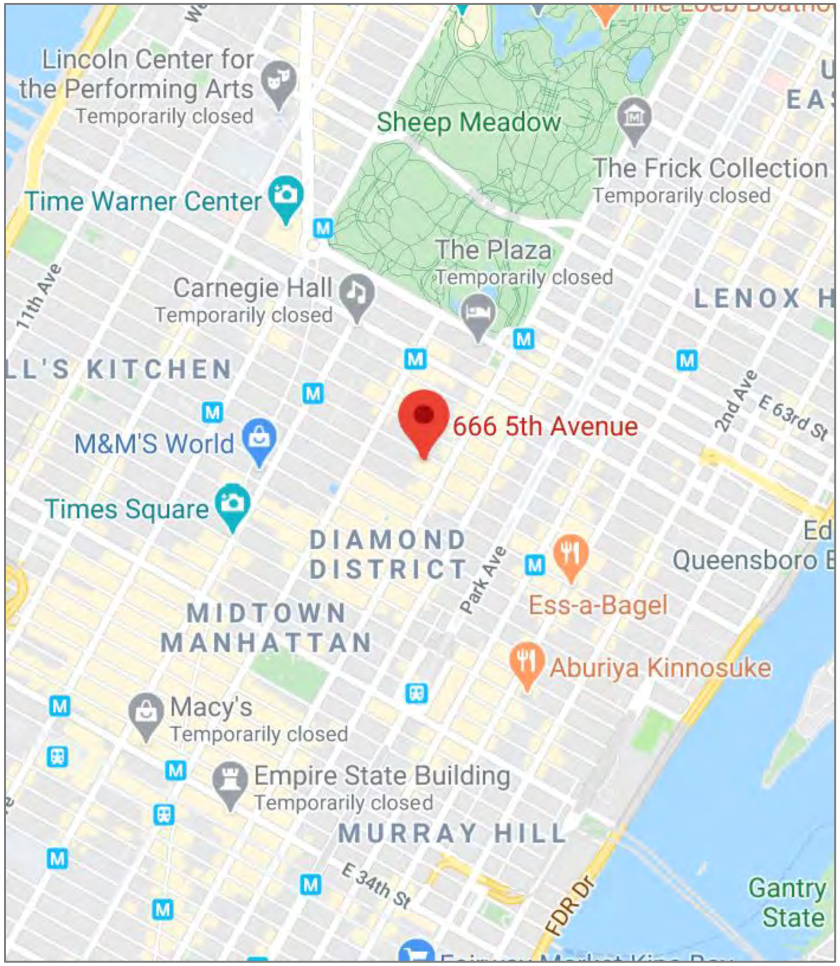


666 Fifth Avenue lies on the Eastern half of the block bounded by Fifth and Sixth Avenues and 52nd and 53rd Streets in the northern end of Midtown Manhattan, at the heart of what is often referred to as the Plaza District office submarket. The Plaza District, named for the Plaza Hotel on Central Park South, is traditionally one of Manhattan's densest and highest-rent office districts. The Property is also located at the heart of the Upper Fifth Avenue retail corridor, the highest-rent retail market in the city.

The Property's central location grants it walking-distance access to a number of subway stations, granting tenant employees access to the E, B, D, F, M, 6, 1, N, R, and W lines – all within a ten-minute walk. These lines indirectly grant the tower easy access to Grand Central Terminal and Penn Station, the two busiest rail hubs in the Western Hemisphere.

This outstanding public transit accessibility poses a significant benefit to office tenants who as a result can efficiently draw employees from all parts of the city. In the Manhattan office leasing market, buildings with good public transit accessibility tend to earn rent premiums due to their heightened ability to attract employees.

666 Fifth Avenue also lies just six blocks south of the corner Central Park, Manhattan's crown jewel, which is visible from the Northern exposure of the upper floors, and from Apple's global flagship store at the GM Building. The proximity to and in some cases views of the park also add significant value to the property due to the leasing premium granted to floors with park views and The Property's



# Public Transportation Accessibility

Pound Ridge Equities

# Neighborhood Highlights



Rockefeller Center

Apple Store – 5th Avenue Flagship

Central Park

The Museum of Modern Art

# Zoning Analysis

# Zoning Analysis



The Property lies on Lot 7502 of Block 1268 in Manhattan. Because the site originally comprised a number of parcels, it now holds multiple zoning classifications – its standard districts are C5-2.5 and C5-3, and it is within the Special Midtown District (MID).

One of the greatest challenges in creating the development program has been contending with The Property's overbuilt nature. While it would likely be easier and more profitable to tear down the existing structure and rebuild a new tower of the same size from scratch, updates made to the city's Zoning Resolution since The Property's 1957 completion have retroactively decreased the allowable FAR of a new structure to 15.0.

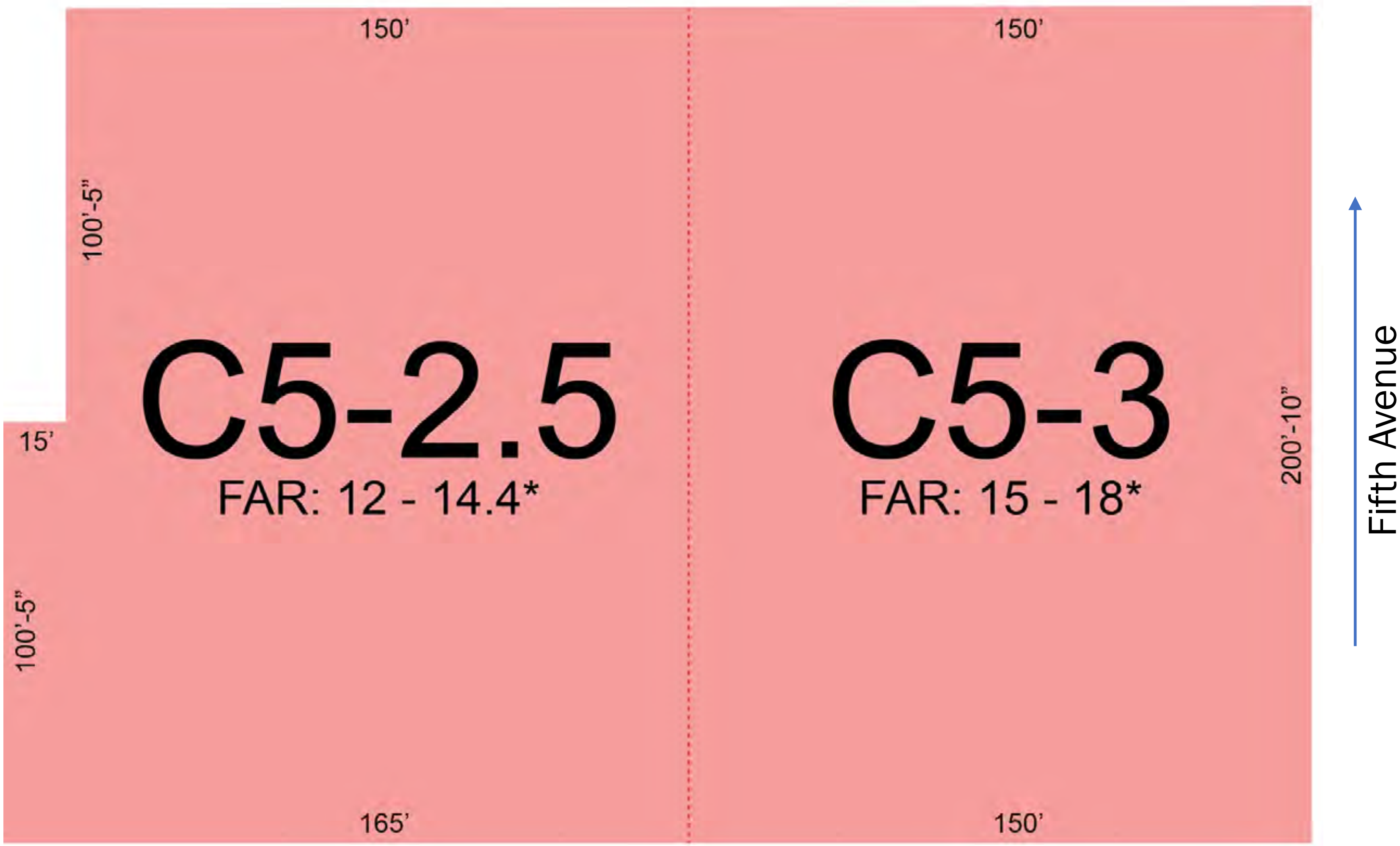
If a full teardown were pursued, a structure of only 926,000 square feet could be built – a 26% decrease from the building's current ZFA as recorded by the Department of Buildings. Combined with the separate ownership of the ground-floor retail condominium, tearing down the building is an unfeasible solution to 666 Fifth Avenue's current issues.

A loophole in the zoning code allows grandfathered, overbuilt buildings to be heavily renovated into practically new buildings provided at least 25% of the original structure is retained. This workaround has been gainfully leveraged by a small handful of recent redevelopment projects and is ideal the solution to The Property's zoning issue. This will allow the project to proceed as of right without any special zoning permissions.

| 666 Fifth Avenue – Zoning Analysis | |
|---|---|
| Borough | Manhattan |
| Block | 1268 |
| Lot | 7502 |
| Lot Size | 61,755 SF |
| Zoning | C5-2.5 / C5-3 / MID |
| Max. As of Right FAR | 15.0 |
| Max. ZFA | 926,325 SF |
| Existing Structure ZFA | 1,246,882 |
| Existing FAR | 20.2 |
| Overbuilt Area | 320,557 SF |
| Overbuilt FAR | 5.2 |
| Overbuilt % | 34.6% |

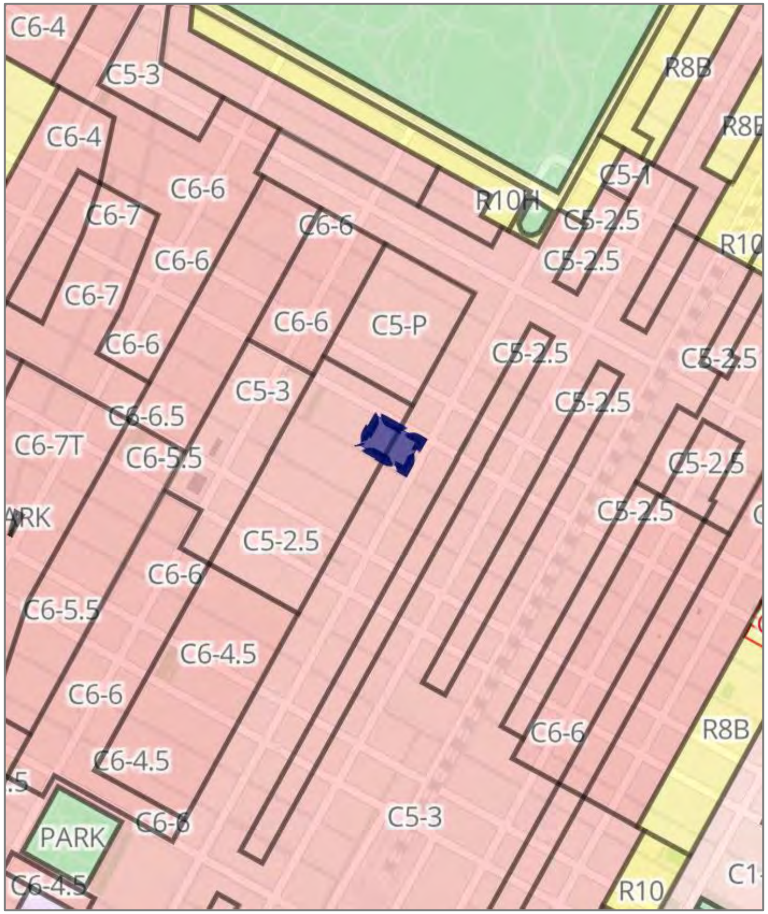
# Zoning Lot

Pound Ridge Equities

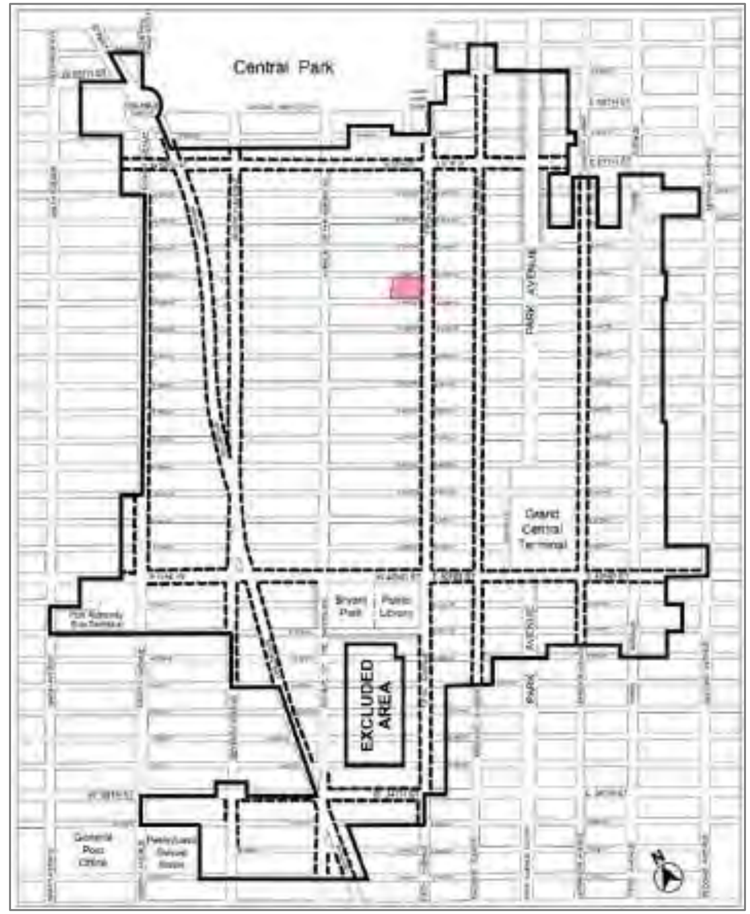


# Zoning Context






Property Site within Midtown Zoning Context




Property Site within Special Midtown District

# Development Concept

# Existing Conditions



| 666 Fifth Avenue | |
|---|---|
| Address | 666 5th Avenue, New York NY 10103 |
| Year Built | 1957 |
| Rentable Building Area | 1,345,858 SF |
| Net Building Area | 1,246,882 SF |
| Stories | 41 |
| Slab-to-Slab Height | 11’9” |
| Overall Height | 537’ |

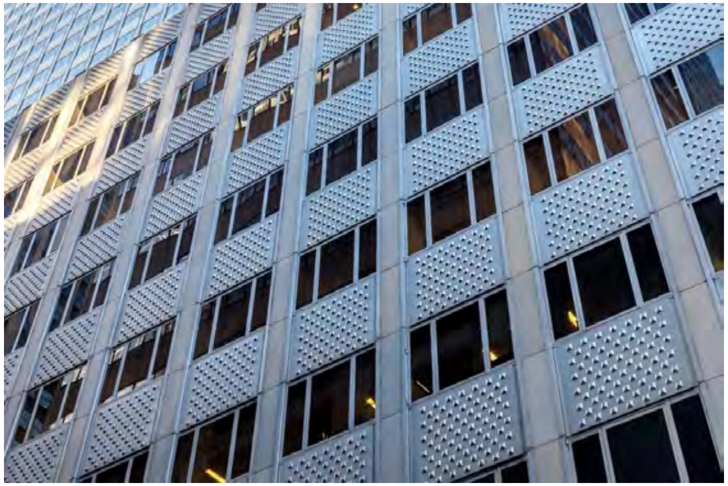
Designed by Carson & Lundin and built by Tishman Realty & Construction in 1957, 666 5th Avenue’s most prominent architectural feature is its embossed aluminum panel cladding. While very stylish for the day, the façade has not aged well among its stone and glass & steel neighbors, and now looks outdated.

Functionally, the cladding is highly detrimental to light and air within the building as it severely limits the size of the windows, in turn limiting the quantity and depth of penetration of light within the floor plates.

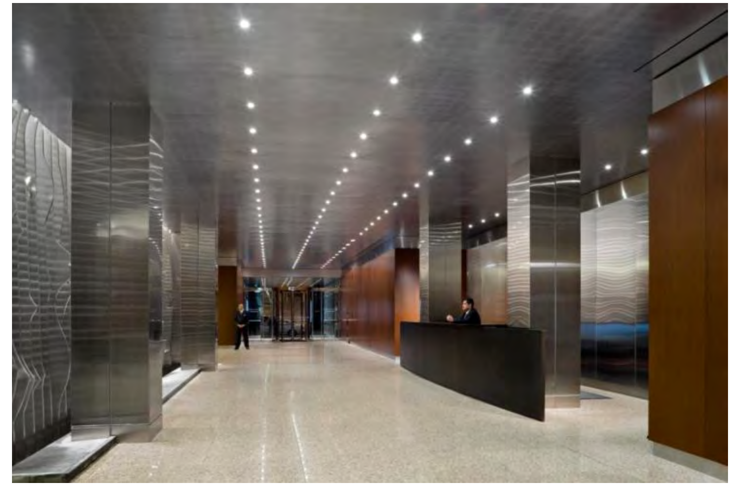
Further damaging 666’s ability to compete are its low slab heights, which compounded with the outdated HVAC system limit finished ceiling heights to 8’8”, well below the 10’ preference of most modern office tenants.

# Existing Conditions – Cont.





Facade



Lobby

Raw Floor

Street View

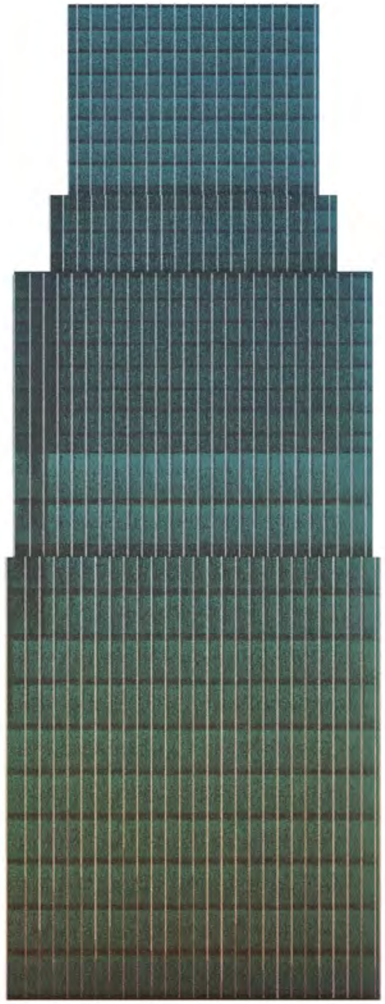
# Architectural Proposal

In order to restore The Property to the upper echelons of market competition, The Sponsor proposes a major reimagining of the aging office tower.

The base building systems will be overhauled to 21st century standards, including new elevator equipment and HVAC apparatus. The new HVAC system will utilize rectangular rather than cylindrical ductwork, minimizing the horizontal profile of the ductwork and allowing finished ceiling heights to rise from 8’8” to an estimated 9’6” on tower floors.

The Property will also undergo a significant remassing of the office floors, which will dramatically alter the appearance of the building. This will entail demolishing 12 lower- and mid-stack floors and redistributing their floor area to the remaining floors, yielding 13 large, double-height floor plates that will enjoy light and air unparalleled in the midtown market and command significant rent premiums.

Finally, the newly remassed property will be reclad in a wraparound curtain wall. While the double-height floors will naturally enjoy light and air, the addition of the curtain wall in conjunction with the HVAC upgrades will allow the single-height tower floors to benefit from light and air comparable to more modern construction.



Eastern Elevation

# Stacking Plan



The at the core of the redevelopment of 666 Fifth Avenue is the creative reimagining of the existing building's stacking plan. In its current form, The Property currently comprises 39 office floors with an average floor plate size of 28,889 RSF; however, 28 of those floors have floor plates of under 20,000 RSF, and all have slab heights of 10'9". These antiquated floor plates are too small to compete for larger tenants amidst the current market context, in which major corporations – particularly tech and creative users – prefer to foster collaboration among employees with large, open floor plans.

The Sponsor's new plan for The Property proposes a new stacking plan with four different floor plate profiles. By offering a greater variety of floor plates, many of which will boast double-height ceilings, The Sponsor believes that the renovated end-product will be more appealing to a wider variety of tenants.

The Low-rise floors (2-9) represent a continuation of the existing second floor plan, with floor plates of roughly 63,000 RSF. Each of these floors will be double-height. The Mid-rise I floors (10-15) will set back slightly, with floor plates of 54,000 RSF. These floors too will be double-height, with the exception of the 15th Floor. The Mid-rise II floors (16-19) will be single-height floors with 36,000 RSF floor plates, while the High-rise floors (20-29) will be single-height with 19,740 RSF floor plates.

| Floor Type | Elevator Bank | Floor | RSF | Slab-to-Slab Height | Projected Rent | Width | Depth |
|---|---|---|---|---|---|---|---|
| High-rise II | Elevator Bank III | 30 | Mech | | | | |
| | | 29 | 19,740 RSF | 20.00' | $140 | 94' | 210' |
| High-rise I | | 28 | 19,740 RSF | 14.25' | $140 | 94' | 210' |
| | | 27 | 19,740 RSF | 11.00' | $140 | 94' | 210' |
| | | 26 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 25 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 24 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 23 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 22 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 21 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 20 | 19,740 RSF | 11.00' | $120 | 94' | 210' |
| | | 19 | 36,000 RSF | 11.00' | $120 | 150' | 240' |
| Mid-rise II | Elevator Bank II | 18 | 36,000 RSF | 11.00' | $120 | 150' | 240' |
| | | 17 | 36,000 RSF | 11.00' | $120 | 150' | 240' |
| | | 16 | 36,000 RSF | 11.00' | $120 | 150' | 240' |
| Mid-rise I | | 15 | 54,000 RSF | 11.00' | $120 | 180' | 300' |
| | | 14 | 54,000 RSF | 22.00' | $140 | 180' | 300' |
| | | 13 | 54,000 RSF | 22.00' | $140 | 180' | 300' |
| | | 12 | 54,000 RSF | 22.00' | $140 | 180' | 300' |
| | | 11 | 54,000 RSF | 22.00' | $140 | 180' | 300' |
| | | 10 | 54,000 RSF | 22.00' | $140 | 180' | 300' |
| Low-rise | Elevator Bank I | 9 | 63,000 RSF | 22.00' | $140 | 200' | 315' |
| | | 8 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 7 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 6 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 5 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 4 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 3 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 2 | 63,000 RSF | 22.00' | $130 | 200' | 315' |
| | | 1m | 1,317 RSF | 17.25' | | | |
| | | 1 | 59,428 RSF | | | | |
| Cellar | | -1 | 63,924 RSF | 15.00' | | | |
| | | -2 | 61,811 RSF | 10.50' | | | |

# Market Analysis

# New York City Office Market



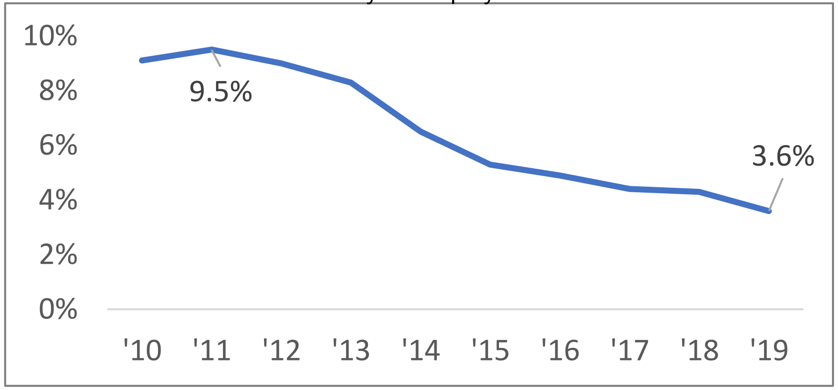
The New York City office market has undergone radical change this economic cycle. In the wake of the Financial Crisis, the Legal and Financial Services sectors which had previously been the perennial drivers of the leasing market experienced shar drops in employment; finance employment only recovered to its previous levels last year, while legal employment still lags its 2007 peak.

While both Legal and Financial firms are still major forces in the leasing market, TAMI firms (technology, media, advertising, and information) have emerged as scaled users. These firms have shown a strong preference for redevelopments of aging infrastructural buildings in the Midtown South Market. Firms like Google and Facebook have taken to occupying former warehouses and rail terminals due to their preference for large floor plates, which facilitate the creation of campus-like environments for their engineers and developers.

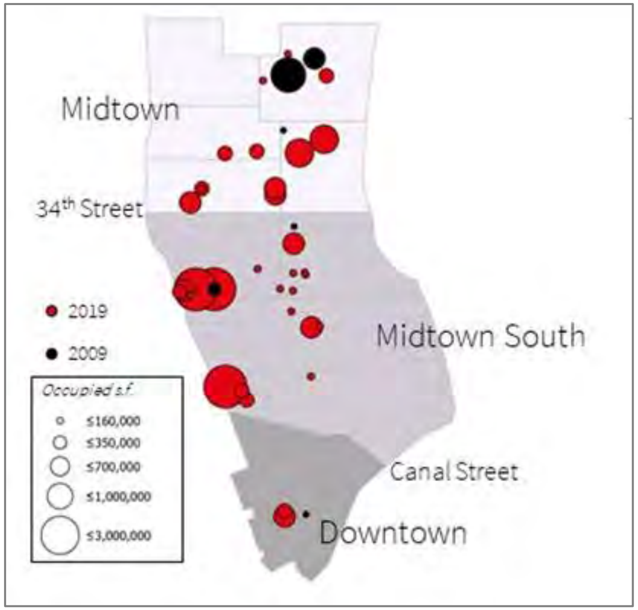
With Major technology firms migrating to New York en masse, premier firms at the forefronts of New York's traditional economic driver industries now have to compete for talent with tech giants. With local and national unemployment at historic lows, this competition has bled into the real estate markets. Large, well-capitalized users across all major industries now hunt for the most unique and convenient locations in order to entice prospective employees.

This Flight to Quality has produced a Tale of Two Markets – one of distinguished, unique, Trophy-quality offerings fought over by elite firms, and one of also-ran commodity space.

New York City Unemployment Rate




100k SF+ Tech Tenants, 2009 & 2019




Sources: BLS, JLL Research

# Competition Analysis



**Plaza Trophy Comps**

9 West 57th Street and the GM Building (767 5th Avenue) are perhaps the two most highly-regarded Trophy towers in the Plaza District. With reported starting rents of $199.48/SF and $158.63/SF respectively, 666 5th's proposed average starting rents of $129.39/SF will undercut its most proximate elite competition while offering unique spaces at a scale that 9W57 and GM cannot.

**New Construction Comps**

New office construction has only been carried out in two locations in Midtown this cycle: the Hudson Yards rezoning district on the far west side, and adjacent to Grand Central Station at One Vanderbilt Avenue. One Vanderbilt has already leased its larger and less expensive lower floors at an average starting rent of $143.20/SF, leaving only its smaller and pricier executive tower floors to lease. 666 5th's smaller tower floors will appeal to slightly more financially modest users than One Vanderbilt's.

To the southwest lie the buildings comprising the Hudson Yards district – inclusive of Related's eponymous development, Brookfield's Manhattan West project, and the various other office projects in the area. These buildings have typically leased well, with recent deals signed at well in excess of $100/sf as the area offers a healthy majority of large-scale new construction brought to market this century; however, 666 5th's irreplaceable location has vastly better public transit access than Hudson Yards, which is served only by the 7 line. The resulting ease of commutation and vibrant streets of the Plaza District should differentiate 666 5th from the new construction in Hudson Yards.

**Renovation Comps**

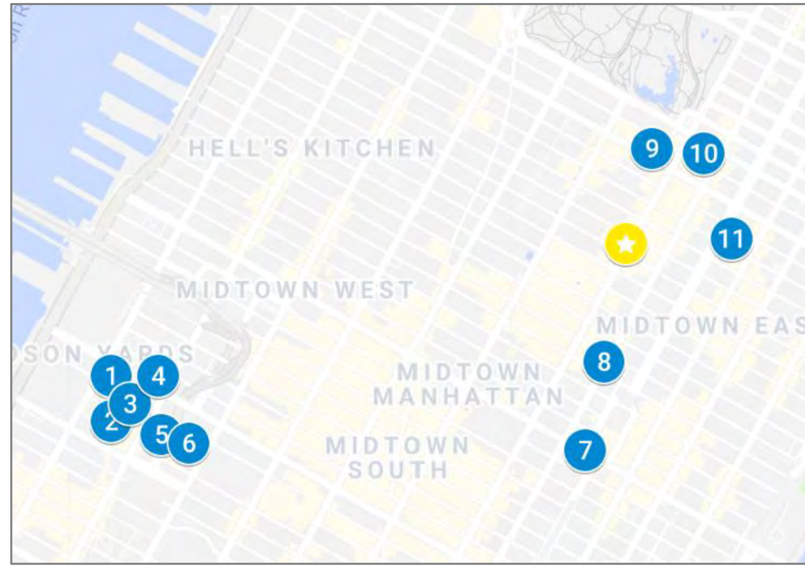
The three best comps for the renovation of obsolete, aging towers into Trophy-quality properties 390 Madison Avenue and 425 Park Avenue. Similarly to the proposed program for 666 5th, these two towers have both recently been renovated beyond recognition up to 21st century standards to retain overbuilt floor area. With 390 Madison fully leased and 425 Park nearly complete with reported average taking rents of $178.45, renovations of the scale of that proposed for 666 5th have a significant precedent of being met by the leasing market with open arms and wallets.

Source: CompStak

# Rental Comps



| 666 5th Avenue Leasing Comps | | | |
|---|---|---|---|
| # | Address | RBA (RSF) | Year Built/ Renovated |
| 1 | 55 Hudson Yards | 1,300,000 | 2018 |
| 2 | 30 Hudson Yards | 2,600,000 | 2017 |
| 3 | 50 Hudson Yards | 2,900,000 | 2022 |
| 4 | 66 Hudson Boulevard | 2,850,000 | 2022 |
| 5 | 5 Manhattan West | 1,792,000 | 1969/2017 |
| 6 | One Manhattan West | 1,812,000 | 2019 |
| 7 | One Vanderbilt Avenue | 1,750,000 | 2020 |
| 8 | 390 Madison Avenue | 842,000 | 1952/2019 |
| 9 | 9 West 57th Street | 1,610,000 | 1972 |
| 10 | 767 5th Avenue | 1,855,000 | 1968 |
| 11 | 425 Park Avenue | 667,000 | 1957/2020 |




Average Starting Rent

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| 666 5th Comps ($ PSF) | $85.50 | $104.11 | $98.57 | $101.64 | $134.82 |

Average Tenant Improvement Allowance

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| 666 5th Comps | $65.97 | $44.67 | $75.50 | $101.34 | $91.55 |

Source: CompStak

# Potential Target Tenants



Amidst shifting economic and office market dynamics, the technology industry has become the largest net absorber of office space in New York this past decade. With firms like Google, Amazon, and Facebook launching themselves to the top of occupancy rankings and Uber, Twitter, LinkedIn, and others taking down anchor-sized spreads across the city, the tech sector is tapping New York City's unparalleled talent pool to continue to fuel product innovation. With large tech and creative users facing off directly for the largest and most distinctive offerings on the market to compete for and house talent, the new 666 Fifth will present a completely unique opportunity to create an airy and vibrant vertical campus space with unparalleled transit accessibility.

With practically no large-block availability in Tech's preferred market of Midtown South, tech users are beginning to look North from the Meatpacking District and Union Square to Midtown, with Facebook's recent 2.2M RSF commitment to the Hudson Yards area a bellwether of this trend. 666 Fifth's expansive floor plates and double-height ceilings would provide an efficient and inspiring collaborative setting for the engineers and developers that these firms hope to attract.

The most notable technology firm yet to commit to a scaled office footprint in Manhattan is Apple, Inc – but not for lack of trying. After losing out in late 2019 to Facebook for the 700k RSF Farley Post Office redevelopment, the device giant is in the market with a massive requirement. The all-glass façade and right angles of the new building geometry will be highly complementary to the design language of Apple's retail flagship just six blocks north, while the light, air, and breadth of the lower floors and transit accessibility would appeal to their potential hires.

Beyond large tech users, the double-height lower floors and prime location will appeal to any high-revenue firm looking to leverage premier real estate to attract and retain an elite workforce.

The upper floors will be geared towards a much broader cross-section of the potential tenant pool, and will be more accommodating for a greater variety of requirement sizes. The Property's prime Plaza District location will appeal to financial, legal, and business services firms, which are expected to drive leasing for the 340k RSF at the top of the stack.

# Financial Analysis

# Financial Analysis



### Returns

On an unlevered basis, the Sponsor's underwriting yields a 11.33% IRR, a 1.61x MOIC, and $1.10B of net profit. With the addition of leverage, returns will increase to a 15.22% IRR and a 2.12x MOIC with net profit of $634.1M. The underwritten partnership structure assumes a 90/10 split with a 20% promote over an 11% preferred rate, a 30% promote over 17%, and a 40% promote over 24%. LP returns are forecasted at a 14.53% IRR, a 2.05x MOIC and $536.7M of net profit.

### Acquisition Costs

The Sponsor plans to submit a bid of $800M to acquire 666 Fifth Avenue from current ownership, or $650/SF. 3.00% of the purchase price has been budgeted for closing costs, with further $25M to buy out any remaining leases.

### Leverage

The Sponsor plans to use conservative acquisition financing of 65% LTC to take over the Property, with slightly more aggressive construction financing of 75% LTC. Both loans are assumed to be secured at a 6.00% fixed rate. Industry-standard arrangement and origination fees have been applied as well.

### Construction Costs

Due to the anticipated complexity of the construction process, $450/sf has been budgeted for hard costs – roughly the cost of new construction for a Manhattan office building. Soft costs are expected to total 20% of hard costs.

### Construction Timing

The duration of the construction period has been underwritten at 36 months, which is in line with the duration of comparable major Manhattan renovation projects.

### Leaseup Timing

The Sponsor has assumed a leaseup period of 36 months beginning during the construction period. This implies an average of roughly 360,000 RSF of leasing per year for three years; based on 2019 Midtown Class A absorption of 4.9M RSF, this assumption is somewhat conservative.

### Market Leasing Assumptions

The Sponsor has budgeted average starting rents of about $129/SF, slightly below the 2019 comp set average of $134. Average TI allowances have been budgeted at $140/SF, more than 50% greater than the 2019 comp set average. Total average lease term has been assumed as 11 years total. Free rent has been budgeted at 10 months, or market-standard one month for every year of paid lease term. Stabilized vacancy has been assumed as 8%,

### Exit Cap Rate

Upon stabilization, the redevelopment process will yield an irreplaceable core office asset in the most robust office market in the Western Hemisphere. The Sponsor expects a sale yielding a 4.5% cap rate based on recent sales comps. Likely potential buyers include pension and sovereign wealth funds, core office owners/operators, and HNW syndicates.

# Exit Strategy



**Sale**

In order to maximize yield to the investors, the prevailing development scenario includes a sale upon stabilization at the end of Year 6. With forecasted Year 7 NOI of $127.7M capitalized at an expected rate of 4.5% based on recent comparable Class A Midtown office trades. The Sponsor expects a Year 6 valuation of $2.84B with net proceeds of $2.75B.

If a sale is pursued and the development process holds to the underwriting, the Sponsor expects a 15.22% gross levered IRR. The proposed partnership structure will yield equity partners a 14.5% IRR with a 2.05x multiple on invested capital.

Potential investor profiles expected to compete for the stabilized property in the investment sales market include insurance companies, sovereign wealth funds, major core office owner/operators, and syndicates of high-net-worth investors among others.

**Alternatives**

As a development-focused platform, Pound Ridge Equities prefers to harvest its returns and move on to new projects. With that in mind, the Sponsor is generally open to LP buyout offer at an agreed-upon valuation in the case that the Equity Partners wish to retain ownership of the stabilized property.

| Midtown Class A - Recent Cap Rate Comps | | | | | | |
|---|---|---|---|---|---|---|
| Property Name | Address | Year Built / Renovated | Quarter | Cap Rate | Building RBA (SF) | Sale Price/SF |
| 330 Madison Avenue | 330 Madison Ave | 1965 / 2014 | 1Q20 | 4.8% | 849,372 | $1,060 |
| 685 Third Ave | 685 3rd Ave | 1961 / 2014 | 4Q19 | 5.2% | 651,429 | $693 |
| 1501 Broadway | 1501 Broadway | 1926 / 2018 | 4Q19 | 3.1% | 737,471 | $1,220 |
| 55 Hudson Yards | 550 W 34th St | 2018 | 4Q19 | 4.3% | 1,431,212 | $1,677 |
| 805 Third Avenue | 805 3rd Ave | 1982 | 4Q19 | 4.0% | 596,100 | $772 |
| 1633 Broadway | 1633 Broadway | 1972 / 2013 | 4Q19 | 5.0% | 2,561,512 | $937 |
| 787 Eleventh Avenue | 787 Eleventh Ave | 1929 / 2019 | 1Q19 | 3.9% | 513,638 | $1,265 |
| 425 Lexington Avenue | 425 Lexington Ave | 1987 | 4Q18 | 4.5% | 750,000 | $937 |
| Weighted Average | | | | 4.5% | 1,011,342 | $1,096 |

# Underwriting Assumptions

Pound Ridge Equities

| Property | | |
|---|---|---|
| Address | | 666 5th Avenue |
| Purchase | | $800,000,000 |
| Closing Costs | | 3.0% |
| Lease Buyout | | $25,000,000 |
| Office RBA | | 1,179,267 SF |
| Retail RBA | | 0 SF |
| Storage RBA | | 125,735 SF |
| Total RBA | | 1,305,002 SF |
| Gross Up | | 10% |
| Gross Buildable | | 100% |

| Other | |
|---|---|
| Inflation | 2.50% |
| Sales Cost | 3.00% |
| Cap Rate | 4.50% |
| Hurdle Rate | 12.00% |

| Office | | |
|---|---|---|
| Efficiency | | 100% |
| Lease Term | | 11 Years |
| Starting Rent - Gross | | $129.39/SF |
| Rent Bump Year | | Year 7 |
| Rent Bump | | $5.00/SF |
| OpEx | | $25.00/SF |
| Starting Rent - NNN | | $104.39/SF |
| Bumped Rent - NNN | | $109.39/SF |
| Free Rent - Net | | 10 Months |
| TI Allowance | | $140.00/SF |
| Broker Commission | 6% | $65.18/SF |
| Vacancy | | 8% |

| Project Timing | |
|---|---|
| Analysis Start Date | May-20 |
| Acquisition Loan Closing | Month 3 |
| Closing Date | Jul-20 |
| Construction Loan Closing | Month 13 |
| Preconstruction Period | 12 Months |
| Construction Period | 36 Months |
| Leaseup Start | Month 25 |
| Total Development Period | 48 Months |
| Office Leaseup Period | 36 Months |
| Storage Leaseup Period | 24 Months |
| Commercial Sales Month | Month 72 |

| Construction Cost | |
|---|---|
| Hard Cost | $450.00/SF |
| Soft Cost (% of HC) | 20% |

| Development Financing | |
|---|---|
| Acquisition Loan | 65% |
| Interest Rate | 6.00% |
| Construction Loan | 75% |
| Interest Rate | 6.00% |
| Mortgage Recording Tax | 2.85% |
| Loan Arrangement Fee | 0.50% |
| Loan Origination Fee | 1.00% |

| Storage | |
|---|---|
| Efficiency | 85% |
| Net Rent | $50.00/SF |
| OpEx | $5.00/SF |
| Inflation Adjustment | 100% |
| Lease Term | 12 Years |
| Vacancy | 5% |

# Underwriting Summary

Pound Ridge Equities

| **Property** | | | |
|---|---|---|---|
| Address | | | 666 5th Avenue |
| Office RBA | | | 1,179,267 SF |
| Retail RBA | | | 0 SF |
| Storage RBA | | | 125,735 SF |
| Total GSF | | | 1,305,002 SF |

| **Sources** | LTC | Int. Rate | $ Amt |
|---|---|---|---|
| Acquisition Loan | 65% | 6.00% | $605,783,341 |
| Acquisition Equity | 35% | | $326,191,030 |
| Total | 100% | | |
| | | | |
| Construction Loan | 75% | 6.00% | $1,699,354,928 |
| Construction Equity | 25% | | $566,451,643 |
| Total | 100% | | $2,265,806,571 |

| **Uses** | | $/GSF | Total |
|---|---|---|---|
| Acquisition Cost | | $650.57 | $849,000,000 |
| Hard Cost | | $450.00 | $587,250,900 |
| Soft Cost | | $90.00 | $117,450,180 |
| Office TI Allowance | | $129.38 | $168,843,075 |
| Office Broker Commission | | $60.23 | $78,604,134 |
| Retail Broker Commission | | $0.00 | $0 |
| Financing Costs | | $356.06 | $464,658,282 |
| Total Cost | | $1,736.25 | $2,265,806,571 |

| **Acquisition** | | | |
|---|---|---|---|
| Purchase Price | | *$613.03/SF* | $800,000,000 |
| Closing Costs | | *$18.39/SF* | $24,000,000 |
| Lease Buyout | | *$19.16/SF* | $25,000,000 |
| Acquisition Costs | | *$650.57/SF* | $849,000,000 |

| **Construction Cost** | | | |
|---|---|---|---|
| Hard Costs | | $450.00/SF | $587,250,900 |
| Soft Costs | 20% | $90.00/SF | $117,450,180 |

| **Financing Costs** | | Acquisition | Construction |
|---|---|---|---|
| Mortgage Recording Tax | 2.85% | $17,264,825 | $48,431,615 |
| Loan Arrangement Fee | 0.50% | $3,028,917 | $8,496,775 |
| Loan Origination Fee | 1.00% | $6,057,833 | $16,993,549 |
| Interest | | $27,260,250 | $337,124,517 |
| Total | | $53,611,826 | $411,046,456 |

| **Timing** | |
|---|---|
| Analysis Start Date | 1-May-2020 |
| Acquisition Close | 31-Jul-2020 |
| Preconstruction Period | 30-Apr-2021 |
| Construction Loan Closing | 1-May-2021 |
| Construction Completion | 30-Apr-2024 |
| Development Completion | 30-Apr-2024 |
| Leaseup Start | 31-May-2022 |
| Office Leasup Finish | 31-May-2025 |
| Office Stabilization | 31-Mar-2026 |
| Storage Stabilization | 31-May-2024 |
| Stabilization | 31-Mar-2026 |
| Sale | 30-Apr-2026 |

| **Sale** | | |
|---|---|---|
| Sale Month | | Month 72 |
| Office NOI | | $120,977,800 |
| Retail NOI | | $0 |
| Storage NOI | | $6,731,236 |
| Gross Exit Value | *4.50% Cap* | $2,837,978,590 |
| Sales Costs | *3.00%* | ($85,139,358) |
| Net Exit Value | | $2,752,839,232 |

| **Deal Level Return - Unlevered** | |
|---|---|
| Profit | $1,098,791,984 |
| Equity Multiple | 1.61x |
| Unlevered PV | $62,972,952 |
| IRR | 11.33% |

| **Deal Level Return - Levered** | |
|---|---|
| Profit | $634,133,702 |
| Equity Multiple | 2.12x |
| Levered PV | $125,375,021 |
| IRR | 15.22% |

# Return Sensitivities

Pound Ridge Equities

**Sensitivity: Hard Costs vs. Construction Period**

| | $400.00/SF | $425.00/SF | $450.00/SF | $475.00/SF | $500.00/SF |
|---|---|---|---|---|---|
| 24 Months | 20.11% / 2.11x | 18.96% / 2.00x | 17.81% / 1.89x | 16.67% / 1.79x | 15.53% / 1.70x |
| 30 Months | 18.77% / 2.09x | 17.69% / 1.98x | 16.60% / 1.88x | 15.52% / 1.78x | 14.43% / 1.68x |
| 36 Months | 17.31% / 2.07x | 16.26% / 1.96x | 15.22% / 1.86x | 14.17% / 1.76x | 13.12% / 1.67x |
| 42 Months | 14.00% / 2.06x | 13.04% / 1.95x | 12.08% / 1.85x | 11.12% / 1.76x | 10.16% / 1.66x |
| 48 Months | 11.24% / 2.06x | 10.36% / 1.95x | 9.48% / 1.85x | 8.61% / 1.76x | 7.74% / 1.66x |

**Sensitivity: Exit Month vs. Office Leaseup Period**

| | Month 60 | Month 66 | Month 72 | Month 78 | Month 84 |
|---|---|---|---|---|---|
| 24 Months | 11.97% / 1.94x | 13.34% / 1.87x | 14.66% / 1.80x | 14.15% / 1.75x | 13.95% / 1.72x |
| 30 Months | 12.26% / 1.97x | 13.65% / 1.90x | 14.96% / 1.83x | 14.43% / 1.78x | 14.15% / 1.75x |
| 36 Months | 12.52% / 2.00x | 13.91% / 1.93x | 15.22% / 1.86x | 14.67% / 1.81x | 14.34% / 1.77x |
| 42 Months | 10.64% / 1.84x | 14.03% / 1.96x | 15.35% / 1.89x | 14.77% / 1.84x | 14.42% / 1.80x |
| 48 Months | 4.41% / 1.33x | 12.31% / 1.83x | 15.35% / 1.92x | 14.76% / 1.87x | 14.38% / 1.83x |

**Sensitivity: Inflation vs. Cap Rate**

| | 3.5% | 3.0% | 2.5% | 2.0% | 1.5% |
|---|---|---|---|---|---|
| 4.00% | 22.27% / 2.64x | 21.54% / 2.55x | 20.81% / 2.47x | 20.06% / 2.38x | 19.31% / 2.30x |
| 4.25% | 19.52% / 2.31x | 18.76% / 2.23x | 17.99% / 2.15x | 17.22% / 2.07x | 16.43% / 1.99x |
| 4.50% | 16.82% / 2.01x | 16.02% / 1.93x | 15.22% / 1.86x | 14.41% / 1.79x | 13.58% / 1.71x |
| 4.75% | 14.14% / 1.75x | 13.31% / 1.68x | 12.47% / 1.60x | 11.61% / 1.53x | 10.73% / 1.46x |
| 5.00% | 11.48% / 1.51x | 10.60% / 1.44x | 9.71% / 1.37x | 8.80% / 1.31x | 7.86% / 1.24x |

# Partnership Returns



| | Hurdle | Member CF | PRE Promote % | PRE Member | LP Member |
|---|---|---|---|---|---|
| Tier I (up to Hurdle 1) | 11.0% | 100.0% | 0.0% | 10.0% | 90.0% |
| Tier II (from Hurdle 1 up to Hurdle 2) | 17.0% | 80.0% | 20.0% | 8.0% | 72.0% |
| Tier III (from Hurdle 2 up to Hurdle 3) | 24.0% | 70.0% | 30.0% | 7.0% | 63.0% |
| Tier IV (Above Hurdle 3) | | 60.0% | 40.0% | 6.0% | 54.0% |
| Total Capital Contribution | | | | ($56,813,923) | ($511,325,308) |
| Total Member Distribution | | | | $116,451,706 | $1,048,065,351 |
| Total Promote Distribution | | | $37,755,876 | | |
| Total Distribution | | | | $154,207,582 | $1,048,065,351 |
| Net Cash Flow | | | | $97,393,659 | $536,740,044 |
| ***Member IRR/MOIC*** | | | | ***14.5% / 2.05x*** | ***14.5% / 2.05x*** |
| ***Total IRR/MOIC*** | | | ***20.7% / 2.71x*** | | ***14.5% / 2.05x*** |

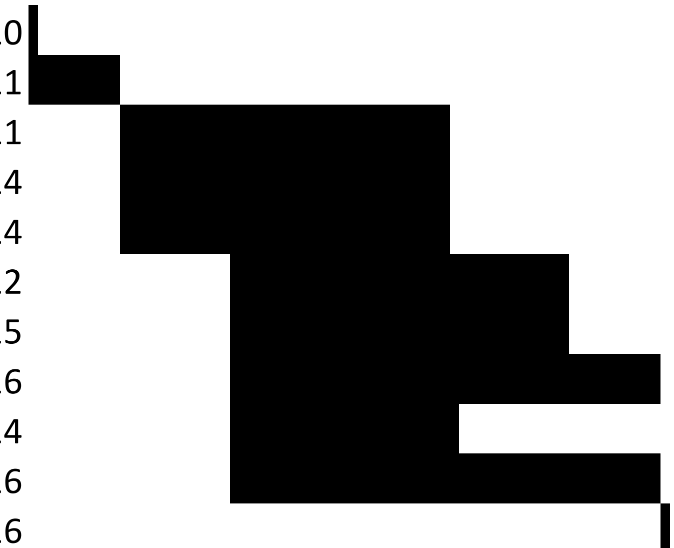
# Project Delivery Plan

# Development Timeline



**Timing**

| | | |
|---|---|---|
| Analysis Start Date | | 1-May-2020 |
| Acquisition Close | Month 3 | 31-Jul-2020 |
| Preconstruction Period | Month 12 | 30-Apr-2021 |
| Construction Loan Closing | Month 12 | 1-May-2021 |
| Construction Completion | Month 48 | 30-Apr-2024 |
| Development Completion | Month 48 | 30-Apr-2024 |
| Leaseup Start | Month 25 | 31-May-2022 |
| Office Leasup Finish | Month 61 | 31-May-2025 |
| Office Stabilization | Month 71 | 31-Mar-2026 |
| Storage Stabilization | Month 49 | 31-May-2024 |
| Stabilization | Month 71 | 31-Mar-2026 |
| Sale | Month 72 | 30-Apr-2026 |



# Project Management Plan



### Preconstruction Period

The 12-month preconstruction period will provide the Sponsor ample time to finalize the renovation plan and design while simultaneously buying out any remaining tenants. The duration of the preconstruction period will allow the building to be precisely analyzed via Building Information Modeling and complete construction documents to be produced, which will set the tone for a smooth construction process. Clear and precise construction documents will help prevent delays down the road and help the project remain on or under budget.

### Contractor Selection

A qualifications-based selection process will be run in order to identify a pool of general contracting firms from which bids will be solicited. This rigorous process will ensure that a competent firm will be retained to engage and manage subcontractors from various trades.

### GMP Contract with Cost Saving Incentives

The precision of the construction documents will provide well-defined and clearly-articulated will allow the negotiation of a Guaranteed Maximum Price (GMP) contract, insulating the equity partnership from cost overruns due to unforeseen market movements and ensuring that the project will be completed within budget. In order to align CM incentives with the partners, the GMP contract will provide for a split between the CM and the partners of any savings generated by the CM.

### Critical Path Schedule

The Construction Manager will be responsible for the creation and maintenance a critical path construction schedule. Identification of the critical path will allow attention to be focused on the most important tasks, aiding in timely completion of the redevelopment.

### Early Project Buyout and Materials Procurement

Analysis of commodity markets and trades workflow will be carried out prior to construction to identify risk factors for cost escalation. The CM will buy out high-demand trades and materials prior to construction in order to mitigate price risk.

### Weekly Meetings

After selection of the CM, the Sponsor, the CM, and representatives from other relevant groups will conduct weekly meetings to maintain close communication about project progress and any issues that may arise during the construction process.

### Leasing Team

Prior to construction, the Sponsor will retain the services of one of New York's top agency brokerage teams in order to form and execute a marketing plan while providing continuous market updates and commentary. The leasing team will be responsible for shaping communication with prospective tenants and negotiating lease terms. Hiring the proper brokerage team at an early stage will help ensure that the project completes leaseup on or ahead of schedule and that deals are executed at budget.

# Organizational Chart



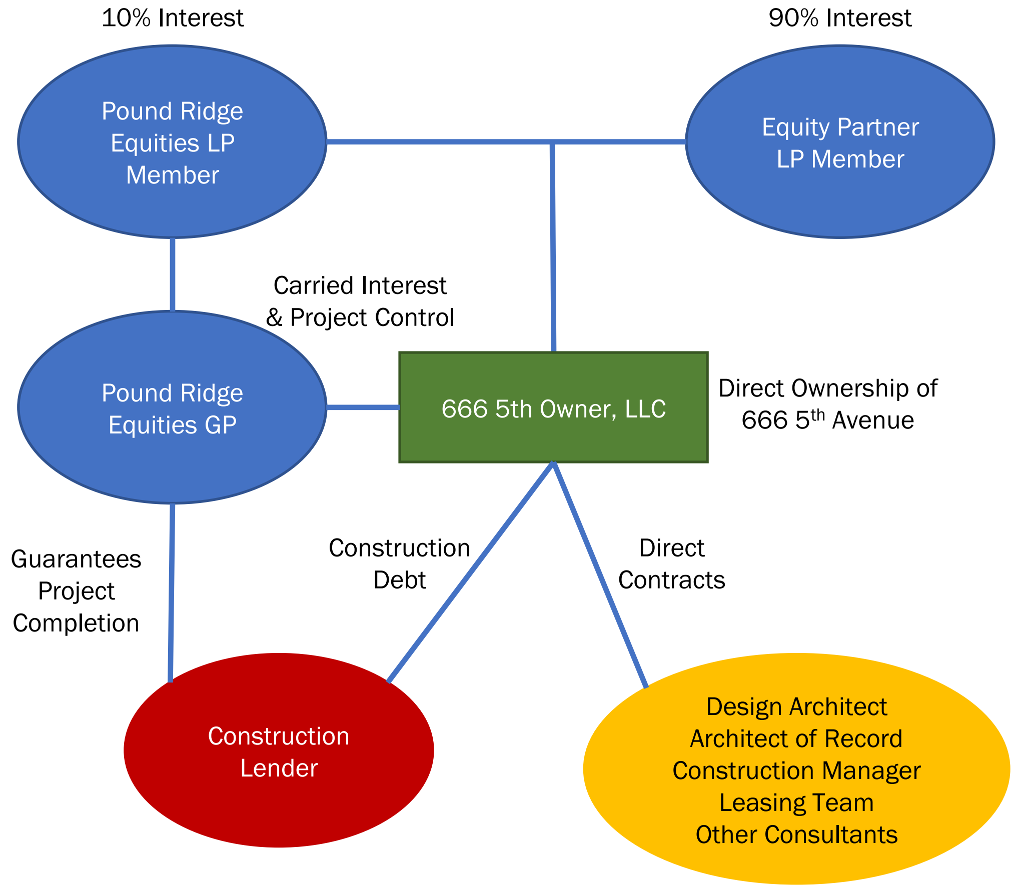
**Structure**

Pound Ridge Equities and its equity investors will form a new single-purpose entity to assume legal ownership of The Property.

Pound Ridge Equities will form a separate, wholly-owned GP entity to manage the project and guarantee completion to the construction lender.

The construction lender will provide financing for the acquisition and redevelopment of The Property.

The design architect, architect of record, construction manager, leasing team, and any other potential consultants will be contracted directly by the ownership entity.



# Project Risks & Mitigants

# Risks & Mitigants



**The proposed development program is highly complex and entails significant construction risk in the form of delays and overruns**

Current underwriting conservatively assumes that PSF construction costs will equal those of new construction, despite the fact that the core and much of the existing shell will be retained. Negotiation and execution of a GMP construction contract will insulate the partners from overruns, while a savings-sharing agreement will ensure that the CM is properly incentivized to manage the project efficiently.

**Unforeseen commodity and labor market movements could cause financial stress to the development process.**

Close market monitoring and early buyouts of trades and materials should protect the project from unexpected market swings.

**Competition from other new developments could apply pressure on taking rents and harm financial performance.**

666 5th will be the only 21st century development project within a half-mile radius, with most new construction competition coming in the form of Hudson Yards-area developments. 666 5th's superior location should set the property apart from the competition and drive leasing from a variety of industries.

**Speculative development exposes the partners to significant leasing market risk.**

With compelling pricing, extremely generous concessions, an irreplaceable location, and a completely unique product, the proposed 666 Fifth is poised to be extremely competitive in the Manhattan Trophy leasing market. While the market's current rapid pace is unlikely to persist indefinitely, 666 Fifth's broad, cross-industry appeal and a proactive engagement of expert leasing professionals should ensure that the building is filled up on schedule. Furthermore, the conservative stabilized vacancy assumption of 8% should provide returns with both cushion and upside.

**There is potential for community opposition to elimination of the original façade.**

666 Fifth is not currently landmarked, limiting the grounds upon which any architecturally-minded project opponents would be able to stand. While nearby 550 Madison recently ran stiff opposition to an attempted major renovation of its iconic, Philip Johnson-designed entrance and lobby, the original 666 Fifth doesn't have anything approximating the former Sony Building's architectural pedigree. Moreover, because the renovation will be fully as of right, the Department of Buildings will have limited power over design decisions.

# Appendix

# New York City Office Market Data

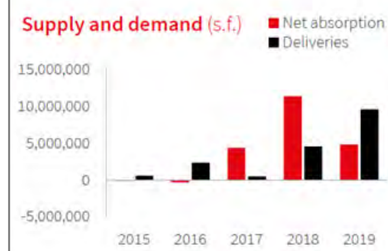
Pound Ridge Equities

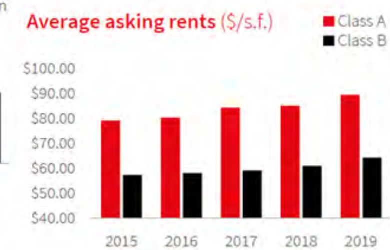
## Manhattan Office Statistics – 4Q19

| | Class | Inventory (s.f.) | Total net absorption (s.f.) | YTD total net absorption (s.f.) | YTD total net absorption (% of stock) | Direct vacancy (%) | Total vacancy (%) | Average direct asking rent ($ p.s.f.) | YTD Completions (s.f.) | Under Development (s.f.) |
|---|---|---|---|---|---|---|---|---|---|---|
| Financial District | Totals | 37,621,679 | -125,861 | -214,999 | -0.6% | 8.4% | 10.3% | $61.50 | 0 | 563,268 |
| Tribeca/City Hall | Totals | 17,363,069 | -12,220 | 63,726 | 0.4% | 4.1% | 4.4% | $74.60 | 0 | 414,588 |
| Water Street Corridor | Totals | 23,343,599 | -67,905 | 511,499 | 2.2% | 5.9% | 7.6% | $62.65 | 0 | 0 |
| World Trade Center | Totals | 20,893,399 | 1,039,807 | 1,373,430 | 6.6% | 6.3% | 9.6% | $77.34 | 0 | 45,539 |
| **Downtown** | **Totals** | **99,221,746** | **833,821** | **1,733,656** | **1.7%** | **6.6%** | **8.5%** | **$65.93** | **0** | **1,023,395** |
| Columbus Circle | Totals | 24,105,324 | -275,965 | -592,786 | -2.5% | 5.7% | 7.7% | $80.77 | 0 | 90,000 |
| Grand Central | Totals | 71,687,191 | -263,822 | -1,008,714 | -1.4% | 6.5% | 8.1% | $85.19 | 0 | 1,732,955 |
| Penn Plaza/Garment | Totals | 53,284,635 | -80,463 | 5,497,091 | 10.3% | 4.5% | 7.4% | $85.83 | 7,072,745 | 10,225,140 |
| Plaza District | Totals | 99,639,358 | -879,981 | 247,360 | 0.2% | 7.1% | 8.8% | $91.17 | 1,962,900 | 1,722,830 |
| Times Square | Totals | 40,691,632 | -102,441 | -1,045,253 | -2.6% | 6.4% | 7.7% | $83.15 | 0 | 349,205 |
| **Midtown** | **Totals** | **289,408,140** | **-1,602,672** | **3,097,698** | **1.1%** | **6.3%** | **8.1%** | **$87.27** | **9,035,645** | **14,120,130** |
| Chelsea | Totals | 24,486,111 | -98,781 | 72,315 | 0.3% | 3.7% | 5.9% | $91.83 | 0 | 657,100 |
| Gramercy Park | Totals | 21,939,368 | 12,576 | -272,419 | -1.2% | 3.1% | 4.6% | $82.29 | 247,308 | 183,449 |
| Greenwich Village | Totals | 6,065,643 | -8,263 | -156,843 | -2.6% | 3.5% | 4.7% | $116.17 | 0 | 455,560 |
| Hudson Square | Totals | 11,391,465 | 27,563 | 407,411 | 3.6% | 1.8% | 3.3% | $117.84 | 156,938 | 208,685 |
| SoHo | Totals | 4,968,855 | -20,015 | -15,139 | -0.3% | 5.7% | 8.1% | $87.69 | 166,674 | 453,371 |
| **Midtown South** | **Totals** | **68,851,442** | **-86,920** | **35,325** | **0.1%** | **3.3%** | **5.1%** | **$95.43** | **570,920** | **1,958,165** |
| **New York City** | **Totals** | **457,481,328** | **-855,771** | **4,866,679** | **1.1%** | **5.9%** | **7.7%** | **$82.46** | **9,606,565** | **17,101,690** |
| | | | | | | | | | | |
| Financial District | A | 14,827,140 | -85,982 | -82,385 | -0.6% | 6.0% | 8.0% | $73.51 | 0 | 563,268 |
| Tribeca/City Hall | A | 4,372,411 | 0 | 0 | 0.0% | 1.6% | 1.6% | $119.19 | 0 | 414,588 |
| Water Street Corridor | A | 21,809,485 | -66,951 | 490,147 | 2.2% | 6.0% | 7.9% | $62.70 | 0 | 0 |
| World Trade Center | A | 20,893,399 | 1,039,807 | 1,373,430 | 6.6% | 6.3% | 9.6% | $77.34 | 0 | 45,539 |
| **Downtown** | **A** | **61,902,435** | **886,874** | **1,781,192** | **2.9%** | **5.8%** | **8.0%** | **$70.95** | **0** | **1,023,395** |
| Columbus Circle | A | 17,795,261 | -261,131 | -427,729 | -2.4% | 5.3% | 7.4% | $83.74 | 0 | 90,000 |
| Grand Central | A | 40,378,444 | -239,789 | -1,038,753 | -2.6% | 7.1% | 8.9% | $92.77 | 0 | 1,732,955 |
| Penn Plaza/Garment | A | 26,259,699 | 428,398 | 6,634,042 | 25.3% | 3.9% | 5.0% | $103.61 | 7,072,745 | 9,900,140 |
| Plaza District | A | 84,743,254 | -786,476 | 574,283 | 0.7% | 7.2% | 8.8% | $94.11 | 1,962,900 | 1,522,830 |
| Times Square | A | 31,677,624 | -72,827 | -870,062 | -2.7% | 6.0% | 7.1% | $88.75 | 0 | 349,205 |
| **Midtown** | **A** | **200,854,282** | **-931,825** | **4,871,781** | **2.4%** | **6.4%** | **7.9%** | **$93.20** | **9,035,645** | **13,595,130** |
| Chelsea | A | 14,673,026 | -26,688 | 187,793 | 1.3% | 2.2% | 4.6% | $109.91 | 0 | 657,100 |
| Gramercy Park | A | 13,682,022 | -50,649 | -306,296 | -2.2% | 2.8% | 4.8% | $94.93 | 247,308 | 183,449 |
| Greenwich Village | A | 2,069,235 | -4,680 | 21,194 | 1.0% | 0.3% | 1.6% | $146.07 | 0 | 455,560 |
| Hudson Square | A | 7,699,480 | 98 | 351,698 | 4.6% | 1.6% | 3.4% | $130.19 | 156,938 | 208,685 |
| SoHo | A | 2,101,256 | 66,803 | 172,563 | 8.2% | 5.7% | 6.6% | $94.32 | 166,674 | 415,000 |
| **Midtown South** | **A** | **40,225,019** | **-15,116** | **426,952** | **1.1%** | **2.4%** | **4.4%** | **$111.77** | **570,920** | **1,919,794** |
| **New York City** | **A** | **302,981,736** | **-60,067** | **7,079,925** | **2.3%** | **5.7%** | **7.5%** | **$89.35** | **9,606,565** | **16,538,319** |
| | | | | | | | | | | |
| Financial District | B | 22,794,539 | -39,879 | -132,614 | -0.6% | 10.0% | 11.9% | $54.39 | 0 | 0 |
| Tribeca/City Hall | B | 12,990,658 | -12,220 | 63,726 | 0.5% | 4.9% | 5.4% | $65.11 | 0 | 0 |
| Water Street Corridor | B | 1,534,114 | -954 | 21,352 | 1.4% | 4.1% | 4.4% | $60.09 | 0 | 0 |
| **Downtown** | **B** | **37,319,311** | **-53,053** | **-47,536** | **-0.1%** | **8.0%** | **9.3%** | **$57.54** | **0** | **0** |
| Columbus Circle | B | 6,310,063 | -14,834 | -165,057 | -2.6% | 6.6% | 8.7% | $71.82 | 0 | 0 |
| Grand Central | B | 31,308,747 | -24,033 | 30,039 | 0.1% | 5.9% | 7.1% | $63.13 | 0 | 0 |
| Penn Plaza/Garment | B | 27,024,936 | -508,861 | -1,136,951 | -4.2% | 5.2% | 9.8% | $61.85 | 0 | 325,000 |
| Plaza District | B | 14,896,104 | -93,505 | -326,923 | -2.2% | 6.6% | 8.6% | $68.79 | 0 | 200,000 |
| Times Square | B | 9,014,008 | -29,614 | -175,191 | -1.9% | 7.8% | 10.0% | $72.03 | 0 | 0 |
| **Midtown** | **B** | **88,553,858** | **-670,847** | **-1,774,083** | **-2.0%** | **6.0%** | **8.6%** | **$66.93** | **0** | **525,000** |
| Chelsea | B | 9,813,085 | -72,093 | -115,478 | -1.2% | 5.8% | 7.7% | $60.28 | 0 | 0 |
| Gramercy Park | B | 8,257,346 | 63,225 | 33,877 | 0.4% | 3.5% | 4.3% | $68.72 | 0 | 0 |
| Greenwich Village | B | 3,996,408 | -3,583 | -178,037 | -4.5% | 5.2% | 6.3% | $88.11 | 0 | 0 |
| Hudson Square | B | 3,691,985 | 27,465 | 55,713 | 1.5% | 2.0% | 3.1% | $70.47 | 0 | 0 |
| SoHo | B | 2,867,599 | -86,818 | -187,702 | -6.5% | 5.7% | 9.2% | $79.12 | 0 | 38,371 |
| **Midtown South** | **B** | **28,626,423** | **-71,804** | **-391,627** | **-1.4%** | **4.6%** | **6.1%** | **$72.22** | **0** | **38,371** |
| **New York City** | **B** | **154,499,592** | **-795,704** | **-2,213,246** | **-1.4%** | **6.2%** | **8.3%** | **$64.22** | **0** | **563,371** |

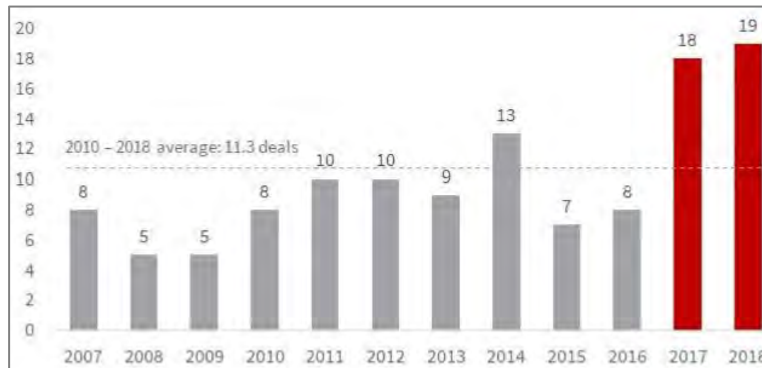
## Manhattan Office Market Fundamentals

| Fundamentals | | Forecast |
|---|---|---|
| YTD net absorption | 4,799,334 s.f. | ▶ |
| Under construction | 17,101,690 s.f. | ▲ |
| Total vacancy | 7.7% | ▶ |
| Avg. asking rent (gross) | $79.38 p.s.f. | ▶ |
| Concessions | Stable | ▶ |

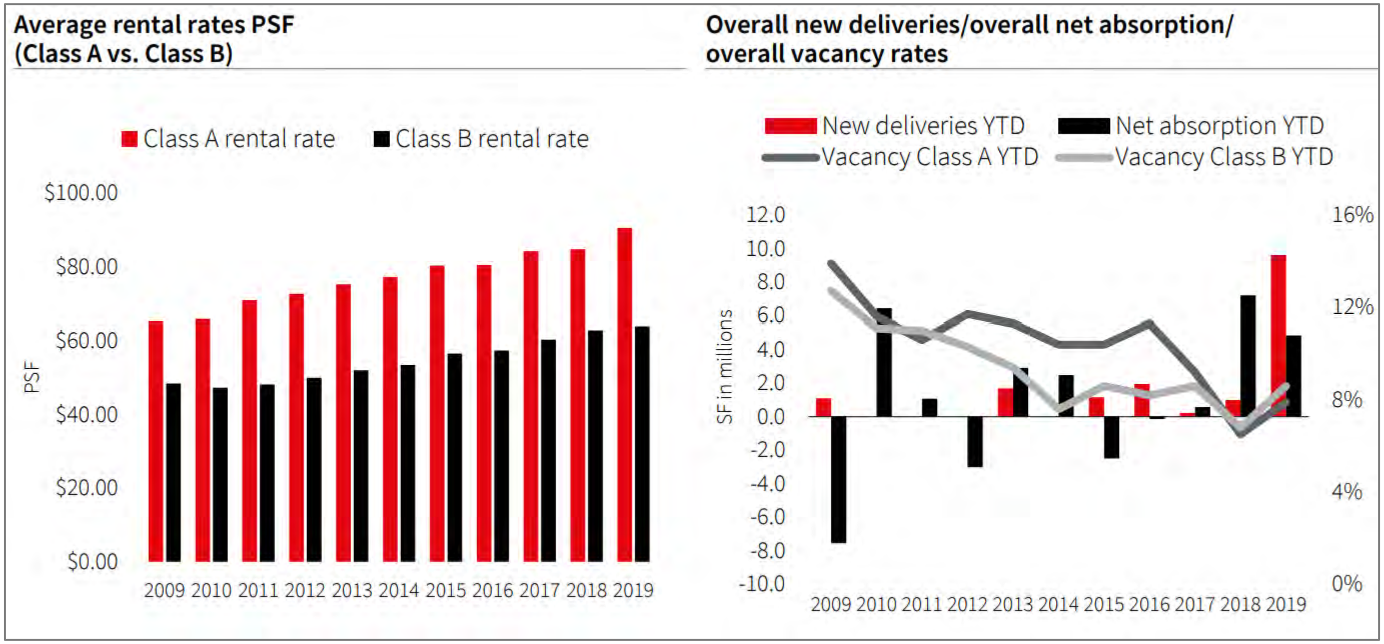

## Number of 250k+ SF Manhattan Leases by Year




Source: JLL Research

# Midtown Market Data






| Midtown Class A - 2019 Major Leases | | | | |
|---|---|---|---|---|
| Quarter | Tenant | Address | Industry | Lease Size (SF) |
| 4Q19 | Facebook | 30, 50, & 55 Hudson Yards | High-Tech | 1,522,000 |
| 2Q19 | McCann Worldgroup | 622 Third Avenue | Advertising | 450,000 |
| 1Q19 | AIG | 1271 Avenue of the Americas | Insurance | 320,000 |
| 1Q19 | Akin Gump Strauss Hauer & Feld | 1 Bryant Park | Legal Services | 280,000 |
| 2Q19 | Colgate-Palmolive | 300 Park Avenue | Consumer Goods | 242,000 |
| 2Q19 | BMO Capital Markets | 4 Times Square | Financial Services | 215,000 |
| 2Q19 | First Republic Bank | 460 West 34th Street | Financial Services | 21,200 |
| 2Q19 | AllianceBernstein | 66 Hudson Boulevard | Financial Services | 189,000 |

# Annual Cash Flows - Unlevered

Pound Ridge Equities

| | Date Ending | Apr-2021 | Apr-2022 | Apr-2023 | Apr-2024 | Apr-2025 | Apr-2026 | Apr-2027 |
|---|---|---|---|---|---|---|---|---|
| | Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | Month | 12 | 24 | 36 | 48 | 60 | 72 | 84 |
| **Office** | | | | | | | | |
| *% Leased* | | 0.0% | 0.0% | 30.7% | 61.3% | 92.0% | 92.0% | 92.0% |
| % Occupancy | | 0.0% | 0.0% | 0.0% | 0.0% | 92.0% | 92.0% | 92.0% |
| Net Operating Income | | $0 | $0 | $0 | $0 | $13,066,229 | $121,046,303 | $120,977,800 |
| **Storage** | | | | | | | | |
| *% Leased* | | 0.0% | 0.0% | 47.5% | 95.0% | 95.0% | 95.0% | 95.0% |
| % Occupancy | | 0.0% | 0.0% | 0.0% | 0.0% | 95.0% | 95.0% | 95.0% |
| Net Operating Income | | $0 | $0 | $0 | $0 | $6,444,437 | $6,544,071 | $6,731,236 |
| Total NOI | $147,101,041 | $0 | $0 | $0 | $0 | $19,510,667 | $127,590,375 | $0 |
| Gross Sales Proceeds | $2,837,978,590 | $0 | $0 | $0 | $0 | $0 | $2,837,978,590 | $0 |
| Sales Costs | ($85,139,358) | $0 | $0 | $0 | $0 | $0 | ($85,139,358) | $0 |
| Net Sales Proceeds | $2,752,839,232 | $0 | $0 | $0 | $0 | $0 | $2,752,839,232 | $0 |
| Total Revenue | $2,899,940,273 | $0 | $0 | $0 | $0 | $19,510,667 | $2,880,429,607 | $0 |
| *% of Hard Costs* | *100.0%* | *0.0%* | *33.3%* | *33.3%* | *33.3%* | *0.0%* | *0.0%* | *0.0%* |
| *% of Soft Costs* | *100.0%* | *25.0%* | *25.0%* | *25.0%* | *25.0%* | *0.0%* | *0.0%* | *0.0%* |
| Acquisition Cost | $849,000,000 | $849,000,000 | $0 | $0 | $0 | $0 | $0 | $0 |
| Hard Cost | $587,250,900 | $0 | $195,750,300 | $195,750,300 | $195,750,300 | $0 | $0 | $0 |
| Soft Cost | $117,450,180 | $29,362,545 | $29,362,545 | $29,362,545 | $29,362,545 | $0 | $0 | $0 |
| Office TI Allowance | $168,843,075 | $0 | $0 | $0 | $0 | $168,843,075 | $0 | $0 |
| Office Broker Commission | $78,604,134 | $0 | $0 | $0 | $0 | $78,604,134 | $0 | $0 |
| Total Unlevered Development Cost | $1,801,148,289 | $878,362,545 | $225,112,845 | $225,112,845 | $225,112,845 | $247,447,209 | $0 | $0 |
| **Unlevered CF** | **$951,690,943** | ($878,362,545) | ($225,112,845) | ($225,112,845) | ($225,112,845) | ($227,936,543) | $2,880,429,607 | $0 |
| **Multiple** | **1.53x** | | | | | | | |
| **IRR** | **11.33%** | | | | | | | |

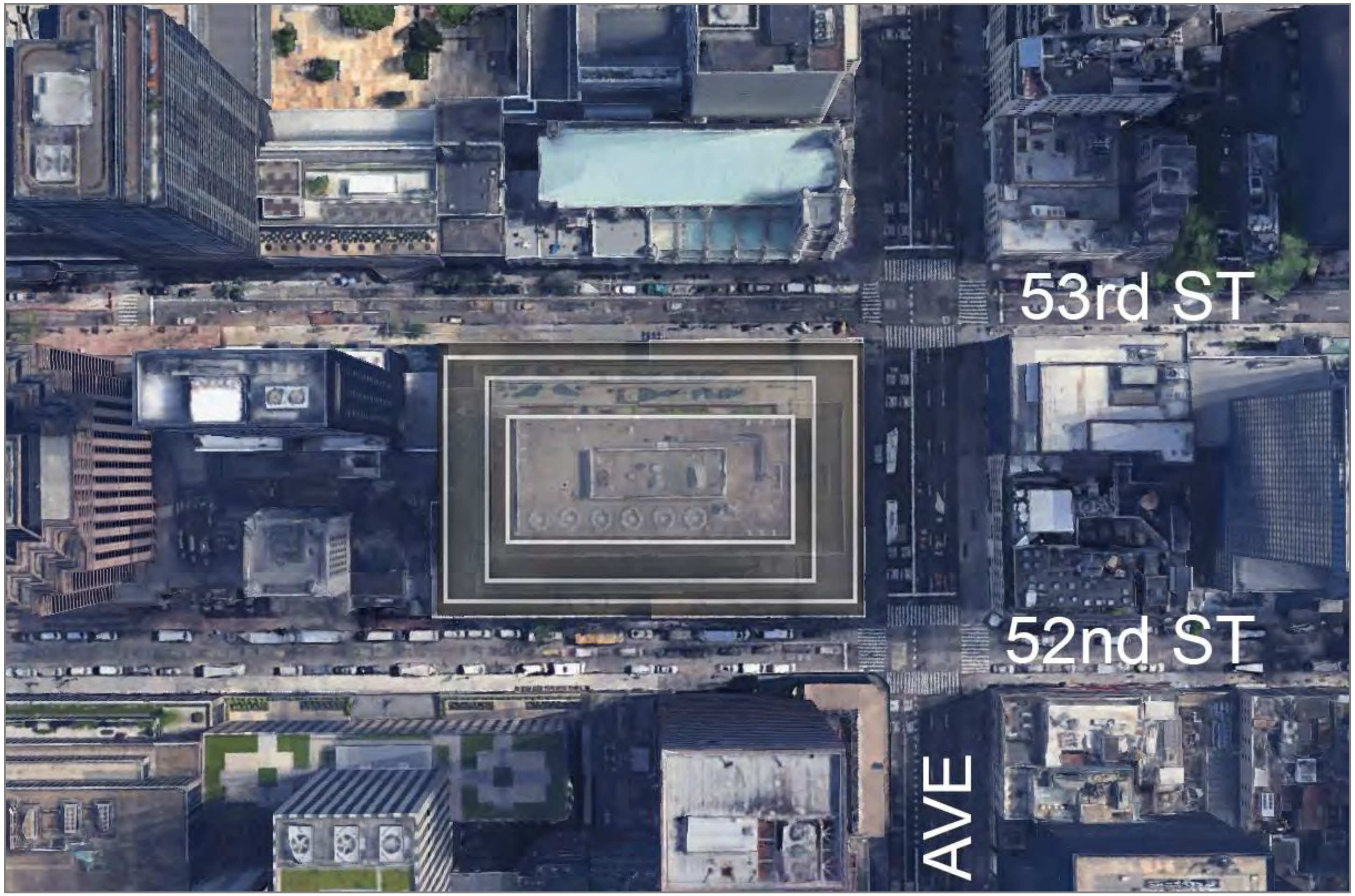
# Annual Cash Flows - Levered

Pound Ridge Equities

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Date Ending** | **Apr-2021** | **Apr-2022** | **Apr-2023** | **Apr-2024** | **Apr-2025** | **Apr-2026** | **Apr-2027** |
| | **Year** | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | **Month** | 12 | 24 | 36 | 48 | 60 | 72 | 84 |
| **Unlevered CF** | **$951,690,943** | ($878,362,545) | ($225,112,845) | ($225,112,845) | ($225,112,845) | ($227,936,543) | $2,880,429,607 | $0 |
| **Multiple** | **1.53x** | | | | | | | |
| **IRR** | **11.33%** | | | | | | | |
| *Interest Rate* | | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| Interest | $364,384,767 | $27,260,250 | $37,163,389 | $49,575,560 | $66,517,739 | $89,735,928 | $94,131,901 | $0 |
| Financing Cost - Acquisition Loan | $26,351,575 | $26,351,575 | $0 | $0 | $0 | $0 | $0 | $0 |
| Financing Cost - Construction Loan | $73,921,939 | $0 | $73,921,939 | $0 | $0 | $0 | $0 | $0 |
| Total Cost (w/Financing Cost) | $2,265,806,571 | $931,974,371 | $336,198,173 | $274,688,405 | $291,630,584 | $337,183,137 | $94,131,901 | $0 |
| Equity | $566,451,643 | $326,191,030 | $240,260,613 | $0 | $0 | $0 | $0 | $0 |
| *Cumulative Drawn* | | *$0* | *$0* | *$0* | *$0* | *$0* | *$0* | *$0* |
| *Max Equity* | | *$5,475,795* | *$22,157,222* | *$23,523,831* | *$24,974,730* | *$14,904,496* | *$7,767,181* | *$0* |
| Loan Draw - Acquisition Loan | $605,783,341 | $605,783,341 | $0 | $0 | $0 | $0 | $0 | $0 |
| Interest - Construction Loan | $337,124,517 | $0 | $37,163,389 | $49,575,560 | $66,517,739 | $89,735,928 | $94,131,901 | $0 |
| Financing Cost - Construction Loan | $73,921,939 | $0 | $73,921,939 | $0 | $0 | $0 | $0 | $0 |
| Loan Draw - Construction Loan | $682,525,131 | $0 | ($15,147,768) | $225,112,845 | $225,112,845 | $247,447,209 | $0 | $0 |
| Paydown | ($1,699,354,928) | $0 | $0 | $0 | $0 | ($21,198,255) | ($1,678,156,674) | $0 |
| **Levered CF** | **$487,032,661** | ($326,191,030) | ($240,260,613) | $0 | $0 | ($1,687,588) | $1,202,272,933 | $0 |
| **Multiple** | **1.86x** | | | | | | | |
| **IRR** | **15.22%** | | | | | | | |

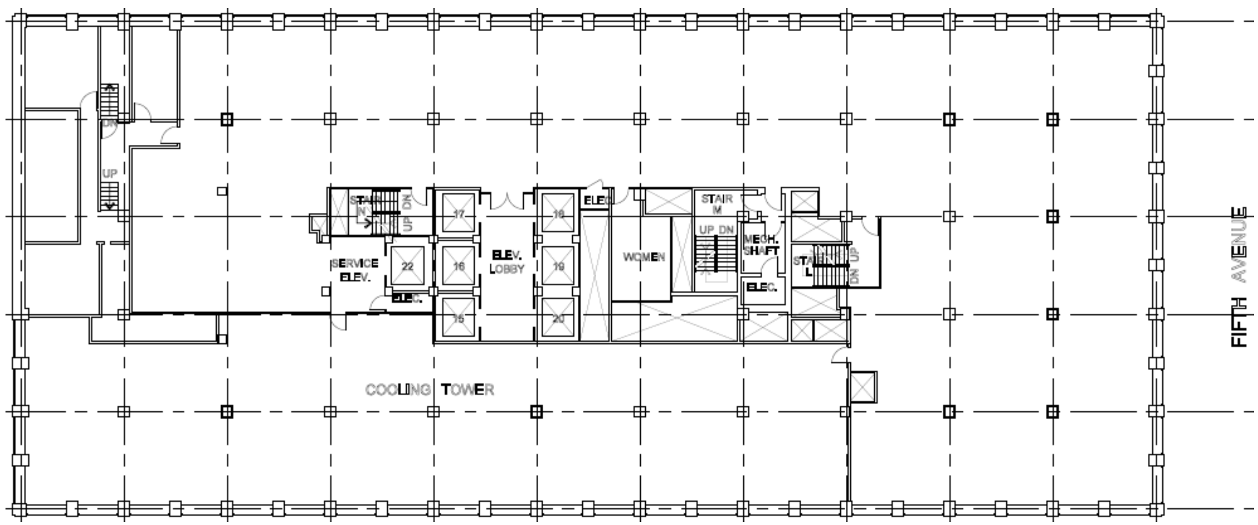
# Plan View





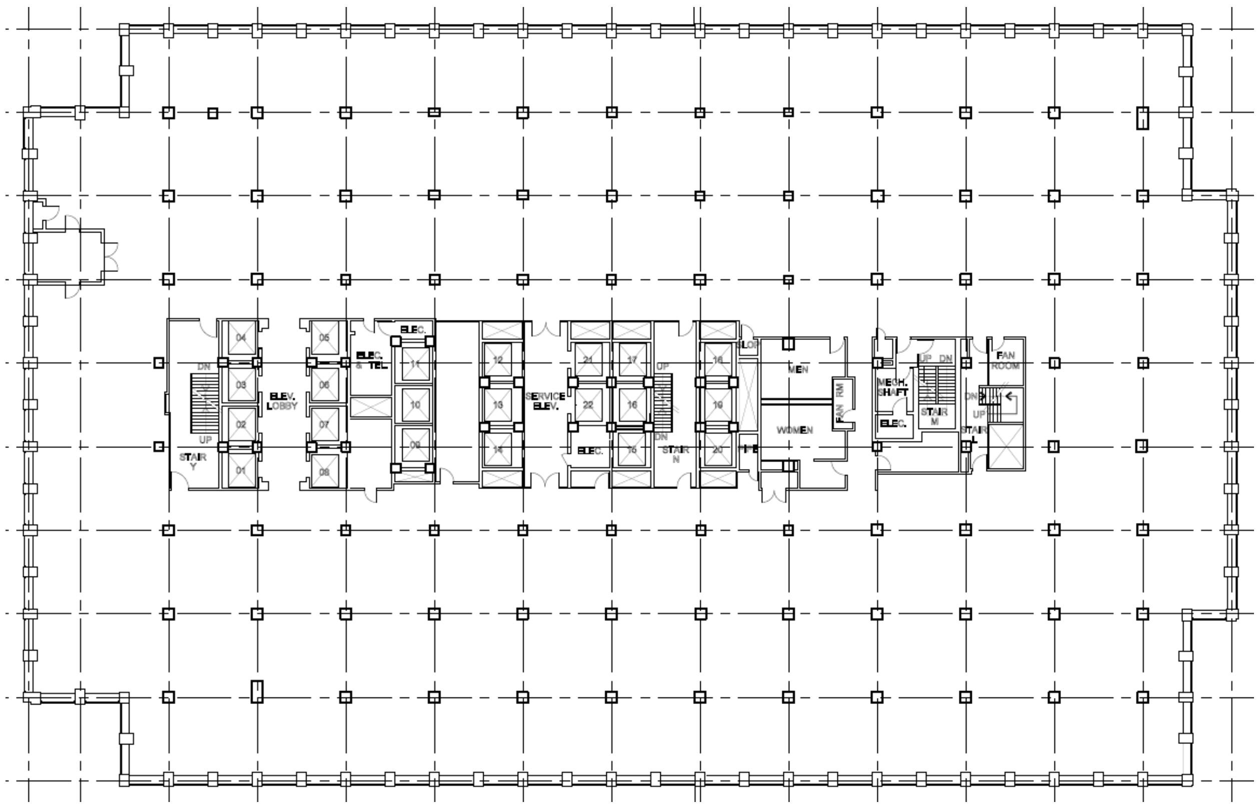
# Typical Floor Plate – High-rise

Pound Ridge Equities



# Typical Floor Plate – Mid-rise II





# Typical Floor Plate – Low-rise