666 FIFTH

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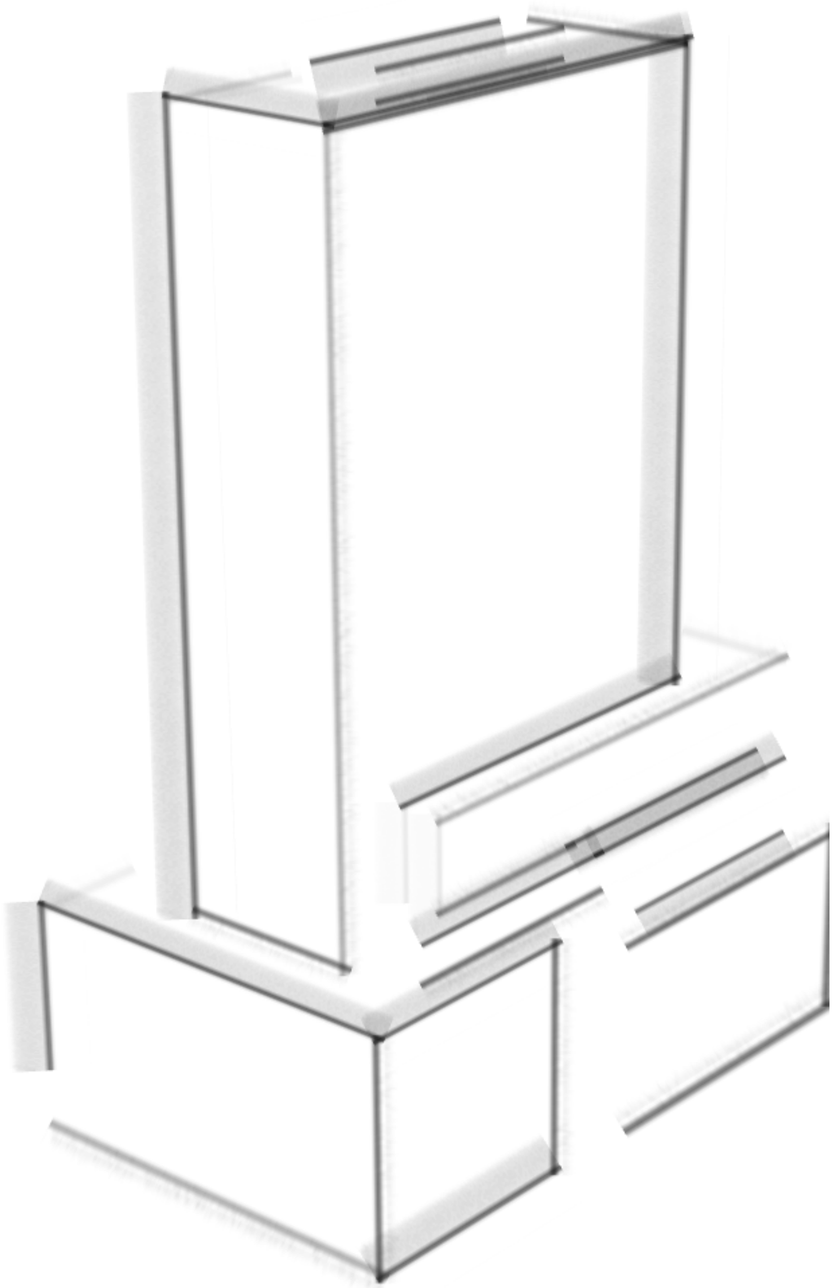
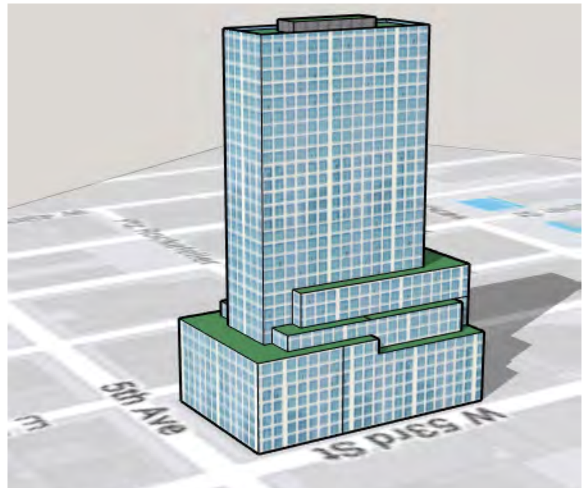


EXECUTIVE SUMMARY

BEACON DEVELOPMENTS is pleased to present the opportunity to invest in the redevelopment of the trophy office project 666 FIFTH in the Plaza district of NY.

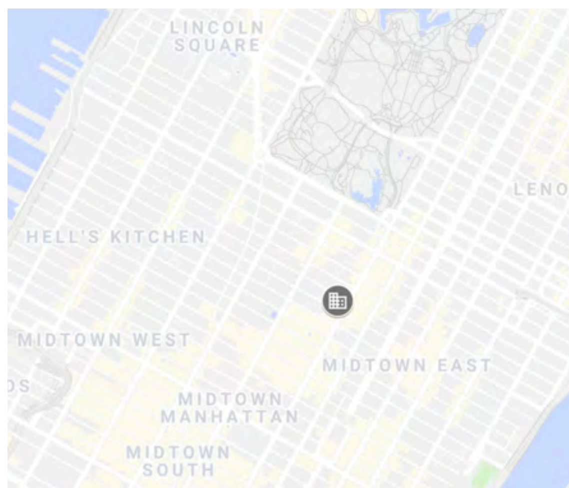


We are seeking an LP equity investment of $793 MM in exchange for a 90% share in the partnership.

The strategy is to acquire the 1.3MM GSF, 41-story office building, and reposition the office space to meet modern standards and capturing the flight for quality from older stock.

- We are targeting FIRE, tenants; Wealth Management, Hedge Funds, and other Financials services.

The property is under contract by a $1.3B liens on a 99-year ground lease paid in full upfront.



The total project budget of $2.2B, which will be capitalized 60%/40% debt/equity and expected to delivered by Jan 2023, 30 months Construction period followed by an 18-months lease-up period.

The exit strategy is a sale at stabilization in year 5 to an institutional core PE fund, asset management firm, or REIT; the Fallback plan is a refinancing and 10-year hold period.

STABILIZE & SELL	IRR	MOIC	PROFIT	YoC/CoC	Gross Margin
Unlevered	11.3%	1.60 x	1 132 722 559	5.8%	51%
Levered	16.5%	1.95 x	751 344 831		85%
Limited Partner	15.6%	1.89 x	627 198 659		79%
REFI & HOLD					
Unlevered	9.9%	2.31 x	2 469 032 305	6.3%	112%
Levered	13.4%	3.00 x	1 569 597 413	7.9%	178%
Limited Partner	13.2%	2.93 x	1 365 441 790		172%

INVESTMENT HIGHLIGHTS

Repositioning to meet Flight to Quality

666 FIFTH is ripe for revival - Older office stock in the Plaza District has suffered the last years. In contrast, the few renovated and redeveloped assets have shown solid lease-up, stable occupancy, and triple-digit rents.[1]

Superb Transitory Access

Situated on Fifth avenue in the Plaza District, 666 FIFTH offers exceptional transitory connection with direct access to E and M.

Prime Location in FIRE Tenants Cluster

The site is located in a prime location within the plaza district where two out of three wealth management firms in NY are leasing.

Lucrative Returns

The repositioning of 666 FIFTH offers an attractive internal rate of return of 15.6% and a 1.89x Multiple on the LP equity investment.

[1] COSTAR OFFICE SUBMARKET REPORT Q4 2019: Plaza District

PROJECT OVERVIEW

Redevelopment Concept

We are repositioning the currently outdated office building to meet the standards of an efficient and modern building required by today's tenants. When completed, the building will be regarded as a new Class A building in a neighborhood of quality but mostly old office stock.

Footprint of a a new build

Conceiving a sustainable building: Replacing the old building façade with floor to ceiling double glazed curtain walls for better insulation; Changing the entire HVAC and electrical system, adding variable frequency drives and other mechanical equipment. The new facade and mechanical equipment expect to reduce the footprint and cut operating expenses with 50%. At the same time, allow for natural light deep into the core and less ductwork for more generous ceiling height.

Pristine office space

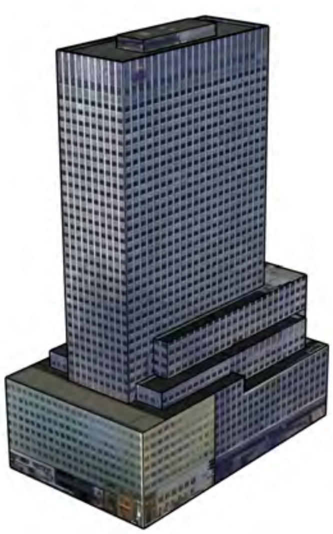
The new ground floor lobby with double-height entrance acts as a social weld and a beacon into the building. The office floors will have exposed ductwork, to maximize slab to slab heights. Tenants are given the option at their own cost to create atriums, and internal staircases by pulling back the slab of the floor plates. This configuration will provide increased productivity and collisions across a multi-floor plate suit. The top floor will either cater to boutique office space or management suits of a larger tenant. The four exterior setbacks will be designed as green space, adding terraces of porosity with rooftop spec amenities.

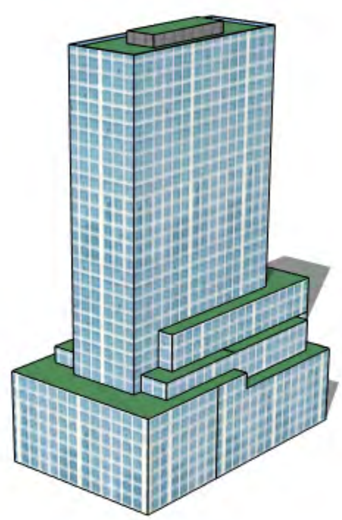
New Exterior Facade:

A significant part of the 666 FIFTH redevelopment is the demolition of the old facade from 1957 with no insulation and fitting the latest double-glazed glass facade with vast window expanses on all four sides.

- Floor to ceiling glass will increased light deep into the building
- Enhance the expansive 360-degree views towards midtown cityscape and Central Park
- The new facade will have High-grade insulation for lower environmental footprint

Old vs New:





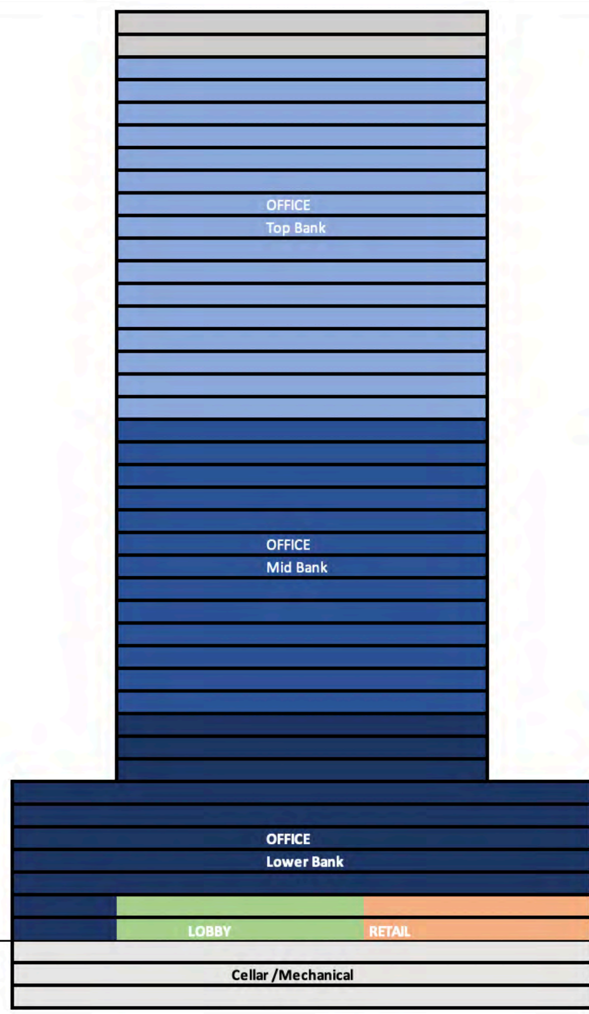
PROGRAMMING

Stacking Diagram

666 Fifth Avenue is a commercial office building with an out parcelled retail component. The 41-story property will hold 39 Commercial office floors, two retail floors combined with the ground floor lobby, and three below-ground levels. The four setbacks for the tower section (floor 8-41) allows for rooftop green-space.

Stacking	Owned GSF	Owned RSF
Top Bank 24 -39	318 200	425 676
Mid Bank 11 - 23	273 300	365 610
Lower Bank 2 - 10	566 000	757 173
Total	1 157 500	1 548 459

GSF	RSF	Owned GSF	Owned RSF	Floor
3 000		3 000		41
		0		40
19 700	26 354	19 700	26 354	39
19 700	26 354	19 700	26 354	38
19 700	26 354	19 700	26 354	37
19 700	26 354	19 700	26 354	36
19 700	26 354	19 700	26 354	35
19 700	26 354	19 700	26 354	34
19 700	26 354	19 700	26 354	33
19 700	26 354	19 700	26 354	32
19 700	26 354	19 700	26 354	31
19 700	26 354	19 700	26 354	30
19 700	26 354	19 700	26 354	29
19 700	26 354	19 700	26 354	28
19 700	26 354	19 700	26 354	27
19 700	26 354	19 700	26 354	26
19 700	26 354	19 700	26 354	25
19 700	26 354	19 700	26 354	24
19 700	26 354	19 700	26 354	23
19 700	26 354	19 700	26 354	22
19 700	26 354	19 700	26 354	21
19 700	26 354	19 700	26 354	20
19 700	26 354	19 700	26 354	19
19 700	26 354	19 700	26 354	18
19 700	26 354	19 700	26 354	17
19 700	26 354	19 700	26 354	16
19 700	26 354	19 700	26 354	15
32 000	42 808	32 000	42 808	14
32 000	42 808	32 000	42 808	13
32 000	42 808	32 000	42 808	12
32 000	42 808	32 000	42 808	11
41 000	54 848	41 000	54 848	10
54 000	72 239	54 000	72 239	9
54 000	72 239	54 000	72 239	8
61 000	81 603	61 000	81 603	7
61 000	81 603	61 000	81 603	6
61 000	81 603	61 000	81 603	5
61 000	81 603	61 000	81 603	4
61 000	81 603	61 000	81 603	3
61 000	81 603	40 000	53 510	2
61 000	81 603	40 000	53 510	1
64 000	85 617	64 000	85 617	-1
62 000	82 941	62 000	82 941	-2
61 000	81 603	61 000	81 603	-3
1 386 500	1 850 793	1 344 500	1 548 459	41



Top Bank 24 to 39		
Rent	$	128.00
GSF		318 200.00
RSF		425 675.73

Mid Bank 11 to 23		
Rent	$	115.00
GSF		273 300.00
RSF		365 610.23

Lower Bank 1-10		
Rent	$	99.00
GSF		566 000.00
RSF		757 173.04

PROGRAMMING OFFICE

Office Mix

666 FIFTH has 1.1MM GSF of Class A office space starting on the 2nd floor until the 39th floor with elevator banks going from ground - 10th (8), 11th-23rd (6) and 24th-39th (6). The building offers large floor plates of 61,000 GSF in the bottom floors before it gradually steps back to 19,700 GSF for the tower section. The mixed floor plate size allows for a broader and more flexible tenant mix.

Target Tenant

The project will specifically target tenants moving from older stock by capturing the robust demand from the FIRE cluster in the Plaza District. The top bank will target price-insensitive national and international wealth management firms, while the mid and lower bank will target insurance, construction, media, banking, and international trade.

Pricing

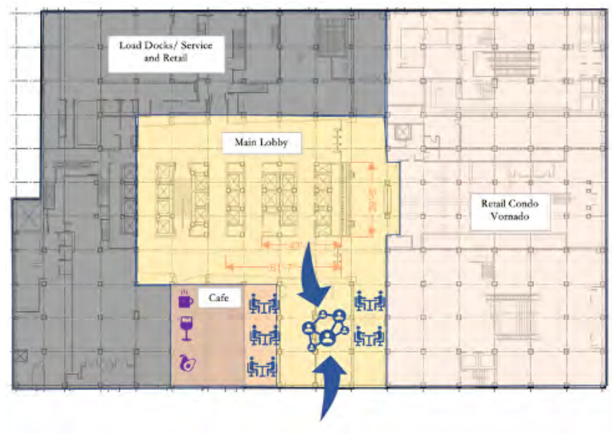
While the overall submarket is suffering due to its decaying stock, the few renovations and redevelopments have outperformed with triple-digit rents stretching above $150 PSF for the higher floors. When combined with limited projects in the development pipeline, we, therefore, expect a redeveloped 666 FIFTH to achieve rents of $99 PSF for the lower bank, $115 PSF for the mid bank, and $128 PSF for the top bank.

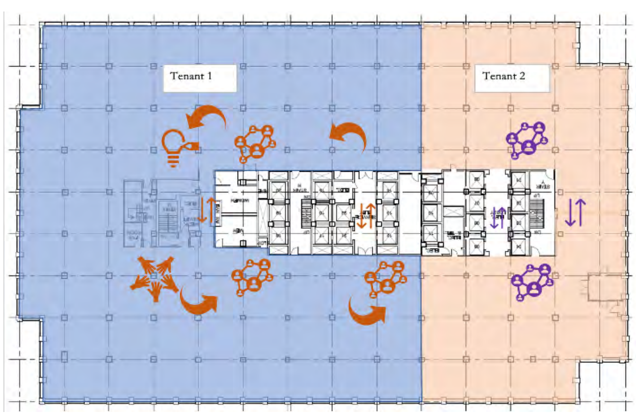
Amenities

Tenants will have access to rooftops with green space. The lobby will be attended, with 24hour/ 7days access. The building will have state of the art HVAC system, in-building Parking garages and direct access to midtown's subway system. Depending on the tenant mix, there is the option to convert the 39th floor into an amenity floor with rentable meeting and event space.

Ground Floor

The Ground floor consists of an out-parcelled Retail component, the office lobby and loading docks, service, and metro entrance. For the Office component, it is crucial that the front door lobby is clear, distinct, and acts as a beacon into the building, guiding the tenant from the entrance to his seat. In this process, the building will facilitate social exchange between the tenants and the street context. This is achieved by creating double-height access providing a visible connection, bringing light into the lobby as well as adding an open café before the security. The ground floor lobby will have one entrance on 52nd ST, while loading docks and service entrance are on 53rd.





Upper Floors (Floor 10)

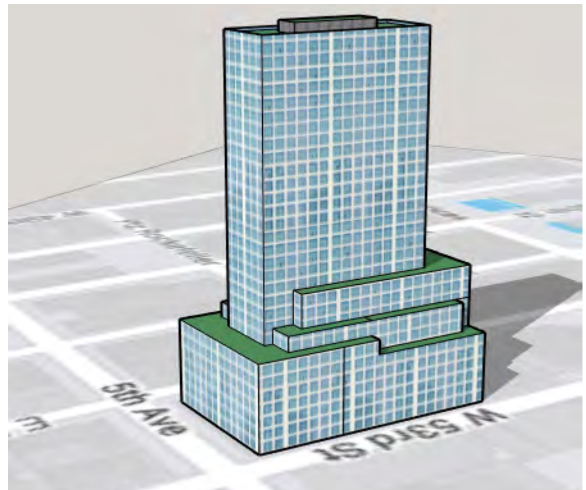
For the office floor's plates, the building will offer either full floor plans or smaller suits to accommodate smaller tenants. The building will be structure to provide a flexible and gradient product range to adapt to the tenant needs. To enhance tenant productivity, the floor plans are structured to facilitate collisions between workers, where both social relations and ideas come to life. These connections could also be achieved by creating in suit staircases and smaller atriums that become small town halls for each of the tenants. The final configuration of both lobby and the office floors are flexible, depending on the actual tenant mix and scale and will be decided further out in the construction period.

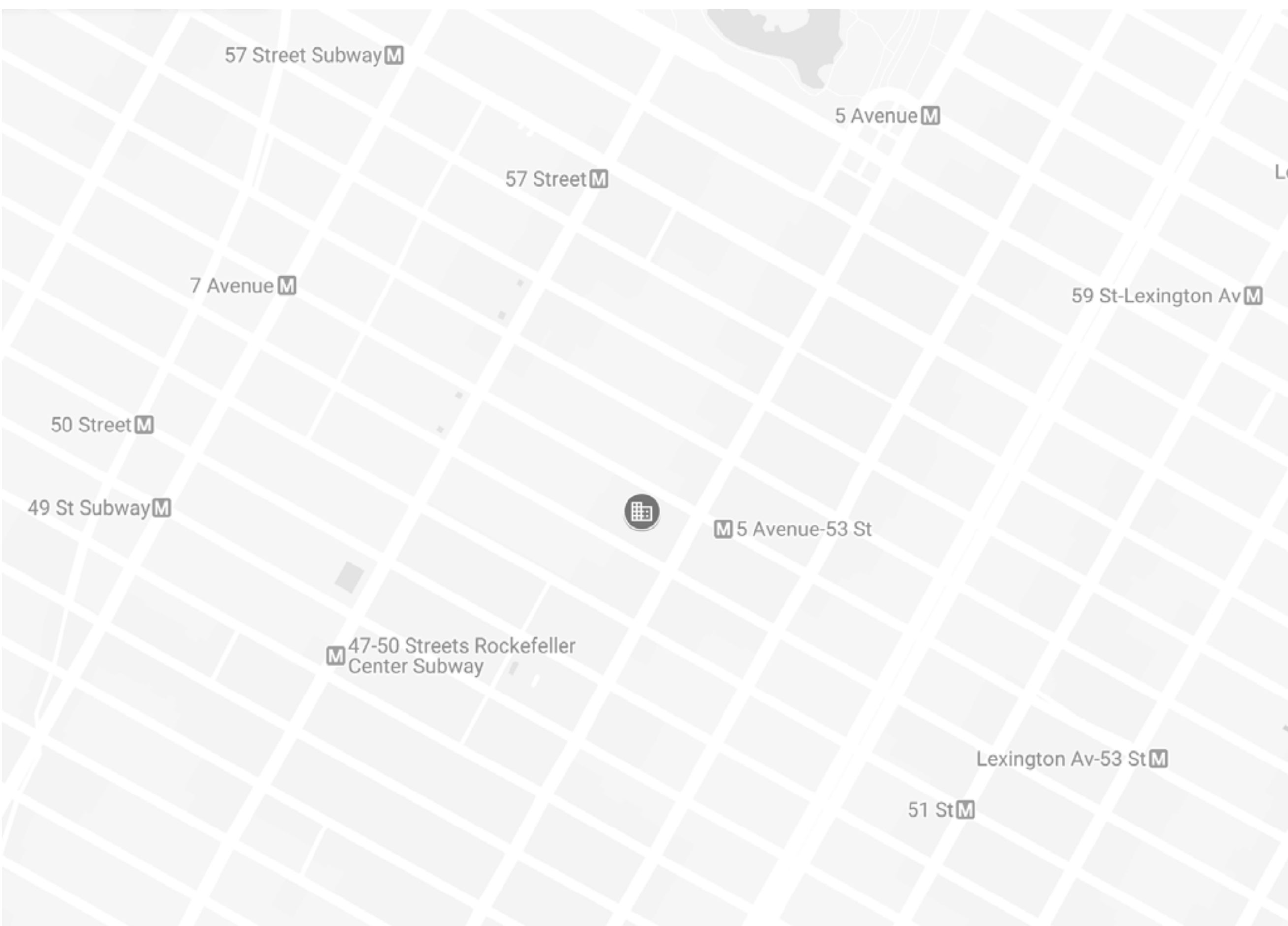
Site Plan


W 53rd St
Load Docks/ Service and Retail
Main Lobby
Retail Condo Vornado
Cafe
FIFTH AVE
W 52nd St

Location

666 FIFTH sits along the busy retail street of Fifth Avenue and the calmer 53rd and 52nd St, a prime office location in the Plaza submarket, Midtown, New York City. The property offers exceptional transitory connection with direct entrance to the E and M lines on 53rd and fifth as well as the N, R, Q, W, 1, 2, 3, 4, 5, A, B, C, D, F within a five-block radius. Furthermore, the E line gives access to JFK (E and Air train), and a 12 min walk to Grand Central enables commutes from the metro north rail. The surrounding neighbourhood context includes MoMA, the retail offerings of 5th Avenue, Central Park, Rockefeller Center, and St. Patrick's Cathedral.





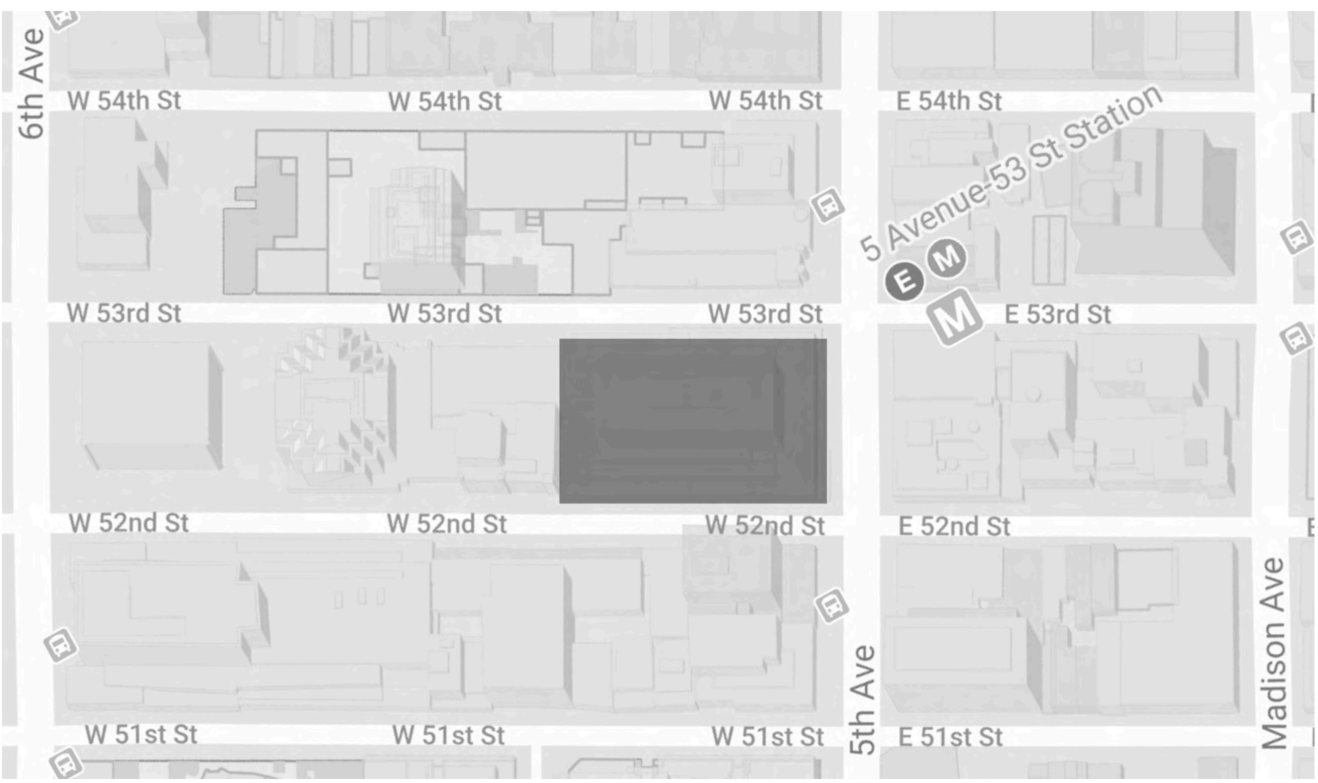
ZONING ANALYSIS

Site Overview

666 fifth avenue sits on a 1.42 Acre (61,755 SF) corner lot on Fifth Avenue between 52nd and 53rd. Current zoning is C5-2.5, C5-3, and MID, allowing for mixed-use office, retail, and residential. The entire existing building of 1,345,858 GSF is overbuilt by 419,533 SF, which is 45% more than the max allowable floor area of 926,324 SF for office. The Residential max ZFA is even lower at is 617,550. The permissible floor space would be increased by adding a public plaza, which would allow a 20% Bonus FAR, but the current building from 1957 would still exceed the total ZFA. Since the current building is as-of-right and grandfathered, the project will not change its ZFA.

Property Description:	
Propety	666 Fifth Avenue
Lot Size	61 755
Zoning	C5-2.5, C5-3,MID
FAR residential	10
FAR office	15
PoPS Bonus	2
MAX ZFA Resideental	617 550
MAX ZFA Resideental w/PoPS	741 060
MAX ZFA Office	926 325
MAX ZFA Office W/PoPS	1 049 835
Buildt GSF	1 345 858
RSF	1 548 459.00
Currrently Overbuildt	45%

Site



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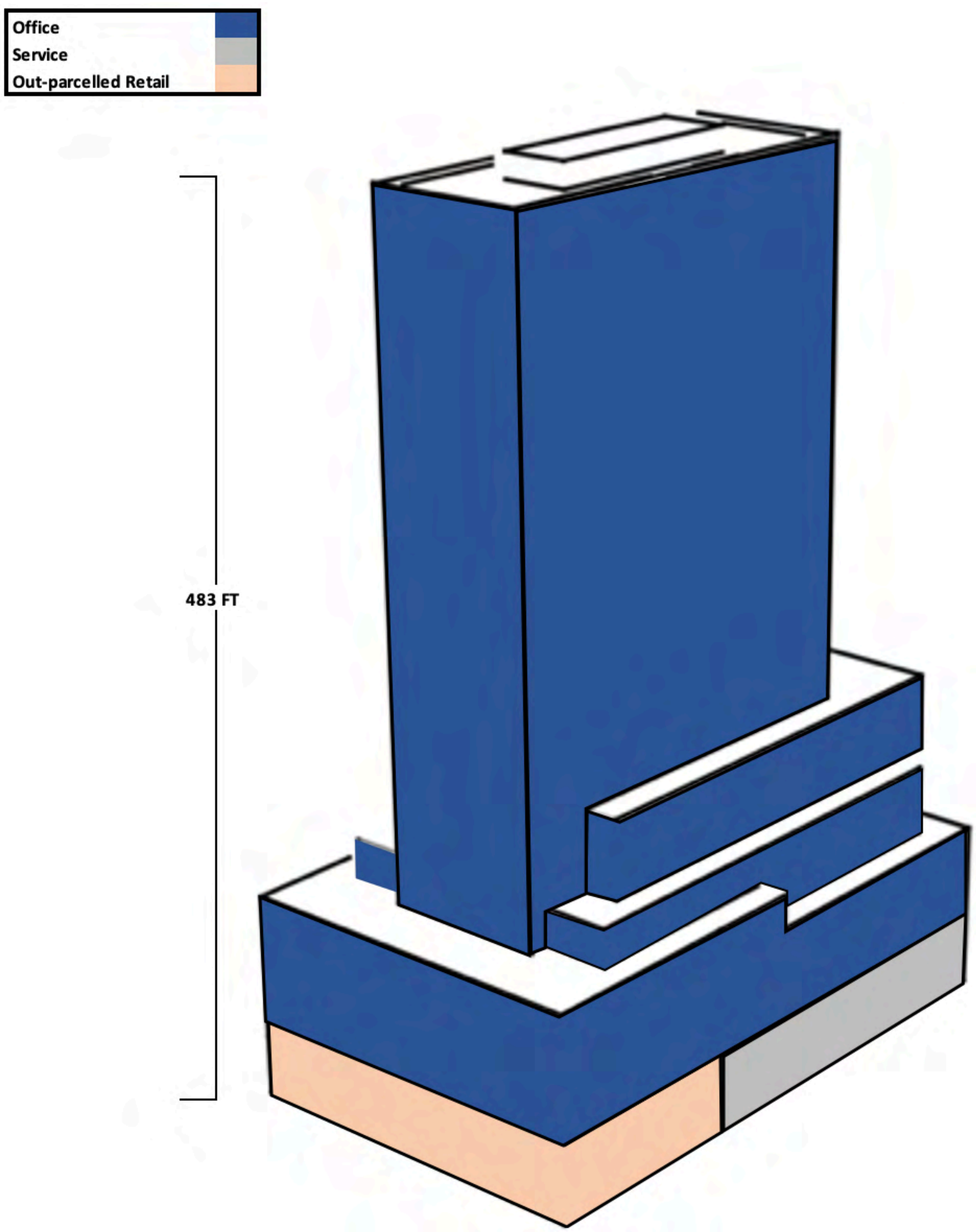
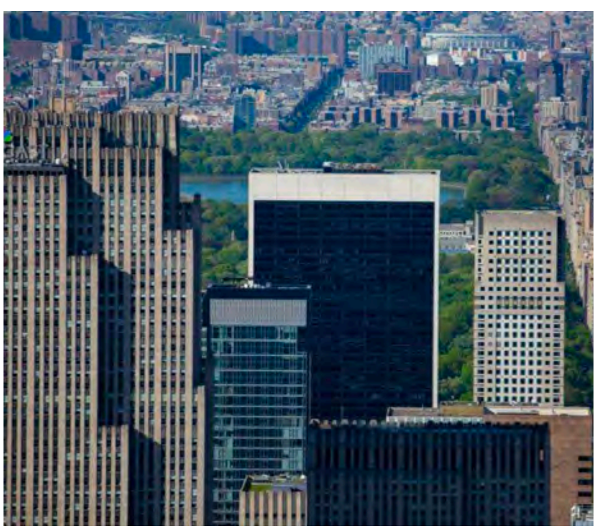


MARKET ANALYSIS

Plaza District Overview

As the largest and one of the most prominent submarkets in the nation, The Plaza district between 65th street, East River, 47th street, and Avenue of the Americas offers superb transit access, premier shopping, and a cluster of national and multinational corporations. The submarket is dominated by financial and legal tenants combined with Media, Insurance, consultancy, and family offices. Combination of density and cost of land makes it challenging to build which limits new construction. However Midtown east rezoning might allow for new construction.



Market Drivers:

The plaza district has highest rents in the metro as price-insensitive wealth management firms and FIRE corporations still prefer the Plaza District.

Offer:

- Nations largest cluster of FIRE tenants
- Superb Transit Acces
- Premier shopping and restaurants

Demand:

- Small- to Mid-sized Financial services
- Strong demand for quality in new or renovated space
- 65% of lasses are less than 20,00 SF
- Two-thirds of hedge funds lease in Plaza district

MARKET ANALYSIS

Plaza District Office Market

With 65% of the office space being built or renovated before 1990, the submarket has seen a shift in the last decade as firms have been vacating for newer office space in submarkets that offers spacious and modern floor plates. This trend has led to a negative absorption of more than 2 million SF feet over the last three years, enabling vacancy to rise to 9.2% in Q4, 2019. The inconsistent demand has also reduced landlords pricing-power so that Class A Rents have declined by 3% to $95.53 PSF.[2]

Despite headwinds, the flight to quality from older office stock is also prevalent within the Plaza district, with its premier location and quality space, renovated or redeveloped properties produces rents above $150 PSF. For instance, L&L holding recently signed Citadel group in 425 Park Avenue at a blended rate of $175 PSF for the top 19 floors. With the penthouse achieving a record rent of $300 PSF.[3]

Going forward, the submarket is expected to continue its negative absorption in older office stock, further softening market rent, and vacancy. On the other hand, renovations and redevelopments have shown strong absorption with robust levels of pre-leasing at triple-digit rent levels. This indicates that newer stock is competitive against the other submarkets and should attract price-insensitive tenants seeking quality at a premium.

Flight to Quality From Older Stock

2M SF Negative Absorption

Class A Vacancy 9.2%

Price-Insensitive Firms Willing to Pay Premium

Redevelopment Achieve Rents Above $150 PSF

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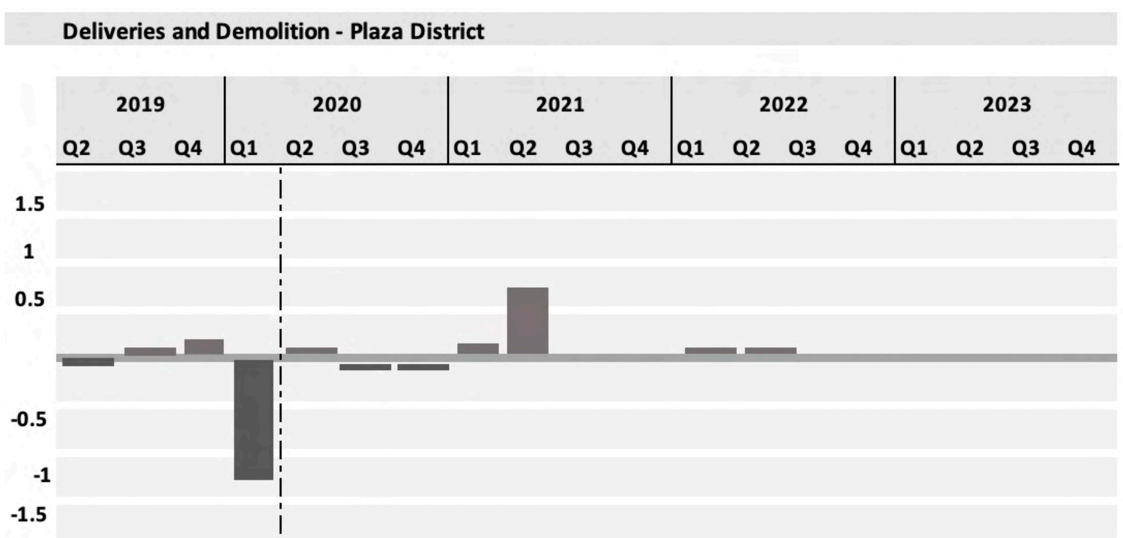
[2] COSTAR OFFICE SUBMARKET REPORT Q4 2019: Plaza District

[3] COLLIERS INTERNATIONAL SUBMARKET REPORT Q4 2019

Development Pipeline

The total midtown development pipeline comprises 9.29m SF before 2022, which is already 50% pre-leased. These projects consist mainly of significant office developments on the west side; 50 Hudson Yards; 66 Hudson Boulevard and Two Manhattan west. Closer to the property, there is also the 71% pre-leased trophy assets, One Vanderbilt in the grand central submarket.

Within the Plaza district, there is limited new development around the property. In 2020 the most substantial construction to be delivered is the 700,00 SF 425 Park avenue and underway is the renovation of 550 Madison Avenue. In the last five years, there have been only seven renovated office buildings of the same size within 3 miles. These have all reached 95% occupancy after their renovation, primarily from the financial sector. The Midtown East rezoning approved in 2017 is already changing the submarket; however, to increase density through air rights, these developers are required to provide 20% of the price (min $61.49 SF) for investment in transit upgrades or public-space enhancements. The extra investment needed to perform such developments could be unattractive and hence limit development.



Office Market Conclusion

While the overall submarket is suffering due to its decaying stock, numerous renovations and redevelopment have outperformed with solid pre-leasing around 40% and triple-digit rents stretching above $150 PSF for the higher floors. When combined with limited projects in the development pipeline, we, therefore, estimate that a redeveloped 666 FIFTH should be able to achieve rents of $99 PSF for the lower bank, $115 PSF for the mid bank and $128 PSF for the top bank. Furthermore, we estimate a 40% Pre-leasing and lease-up over 18 months and a stabilized vacancy of 6%.

FINANCIAL ANALYSIS

Key Assumptions	
Acquisition Price	$1 291 419 883.00
Total Development Budget	The total development budget of $2.2 Billion derives from $420 Milllion of Hard Cost and $28 Million Soft Costs. The per unit estimates are based on RS Means adjusted for location and redevelopment with REBNY and NYBC
Debt Financing	The aggregate loan proceeds amounts to $1.3 Billion: -Acquisition Loan of $808.9 million - Construction Loan of $515.7 million - Both Loans are 60% LTC, IO at 6.5%
Equity Capitalization	Total Equity contribution is $880 million: - Limited Partner contributes 90%, $793.6 million - General Partner contributes 10%, $88.1 million
Distribution Waterfall	- 100% to partners until preferred retun hurdle of 12% - 20% promote goes to GP until 15% hurdle - 30% promote goes to GP until 18% hurdle - 40% promote goes to GP therafter
Project Schedule	- 6 months of predevelopment - 24 months of Construction - 18 Months of Lease-up period - Sale at Stabilization
Office Rent	- Top Bank $128 PSF - Mid Bank $115 PSF - Lower Bank $99 PSF - 9 months Free rent
Office Valuation / Sale	The property valuation at stabilization year 5 is $2.95B based on a DCF analysis with: - Exit cap rate of 4.5% - Discount rate of 7.5%

* Acquisition price is based on actual figure between Brookfield Properties and Kushner Real Estate Group.

Development Budget

Development Budget		Amount	$/GSF	% of TDC
Land Acquisition Costs				
Acqusition Price		1 291 419 883	$960	59%
Closing Costs	2%	25 828 398	$19	1%
Total Acquisiton Costs		1 317 248 281	$979	59.8%
Hard Costs				
Demolition of Façade		43 000 000	$32	2.0%
New Curtain wall		264 000 000	$196	12.0%
Mechanical equipment		60 000 000	$45	2.7%
FF&E		370 000	$0	0.0%
Total Construction		367 370 000	$273	16.7%
Development fee	4.50%	16 531 650	$12	0.7%
Contingency	10%	36 737 000	$27	1.7%
Total Hard Construction Costs		420 638 650	$313	19.1%
			$0	
Soft Costs				
Permits & Municipal Fees		4 000 000	$3	0.2%
Legal & Consultant Fees		7 500 000	$6	0.3%
Insurance		7 000 000	$5	0.3%
Architecture and Engineering Fees		5 000 000	$4	0.2%
Marketing		3 400 000	$3	0.2%
Contingency	5%	1 415 789	$1	0.1%
Total Soft Costs		28 315 789	$21	1.3%
Carrying Costs				
Operating Reserve		17 866 205	$13	0.8%
Total Carrying Costs		17 866 205	$13	0.8%
Capital Improvement Costs				
Tenant Improvemetns		130 999 631	$97	5.9%
Leasing Commisions		3 929 989	$3	0.2%
Total Capital Improvement Costs		134 929 620	$100	6.1%
Financing Costs				
Financing Cost		41 433 437	$31	1.9%
Interest Reserves		244 019 802	$181	11.1%
Total Financing Costs		285 453 238	$212	12.9%
Total Development Cost		2 204 451 784	$1 638	100%

Capitalisation

The total capitalization of $2.2B will consist of an $806.9MM Acquisition loan and a $515.7MM Construction loan that aggregate to a 60% LTC. The total equity contribution from partners is $881.7MM split 90%/10% between Limited and General Partner.

Capitalization	% of Total	
Debt		
Acquisition Loan	37%	806 931 409
Construction Loan	23%	515 739 661
Total debt	**60%**	**1 322 671 070**
Equity		
Limited Partner Equity	36%	793 602 642
General Partner Equity	4%	88 178 071
Total Equity	**40%**	**881 780 713**
Total Capitalization	**100%**	**2 204 451 784**

Project Returns

With exit at stabilization, the project will achieve a levered Return of 16.5%, a 1.95 MOIC, and yield on cost of 5.8%. The project value at stabilization is $2.95B based on a DCF of future cash flow at a 7.5% discount rate.

Return Summary	IRR	MOIC	PROFIT	YoC/CoC	Gross Margin
Unlevered	**11.3%**	**1.60 x**	**1 132 722 559**	**5.8%**	**51%**
Levered	**16.5%**	**1.95 x**	**751 344 831**	**3.5%**	**85%**
Limited Partner	**15.6%**	**1.89 x**	**627 198 659**		**79%**
Stabilized Valuation	**2 952 943 666**				

Annual Pro Forma

Annual Proforma	Year 0 30/06/2020	Year 1 30/06/2020	Year 2 30/06/2021	Year 3 30/06/2022	Year 4 30/06/2023	Year 5 30/06/2024
Gross Potential Income		-	-	16 684 243	124 814 724	181 862 206
Occupancy		0%	0%	24%	75%	94%
Effective Gross Income		0	0	3 962 508	93 299 006	170 950 473
Operating Expenses		-	-	(42 534 620)	(42 534 620)	(43 172 640)
Net Operating Income		-	-	(38 572 112)	50 764 386	127 777 834
Construction Cash Flow						
Acquisition	1 317 248 281	-	-	-	-	-
Hard Costs	-	105 159 663	210 319 325	105 159 663	-	-
Soft Costs	-	7 078 947	14 157 895	7 078 947	-	-
Capital Improvments	-	-	-	78 948 182	55 981 438	-
Total Construction Cash Flow	1 317 248 281	112 238 610	224 477 220	191 186 792	55 981 438	-
Sale Cash Flow						
Sale Proceeds		-	-	-	-	2 952 943 666
Cost of Sale		-	-	-	-	(59 058 873)
Total Sale Cash Flow	-	-	-	-	-	2 893 884 792
Unlevered Cash flow	(1 317 248 281)	(112 238 610)	(224 477 220)	(229 758 904)	(5 217 052)	3 021 662 626

Unlevered CF	$	1 132 722 559
Unlevered IRR		11.3%
Unlevered multiple		1.60x
Gross Margin		51.4%

Debt IN / OUT						
Construction Loan Debt Service beginning balai	-	834 568 810	911 941 806	1 064 397 133	1 440 687 143	1 640 159 559
Acquisiton loan Proceeds	806 931 409	-	-	-	-	-
Cosnstruction Loan Proceeds	-	22 092 434	93 414 621	297 552 970	102 679 637	-
Interest on loan	-	27 688 490	59 040 706	78 737 041	96 792 779	8 659 766
Financing cost	27 637 401	27 592 072	-	-	-	-
Repayment of Construction Loan	-	-	-	-	-	(1 648 819 325)
Cumulative Construction Loan Balance	834 568 810	911 941 806	1 064 397 133	1 440 687 143	1 640 159 559	-
Levered Cash flow	(537 954 273)	(117 738 248)	(131 062 599)	67 794 065	97 462 584	1 372 843 301

Levered CF	$	751 344 831
Levered IRR		16.5%
Levered multiple		1.95x
Gross Margin		85.2%

Waterfall Summary	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
LP Net Cash Flow (NCF)	(484 158 845)	(105 964 423)	(117 956 339)	61 014 659	87 716 326	1 186 547 281

LP Profit	627 198 659
LP IRR	15.57%
LP Equity MOIC	1.89x

Sensitivity Analysis

Sensitivity analysis

Option A: Sale at Stabilization

Levered Equity Ruturns

		Change in Starting Base Rent				
		$10	$5	$0	($5)	($10)
Stabilized Vacancy	2.00%	24.40% I 2.64x	21.83% I 2.40x	19.05% I 2.16x	15.99% I 1.92x	12.60% I 1.68x
	4.00%	23.26% I 2.53x	20.64% I 2.29x	17.80% I 2.06x	14.67% I 1.82x	11.19% I 1.58x
	6.00%	22.06% I 2.42x	19.40% I 2.19x	16.50% I 1.95x	13.29% I 1.72x	9.71% I 1.49x
	8.00%	20.82% I 2.31x	18.10% I 2.08x	15.13% I 1.85x	11.84% I 1.63x	8.15% I 1.40x
	10.00%	19.52% I 2.20x	16.75% I 1.98x	13.70% I 1.75x	10.31% I 1.53x	6.48% I 1.31x

Levered Equity Ruturns

		Rent Growth				
		5.0%	4.0%	3.0%	2.0%	1.0%
Stabilized Vacancy	2.00%	22.75% I 2.48x	20.94% I 2.32x	19.05% I 2.16x	17.04% I 2.00x	14.91% I 1.84x
	4.00%	21.60% I 2.38x	19.75% I 2.21x	17.80% I 2.06x	15.74% I 1.90x	13.54% I 1.74x
	6.00%	20.40% I 2.27x	18.50% I 2.11x	16.50% I 1.95x	14.37% I 1.80x	12.09% I 1.64x
	8.00%	19.15% I 2.17x	17.20% I 2.01x	15.13% I 1.85x	12.93% I 1.70x	10.56% I 1.55x
	10.00%	17.84% I 2.06x	15.83% I 1.91x	13.70% I 1.75x	11.42% I 1.60x	8.94% I 1.45x

Levered Equity Ruturns

		Lease Up Months				
		6 months	12 months	18 months	24 months	30 months
Pre-Leased	70.0%	18.20% I 1.78x	16.38% I 1.69x	17.32% I 1.99x	15.95% I 1.89x	15.84% I 2.12x
	55.0%	18.16% I 1.79x	15.71% I 1.66x	16.91% I 1.98x	15.09% I 1.84x	15.22% I 2.08x
	40.0%	18.09% I 1.79x	15.00% I 1.63x	16.50% I 1.95x	14.21% I 1.79x	14.59% I 2.03x
	25.0%	18.02% I 1.78x	14.24% I 1.59x	16.07% I 1.93x	13.32% I 1.73x	13.97% I 1.98x
	10.0%	17.93% I 1.77x	13.42% I 1.55x	15.63% I 1.89x	12.40% I 1.66x	13.32% I 1.91x

Option B: Refi and Hold

Levered Equity Ruturns

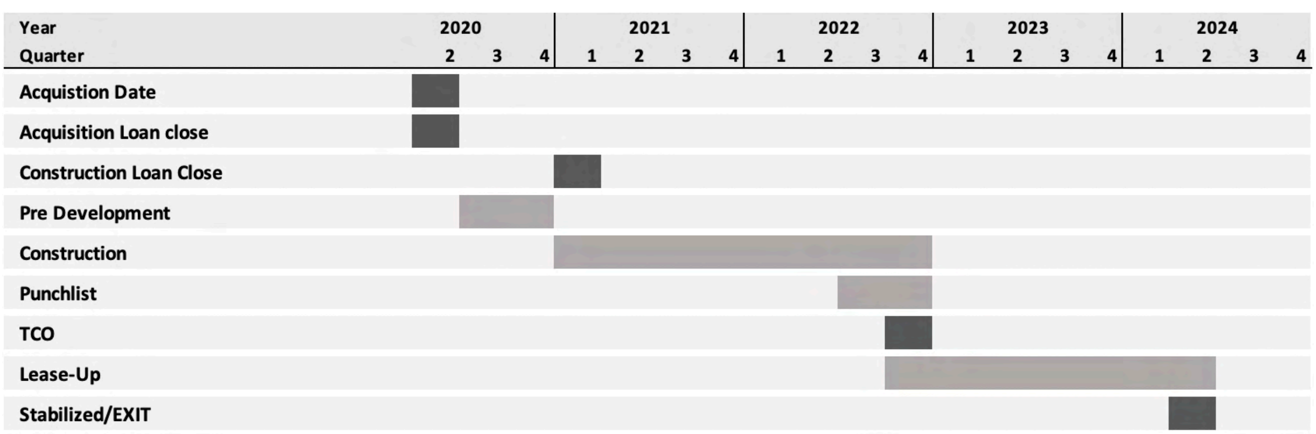
		Rent Growth				
		5.0%	4.0%	3.0%	2.0%	1.0%
Stabilized Vacancy	2.00%	18.98% I 2.48x	16.97% I 2.32x	14.85% I 2.16x	12.58% I 2.00x	10.15% I 1.84x
	4.00%	18.32% I 2.38x	16.29% I 2.21x	14.14% I 2.06x	11.86% I 1.90x	9.39% I 1.74x
	6.00%	17.65% I 2.27x	15.60% I 2.11x	13.43% I 1.95x	11.11% I 1.80x	8.61% I 1.64x
	8.00%	16.96% I 2.17x	14.89% I 2.01x	12.69% I 1.85x	10.35% I 1.70x	7.81% I 1.55x
	10.00%	16.26% I 2.06x	14.16% I 1.91x	11.95% I 1.75x	9.57% I 1.60x	6.99% I 1.45x

PROJECT SCHEDULE & EXECUTION

Project Schedule

666 FIFTH is in contract to close on June 30, 2020. After which we estimate six months of pre-development to complete necessary surveys, design, and lease-out. Construction is planned for 24 months, with expected delivery at the end of December 2022. We expect the property to be stabilized by June 30, 2024, where the property then will be sold to pay down the acquisition- and construction loan, as well as the capital from investors. To ensure that the project is delivered on time and at budget, additional project management consultants will be hired.

Project Milestones:			
Acquistion Date	30/06/2020	Construction Start	31/12/2020
Acquisition Loan Close	30/06/2020	Construction Complete	31/12/2022
Construction Loan Close	31/12/2020	Stabilized/Exit	30/06/2024



Exit Strategy Option A:

Exit strategy option A is to sell at stabilization. A redeveloped 666 FIFTH should be attractive to the next buyers due to its prime location, quality, and market liquidity; hence, we conservatively believe the property can be disposed off at $2.9 Billion in year 5, basis a DCF valuation with an Exit cap of 4.5% on the 11th year NOI.

The plaza district, with its abundance of trophy assets, is particularly attractive to institutional investors due to its quality and liquidity. In recent years the sales volume has rarely dipped under $2 Billion per year with 2019 total sales of $3.9 Billion. Furthermore, the submarket accounts for 10% of the entire metro office stock but contributed to 20% of the sales volume in the last decade. The Current cap rate average for the plaza district is currently 4.2%.[4]

Exit Strategy Option B:

Exit strategy Option B is to refinance the building with a permanent loan and hold the building for a total of 10 years. The current investment forecast for option B gives a lower return on capital. However, the option provides the investment flexibility in case of market softness in sales or potential upside with stronger leasing and more robust rent growth. We will continuously evaluate option B during the process of development and will, together with the LP, assess which outcome to exert. The sensitivity of option B is found in the sensitivity section, while an annual pro forma is available in the appendix.

Option B Return Summary:

REFI & HOLD	IRR	MOIC	PROFIT	YoC/CoC
Unlevered	9.9%	2.31 x	2 469 032 305	6.3%
Levered	13.4%	3.00 x	1 569 597 413	7.9%
Limited Partner	13.2%	2.93 x	1 365 441 790	

[4] COSTAR OFFICE SUBMARKET REPORT Q4 2019: Plaza District

KEY RISKS & MITIGANTS

Oversupplied market leading to longer Lease-up:

The development of 666 FIFTH will be delivered end of 2022 and could be affected by the recent completion of One Vanderbilt, new development on the west side of Manhattan or future expansions from the midtown east rezoning. This could lead to prolonged Lease-up and less pre-leases.

- Mitigant 1: If the lease-up is extended to a total of 2 years (30 months) the project should still be able to generate a levered return of 14.6%. If in combination, pre-leasing also falls to 10% then the project would achieve a return of 13.27%

Levered Equity Rutums

		Lease Up Months				
		6 months	12 months	18 months	24 months	30 months
Pre-Leased	70.0%	18.20% I 1.78x	16.38% I 1.69x	17.32% I 1.99x	15.95% I 1.89x	15.84% I 2.12x
	55.0%	18.16% I 1.79x	15.71% I 1.66x	16.91% I 1.98x	15.09% I 1.84x	15.22% I 2.08x
	40.0%	18.09% I 1.79x	15.00% I 1.63x	16.50% I 1.95x	14.21% I 1.79x	14.59% I 2.03x
	25.0%	18.02% I 1.78x	14.24% I 1.59x	16.07% I 1.93x	13.32% I 1.73x	13.97% I 1.98x
	10.0%	17.93% I 1.77x	13.42% I 1.55x	15.63% I 1.89x	12.40% I 1.66x	13.32% I 1.91x

Softening market leading to lower base rent and higher vacancy:

- Mitigant 1: If the stabilised vacancy where to reach 10% then the project would achieve a levered return of 13.7%. In a scenario where the starting base rent wast to decrease by $10 dollars across all floors then the project would achieve a levered return of 9.71%

Levered Equity Ruturns

		Change in Starting Base Rent				
		$10	$5	$0	($5)	($10)
Stabilized Vacancy	2.00%	24.40% I 2.64x	21.83% I 2.40x	19.05% I 2.16x	15.99% I 1.92x	12.60% I 1.68x
	4.00%	23.26% I 2.53x	20.64% I 2.29x	17.80% I 2.06x	14.67% I 1.82x	11.19% I 1.58x
	6.00%	22.06% I 2.42x	19.40% I 2.19x	16.50% I 1.95x	13.29% I 1.72x	9.71% I 1.49x
	8.00%	20.82% I 2.31x	18.10% I 2.08x	15.13% I 1.85x	11.84% I 1.63x	8.15% I 1.40x
	10.00%	19.52% I 2.20x	16.75% I 1.98x	13.70% I 1.75x	10.31% I 1.53x	6.48% I 1.31x

- Mitigant 2: In the last five years, there have been only seven renovated office buildings of the same size within 3 miles. These have all reached 95% occupancy within 18 months of their renovation as well as triple-digit rents.[5]

[5] COSTAR OFFICE SUBMARKET REPORT Q4 2019: Plaza District

APPENDIX

Detailed Assumptions:

Assumptions

Transaction Summary	
Acquistion Price	1 291 419 883
Closing Costs (% of Acquisition Price)	2.00%
Closing Costs	25 828 398
Total Acquistion Price	1 317 248 281
Acquistion Date	30/06/2020

Timeline Assumptions	
Pre-construction	6 Months
Construction	24 Months
Lease up	18 Months
Exit at Stabilization	48 Months
Holding period with REFI	10 yrs

Timeline	Start Date	Month	Duration	End date
Acquisition - Pre-construction	30/06/2020	0 Months	6 Months	31/12/2020
Construction	31/12/2020	6 Months	24 Months	31/12/2022
Lease up	31/12/2022	30 Months	18 Months	30/06/2024
Stabilized - Exit/Refi	30/06/2024	48 Months	0 Months	30/06/2024
Hold	30/06/2024	48 Months	72 Months	30/06/2030
Exit	30/06/2030	120 Months	0 Months	30/06/2030

Exit Assumptions		
Exit Month with Refi / Date	120 Months	30/06/2030
Exit Cap Rate		4.50%
Sales Cost (% of Exit Value)		2.00%
Discount Rate		7.50%
Value at Stabilization		$2 952 943 666

Loan Assumptions	Acquistion	Construction	Permanent
Loan to Cost / LTV	60%	60%	70%
Interest rate	6.5%	6.5%	4.5%
Type	I/O	I/O	Amortizing
Term	48 Months	42 Months	10 yrs
Amortization			30
DSCR			1.25
DY			7.5%
Financing cost			
Mortgage Recording Tax	1.93%	1.93%	1.93%
Loan Arrangment fee	1.00%	0.50%	0.50%
Loan Origination fee	0.5%	0.25%	0.25%

Leasing Assumptions:

Leasing assumptions

Stacking	RSF
Top Bank 24-39	425 676
Mid Bank 12-23	365 610
Lower Bank 2-11	757 173
Total	1 548 459

Rental Assumptions	Rent
Top Bank 24-41	$128.0
Mid Bank 11-23	$115.0
Lower Bank 2-10	$99.0

Leasing assumptions	
Rent escalations	3.0%
Lease Term	10 yrs
Free Rent	9 months
Tenant improvments	$90.00
Leasing Commision	3%
General vacancy	6%
Expense stop	$27.88

Lease up absorption	
Pre-leased	40%
Lease-up Period	18 Months
Lease up absorption	3.0%

Operating items	
Management fee	2%
Cap Ex Reserve	5%
Expense inflation	2%

Operating Expenses	
Utilities	$3.22
Repair & Maintenance	$2.15
Janitorial	$1.70
Administration	$1.39
Security	$2.14
Taxes	$15.25
Insurance	$1.60
Property Mangement Fee	2%

Joint Venture Waterfall Option A

JV-Waterfall Option A

JV members	
LP	90%
GP	10%
Project IRR	16.50%
LP IRR	15.57%

	IRR Hurdle	Promote Member	JV Members
Before 1st Hurdle		0.0%	100.0%
1st	12.00%	20.0%	80.0%
2nd	15.00%	30.0%	70.0%
3rd	18.00%	40.0%	60.0%

Calendar Year:	2020	2021	2022	2023	2024	2025
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Investment	(537 954 273)	(153 723 136)	(190 103 305)	(0)	(0)	-
CF Distribution		35 984 888	59 040 706	67 794 065	97 462 584	127 777 834
Final sale Distribution		-	-	-	-	1 245 065 467
Total Net CF	(537 954 273)	(117 738 248)	(131 062 599)	67 794 065	97 462 584	1 372 843 301

Waterfall Summary	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
LP Net Cash Flow (NCF)	(484 158 845)	(105 964 423)	(117 956 339)	61 014 659	87 716 326	1 186 547 281

LP Profit	627 198 659
LP IRR	15.57%
LP Equity MOI(	1.89x

Joint Venture Waterfall Option B

JV-Waterfall Option B - REFI

JV members	
LP	90%
GP	10%
Project IRR	13.43%
LP IRR	13.16%

	IRR Hurdle	Promote Member	JV Members
Before 1st Hurdle		0.0%	100.0%
1st	12.00%	20.0%	80.0%
2nd	15.00%	30.0%	70.0%
3rd	18.00%	40.0%	60.0%

Calendar Year:	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investment	(537 954 273)	(153 723 136)	(190 103 305)	-	-	-	-	-	-	-	-
CF Distribution		35 984 888	59 040 706	67 794 065	97 462 584	1 653 402 082	30 716 334	36 034 669	41 515 375	47 163 399	52 983 839
Final sale Distribution		-	-	-	-	(1 648 819 325)	-	-	-	-	1 978 099 510
Total Net CF	(537 954 273)	(117 738 248)	(131 062 599)	67 794 065	97 462 584	4 582 757	30 716 334	36 034 669	41 515 375	47 163 399	2 031 083 349

Waterfall Summary	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
LP Net Cash Flow (NCF)	(484 158 845)	(105 964 423)	(117 956 339)	61 014 659	87 716 326	4 124 481	27 644 700	32 431 202	37 363 837	42 447 059	1 780 779 133

LP Profit	1 365 441 790
LP IRR	13.16%
LP Equity MOI(	2.93x

Annual Pro Forma Option B (REFI and Hold)

Annual Proforma	Year 0 30/06/2020	Year 1 30/06/2020	Year 2 30/06/2021	Year 3 30/06/2022	Year 4 30/06/2023	Year 5 30/06/2024	Year 6 30/06/2025	Year 7 30/06/2026	Year 8 30/06/2027	Year 9 30/06/2028	Year 10 30/06/2029
Gross Potential Income		-	-	16 684 243	124 814 724	181 862 206	188 041 308	194 398 371	200 938 657	207 667 587	214 590 744
Occupancy		0%	0%	24%	75%	94%	94%	94%	94%	94%	94%
Effective Gross Income		0	0	3 962 508	93 299 006	170 950 473	176 758 830	182 734 469	188 882 337	195 207 532	201 715 300
Operating Expenses		-	-	(42 534 620)	(42 534 620)	(43 172 640)	(43 820 229)	(44 477 533)	(45 144 696)	(45 821 866)	(46 509 194)
Net Operating Income		-	-	(38 572 112)	50 764 386	127 777 834	132 938 600	138 256 936	143 737 642	149 385 665	155 206 106
Construction Cash Flow											
Acquisition	1 317 248 281	-	-	-	-	-	-	-	-	-	-
Hard Costs	-	105 159 663	210 319 325	105 159 663	-	-	-	-	-	-	-
Soft Costs	-	7 078 947	14 157 895	7 078 947	-	-	-	-	-	-	-
Capital Improvments	-	-	-	78 948 182	55 981 438	-	-	-	-	-	-
Total Construction Cash Flow	1 317 248 281	112 238 610	224 477 220	191 186 792	55 981 438	-	-	-	-	-	-
Sale Cash Flow											
Sale Proceeds	-	-	-	-	-	-	-	-	-	-	3 582 315 907
Cost of Sale	-	-	-	-	-	-	-	-	-	-	(71 646 318)
Total Sale Cash Flow	-	-	-	-	-	-	-	-	-	-	3 510 669 589
Unlevered Cash flow	(1 317 248 281)	(112 238 610)	(224 477 220)	(229 758 904)	(5 217 052)	127 777 834	132 938 600	138 256 936	143 737 642	149 385 665	3 665 875 694

Unlevered CF	$	2 469 032 305
Unlevered IRR		9.9%
Unlevered multiple		2.31x
Gross Margin		112.0%

Debt IN / OUT	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Construction Loan Debt Service beginning balano	-	834 568 810	911 941 806	1 064 397 133	1 440 687 143	1 640 159 559	-	-	-	-	-
Acquisiton loan Proceeds	806 931 409	-	-	-	-	-	-	-	-	-	-
Cosnstruction Loan Proceeds	-	22 092 434	93 414 621	297 552 970	102 679 637	-	-	-	-	-	-
Interest reserve	-	27 688 490	59 040 706	78 737 041	96 792 779	8 659 766	-	-	-	-	-
Financing cost	27 637 401	27 592 072	-	-	-	-	-	-	-	-	-
Repayment of Construction Loan	-	-	-	-	-	(1 648 819 325)	-	-	-	-	-
Cumulative Construction Loan Balance	834 568 810	911 941 806	1 064 397 133	1 440 687 143	1 640 159 559	-	-	-	-	-	-
Permanent Loan											
Loan Proceeds	-	-	-	-	-	1 627 846 515	-	-	-	-	-
Permanent Loan Debt Service	-	-	-	-	-	(102 222 267)	(102 222 267)	(102 222 267)	(102 222 267)	(102 222 267)	(102 222 267)
Permanent Loan Repayment	-	-	-	-	-	-	-	-	-	-	(1 532 570 078)
Total CF of Permanent loan	(806 931 409)	(22 092 434)	(93 414 621)	(297 552 970)	(102 679 637)	123 195 077	102 222 267	102 222 267	102 222 267	102 222 267	1 634 792 345
Levered Cash flow	(537 954 273)	(117 738 248)	(131 062 599)	67 794 065	97 462 584	4 582 757	30 716 334	36 034 669	41 515 375	47 163 399	2 031 083 349

Levered CF	$	1 569 597 412.91
Levered IRR		13.4%
Levered multiple		3.00x
Gross Margin		178.0%

Market Data:

Leasing Property	RBA	Leased SF	12M Vacancy	12Mo Net absorption SG
399 Park Ave	157 399	290 858	15.20%	283 346
437 Madison Ave	937 939	412 544	8.80%	47 930
Park Avenue Tower	619 631	78 532	10.50%	41 654
280 Park Ave	1 398 000	96 001	5.80%	30 690
The Crystal Pavillion	615 478	71 922	15.70%	17 639
Tower 570	450 622	28 196	10.30%	16 041
International Plaza	406 682	43 616	18.20%	12 005
Seagram Building	854 057	65 012	11.90%	9 147
400 Madison Ave	186 628	35 463	11.00%	8 206
The World Diamond Towe	157 399	63 463	2.30%	7 169
Tower 56	171 517	19 499	0.00%	4 228
485 Madison Ave	305 675	12 403	1.50%	-
Tower 52	395 000	34 451	4.40%	(235)
1350 Avenue of Americas	298 337	31 620	8.30%	(3 547)
767 Third Ave	305 256	21 375	7.40%	(4 390)
780 Third Ave	516 818	37 638	17.60%	12 242
575 Fifth Ave	513 740	105 988	41.10%	14 788

Sales Property	Year buildt	BLDG SF	Vacancy	Price	Price/sf	Cap rate
711 Fifthe Ave	1927	354 000	27.00%	$985 000 000	$2 782	4.8%
589 5th Ave	1954	184 000	0.00%	$365 230 991	$1 985	4.5%
540 Madison Ave	1970	283 715	8.30%	$310 300 888	$1 094	4.5%

666 FIFTH