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M.S. Real Estate Development Candidate, 2022

Capstone Dealbook
Capstone: Development Case Studies
Columbia University - GSAPP
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TENTH CROSSING

Investment Memorandum by
THREE POINT DEVELOPMENT, LLC

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Three Point Development is a for-purpose design and property development based out of New York City. The company embraces creativity, community, and broad partnerships to unlock the built environment's optimized economic, social, and political value. Three Point Development is a certified B Corporation and has successfully sponsored several ESG-funded developments in the US and Canada (made up).

EXECUTIVE SUMMARY

$22,228,185 Contribution	23.24% IRR
10yr Hold Period	5.64x EM

Tenth Crossing is a 147,500 RSF mixed-use, adaptive reuse development in the heart of East Village. It is located one block away from the popular 10.5-acre Tomkins Square Park, close to the intersection of East 10th street and Avenue A. The 90,570 GSF five-story existing building was built in 1904 and served as the former Public School 64 until the 1970s. The development vision is to renovate and convert the existing building into a unique and bespoke mixed-use facility with 41,370 RSF of retail space and 43,260 SF of residential "Lofts". A modern residential tower will be built above the existing structure, comprising 94 housing units of which 30% of the units are affordable housing. A key amenity will be a 18,300 SF Rooftop Park, providing desirable greenery with panoramic views of Manhattan. The existing property is highly distressed, presenting an opportunity for discounted acquisition price. The owner's inability to develop the site for 25 years derives from a lack of willingness to gain community support. This Ninth Crossing project vision completely rebrands the development to align it with community development goals. In doing so, it will unlock economic value in gaining permit approval and provide leverage for negotiating favorable terms in the upzoning process. When completed, this project will empower community advocates and the unique historical building will attract the creative class, a growing economic driver for the city.

We are a seeking 90% Limited Partner to enter into a JV agreement for a 10-year holding period. The project is estimated to produce an unlevered IRR of 9.5%. For the investor partner we estimate a levered IRR of 26.4% with an equity multiple 5.64x. The total development cost is $147.8M and we are seeking the LP's 90% equity contributions of $22,228,185 starting Fall of 2022. Hard costs assumptions are $425/SF for new construction, $240/SF for renovation, and $175/SF for the Rooftop Park. We are negotiating with conventional bank lenders from our network at JP Morgan Chase, Deutsche Bank, Citi and Wells Fargo to secure a 65% Loan-To-Cost construction loan. Permanent Loan refinancing at stabilization is estimated to be 30-year amortization, 6.5% fixed interest rate, 70% LTV, 1.2x DSCR, and a 5.0% cap rate valuation. Alternative funding sources allow for less Partnership Equity, which is 17% of the cost. These alternative funds include the Historic Preservation Tax Credit providing $6M or 4% of cost, as well as the Low-Income Housing Tax Credit providing $7M or 5% of cost. Revenue projections are within East Village comparable prices, with retail, restaurant, and beverage establishments assuming to bring in $145/RSF and the residential "Loft" space to bring in $85/RSF. Also per comparable properties, market rate residential units are expected to be $3,200 for studios, $3,500 for 1-Bedrooms and $5,900 for 2-Bedrooms. The Rooftop Park will be managed by a newly-formed Community Trust with an operating cost of $572,800 per year. The timeline for this 10-year holding period is 30 months of entitlement, 24 months of construction, 6-months of lease up, and additional 5-year of optimizing the stabilized property's tenant mix. A fully stabilized property with a vibrant and curated retail tenant mix will allow for exit at optimal operational performance and valuation. We estimate the property in 2032 to be valued at $220.5M at 5.5% exit cap rate, at which point we anticipate interest from institutional investors such as Tishman Speyer, MetLife, Camden Property Trust, Weidner Apartments, and Avalon Bay.

DEVE LOP MENT

CON CEPT

DEVELOPMENT CONCEPT

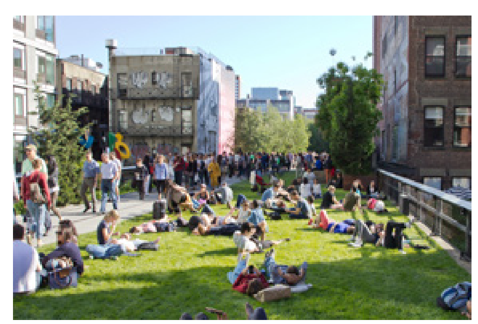
DEVELOPMENT VISION

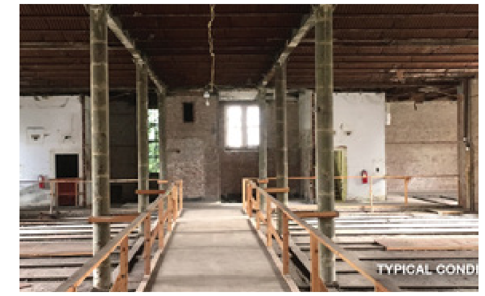
The project vision is to capture the growing creative class in New York City and create an environmental experience that genuinely resonate with East Village's eclectic, bohemian, gritty, niche, and nostalgic culture. The completed project will revitalize a unique historic building more than a hundred years old and provide an expansive Rooftop Park open to the public with panoramic views of Manhattan. A residential tower will contribute to the need for more housing in the East Village. The process will involve constructive and active engagement with community stakeholders for development support and build a sense of pride for those in the neighborhood.

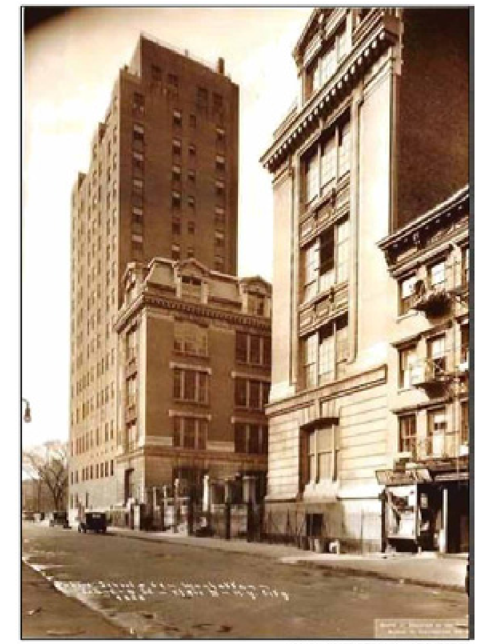
The final product will encompass a unique adaptive-reuse design, strong historic character, synergies of mixed-use spaces, affordable housing, a mission-driven Community Trust, a 18,300 SF Rooftop Park, lively food and beverage establishments, and "Loft" spaces rarely found in the East Village. Together, this project aims to create a cultural, social, and economic hub for this neighborhood as well as draw others from larger New York MSA.

PROGRAM HIGHLIGHT

- Unique Adaptive Reuse
- Mixed Use of Housing, Loft, Restaurants and Beverage establishments.
- Expansive Rooftop Park
- Target User: Creative Class





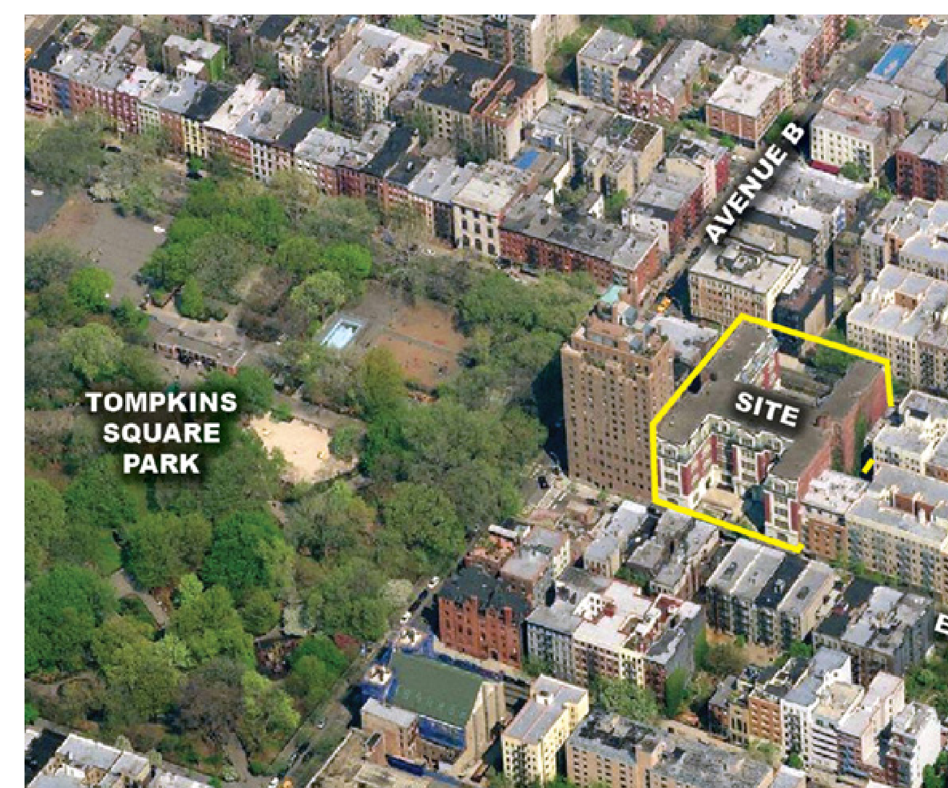


9TH STREET PHOTO - HISTORIC

UNIQUE PROPERTY

Very rarely do opportunities exist to acquire an asset in Downtown Manhattan with such architectural, historic, and cultural significance. The building is the former Public School 64 designed by C.B.J. Snyder and built in 1906. The French Renaissance Revival-style building was an educational and community. The distinctive "H-plan" provided two courtyards for children to play away from the streets, an innovative and successful concept at the time when much of New York City was crowded in dramatic increase in immigration. During a time when many tenement buildings in the East Village provided poor quality of life, the school classrooms boasted lots of natural light and ventilation, creating a humanistic learning environment. The context for investing in such civic buildings at the time was a general thinking that good architecture fosters noble citizens. Today, the same bones of the buildings are kept intact. The interiors have large windows and high ceilings—much desirable spatial qualities that remind us of industrial lofts popular in SoHo. The school closed in 1977 due to urban blight that spread throughout the neighborhood during New York City's economic crisis. The following year, the city allowed CHARAS, a local community group, to occupy the building in exchange for its maintenance, improvement, and safety. This group cared for the building for more than 20 years, using the space as a cultural and countercultural community center. The property was designated Landmark by the Historic Preservation Commission in 2006 for its architectural and cultural significance.

A successful revitalizing of a historical building and cultural treasure will resonate well with the creative class, a user group who are drawn to unique places rooted in strong cultural storytelling.

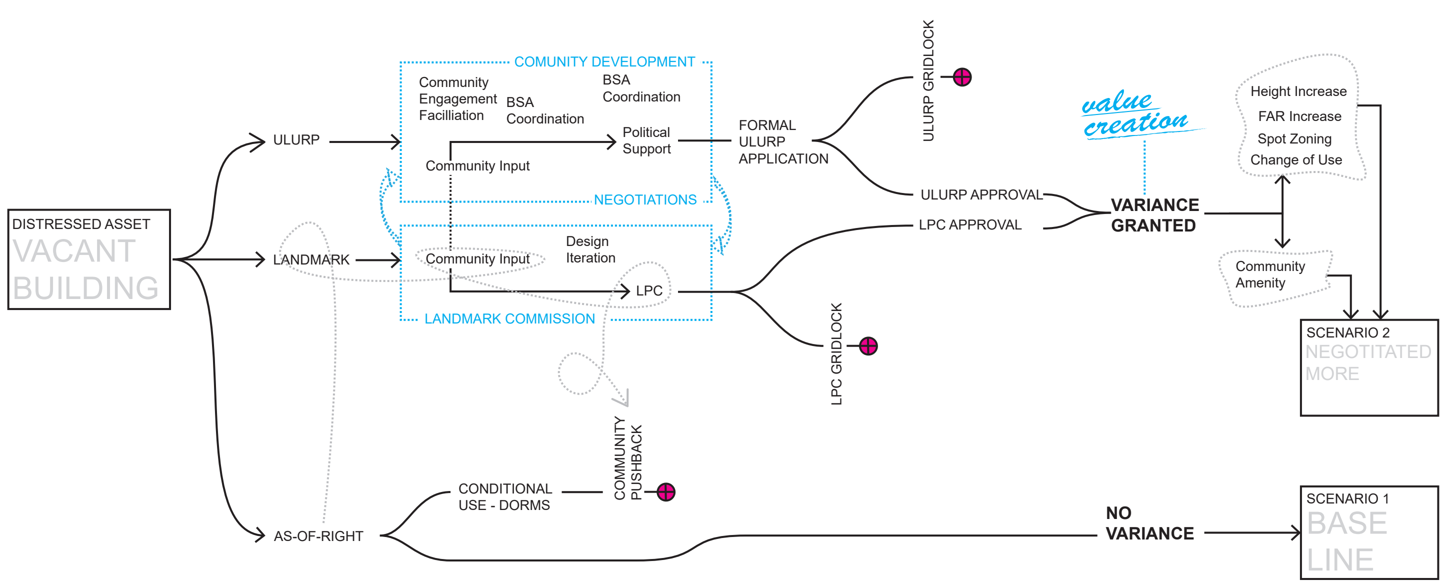


DISTRESSED OPPORTUNITY

The property currently in physical and financial distress. The owner has been unable to develop the property for more than 20 years, leaving it vacant and vulnerable to criticism. A strategic acquisition provides this project with an opportunity for a hugely discounted price.

In January 2022, New York State Supreme Court ruled in favor of Madison Realty Capital to foreclose on the property due to non-repayment. The owner and developer Gregg Singer borrowed $44 million from Madison in 2016 and he is quoted to have sunken $60M in the property so far, including $35 million in interest payment and $5 million in legal fees. He controversially acquired the property from the city at auction for $3.15 million in 1998. Singer unsuccessfully pursued several iterations of developments over the last 24 years of ownership, including replacing the building with a student dormitory tower and rehabilitating the existing structure.

The distress is largely political. Singer evicted the community group CHARAS soon after acquiring the property, but this community group have since protested to regain "ownership" of the property. Protests are still organized today, such as the one in February 14, 2022, and various community organizations advocate for the city to step in. Under then-Mayor De Blasio, the city claimed it was interested reacquiring the property and give it back to the community, but this was never realized. Frustrated, Singer unsuccessfully sued the city for allegedly blocking development on the property. Given the court's ruling to move forward with foreclosure, it is very likely both Singer and Madison feel stuck with the financial liability of an undevelopable property.

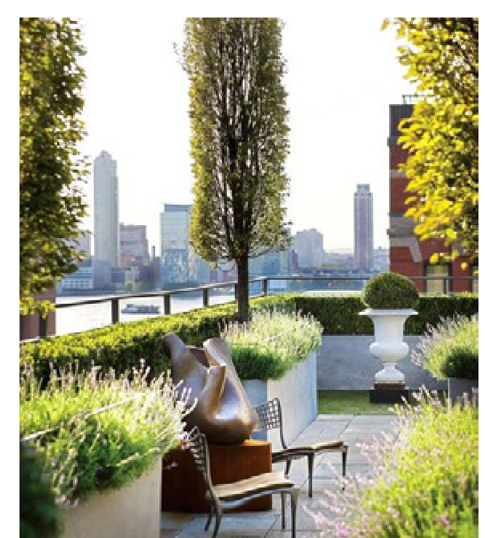


COMMUNITY DEVELOPMENT STRATEGY

In contrast to the existing distress, Ninth Crossing is a project that rebrands itself as a community development endeavor with an outcome of property development. In doing so, we believe the true potential in social, physical, and economic value will be unlocked. This project will prioritize engaging with the community, hosting quarterly town hall meetings to listen to community concerns, interests, and motivations. This project will work behind the scenes with key stakeholders to solidify a path of least resistance in the entitlement process. This project budgets 30 months of active community engagement before assuming any construction will take place. Optics of Three Point Development as a B-Corporation will have a positive impression and our experienced in-house team will cultivate strong hand-on trust from the community stakeholders while incorporating best-in-class consultants in public relations and planning industries.

The current strategy is to provide the community with a sense of ownership of space through a new, $23M public Rooftop Park that also includes community facility spaces. East Village is known for its many community gardens so we believe a Rooftop Park with community gardens will resonate well with locals. In addition, a newly formed Community Trust run by community stakeholders will serve as stewards for the Rooftop Park. The Community Trust's operating costs of $500,000 per year include programs and events in addition to grounds maintenance, which will all be funded by the residential and commercial portions of this project. The specific scope and cost structure for this community benefit will adapt according to how the various community engagement discussions go, but we believe budgeting this amount of time and resources will win the trust and collaboration needed for the project to move forward.

In exchange for the project's community benefit, we will negotiate aa favorable zoning variance that will increase the property's economic and social value. It is inevitable that rezoning will be required because the existing building is built taller that what is allowed in the current zoning for the site. Community stakeholder support will act as leverage during the ULURP process as we seek to rezone the site from R8B to R8A with a commercial overlay. This rezoning unlocks tremendous value, going from 4.0 FAR, or 110,700 buildable SF, to 7.2 FAR, or 199,300 buildable SF. Gaining community support will also sway decisions made at the Landmarks Preservation Commission, which this project requires approval from due to its Landmarked status.

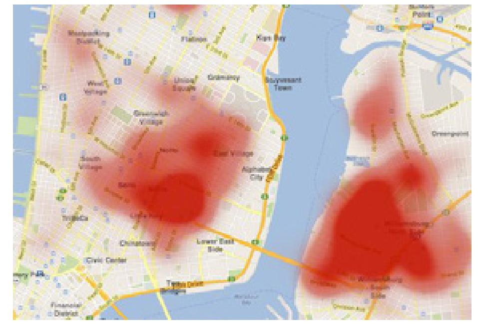


ROOFTOP PARK AS A MULTI-PRONGED AMENITY

The proposed Rooftop Park serves as a key link in bringing community ownership and approval into this development. In addition, the Rooftop Park serves the other components of the development project as a desirable amenity for visitors going to the retail establishments and the residents living in the development project. This subjective desirability is not priced into our financial models, but it is intuitive to believe there is value associated with developments with such a unique and dramatic green space. This proposal keeps in line with comparable rent prices in the East Village, but we are also aware of the long-term upside potential that these subjective and desirable amenities provide.

NEIGHBORHOOD CONTEXT
EAST VILLAGE

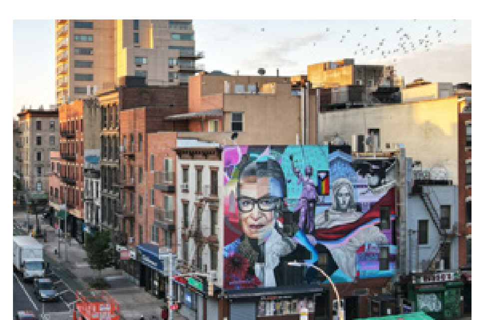
CONTEXT
Located in Lower Manhattan, East Village is a vibrant neighborhood known for its lively night life and bohemian-inspired energy. While many parts of Manhattan experienced gentrification and major redevelopments, East Village maintains an older neighborhood with century-old brownstones buildings, indie culture, and an eclectic array of tiny restaurants, bars, and unique stores. Hundreds of food and beverage establishments, along with music theaters, vintage stores, and tattoo parlors, draw New Yorkers to the East Village.

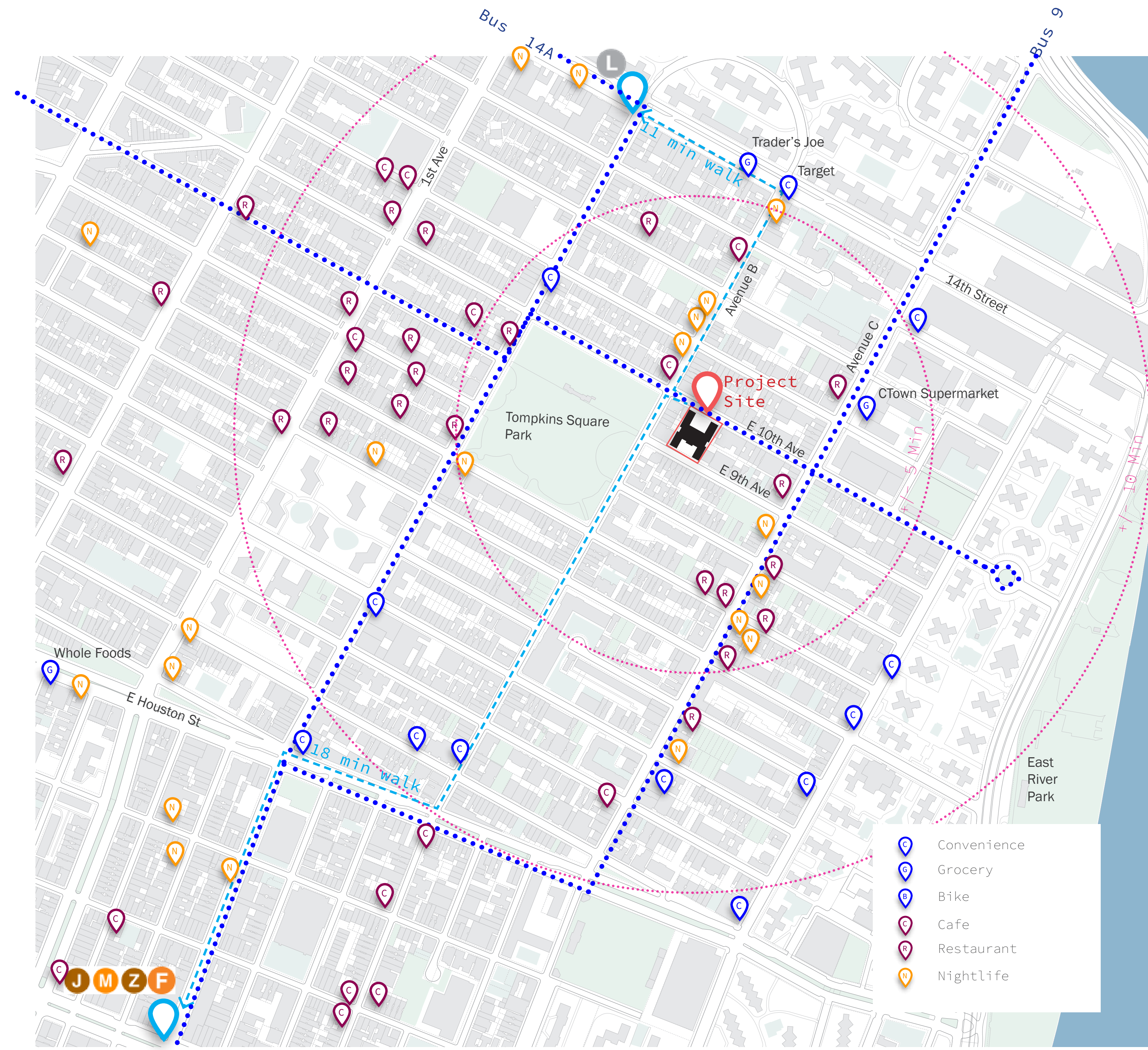


FOOD AND BEVERAGE HUB
The distinctive food and beverage industry in the East Village can be demonstrated by the 'hipster-ness heatmap' made by Yelp in 2013. Establishments were identified by the frequency of comment reviews with the keyword 'hipster'. The heatmap illustrates the density of hipster establishments in the East Village that bleeds south towards the Lower East Side. While Williamsburg's hipster-ness is well known and represented, the East Village is clearly and quantifiably Manhattan's center of hipster establishments, bringing visitors from all over New York City as well as tourists.

COMMUNITY GARDEN AND PARKS
Many public parks and community gardens in the East Village provide an attractive escape from the busy streets Manhattan. The 10.5-acre Thompkins Square Park brings delightful greenery to three-city block area in the center of East Village. A broad range of groups enjoy the playgrounds, basketball courts, a dog park and large lawn area. Many outdoor performances and programs also attract visitors from throughout New York City. East Village also leads all of New York City neighborhoods in the highest concentration of community gardens. The public parks and community gardens illustrate fundamental strength in the urban fabric being able to provide good quality of life. The community gardens also highlight the community's strong sense of ownership in caring for public spaces.

CULTURAL IDENTITY
Starting in the 1960s, East Village started to emerge as a cultural brand and counterculture hub, bringing and incubating some of the most influential artists, musicians, writers, and cultural revolutionaries that defined generations. Allen Ginsberg, Keith Harring, Madonna, Jack Kerouac, Charlie Parker, Lou Reed, and Andy Warhol are a some of many iconic cultural individuals who lived and thrived in the East Village. Throughout the 1970s and 1980s, punk rock and New Wave music venues in the East Village were world-renown. The gritty, indie, activist and alternative era started to wane in 1990s in parallel with Manhattan's general gentrification. Yet, a romantically nostalgic connection still connects the past as residents, cafes, restaurants, and bars still express strong bohemian, eclectic and countercultural vibes.

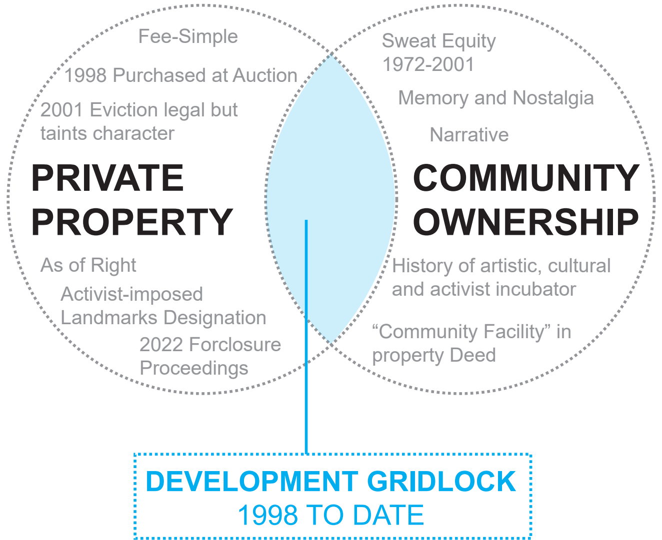




UPSIDE POTENTIAL
A new zoning initiative for more equitable development was launch in April 2022 and the East Village is uniquely identified as having very high "displacement risk". While this puts on more regulatory requirements for development, it also means the East Village properties will likely experience strong long-term appreciation.

This equity data makes sense when looking at East Village in context to the broader New York City development over the past two decades. Much of Manhattan and desirable parts of Brooklyn have been developed already, and places such as East Village, along with East Harlem and Bushwick, are naturally next in line as attractive submarkets within reasonable geographic access to employment and networks in the city center of Manhattan. While this displacement risk has been identified and published by NYC HPD, East Village has yet to experience booming neighborhood-wide developments compared to other neighborhoods in New York City. This lag in development may have been due to subway station access, which is 10-to-20-minute walking distance. Submarkets such as Chelsea, Dumbo, Williamsburg, Hudson Yards and Long Island City demonstrate how powerful New York City property market forces can concentrate in a neighborhood. Investing in East Village today may, and likely will, lock in future gains when and if the neighborhood becomes the next focal point of New York City development, investment, and herd-mentality.

COM MU NITY DEV LOP MENT



Late 1800s / Early 1900s: Immigrant Population Boom
A population boom from multiple waves of immigrants moving into the neighborhood thread the history of East Village. German, Ashkanazi Jewish, Polish, Ukrainian and Latin communities have centered around this neighborhood at various times in history. In part to manage the rapid rise in population and seeing poor living conditions in tenement buildings in this area, the New York State Tenement House Act was pass in 1901 to regulate living conditions.

1930s: Decline in population
The East Village population started to decline during the Great Depression. While other neighborhoods benefited from subway expansions, public investment in East Village declined and much of the neighborhood was left blighted.

1970s: Artistic Prominence
Beatnik, Activist and Hippie generations migrated to the East Village, priced out of Greenwich Village and attracted to more space and cheap rent. This counterculture community brought artists, musicians, writers, political activists, environmentalists and the like. During the NYC financial crisis, many "squatters" struck deals with the City to occupy abandoned public buildings in exchange for sweat equity.

This era branded East Village as an informal cultural center of the world, with residents including Allen Ginsberg, Basquiat, Philip Glass, Lady Gaga, Keith Harring, and Madonna to name a few.

1990s: Gentrification
While crime was still prevalent, young professionals who could pay higher rent prices started to displace the artistic community to other cheaper areas in New York such as Williamsburg, Brooklyn.

2000s: Preservation and Decrease in Crime
In 2012, many areas in the East Village were designated Historic Districts by the Landmark Preservation Commission

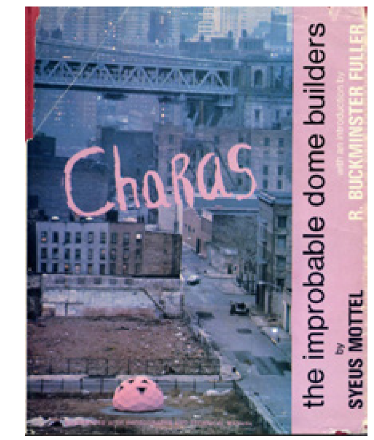
The subject site P.S. 64 was designated Landmarked status in 2006.

The adjacent building "Christadora House" was listed on the National Register of Historic Places in 1986.

Crime decreased 73% between 1990 and 2021, with murder decreasing a whooping 87% (NYPD)

1900 1920 1940 1960 1980 1990 2020 TODAY

COMMUNITY DEVELOPMENT



BACKGROUND: CHARAS NOSTALGIA

Unlocking the development gridlock requires thoughtful understanding the context behind vocal community activists working against the current owner. CHARAS occupied the former PS64 building, naming the building "El Bohio", between 1978 and 2001. During the 1970s and 1980s, counterculture communities thrived around the word. El Bohio served as a dynamic hub for this counterculture in the east Village, coalescing all things spanning political activism, progressing thinking, avant-garde art, and environmentalism. CHARAS members connected with Buckminster Fuller, created recycling centers, created the Adopt-a-Building program, housed a zine library, and published a magazine.

More than 20 years after CHARAS's eviction, their legacy exists. A handmade zine Viva El Bohio: A brief History of the CHARAS Community Center, published in December 2021, can be found at the Museum of Reclaimed urban Space. In it, the author claims:

> *"More detrimental than the potential absence of the building itself, is the continued void of ideas, energy and change which once bounded endlessly from its various rooms, through its hallways, and poured down from its courtyards and steps, out into the streets. And for the past two decades, the community has found itself forced to unwillingly accept the twenty years of nothing produced from the structure."* (pg 9).

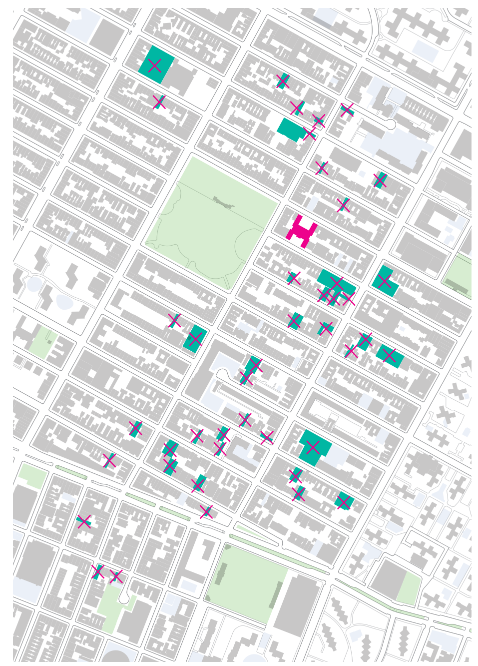
This development proposal intends to unpack the unresolved community trauma through listening, empathizing, and finding constructive modern solutions.

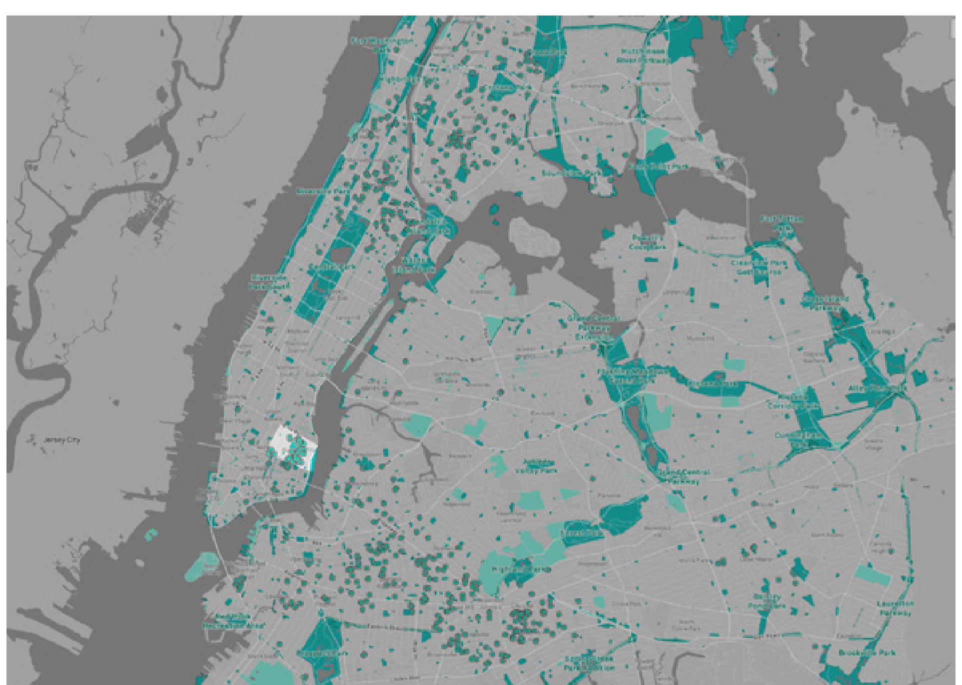
MODERN SOLUTIONS

The CHARAS group is not currently active and many of its original members have more on A few are still active, seeking to revive its community impact but, realistically, replicating the past is not a convincing strategy for productive community impact. In other words, we seek to find a modern solution that reflects the current vision of the community. Creating a Community Trust is our strategy to empower the community to explore and define its own mission. Key sentiments narrated and felt by the community activists is the longing and nostalgia for "ideas, energy and change." Defining our target user as the Creative Class is in part responsive to this community comment.

COMMUNITY OWNERSHIP

The high density of community gardens illustrates an example of how powerful community ownership survives throughout the decades. In the mid-1970s, the city was in a financial crisis while also trying to manage 10,000 acres of blighted vacant land. East Village, being one of the rougher neighborhoods, experienced significant public disinvestment and many buildings were vacant and foreclosed. Urban neglect led to a grassroots movement of squatters, homesteaders and locals occupying abandoned buildings and vacant land. Formalities on the use of public property ranged from those established legally through a lease to those conducted informally. A typical formal agreement was for Housing Preservation and Development (HPD) agency to provide a building or land to a community group for $1 a month on a 5 or 10-year lease. Of note is the considerable sweat equity invested by community volunteers to rehabilitate these buildings and vacant lands. By fixing buildings, planting gardens and occupying blighted spaces, vandalism decreased, and the neighborhood became more desirable. Despite significant increase in property values from the 1990s to today, community gardens are still well taken care of and remain a strong part of the past and present character of the East Village.





PARTNERS

We have identified key community stakeholders to work closely with the community development process.

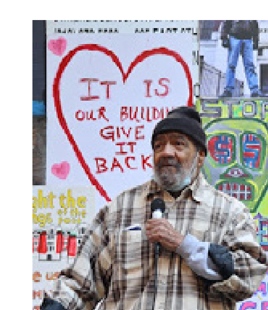
The legacy activists around the CHARAS group is led by the co-founder Chino Garcia, who is still a resident of the Lower East Side and active with the arts and education in the area. Former council member Rosie Mendez was heavily involved in trying to get the city reclaim the property. She lives 2 blocks from the property and is quoted in the New York Times that the former PS64 was a melancholic project left unfinished in her political career. As a community leader, an endorsement from Chino Garcia or Rosie Mendez would be one of the strongest positions this development can achieve and garner a ripple effect of other support from the community.

Political stakeholders include those in Community Board 3, including Paul Rangel, Board Chair, and Susan Stetzer, District Manager, as well as all 48 members of the Board. Support from the community board will help secure support from higher level council members including Mark Levin, Manhattan Borough President and Carlina Rivera, District 2 City Council Member.

Local community groups to secure endorsements include GOLES, a non-profit supporting various quality of life activities around the Lower East Side and the East Villages such as parks and the waterfront. In addition, the Loisaida Inc, led by Artistic Director Alejandro Torres, supports Latin American communities through initiatives that support the youth, employment, arts, and entrepreneurship.

The Village Preservation will be a key stakeholder to win the approval from the Landmarks Preservation Commission. The organization is run by Executive Director Andrew Berman.

- Other potential community partners identified include:
- Museum of Reclaimed Urban Space
- GrowNYC, a non-profit that provides resources for 150 community gardens in NYC
- Green Guerillas
- Groundswell NYC, a group that supports youth in the arts
- New York City Council on the Arts
- Preservation League of New York State.
- Times Up, an environmentalist organization local sustainable change and bikes.
- LxNY Latinx Arts Consortium of New York



ENTITLEMENT

ZONING

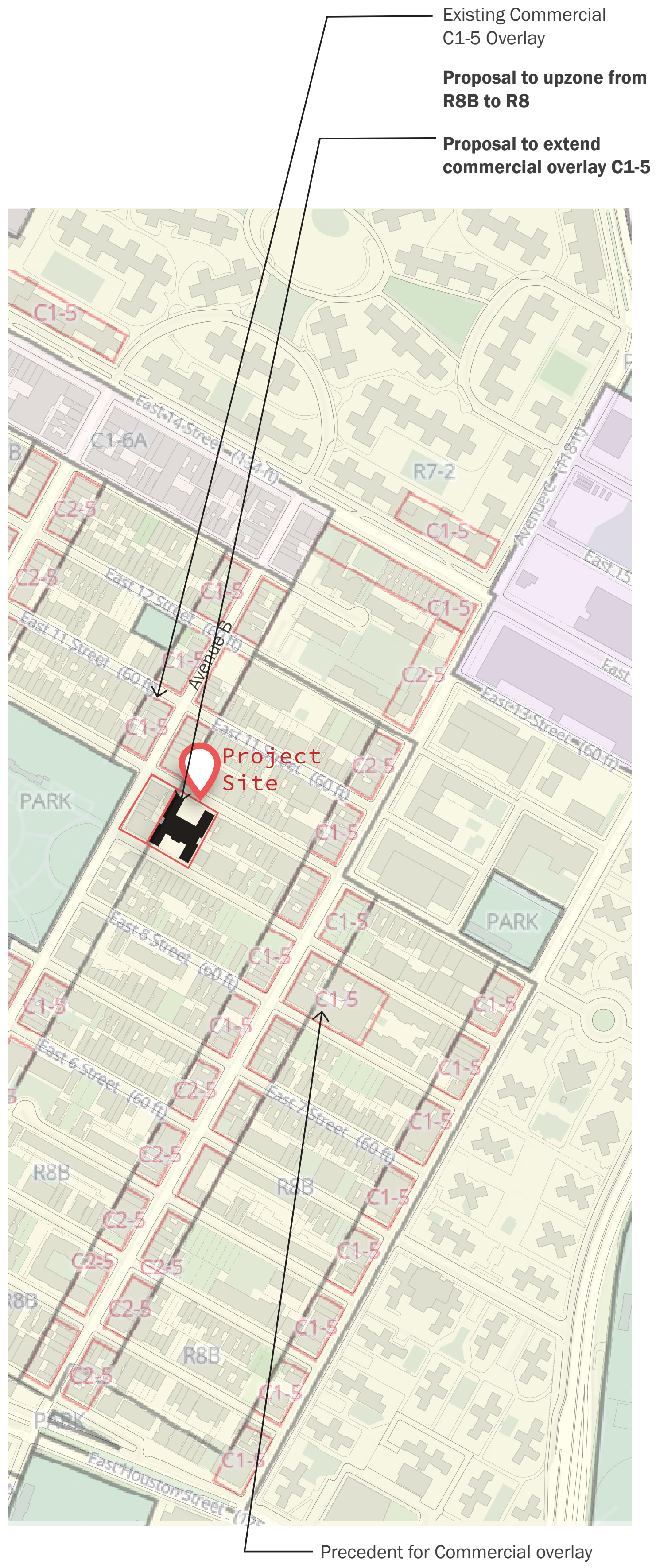
The ULURP process is highly political. We are invested in 30 months of community engagement before starting the ULURP process to gain community support, which serve as our main leverage in swaying the outcome of ULURP. At that time, we intend to request for an upzone for the size to accommodate the development vision and provide community benefits while staying consistent with the neighborhood's zoning context. The rezoning request includes a change in the zoning as well as an extension of a commercial overlay.

Upzone from R8B to R8A:
This provides an increase of FAR from 4.0 to 7.2, bringing the total allowable building area to 199,303 SF and raising the maximum height to 140 feet. The case to rezone is a reasonable request because of the following reasons:

- The building height exceeds the maximum allowable (90 ft?) is per the current R8B zoning. Being a land-marked building and an important community asset, it is reasonable to request the zoning accommodate by changing it to one that works.
- There are precedents for small areas with R8A zon-ing next to R8B around East Village. It's purpose is to produce housing 10 to 14 stories high. The communi-ty council 3 has identified affordable housing as one of the top three priorities, so upzoning to R8A follows this priority.
- This upzone significantly increases the allowable building area to make the project feasible. Much of affordable requires the land housing Nearly doubling the allowable are a

Extending the C1-5 commercial overlay to the site:
The proposal extends the boundary of the commercial overlay from Avenue A. Without it, only residential use is allowed. The case to extend the commercial overlay are as follows:

- There is a precedent for such extension on Avenue B between East 8th and East 9th Street.
- The facility needs to be zone for commercial activity if any community groups want to use the facility as a community center.



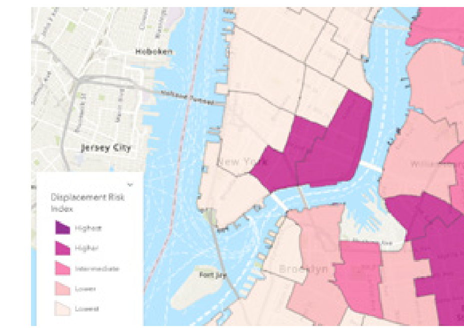
HISTORIC PRESERVATION

The Village Preservation, a group who succeeded in designating the building Landmark in 2006, advocates for preserving buildings in Greenwich, Soho and the East Village. The organization is run by Executive Director Andrew Berman. They will be perhaps the most challenging and complex to gain support from, but because this building's designation came from its cultural event-based historical significance, an argument can be made that if those community groups support the development the Village Preservation will have less leverage to oppose development given the alternative is its continued vacancy. It should be noted that the Vice-Chair of the Village Preservation is an architect from BBB, and we think our sensitive design will respond well to someone with an architectural background.

This development proposes building an architecturally sensitive tower on top of the landmarked building will provide a unique cultural hub for visitors and residents of East Village to appreciate a modern use of the historic treasure.

EQUITY: DISPLACEMENT RISK INDEX

The intent of the NYC Equitable Development Data Tool is for new developments going through ULURP to specifically respond to its submarket-specific equitable issues through an Equity Report, which is released publicly and sets the framework during community council discussions. Our development strategy is inherently based on community development, but we are aware of this new layer of regulation to meet. The following is our proposal that addresses the Displacement Risk as well as its impact on the project as an investment.



COMMUNITY DEVELOPMENT STRATEGIES TO ADDRESS EQUITY	IMPACT ON INVESTMENT
30% of housing units will be affordable housing for those within 50% Area Median Income (28 units)	This benefits the development in allowing for 35-year 521a NYC property tax abatement. This benefit is a step up from the $6M raised in Low-Income Housing Tax Credit from the federal government.
Create a public $23M, 28,000 SF Rooftop Park that will include community gardens	This outdoor park is a shared amenity between the public users, residential tenants, and retail tenants.
Annual commitment of $500,000 to the Community Trust, an independent 501c3 non-profit entity who will manage the Rooftop Park and provide vibrant programming to activate the space. Ideas for programming include BBQ festivals, ice sculpture fairs, temporary art commissions, counter-culture fashion shows, comedy shows among creative proposals.	The 'commitment' costs is 10% of total Operational Expenses, a reasonable amount for the shared benefit it provides residents and commercial tenants.
Support creative entrepreneurial retail stores through three-year rent abatement and retail profit-sharing lease model.	This is priced into the financial model with 15% vacancy for retail spaces. The program will be based on applications and approved for growth companies with viable business plans that will be realized within 3 years. If tenants are unable to produce profit, lease terms to outline non-monetary commitment (products or services) will augment financial obligations.
During the 30 month of budgeted entitlement process, we will host quarterly community engagement town hall meetings that actively involve stakeholders. As backup, we will also get consultation advice from best-in-class facilitators such as MJP Public Works, James Lima Planning + Development or HR&A Advisors	Entitlement community engagement budget is $4.8M which includes our in-house overhead, community outreach consultants, legal, PR, and venue.

ARCHI
TECT
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SIS

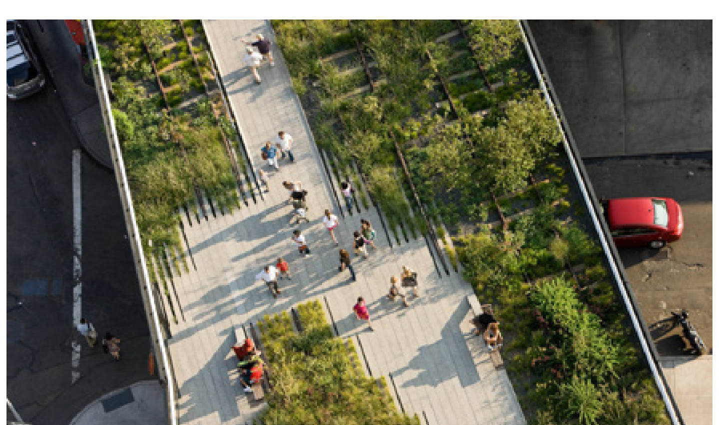
ARCHITECTURAL SYNOPSIS

The project embodies the development vision to foster a sense of community ownership, architectural preservation and support the creative class.

Drawing from inspiration of East Village's many community gardens and parks, the design provides a grand staircase to invite the public to a lush rooftop park on the 6th level. This vertical experience is dotted with several landings with clusters of retail, food, and beverage establishments. The design of the rooftop park will be collaboratively developed with the Community Trust and its various stakeholders to ensure there is strong community ownership of the process, outcome and means of future maintenance. The attraction for elevated greenery is demonstrated in the High Line in Chelsea, which among other things, spurred a boom in visitors to the area and changed the neighborhood in a decade. The High Line is now a destination, overcoming a challenge that the area is not very well served by subways, similar to the challenge of this project's location. The destiny of the Community Trust is yet to be clearly defined, but this project will learn from the energy behind Friends of the Highline successfully achieving community and economic benefits together.

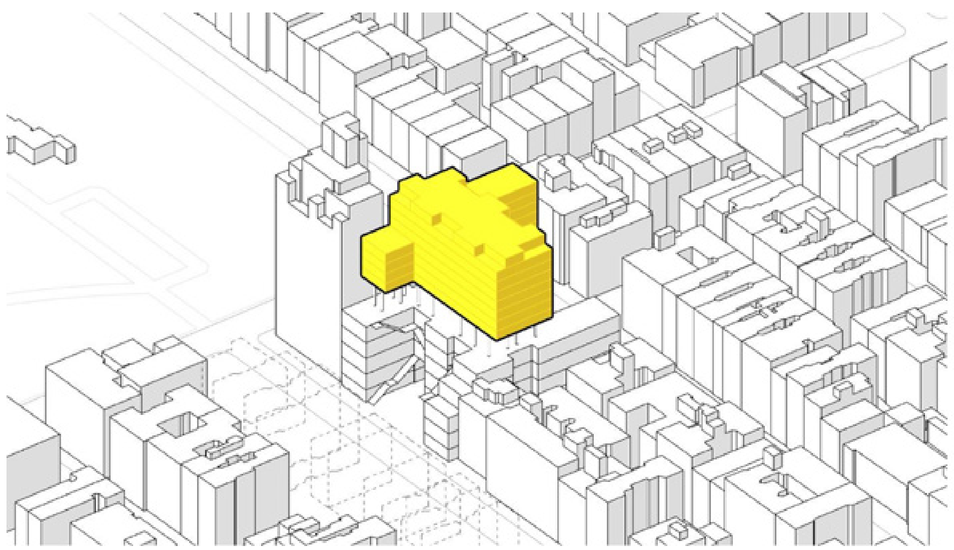
The project's approach to preserving the building is to make only necessary adaptations that significantly add value to the use of space. There are many precedents of adaptive reuse of historic buildings in New York City as well as around the world. By adapting buildings for modern use, it brings awareness and appreciation for historic properties. Without some kind of modification, properties would continue to be underutilized and be economically unfeasible to operate, sometimes forcing owners to demolish them. For the original former PS64 portion of the building, the exterior façade is delicately cut out where needed to add transparency and movement of people through the space. In response to the 40 feet public easement that connects East 10th Street and east 9th Street, two accessways cuts through the building. The landings for the exterior stair provide opportunity for visitors to enter the building at various heights and enjoy the retail, food, and beverage establishments along the way up the vertical journey up to the Rooftop Park. A residential tower is added above the Rooftop Park that is architecturally modern and minimal, elegantly serving as a backdrop in contrast with the historic portion of the building at the base. These elements are intended to come together complementing the original historic character of the building.

The creative class are attractive to places with such amenities such as a Rooftop Park and places that have unique architectural character. This knowledge and innovation-based community benefits from community interactions, casual street life culture, and neighborhood cafes that Tenth Crossing will offer in its mixed-use of spaces.



BUILDING COMPONENTS

The original portion of the building is split into 43,600 SF Lofts and 41,400 SF Retail. Additional structure is added to support the 28,000 SF Rooftop Park. The Park provides visitors panoramic views around Manhattan and the East River. Above the Rooftop Park is an 8-story 62,000 SF residential block with 30% affordable housing. Sufficient light will penetrate the park due to the narrow wings and 30-foot high columns.



RESIDENTIAL

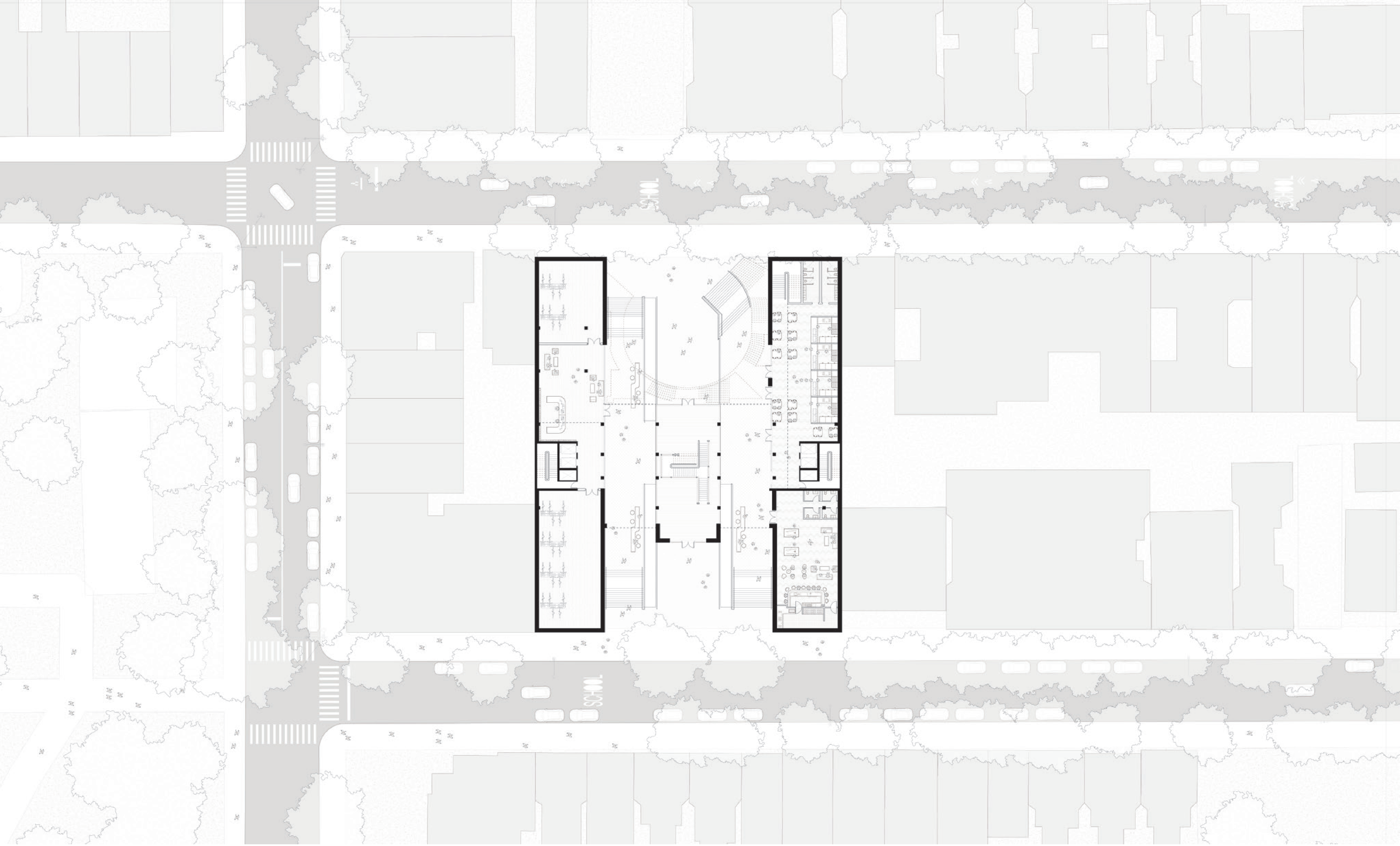
The residential towner incorporates modern and efficient layouts with a focus on daylight. There will be a total of 89-units, with 33 units that are 1-Bedroom, 37 units that are 1-Bedrooms, 14 units that are 2-bedrooms and 4 units that are 3-Bedrooms. 20% of the housing units will be affordable housing at 50% AMI, however, there will be no distinction between the affordable and market rate units. Minimal finishes, premium appliances and decorative light fixtures allows these units to be marketed as luxury rentals. To streamline construction and costs, each floor has near-identical floor plans. Residential amenities a hotel-inspired lobby with a doorman, a gym, workspace, and it's own residential rooftop with a BBQ grill area.

RETAIL

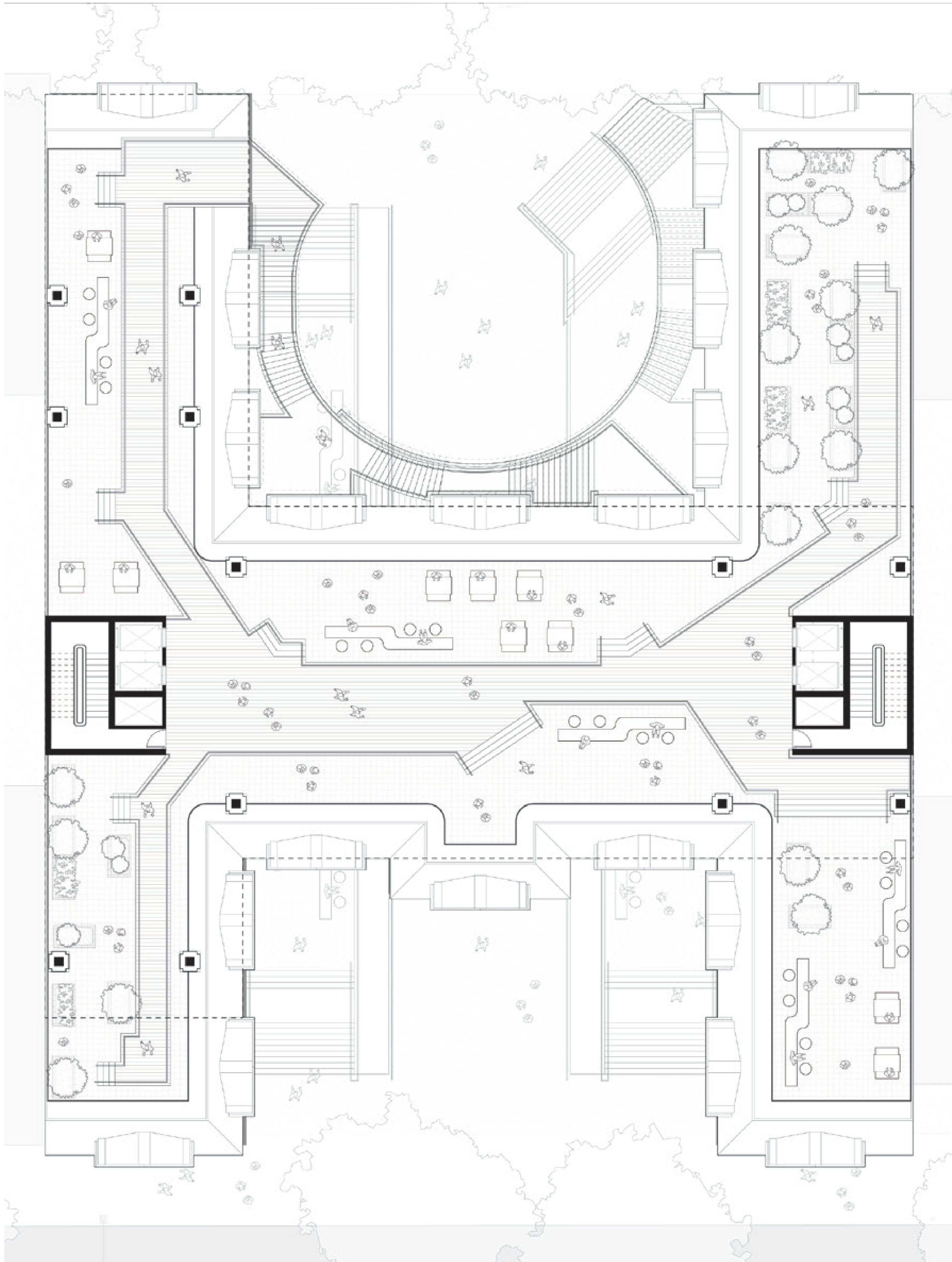
The 41,400 SF retail space is located in clusters throughout the building, following the main stairway circulation landing spaces and the ground floor breezeway. Retail spaces will benefit from foot traffic to the Rooftop Park. Much like the rest of East Village, retail will be a mix of small stores, restaurants, and food and beverage establishments. Providing small spaces allows for entrepreneurial retail owners to enter the market with a lower initial investment while also establishing a charming and cozy environment that East Village is known for. The project will secure niche, experimental, and creative bar and restaurant businesses from diverse cultural backgrounds, such as Oaxacan cocktail bars, Japanese ramen spots, Momofuku, Magnolia Bakery, Joe's Coffee, Sugar Hill Creamery, a local brewery pub, and others. The project will also secure retail stores that respond to the creative class, such as Warby Parker, The RealReal, Muji, and Kate Spade as well as independent retail stores that sell vintage clothes, designer furniture and artisanal goods.

LOFTS

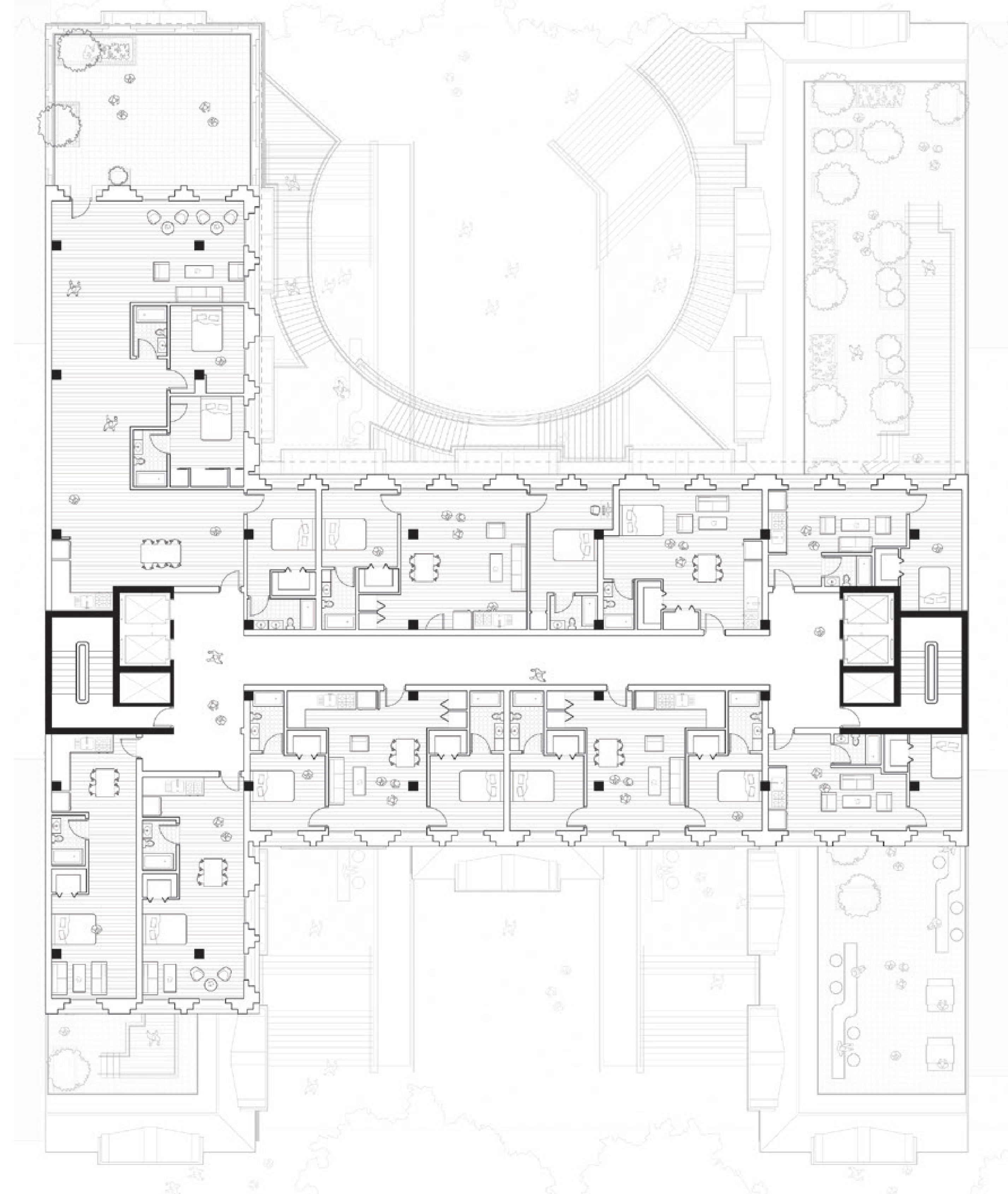
The Lofts embrace the 15-foot ceilings and large windows of the original building. East Village does not have many large open spaces like this, so we anticipate strong demand for bohemian, creative spaces like this that blur the boundary of live, work and play. The units will be minimally configured except for the kitchen, bathroom, and lofted area. This allows for maximum flexibility for tenants to decide how to lay out the space and unit types to follow market demand. Tenants will have an option to choose a 1-bedroom or 2-bedroom model plan configuration, which we will build out and add the cost to the rent spread out over the lease term.



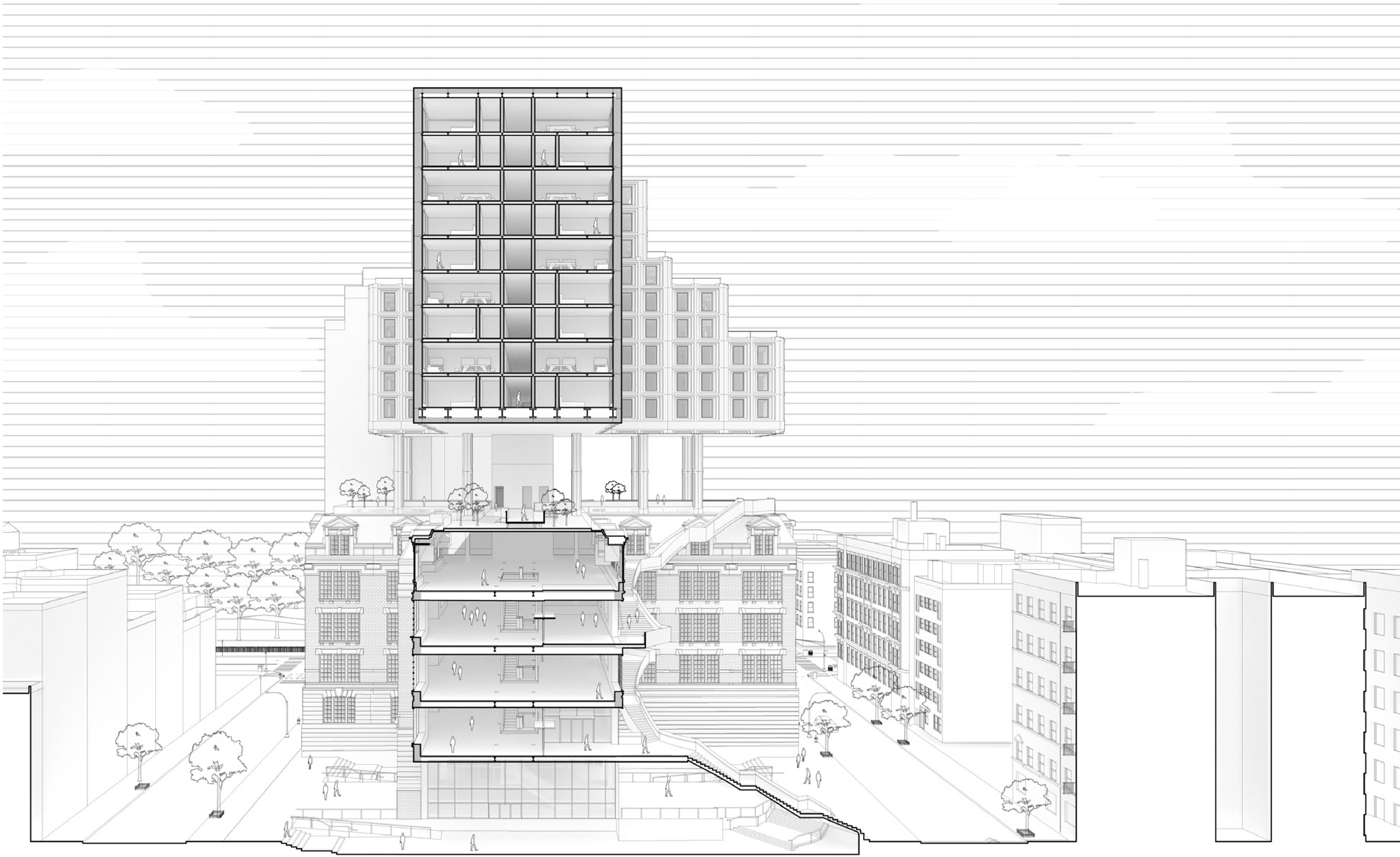
SITE PLAN



ROOF PARK PLAN



RESIDENTIAL LEVEL PLAN



SECTION PERSPECTIVE

PERSPECTIVE FROM EAST 10TH STREET

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MARKET ANALYSIS

DEMOGRAPHIC HIGHLIGHTS

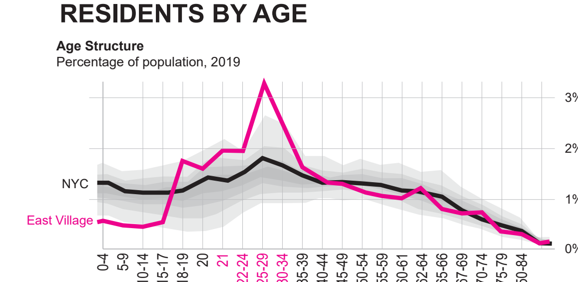
- UNMARRIED, YOUNG, EDUCATED, AFFLUENT
- CREATIVE CLASS SECTORS: PROFESSIONAL, INFORMATION TECHNOLOGY, FINANCE AND INSURANCE, ENTERTAINMENT AND ARTS
- TREND IS AN INCREASE OF 25- TO 34-YEAR-OLDS
- RENTERS 84.14%

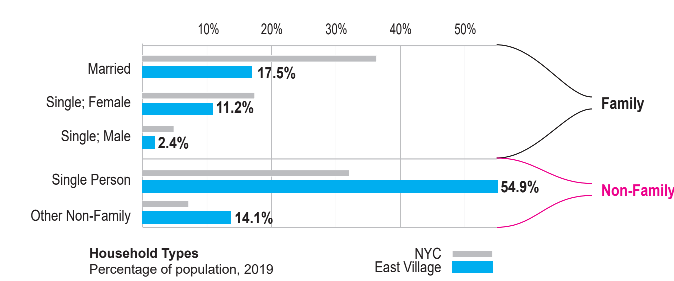
DEMOGRAPHIC ANALYSIS

There is broad socio-economic diversity within East Village. The polarizing distribution of median income is one example where there is a large proportion of households making less than $30,000 per year as well as a large group making more than $200,000 per year. This means median income only illustrates a simplistic picture of the East Village demographics.

This project also analyzes census level geographic diversity to understand demographic data surrounding the site. Data from the five census blocks around the project site shows that the area within 5-minute walking distance of the project site is more affluent and younger than East Village as a whole. These five census tracts report a median household income of $68,791 per year, which is more than the $57,104 for East Village overall, but still less than $82,459 for Manhattan. 22% of households in these census tracts make more than $150,000 per year, which is more than the 16.6% for East Village. The average age is 33.1 years old, which is notably younger than Manhattan's average age of 37.3 years old. Data also indicate that when compared to Manhattan, a significantly large number of residents fall within the age group of 25- to 34-year-olds, making up 31% of the population in the East Village versus 22 % in Manhattan. Unmarried, single households make up 55% hold households in the East village, significantly higher than Manhattan's 31%.

RESIDENTS BY AGE



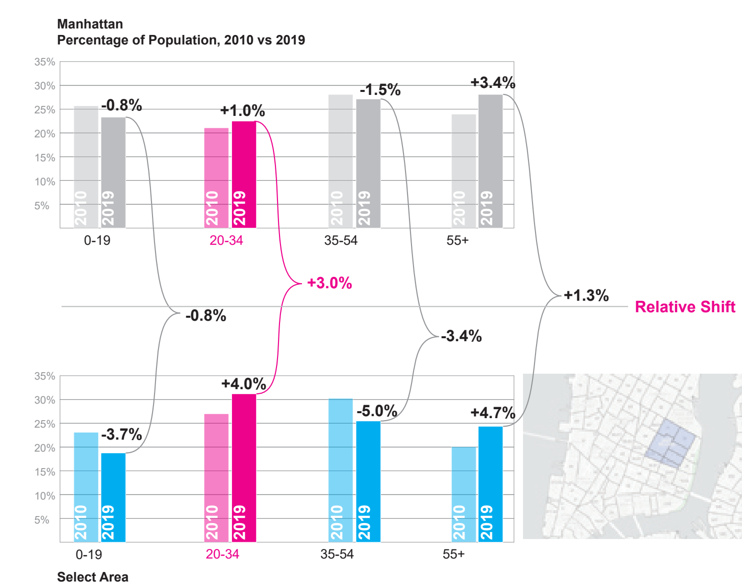


TRENDS

East Village is trending to attract and retain New Yorkers 25 to 34 years old.

Between 2010 and 2019, the East Village submarket as well as the five census tracts surrounding the project site experienced a proportional shift in age groups. The proportion of residents 25 to 34 years old increased by 4%, and those 55+ years old increased by 4.7%. The growth came out of the decrease of 5.0% for residents 35 to 54, and a decrease of 3.7% for those younger than 24 years old. Comparing these figures to Manhattan across this timeframe allows to control external variables, such as Americans living longer in general or having less children. Thus, in relative terms controlling for Manhattan-wide trends, the key conclusion to make is that East Village experienced a relative submarket-specific increase of 3.0% in the proportion of residents 25 to 34 years old, in lieu of a decrease of 3.4% in the proportion of residents 35 to 54. To a lesser extent the same relative submarket-specific shift occurred for residents less than 24 years old with a decrease of 0.8%, and for those 55+ with an increase of 1.3%

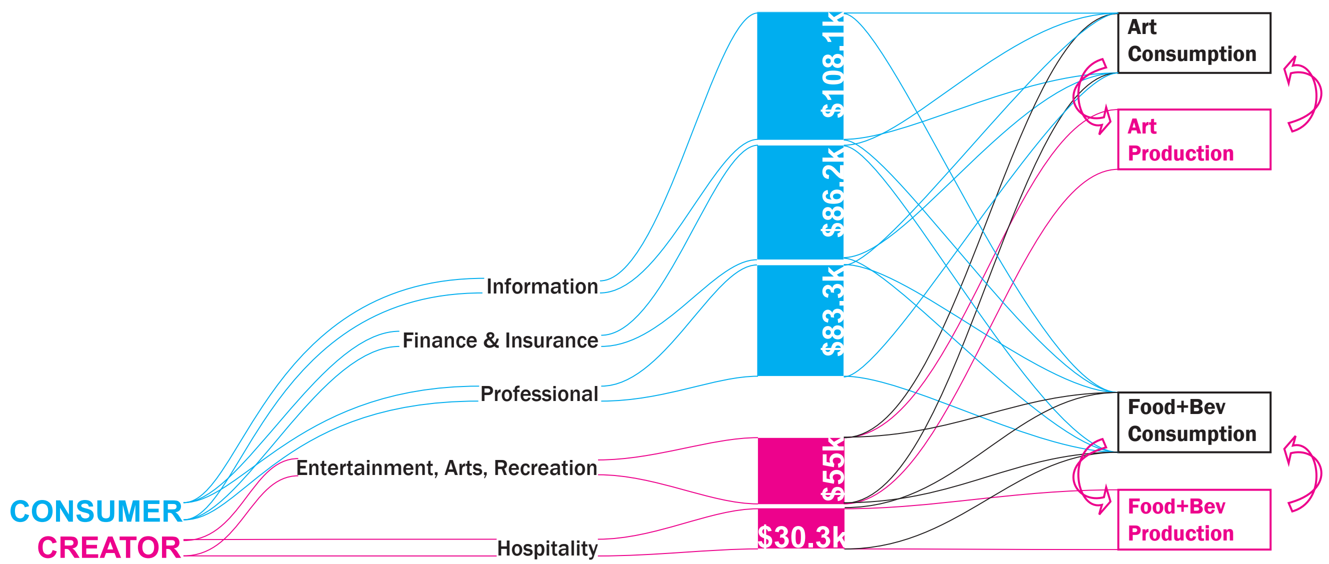
SHIFTING DEMOGRAPHIC

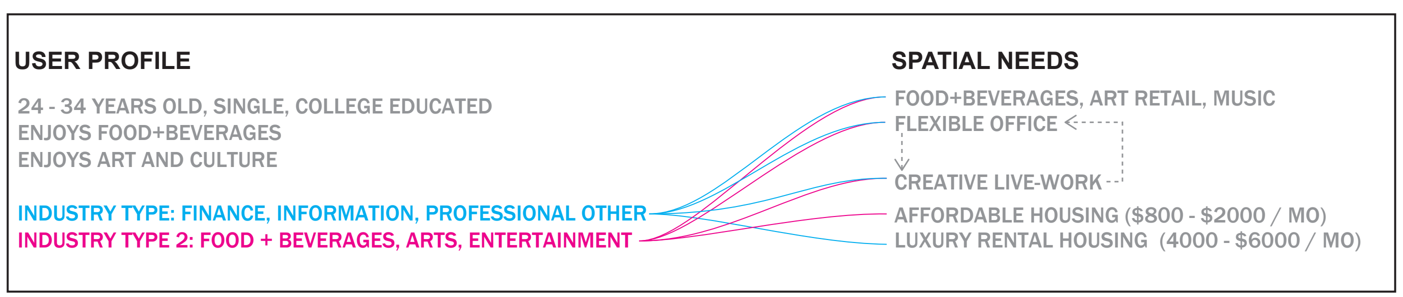


EMPLOYMENT

Data also highlight East Village residents are well educated with many white-collar employment professionals. Educational attainment is similar to Manhattan with 58.3% of residents having a bachelor's degree, much higher than 37.1% for New York City overall. East Village residents has a much higher population of workers in the Professional and Management sectors (27% for East Village versus 20% for Manhattan) and slightly more workers in the Arts and Entertainment sectors (12% for East Village versus 10% for Manhattan).

Relative to New York City overall, the most common sectors employed by East Village residents are in Information Technology, Professional, Entertainment (including the arts) and Finance and Insurance, collectively making up about half of residents: 20.8% are in Professional; 9.3% in Information Technology; 9.6% in Finance; and 5.6% in Entertainment. Excluding Entertainment, these sectors make up the top sectors in terms of median earnings, which range from $83,100 to $106,100 per year. This is 32% to 67% more than the average earning for all industries, which is $63,500.

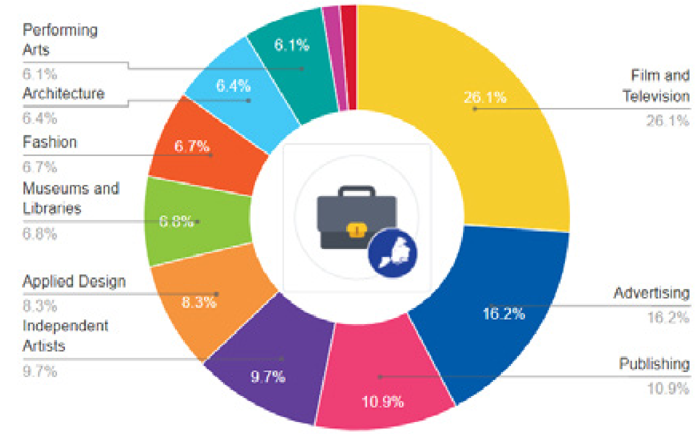


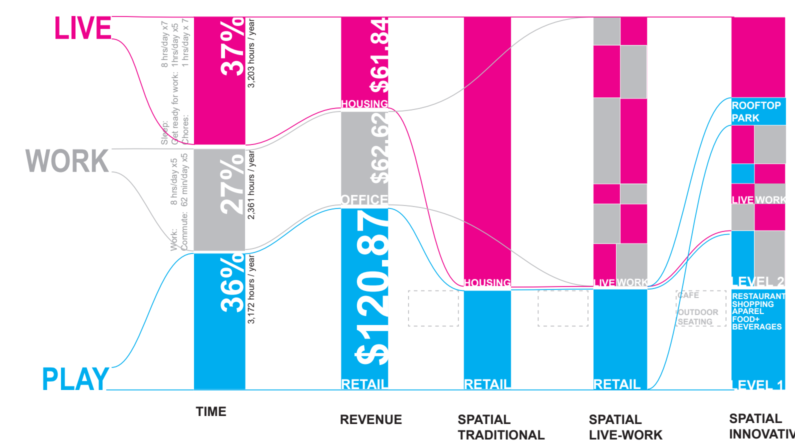


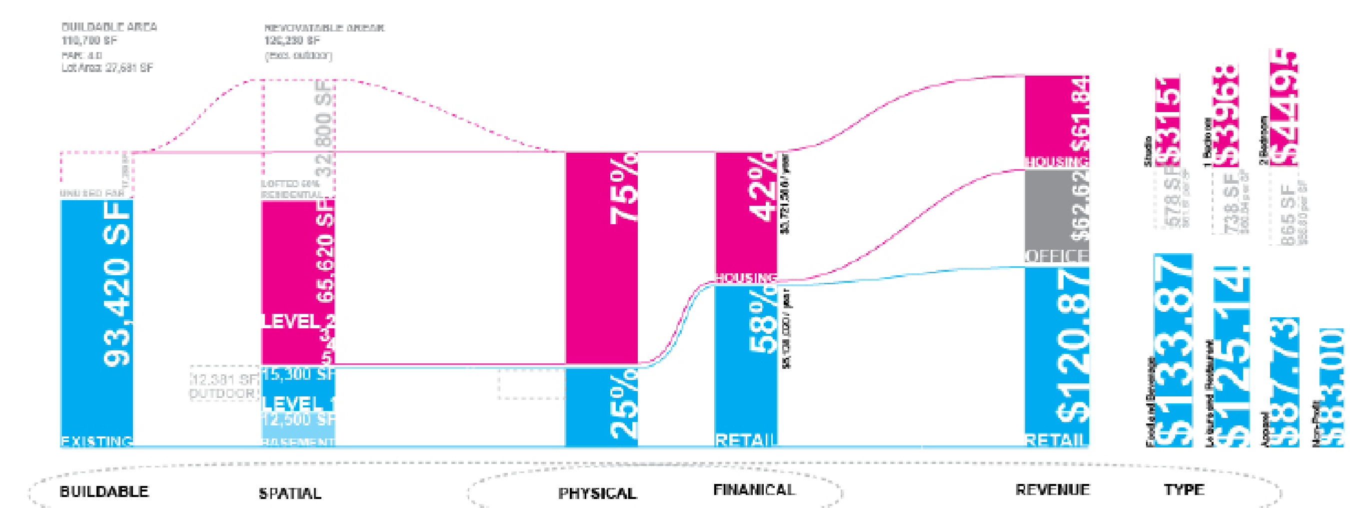
EAST VILLAGE INVESTORS

Large institutional investors have started to quietly move into the East Village. Analysis of large transactions over the past 10 years shows various sophisticated fund managers acquire properties in and around East Village, including Madison Realty Capital, Invesco, UBS, Rockwood, and Brookfield. While all transaction prices are not publicly available, total amount of all known transaction prices currently held by institutional investors total $2.47 billion. This suggests we have a strong position in the market at exit to sell the property for institutional investors seeking long-term, stable and socially conscious assets.

Several large-scale projects by established developers also suggest early signs of upward momentum for the neighborhood. In the past few years, Extell, L+M Development Partners, BFC Partners and Mac Real Estate Group completed large residential or mix-use projects in the East Village.







TARGET USERS: CREATIVE CLASS

Demographic data and East Village culture aligns with a theme that the "Creative Class" will drive demand for projects like this. The creative class was introduced by urban theorist Richard Florida in 2002 with his best-selling book The Rise of the Creative Class. Florida outlines the creative class as an emerging socioeconomic class that will serve as the key driving force for economic development in post-industrial cities. Sectors span design, arts, music, technology, business scientists and engineers with a key characteristic being highly knowledge-intensive and innovation-based. People in the creative class value location, entrepreneurial culture, diversity, the arts, and experiences. They enjoy diverse and individualistic urban lifestyles, or "Street Level Culture" that includes a "blend of cafes, sidewalk musicians, small galleries and bistros, where it is hard to draw the line between participant and observer, or between creativity and its creators,"

New York City leads the country and the world in the arts, culture, innovation, and talent. More importantly, the number of those in the creative class in Manhattan is expected to grow 11.8% over the next 10-years, according to NYU Schack Institute of Real Estate Urban Lab. Today, nearly 40% of Manhattan workers are part of the Creative Class, earning $96,970 on average per year. The creative class also blur boundaries between live, work and play. This project's mixed-use design reflect appealing to this broad scope of potential revenue sources from the creative class.

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FINANCIAL ANALYSIS

ACQUISITION

Acquisition price is projected to be $25M. As of January 2022, Madison Capital was given permission to proceed with foreclosure on the property based on nonpayment of the $44M debt owed by the current owner. Madison Capital will be relieved to liquidate the distressed asset, which has been in development turmoil since 1999. Interest already collected will likely offset the projected $19M loss for Madison Capital. The $25M acquisition price comes to $264 per ZFA land value, a healthy discount for land in the East Village.

ENTITLEMENT

Carry costs total $5.3M over an estimated 30 months to secure entitlement approval after hosting community outreach workshops. Stakeholders buy-in is key to unlock value for the development potential. Because of the potential for community impact, the project seeks a low-cost CRA bridge loan with a CDFI entity based out of New York City. To get the most favorable terms, we are communicating with our partners at the Lower East Side People´s Federal Credit Union, Nonprofit Finance Fund, or Seed Commons. The project assumes securing a 60% Loan-To-Cost bridge loan at 5.0% interest rate.

Schedule and Construction Cost

Period	Duration	Period Start	Period End
Acquisition		Month 0	Month 0
Entitlement Period	30 mo.	Month 1	Month 30
Construction Period	24 mo.	Month 31	Month 54
Leasup	6 mo.	Month 55	Month 60
Stabalized Holding Period	60 mo.	Month 61	Month 120

Retail Comps

Name		SF	Lease Start	NER / yr	NER / mo
Petopia	Food and Beverage	1,391 SF	2020	$97.89 /yr	$8.16 /RSF
Medan Pasar	Food and Beverage	1,300 SF	2020	$108.00 /yr	$9.00 /RSF
Red Gate Bakery	Food and Beverage	520 SF	2019	$115.83 /yr	$9.65 /RSF
Ben and Jerry's	Food and Beverage	800 SF	2018	$240.00 /yr	$20.00 /RSF
Thai Direct	Food and Beverage	600 SF	2018	$100.00 /yr	$8.33 /RSF
Mochi	Food and Beverage	500 SF	2018	$100.80 /yr	$8.40 /RSF
Ho Foods	Food and Beverage	325 SF	2017	$221.54 /yr	$18.46 /RSF
Ho Foods	Food and Beverage	2,000 SF	2017	$221.00 /yr	$18.42 /RSF
Viking Waffles	Food and Beverage	1,250 SF	2015	$126.10 /yr	$10.51 /RSF
Caffee Bene	Food and Beverage	700 SF	2015	$275.13 /yr	$22.93 /RSF
Organic Food Market	Food and Beverage	2,000 SF	2013	$94.70 /yr	$7.89 /RSF
Shunan Teng	Food and Beverage	400 SF	2013	$118.90 /yr	$9.91 /RSF
Dunkin' Donuts	Food and Beverage	1,070 SF	2011	$165.00 /yr	$13.75 /RSF
East Village Farm	Food and Beverage	400 SF	2011	$323.65 /yr	$26.97 /RSF
GNC	Food and Beverage	1,040 SF	2011	$156.00 /yr	$13.00 /RSF
Average Food and Beverage Comps		**953 SF**	**2016**	**$164.30 /yr**	**$13.69 /RSF**
Blank Street Coffee	Restaurant	500 SF	2021	$96.00 /yr	$8.00 /RSF
Mad for Chicken	Restaurant	100 SF	2021	$105.00 /yr	$8.75 /RSF
Joey Bats Café	Restaurant	300 SF	2021	$120.00 /yr	$10.00 /RSF
Mermaid Inn	Restaurant	1,500 SF	2021	$152.00 /yr	$12.67 /RSF
Panda Express	Restaurant	1,576 SF	2021	$158.52 /yr	$13.21 /RSF
Crab Du Jour Express	Restaurant	1,800 SF	2021	$66.67 /yr	$5.56 /RSF
QSR	Restaurant	750 SF	2021	$120.00 /yr	$10.00 /RSF
Taco Authority	Restaurant	700 SF	2020	$171.00 /yr	$14.25 /RSF
SK Deli	Restaurant	926 SF	2020	$125.00 /yr	$10.42 /RSF
Baked Cravings	Restaurant	350 SF	2020	$120.00 /yr	$10.00 /RSF
Brooklyn Chop House	Restaurant	492 SF	2020	$200.00 /yr	$16.67 /RSF
Dumpling Lab	Restaurant	521 SF	2020	$242.00 /yr	$20.17 /RSF
Bleeker Café	Restaurant	280 SF	2020	$134.00 /yr	$11.17 /RSF
Loveburgers	Restaurant	700 SF	2020	$85.71 /yr	$7.14 /RSF
Sabor A Mexico	Restaurant	500 SF	2020	$146.60 /yr	$12.22 /RSF
Average Restaurant Comps		**733 SF**	**2020**	**$136.17 /yr**	**$11.35 /RSF**
Personal Fitness	Retail	550 SF	2020	$55.00 /yr	$4.58 /RSF
Sally Beauty Supply	Retail	2,000 SF	2020	$114.33 /yr	$9.53 /RSF
Spark Pretty	Retail	600 SF	2017	$110.00 /yr	$9.17 /RSF
target	Retail	9,500 SF	2017	$107.54 /yr	$8.96 /RSF
Small Home Goods Stc	Retail	300 SF	2016	$206.35 /yr	$17.20 /RSF
Sleepy's	Retail	2,840 SF	2015	$140.85 /yr	$11.74 /RSF
Buffalo Exchange	Retail	2,500 SF	2014	$110.00 /yr	$9.17 /RSF
St. Marks Bookshop	Retail	1,328 SF	2014	$76.00 /yr	$6.33 /RSF
7-Elevent	Retail	2,000 SF	2014	$120.00 /yr	$10.00 /RSF
DeliMart	Retail	1,609 SF	2014	$76.00 /yr	$6.33 /RSF
Black Market Thrift	Retail	330 SF	2014	$114.64 /yr	$9.55 /RSF
Souko No. 11	Retail	318 SF	2014	$141.04 /yr	$11.75 /RSF
Village Gifts	Retail	450 SF	2014	$218.99 /yr	$18.25 /RSF
Duane Reade	Retail	5,000 SF	2014	$100.15 /yr	$8.35 /RSF
Mentos Gallery	Retail	465 SF	2014	$128.50 /yr	$10.71 /RSF
Average Retail		**1,986 SF**	**2015**	**$121.29 /yr**	**$10.11 /RSF**

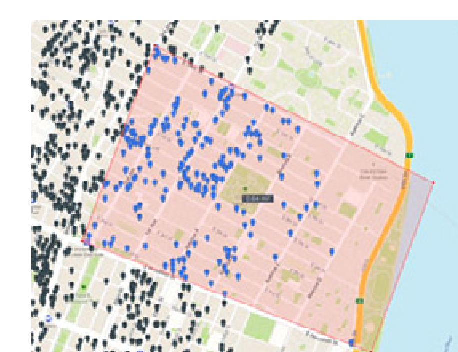
Retail and Loft Input Assumptions

Retail	**$145.00 /yr**
Loft	**$85.00 /yr**

RETAIL COMPARABLE PROPERTIES

Because we will target a vibrant food and beverage scene for our retail portion of the building, the project projects a blended net effective rent of $145/RSF. East Village food and beverage establishments paid the highest rent on average at $164.30/RSF, while restaurants paid $136/RSF, and other Retail paid $121.29/RSF. Rent revenue is set based on today´s comparable East Village rent prices trended for future growth at 3%.

Although East Village is a popular food and beverage establishment, vacancy assumptions are conservative at 15% due to the volatile nature of the sector. The Loft in the original 1906 portion of the building is spatially grandiose and architecturally unique, likely able to attract higher rent than typical luxury rentals. The industrial scale windows and 15-foot ceilings bring in ample natural light, an interior space that is rare in the East Village. At $85/RSF, the price per square foot is a 25% premium to the other the residential portion of Tenth Crossing.



RESIDENTIAL COMPARABLE PROPERTIES

This project assumes residential units to rent $3,200 for Studios, $3,300 for 1-Br, $4,800 for 2-bedrooms and $7200 for 3-bedrooms.

Three comparable properties within 10 minutes of the site were constructed in the past few years. The Niko and the Eve are similar in price points, with studios starting at $2650 and 2-bedrooms at $4600. The EVGB, developed and operated by Extell, and Stuyvesant Town, operated by Tishman Speyer, are higher end on the price point, with studios starting at $4400 and 2-bedrooms starting at $7400. These higher priced properties have the advantage of being on 14th Street and two blocks away from the train station, but this kind of rental price increase is new to the East Village.

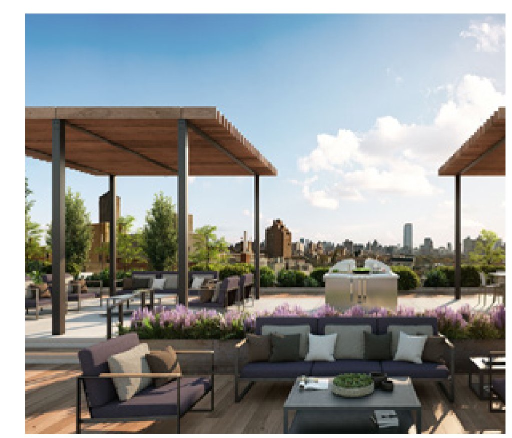
Affordable housing rent prices are set by taking the more stringent figures set by the US Department of Housing, NYC Housing and Preservation Department, and the terms of the NYC 421-A Property Exemption program. To meet the property tax exemption threshold, 30% of units are affordable at 50% of Area Median Income. The 2022 rent rates were $777 for studios, $980 for 1-bedrooms, $1168 for 2-bedrooms, and $1343 for three bedrooms.

Residential Comps

Name	Quality; % Affordable	Unit Type	Avg. Rent /	RSF	Rent / RSF
The Niko East Village	Luxury; Built 2018	Studio	$2,622 /mo	427 SF	$6.14 /RSF
751 East 6th Street	Y; 20%	1BR	$3,299 /mo	640 SF	$5.15 /RSF
82 Units		2BR	$4,546 /mo	904 SF	$5.03 /RSF
Eve	Luxury; Built 2020	Studio	$2,650 /mo	427 SF	$6.21 /RSF
751 East 6th Street	Y; 20%	1BR	$3,292 /mo	591 SF	$5.57 /RSF
106 Units		2BR	$4,695 /mo	915 SF	$5.13 /RSF
EVGB	Luxury; Extell Built 2018	Studio	$4,482 /mo	475 SF	$9.44 /RSF
510 East 14th Street	Y; 50 units	1BR	$5,664 /mo	550 SF	$10.30 /RSF
128 units		2BR	$8,951 /mo	850 SF	$10.53 /RSF
15 Stuyvesant Town	Projects Renovated 2016	Studio	na	na	
545 E 14th Street	No Affordable	1BR	$4,968 /mo	770 SF	$6.45 /RSF
208 units		2BR	$5,636 /mo	882 SF	$6.39 /RSF
		3BR	$7,452 /mo	1,148 SF	$6.49 /RSF
Average Residential Comps		**Studio**	**$3,251 /mo**	**443 SF**	**$7.26 /RSF**
		1BR	**$4,306 /mo**	**594 SF**	**$7.01 /RSF**
		2BR	**$5,957 /mo**	**890 SF**	**$6.90 /RSF**
		3BR	**$7,452 /mo**	**1,148 SF**	**$6.49 /RSF**
Residential Rent - Input Assumption					
		Studio	**$3,200 /mo**		
		1BR	**$4,300 /mo**		
		2BR	**$5,900 /mo**		
		3BR	**$7,200 /mo**		

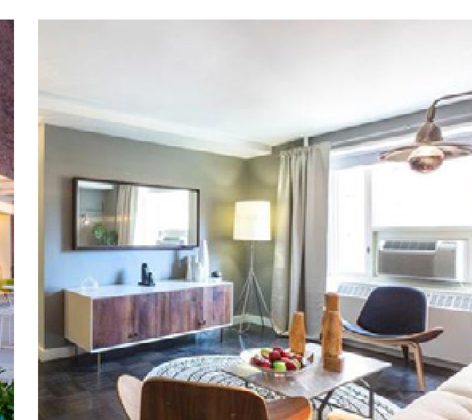

THE NIKO EAST VILLAGE


EVGB

EVE





STUYVESANT TOWN

TOTAL DEVELOPMENT BUDGET

The total development budget and operating budgets are compartmentalized into three separate budgets to reflect the different portions of the project. This compartmentalization allows for the project to quality for different subsidies specific to the subsidy requirements.

Construction costs assumptions based on union wages in NYC, a hard cost of $525/SF for new construction, $250.SF for renovation and $175. A generous 20% contingency is put on hard and soft cost due to construction complexity of a historic property and building that has been vacant for more than 20 years. The development fee is 2.5%,
Underwriting valuation is based on a blended cap rate of 4.75%, which is more conservative than cap rates for Manhattan Class-A Multifamily buildings at 4.15% as of Q1 2022, but it also considers the 41,370 RSF of retail portion of this mixed-use building. Uncertainly around the future of retail and its higher cap rates priced into the underwriting assumption.

TOTAL PROJECT SOURCES AND USES

Project Sources and Uses

SOURCES		% Dev.		Retail + Loft Sources	% LW R		Residential Sources	% Resi.		Community Trust Sources	% Trust
Bridge Loan: CRA	$17,921,544	12%	30%	$5,376,463		0%	$0		70%	$12,545,081	
less Bridge Loan @refi	*($17,921,544)*										
Construction Loan	$75,498,757	51%	35%	$26,424,565		65%	$49,074,192		0%	$0	
less Construction Loan @refi	*($75,498,757)*										
Senior Perm Loan	$131,108,961	89%	35%	$45,888,136		65%	$85,220,825		0%	$0	
Historic Preservation Tax Credit Equity	$6,480,463	4%	100%	$6,480,463		0%	$0		0%	$0	
Matching Grant: Philanthropy	$1,000,000	1%	0%	$0		0%	$0		100%	$1,000,000	
Gov't Grant: NYC Cultural Affairs	$1,000,000	1%	0%	$0		0%	$0		100%	$1,000,000	
LIHTC Equity	$465,435	0%	0%	$0		100%	$465,435		0%	$0	
LIHTC Deferred Developer's Fee	$7,009,296	5%	0%	$0		100%	$7,009,296		0%	$0	
LP / GP Equity Required for Const.	**$24,697,983**	17%	35%	$8,703,264		46%	$11,444,453		15%	$3,776,173	
Total Sources	**$147,775,843**	100%	**35%**	**$52,074,380**		**46%**	**$68,475,784**		**15%**	**$22,594,039**	
				$52,074,380			$68,475,784			$22,594,039	

USES		% Dev.		Retail + Loft Uses		Residential Uses		Community
Pre-Development Uses								
Acquisition Cost	$25,000,000	17%	50%	$12,500,000	30%	$7,500,000	20%	$5,000,000
Entitlement Cost	$4,869,241	3%	30%	$1,472,696	19%	$948,848	50%	$2,447,696
Construction Uses								
Hard Cost	$72,384,810	49%	33%	$23,805,258	55%	$39,544,665	12%	$9,034,887
Soft Cost	$13,897,884	9%	33%	$4,570,610	55%	$7,592,576	12%	$1,734,698
Financing Cost	$1,603,792	1%	1%	$440,397	0%	$996,249	10%	$167,145
Developer Fee	$2,943,893	2%	50%	$1,471,947	0%	$0	50%	$1,471,947
LIHTC Developer Fee	$7,474,731	5%	0%	$0	100%	$5,658,234	0%	$0
Capitalized Interest: Bridge Loan	$125,510	0%	0%	$0	0%	$0	100%	$125,510
Capitalized Interest: Const. Loan	$12,491,591	8%	49%	$6,145,773	37%	$4,567,513	14%	$1,778,305
Leaseup Reserve	$2,815,143	2%						
Closing Cost	$4,169,249	3%	40%	$1,667,699	40%	$1,667,699	20%	$833,850
Total Uses	**$147,775,843**	100%	**35%**	**$52,074,380**	**46%**	**$68,475,784**	**15%**	**$22,594,039**

Construction Assumptions

Cost Assumptions	% Total	GSF
Existing Building Level B to 5	49%	99,570 GSF
Existing Rooftop Level 6	9%	18,300 GSF
Existing Ground Plaza Level 1	5%	10,511 GSF
New Residential Tower Level 7 to 14	37%	74,000 GSF
Total Construction GSF		202,381 GSF
Acquisition Price		$25,000,000
Hard Cost - Building Renovation		$240.00
Hard Cost - Exterior Surfaces		$125.00
Hard Cost - New		$425.00

Affordable Housing Assumptions	
Total Residential Units	94 units
Total Residential RSF	62,900 RSF
RSF < 50% AMI	18,870 RSF

Development Budget

				Retail and Loft			Residential			Community Trust		
		Total Development	*% Dev.*	% Total Dev.	**Retail + Loft**	*% Comm*	% Total Dev.	**Residential Portion**	*% Resi.*	% Total Dev.	**Community Trust**	*% Trust*
Acquisition												
Land Value	28%	$7,000,000		50%	$3,500,000		30%	$2,100,000		*20%*	$1,400,000	
Building Value	72%	$18,000,000		50%	$9,000,000		30%	$5,400,000		*20%*	$3,600,000	
Total Acquisition Cost		$25,000,000	*17%*	*50%*	$12,500,000	*23%*	*30%*	$7,500,000	*11%*	*20%*	$5,000,000	*22%*
Pre-Development												
Planning and Entitlement	5%	$3,619,241		40%	$1,447,696		20%	$723,848		*40%*	$1,447,696	
Community Outreach		$1,000,000		0%	$0		10%	$100,000		*90%*	$900,000	
Legal		$250,000		10%	$25,000		50%	$125,000		*40%*	$100,000	
Total Entitlement Cost		$4,869,241	*3%*	*30%*	$1,472,696	*3%*	*19%*	$948,848	*1%*	*50%*	$2,447,696	*11%*
Hard Cost												
Renovation Building Level B to 5	$240/GSF	$23,896,800		80%	$19,117,440		0%	$0		*20%*	$4,779,360	
Renovation Rooftop Level 6	$125/GSF	$2,287,500		20%	$457,500		0%	$0		*80%*	$1,830,000	
Renovation Ground Plaza Level 1	$125/GSF	$1,313,875		20%	$262,775		10%	$131,388		*70%*	$919,713	
Addition Residential Tower Level 7 to 14	$425/GSF	$31,450,000		0%	$0		100%	$31,450,000		*0%*	$0	
Structural Steel Base - Residential Tower	$75.00	$1,372,500		0%	$0		100%	$1,372,500		*0%*	$0	
Hard Contingency	20%	$12,064,135			$3,967,543			$6,590,778			$1,505,815	
Total Hard Cost		$72,384,810	*50%*	*33%*	$23,805,258	*45%*	*55%*	$39,544,665	*57%*	*12%*	$9,034,887	*39%*
Soft Cost												
Design Fees - Construction	13%	$9,410,025			$3,094,684			$5,140,806			$1,174,535	
Borrower's Legal / Permitting	3%	$2,171,544			$714,158			$1,186,340			$271,047	
Soft Contingency	20%	$2,316,314			$761,768			$1,265,429			$289,116	
Total Soft Cost		$13,897,884	*10%*	*33%*	$4,570,610	*9%*	*55%*	$7,592,576	*11%*	*12%*	$1,734,698	*7%*
Total Construction Cost		**$91,151,934**			**$29,848,564**	*20%*		**$48,086,089**	*33%*		**$13,217,282**	*9%*
Total Development Cost (before financing)		**$116,151,934**			**$42,348,564**			**$55,586,089**			**$18,217,282**	
Financing Fees												
Financing Fees	1%	$723,848			$238,053			$395,447			$90,349	
HPD Fees	1%	$264,673			$0		100%	$264,673			$0	
Title Insurance	0.85%	$615,271		25%	$202,345		25%	$336,130		*50%*	$76,797	
Total Financing Fees		**$1,603,792**	*1%*	*1%*	$440,397	*1%*		$996,249	*1%*	*10%*	$167,145	*1%*
Development Fee	2.50%	**$2,943,893**	*2%*	50%	$1,471,947	*3%*	0%	$0	*0%*	*50%*	$1,471,947	*6%*
LIHTC Deferred Development Fee	10.00%	**$5,658,234**	*4%*	*0%*	$0	*0%*	*100%*	$5,658,234	*8%*	*0%*	$0	*0%*
Capitalized Interest												
Bridge Loan Interest Reserve		$125,510		0%	$0		0%	$0		*100%*	$125,510	
Construction Loan Interest Reserve		$12,491,591		49%	$6,145,773		37%	$4,567,513		*14%*	$1,778,305	
Total Capitalized Interest		**$12,617,101**	*9%*		$6,145,773	*12%*		$4,567,513	*7%*		$1,903,816	*8%*
Leaseup Reserve		**$2,815,143**	*2%*	40%	$1,126,057		40%	$450,423		*20%*	$563,029	*2%*
Closing Cost	3.00%	**$4,169,249**	*3%*	40%	$1,667,699	*3%*	40%	$1,667,699	*2%*	*20%*	$833,850	*4%*
Total Development Cost		**$145,959,346**	*100%*	*36%*	**$53,200,438**	*100%*	*47%*	**$68,926,207**	*100%*	*16%*	**$23,157,067**	*100%*
		$841/GSF			*$534/GSF*			*$931/GSF*			*$804/GSF*	
Applicable Subsidites												
*See Other Sheet for subsidy breakdown by development budget.				Historic Tax Credit Subsidies			NYC 421(a) Tax Abatement Low Income Housing Tax Credit			CRA Interest Rate Bridge Loan		

SUBSIDIES

Subsidies help offset the required partnership equity. The total development budget is compartmentalized into three separate budgets to create an independent development cost basis for which the subsidies are applied to. There are two sources of subsidies: Historic Tax Credit (HTC) and the Low-Income Housing Tax Credit (LIHTC)

HTC provides capital to 20% of "eligible improvements", bringing $7M of subsidized equity to improve the historic building portion of the project. Acquisition is not included for HTC by improvements are.

The LIHTC portion brings $8.5M to the residential portion of the project. It is based on the as-of-right 4% allocated to the qualified housing basis, of which 30% is affordable, then multiplied over 10 years. This low-cost equity is raised through bonds and comes out of future cash flow, or the "deferred developer's fee". In addition, this project is pursuing the NYC-specific 421(a) real estate tax abatement program by increasing the number of affordable housing units from 20% per LIHTC requirements to 30%. This program initiative is used by most residential developers in New York City to avoid the obligations of high property taxes.

Construction Assumptions

Cost Assumptions	% Total	GSF
Existing Building Level B to 5	49%	99,570 GSF
Existing Rooftop Level 6	9%	18,300 GSF
Existing Ground Plaza Level 1	5%	10,511 GSF
New Residential Tower Level 7 to 14	37%	74,000 GSF
Total Construction GSF		202,381 GSF
Acquisition Price		$25,000,000
Hard Cost - Building Renovation		$240.00
Hard Cost - Exterior Surfaces		$125.00
Hard Cost - New		$425.00

Affordable Housing Assumptions	
Total Residential Units	94 units
Total Residential RSF	62,900 RSF
RSF < 50% AMI	18,870 RSF

Subsidies on Development Budget

	Retail and Loft - Historic Tax Credit					Residential - Low Income Housing Tax Credit			
	Retail and Loft Portion	% Comm	% HTC	Historic Tax Credit Basis		Residential Portion	% Resi.	LIHTC Eligible	Low Income Housing Tax Credit Basis
Acquisition									
Land Value	$3,500,000		0%	$0		$2,100,000		0%	$0
Building Value	$9,000,000		0%	$0		$5,400,000		100%	$5,400,000
Total Acquisition Cost	$12,500,000	*23%*		$0	*0%*	$7,500,000	*11%*		$5,400,000
Pre-Development									
Planning and Entitlement	$1,447,696		0%	$0		$723,848		100%	$723,848
Community Outreach	$0		0%	$0		$100,000		100%	$100,000
Legal	$25,000		0%	$0		$125,000		100%	$125,000
Total Entitlement Cost	$1,472,696	*3%*		$0	*0%*	$948,848	*1%*		$948,848
Hard Cost									
Renovation Building Level B to 5	$19,117,440		80%	$15,293,952		$0		0%	$0
Renovation Rooftop Level 6	$457,500		80%	$366,000		$0		50%	$0
Renovation Ground Plaza Level 1	$262,775		80%	$210,220		$131,388		50%	$65,694
Addition Residential Tower Level 7 to 14	$0		0%	$0		$31,450,000		100%	$31,450,000
Structural Steel Base - Residential Tower	$0		0%	$0		$1,372,500		100%	$1,372,500
Hard Contingency	$3,967,543		80%	$3,174,034		$6,590,778		100%	$6,590,778
Total Hard Cost	$23,805,258	*45%*		$19,044,206	*36%*	$39,544,665	*57%*		$39,478,971
Soft Cost									
Design Fees - Construction	$3,094,684		100%	$3,094,684		$5,140,806		100%	$5,140,806
Borrower's Legal / Permitting	$714,158		100%	$714,158		$1,186,340		0%	$0
Soft Contingency	$761,768		100%	$761,768		$1,265,429		100%	$1,265,429
Total Soft Cost	$4,570,610	*9%*		$4,570,610	*9%*	$7,592,576	*11%*		$6,406,236
Total Construction Cost	$29,848,564			$23,614,816		$48,086,089			$46,834,055
Total Development Cost (before financing)	$42,348,564			$23,614,816		$55,586,089			$52,234,055
Financing Fees									
Financing Fees	$238,053		100%	$238,053		$395,447		0%	$0
HPD Fees	$0		0%	$0		$264,673		0%	$0
Title Insurance	$202,345		0%	$0		$336,130		0%	$0
Total Financing Fees	$440,397	*1%*		$238,053	*0%*	$996,249	*1%*		$0
Development Fee	$1,471,947	*3%*	50%	$735,973	*1%*	$0	*0%*		$0
LIHTC Deferred Development Fee	$0	*0%*		$0	*0%*	$5,658,234	*8%*	0%	$0
Capitalized Interest									
Bridge Loan Interest Reserve	$0		100%	$0		$0		100%	$0
Construction Loan Interest Reserve	$6,145,773		100%	$6,145,773		$4,567,513		100%	$4,567,513
Total Capitalized Interest	$6,145,773	*12%*		$6,145,773	*12%*	$4,567,513	*7%*		$4,567,513
Leaseup Reserve	$1,126,057	*2%*	100%	$1,126,057		$450,423	*1%*	100%	$450,423
Closing Cost	$1,667,699	*3%*	100%	$1,667,699	*3%*	$1,667,699	*2%*	100%	$1,667,699
Total Development Cost	$53,200,438	*100%*		$32,402,315	*61%*	$68,926,207	*100%*		$58,469,267
	$534/GSF					*$931/GSF*			

LIHTC Eligible Basis		$58,469,267
Qualified Cencus Tract	N	
QCT Basis Boost	0%	
DDA Basis Boost	0%	
LIHTC Qualified Basis		$58,469,267
Applicable Fraction	30%	$17,540,780
Credit Type As-of-right	4%	$701,631 /yr
Years of Tax Credits	10 years	$7,016,312
Syndicated Percentage	99.9%	$7,009,296
Syndication price per dollar	$1.00	$7,009,296

HTC Eligible Basis	$32,402,315
Allowable Percentage of Basis	20%

Total Subsidy Raised			
Percent of Total Cost Funded by Subsidy			
Total Subsidy Raised	**$6,480,463**	**Total LIHTC Equity Raised**	**$7,009,296**
Percent of Retail and Loft	12.18%	***Percent of Residential Portion Fundec***	*10.17%*

OPERATING ASSUMPTIONS

Revenue growth rate is assumed to be 3% and operating expense growth rate assumed to be 4.5%

Retail vacancy assumption is 15% to be conservative and realistic. As part of our vision to support experimental and exciting food and beverage establishments, we are realistic that this industry is volatile and we are prepared to absorb costs associated with this risk This project will bring in a lot of new supply for retail in the East Village market and it may take some time to fine tune a curated tenant mix beyond lease up. The strategy for holding on the asset for 5 years of stabilization is to dedicate time to optimize a curated retail tenant mix and prepare the property for a strong exit.

ROOFTOP PARK AMENITY COST SHARING

The estimated capital cost of $22M Rooftop Park serves as a key amenity for the residential, retail and loft portions of the project. The Community Trust will operate the Rooftop Park, currently with an operating budget of $572,000 per year. This operational cost will be split 40%, 30% and 30% among respective Residential, Retail, and Loft portions of the operating expenses. This cost-sharing allows for the Rooftop Park to have financial flexibility and focus on its mission to serve the public's interest and make it an attractive amenity.

Operating Expenses and Cashflow

Residential Operating Expenses

Operating Expense	$ /du	Per RSF	Total
General Administration			
Marketing	$500		$47,104
Legal	$212		$20,000
Accounting	$265		$25,000
Payroll - Super	$796		$75,000
Repairs and Maintenanc	$750		$70,656
Utilities			
Gas (Heat, Cooking)	$400		$37,683
Electric (common area)	$250		$23,552
Water and Sewer	$250		$44,316
Subtotal	$3,644	$5.46	$343,311
Property insurance	$796		$75,000
Reserves - Building	$300		$28,262
Reserves - HPD Required	$1,000		$94,208
Tax Credit Monitoring Fe	$265		$25,000
Real Estate Taxes	$1,841		$173,425
421-a Tax Abatement	($1,841)		($173,425)
Subtotal	$2,361	$3.54	$222,471
Community Trust Cost Share			$229,111
Total OpEx - Residential	**$8,438**	**$12.64**	**$794,893**

Retail Operating Expenses

Operating Expe	RSF	Total
General Administration		
Marketing	$0.97	$40,000
Legal	$0.97	$40,000
Accounting	$0.60	$25,000
Subtotal		$105,000
Utilities (CAM)		
Gas	$6.00	$248,217
Electric	$3.00	$124,109
Water and Sew	$4.00	$165,478
Subtotal (CAM)	$13.00	$537,804
Property insura	$0.97	$40,000
Real Estate Tax	$7.90	$326,819
Subtotal	$5.83	$366,819
Community Trust Cost Share		$171,833
Total OpEx - Re	**$18.78**	**$1,181,456**

Loft Operating Expenses

Operating Expense	RSF	Total
General Administration		
Marketing	$0.97	$40,000
Legal	$0.97	$40,000
Accounting	$0.60	$25,000
Subtotal		$105,000
Utilities (CAM)		
Gas	$2.50	$108,163
Electric	$3.00	$124,109
Water and Sewer	$4.00	$165,478
Subtotal (CAM)	$9.61	$397,749
Property insurance	$0.97	$40,000
Real Estate Taxes	$4.44	$183,876
Subtotal	$3.56	$223,876
Community Trust Cost Share		$171,833
Total OpEx - Loft	**$14.28**	**$898,458**

Community Trust Operating Expenses

Operating Expense	Cost		Total
General Administration			
Marketing			$75,000
Legal + Accounting			$25,000
Subtotal			$100,000
Program + Event Management			$250,000
Grounds Maintenance			
Roof Plaza	$4.50/GSF	18,300 GSF	$82,350
Ground Level	$4.50/GSF	10,511 GSF	$47,300
Landscape replacement			$25,000
Subtotal			$504,650
Insurance	5.00%		$25,232
Security	8.50%		$42,895
Mgmt Fees	4.00%		$0
CapEx Reserves	5.00%		$0
Total OpEx - Community Trust		**$19.88**	**$572,777**
Community Trust Cost Share			
Residential Portion	40.00%		$229,111
Retail Portion	30.00%		$171,833
Loft Portion	30.00%		$171,833

Cash Flow Residential Portion

Operating Revenue	units	RSF	Total
Units Market Rate	66	44,030 RSF	
Units Affordable	28	18,870 RSF	
Total Units	94	62,900 RSF	
	per unit	per RSF	
Market rate income	$47,786	$71.49	$3,147,600
Affordable unit income	$11,323	$17.01	$320,892
Potential Gross Income (PGI)			$3,468,492
Vacancy			($173,425)
Effective Gross Income (EGI)			**$3,295,067**
Operating Cash Flow			
EGI			$3,295,067
Op Ex			($794,893)
Mgmt Fee		4.00%	($131,803)
CapEx Reserves		5.00%	($164,753)
Leasing Commission		3.00%	($98,852)
Residential Operating Cash Flow			**$2,104,767**

Cash Flow Commercial Portion

Operating Reve	RSF	Total
Retail Income	41,370 RSF	$5,998,578
CAM Recovery		$537,804
Potential Gross Income (PGI		$6,536,381
Vacancy		($899,787)
Effective Gross Income (EGI		**$5,636,594**
Operating Cash Flow		
EGI		$5,636,594
Op Ex		($1,181,456)
Mgmt Fee	4.00%	($225,464)
CapEx Reserves	5.00%	($281,830)
Leasing Commi	3.00%	($169,098)
Retail Operating Cash Flow		**$3,778,747**

Cash Flow Commercial Portion

Operating Revenue	RSF	Total
Loft	43,265 RSF	$3,677,525
CAM Recovery		$397,749
Potential Gross Income (PGI)		$4,075,274
Vacancy		($183,876)
Effective Gross Income (EGI)		**$3,891,398**
Operating Cash Flow		
EGI		$3,891,398
Op Ex		($898,458)
Mgmt Fee	4.00%	($225,464)
CapEx Reserves	5.00%	($281,830)
Leasing Commissior	3.00%	($169,098)
Loft Operating Cash Flow		**$2,316,548**

Cash Flow Community Trust

Operating Revenue	
Cost Share from Residential OpEx	$229,111
Cost Share from Retail OpEx	$171,833
Cost Share from Loft OpEx	$171,833
Effective Gross Income (EGI)	**$572,777**
Operating Cash Flow	
EGI	$572,777
Op Ex	($572,777)
Community Trust Operating Cash Flow	**$0**

TOTAL PROJECT CASH FLOW

After acquisition, predevelopment is expected to take 30 months, followed by 24 months of construction and 6 months of lease up. Entitlement and construction cost $147.7M but we structured the capital stack with subsidies so that only $25M of partnership equity if required. Aside from this initial investment, no other capital investment is anticipated until stabilization in 5 years. During that time, costs are carried through the bridge loan, construction loan, and subsidies.

Stabilization in 2027 is expected to produce an unlevered NOI (property) of $1,978,416 and a levered cash flow of $1,978,416 before taxes.

	Duration	Period Start	Period End
Development Phase	60 mo.	Month 0	Month 60
Stabilized Phase	60 mo.	Month 61	Month 120
Exit Year After Development Start			Yr 10
Exit Year After Stabilization			Yr 5.0
Loan Payment (yr)			
Bridge Loan PMT	capitalized into loan		
Const Loan PMT	capitalized into loan		
Perm Loan PMT	$8,933,067		

Project DCF Proforma

Project Year		Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Stabalized Year		-Yr 5	-Yr 4	-Yr 3	-Yr 2	-Yr 1	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Date		6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2029	6/30/2030	6/30/2031
TDC - Predevelopment		($25,000,000)	($1,947,696)	($1,947,696)	($973,848)	-	-	-	-	-	-	-
Construction												
Hard Cost		-	-	-	($18,096,203)	($36,192,405)	($18,096,203)	-	-	-	-	-
Soft Cost		-	-	-	($3,474,471)	($6,948,942)	($3,474,471)	-	-	-	-	-
Other Dev Cost		-	-	-	($7,202,191)	($14,404,383)	($7,202,191)	-	-	-	-	-
Leaseup Reserves		-	-	-	-	-	($2,815,143)	-	-	-	-	-
TDC	*($147,775,843)*	($25,000,000)	($1,947,696)	($1,947,696)	($29,746,713)	($57,545,730)	($31,588,008)	-	-	-	-	-
PGI Residential		-	-	-	-	-	$975,955	$4,020,933	$4,141,561	$4,265,808	$4,393,782	$4,525,595
PGI Retail		-	-	-	-	-	$1,839,189	$7,577,457	$7,804,781	$8,038,924	$8,280,092	$8,528,495
PGI Loft		-	-	-	-	-	$1,146,689	$4,724,359	$4,866,090	$5,012,073	$5,162,435	$5,317,308
PGI		-	-	-	-	-	$3,961,832	$16,322,749	$16,812,432	$17,316,805	$17,836,309	$18,371,398
Vacancy Residential		-	-	-	-	-	($30,208)	($201,047)	($207,078)	($213,290)	($219,689)	($226,280)
Vacancy Retail		-	-	-	-	-	($170,782)	($1,136,619)	($1,170,717)	($1,205,839)	($1,242,014)	($1,279,274)
Vacancy Loft		-	-	-	-	-	($35,493)	($236,218)	($243,305)	($250,604)	($258,122)	($265,865)
EGI		-	-	-	-	-	$3,725,350	$14,748,866	$15,191,332	$15,647,072	$16,116,484	$16,599,979
OpEx Residential		-	-	-	-	-	($236,981)	($990,581)	($1,035,157)	($1,081,739)	($1,130,417)	($1,181,286)
OpEx Retail		-	-	-	-	-	($704,454)	($1,472,309)	($1,538,563)	($1,607,798)	($1,680,149)	($1,755,756)
OpEx Loft		-	-	-	-	-	($535,714)	($1,119,643)	($1,170,027)	($1,222,678)	($1,277,698)	($1,335,195)
NOI Operating		-	-	-	-	-	$2,248,200	$11,166,334	$11,447,586	$11,734,857	$12,028,220	$12,327,742
Management Fee		-	-	-	-	-	($89,928)	($446,653)	($457,903)	($469,394)	($481,129)	($493,110)
CapEx Reserves		-	-	-	-	-	($112,410)	($558,317)	($572,379)	($586,743)	($601,411)	($616,387)
Leasing Commission		-	-	-	-	-	($67,446)	($334,990)	($343,428)	($352,046)	($360,847)	($369,832)
NOI Property		-	-	-	-	-	$1,978,416	$9,826,374	$10,073,876	$10,326,674	$10,584,833	$10,848,413
Property Cap Value	*5.50%*		*-*	*-*	*-*	*$35,971,208*	*$178,661,343*	*$183,161,375*	*$187,757,717*	*$192,451,517*	*$197,243,879*	*$202,135,859*
Sale Amount		-	-	-	-	-	-	-	-	-	-	$202,135,859
Closing cost + LC	5.00% of Sale	-	-	-	-	-	-	-	-	-	-	($10,106,793)
Unlevered Cash Flow		**($25,000,000)**	**($1,947,696)**	**($1,947,696)**	**($29,746,713)**	**($57,545,730)**	**($29,609,592)**	**$9,826,374**	**$10,073,876**	**$10,326,674**	**$10,584,833**	**$202,877,479**

Unlevered Returns		
IRR	8.34%	
EMOC	1.67 x	
Discount Rate	8.00%	
Valuation	$171,788,038	$243,689,237
NPV	$2,203,032	($145,797,427)
Net Present Value	$25,990,612	

Levered Project DCF Pro Forma

	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Subsidies	$2,000,000	-	-	$3,488,798	$6,977,597	$3,488,798	-	-	-	-	-
Bridge Loan Draw	-	$249,713	$1,947,696	$973,848	-	-	-	-	-	-	-
Bridge Repayment	-	-	-	($3,296,864)	-	-	-	-	-	-	-
Construction Loan Draw	-	-	-	$28,580,930	$50,568,133	$28,099,210	-	-	-	-	-
Construction Repayment	-	-	-	-	-	($119,740,990)	-	-	-	-	-
Perm Refi	-	-	-	-	-	$119,740,990	-	-	-	-	-
Perm Draw	-	-	-	-	-	-	$8,933,067	$8,933,067	$8,933,067	$8,933,067	$8,933,067
Perm Loan Repayment	-	-	-	-	-	-	-	-	-	-	($106,267,254)
Levered Cashflow	**($23,000,000)**	**($1,697,983)**	**-**	**$0**	**$0**	**$1,978,416**	**$18,759,441**	**$19,006,943**	**$19,259,742**	**$19,517,901**	**$105,543,293**

Levered Returns		
IRR	26.41%	
EMOC	7.45 x	
Discount Rate	8.00%	
Valuation	$126,953,606	$184,065,735
NPV	$63,650,448	($24,697,983)
Net Present Value	$102,255,623	

WATERFALL

Our strategy is to best align sponsor interests with investor interests for healthy returns.

This long-term opportunistic project is projected to produce high returns but requires significant sponsor involvement to deliver the project stabilized on time and budget. Our expectation is to be highly active and nimble at all phases of this project to work through complexities and decision-making during community stakeholder negotiations, entitlement process, construction complexities, working through subsidies, and lease up.

We believe this following LP/GP partnership agreement aligns our interest and is appropriate for this kind of complex project: a 12% LP preferred return, followed by a 20% promote at 16% IRR, a 25% promote at 20% IRR, and finally a 60% LP/40% GP split thereafter.
The current proforma estimates an LP IRR of 23.2% and a project IRR is 26.4%.

LP Partnership	90.00%
LP Pref	12.00%
Hurdle 1	16.00%
Hurdle 1 Promote	20.00%
Hurdle 2	22.00%
Hurdle 2 Promote	25.00%
LP Split thereafter	40.00%
GP Split thereafter	60.00%

Waterfall

Project Year			Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
Stabalized Year			-Yr 5	-Yr 4	-Yr 3	-Yr 2	-Yr 1	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
		IRR											
Leveraged Cash Flow before AM Fee		26.4%	($23,000,000)	($1,697,983)	-	$0	$0	$1,978,416	$18,759,441	$19,006,943	$19,259,742	$19,517,901	$105,543,293
AM Fee	1.50%		-	-	-	$0	$0	$29,676	$281,392	$285,104	$288,896	$292,769	$1,583,149
Total Cash Flow		26.6%	($23,000,000)	($1,697,983)	-	$0	$0	$2,008,093	$19,040,833	$19,292,047	$19,548,638	$19,810,669	$107,126,442
Hurdle 0: Pref													
BOP Equity			-	$23,000,000	$27,457,983	$30,752,941	$34,443,294	$38,576,489	$41,227,252	$27,415,081	$11,697,948	-	-
Contributions		$24,697,983	$23,000,000	$1,697,983	-	-	-	-	-	-	-	-	-
Accural	12.00%	$28,148,519	-	$2,760,000	$3,294,958	$3,690,353	$4,133,195	$4,629,179	$4,947,270	$3,289,810	$1,403,754	-	-
Distributions 1		($52,846,502)	-	-	-	($0)	($0)	($1,978,416)	($18,759,441)	($19,006,943)	($13,101,702)	-	-
EOP Balance			$23,000,000	$27,457,983	$30,752,941	$34,443,294	$38,576,489	$41,227,252	$27,415,081	$11,697,948	-	-	-
Total Contributions / Distribution		$28,148,519	($23,000,000)	($1,697,983)	-	$0	$0	$1,978,416	$18,759,441	$19,006,943	$13,101,702	-	-
IRR Check	12.00%												
Cash Flow Remaining			-	-	-	-	-	-	-	-	$6,158,040	$19,517,901	$105,543,293
Hurdle 1													
BOP Equity			-	$23,000,000	$28,377,983	$32,918,461	$38,185,414	$44,295,081	$49,403,877	$38,549,056	$25,709,963	$11,795,423	-
Contributions		$24,697,983	$23,000,000	$1,697,983	-	-	-	-	-	-	-	-	-
Accural	16.00%	$46,757,641	-	$3,680,000	$4,540,477	$5,266,954	$6,109,666	$7,087,213	$7,904,620	$6,167,849	$4,113,594	$1,887,268	-
Distributions 1		($52,846,502)	-	-	-	($0)	($0)	($1,978,416)	($18,759,441)	($19,006,943)	($13,101,702)	-	-
Distributions 2	80.00%	($18,609,123)	-	-	-	-	-	-	-	-	($4,926,432)	($13,682,691)	-
EOP Balance			$23,000,000	$28,377,983	$32,918,461	$38,185,414	$44,295,081	$49,403,877	$38,549,056	$25,709,963	$11,795,423	-	-
Total Contributions / Distribution		$46,757,641	($23,000,000)	($1,697,983)	-	$0	$0	$1,978,416	$18,759,441	$19,006,943	$18,028,134	$13,682,691	-
IRR Check	16.00%												
Promote	20.00%	($4,652,281)	-	-	-	-	-	-	-	-	($1,231,608)	($3,420,673)	-
Cash Flow Remaining			-	-	-	-	-	-	-	-	-	$2,414,537	$105,543,293
Hurdle 2	22.00%												
BOP Equity			-	$23,000,000	$29,757,983	$36,304,740	$44,291,782	$54,035,974	$63,945,472	$59,254,035	$53,282,980	$46,977,102	$41,818,471
Contributions		$24,697,983	$23,000,000	$1,697,983	-	-	-	-	-	-	-	-	-
Accural	22.00%	$99,587,079	-	$5,060,000	$6,546,756	$7,987,043	$9,744,192	$11,887,914	$14,068,004	$13,035,888	$11,722,256	$10,334,962	$9,200,064
Distributions 1		($52,846,502)	-	-	-	($0)	($0)	($1,978,416)	($18,759,441)	($19,006,943)	($13,101,702)	-	-
Distributions 2		($18,609,123)	-	-	-	-	-	-	-	-	($4,926,432)	($13,682,691)	-
Distributions 3	75.00%	($52,829,438)	-	-	-	-	-	-	-	-	-	($1,810,903)	($51,018,535)
EOP Balance			$23,000,000	$29,757,983	$36,304,740	$44,291,782	$54,035,974	$63,945,472	$59,254,035	$53,282,980	$46,977,102	$41,818,471	-
Total Contributions / Distribution		-	($23,000,000)	($1,697,983)	-	$0	$0	$1,978,416	$18,759,441	$19,006,943	$18,028,134	$15,493,594	$51,018,535
IRR Check	22.00%												
Promote	25.00%	($17,609,813)	-	-	-	-	-	-	-	-	-	($603,634)	($17,006,178)
Cash Flow Remaining			-	-	-	-	-	-	-	-	-	-	$37,518,580
Remaining Proceeds	1.50%												
Promote	60.00%		-	-	-	-	-	-	-	-	-	-	($22,511,148)
Cash Flow to Capital			-	-	-	-	-	-	-	-	-	-	($15,007,432)
Total Cash Flow to Capital		$114,594,511	($23,000,000)	($1,697,983)	-	$0	$0	$1,978,416	$18,759,441	$19,006,943	$18,028,134	$15,493,594	$66,025,967

Partnership Returns

LP Returns													
LP Cash Flow	90.00%	$103,135,060	($20,700,000)	($1,528,185)	-	$0	$0	$1,780,575	$16,883,497	$17,106,248	$16,225,320	$13,944,234	$59,423,370
IRR	**23.24%**												
EMOC	**5.64 x**												
GP Returns													
Total Promote		$44,773,241	-	-	-	-	-	-	-	-	$1,231,608	$4,024,307	$39,517,326
AM Fees		$2,760,986	-	-	-	$0	$0	$29,676	$281,392	$285,104	$288,896	$292,769	$1,583,149
GP Cash Flow, no AM fees	10.00%	$56,232,692	($2,300,000)	($169,798)	-	$0	$0	$197,842	$1,875,944	$1,900,694	$3,034,421	$5,573,666	$46,119,923
IRR	**40.72%**												
EMOC	**23.77 x**												
GP Cashflow w/ AM fees		$58,993,678	($2,300,000)	($169,798)	-	$0	$0	$227,518	$2,157,336	$2,185,798	$3,323,317	$5,866,435	$47,703,072
IRR	**41.69%**												
EMOC	**24.89 x**												

SENSITIVITY ANALYSIS

The most controllable variables that have large impacts on IRR are acquisition cost and construction time. The acquisition cost impacting IRR is due to more equity required initially, in other words, the equity cost basis goes up significantly with the increase in acquisition price. We will risk mitigate this with revisiting the terms of the bridge loan if the acquisition price is significantly higher than expected and if it significantly impacts the proforma IRR more than 300 basis points. A 10% change in construction price or 12-month delay in construction time affects the IRR about 100 basis points each. We are confident that construction time will be on schedule given our background in construction and experience assessing the most qualified construction managers in the market. Risk mitigants managing construction cost include onboarding a CM/GC consultant to align construction estimates early in the entitlement process to help inform impact on cost when working through larger decisions with stakeholders.

The least directly controllable but important variables to monitor are construction cost and exit cap rate. Construction budgets will be monitored, but more critical is the unforeseen construction cost. Within an environment of supply chain bottleneck and uncertainty in global logistics and materials, to be conservative we are under the assumption that construction material costs may dramatically escalate. Our risk mitigant strategy is adding a generous 20% contingency to both hard and soft cost for the project. This contingency gives us a buffer of $14M to weather unforeseen escalation during construction.

The risk of increasing exit cap rates, thus lower sale price, largely depends on the future market. The controllable variable we are tuned into optimizing is rent price so that it will best reflect the property's financial productivity at the time of the sale. But the market's pricing of the property's cap rate is an uncontrollable variable we are monitoring. To be conservative, we will assume an exit cap rate of 5.50%, which is more than the underwritten 4.75% and the Manhattan residential market's cap rate of 4.30% as of Q1 2022. Having more than 100 basis points buffer equates to a 44M buffer we can take to exit, in other words a 5.5% cap is $200M versus 4.5% cap rate is $244M.

Sensitivity Analysis - Impact on LP IRR

Entitlement Time and Acquisition Price

Entitlemenet Period			Acquisition Cost		
23.24%	$5,000,000	$15,000,000	$25,000,000	$35,000,000	$45,000,000
6 Months	29.75%	25.08%	22.12%	20.26%	17.67%
18 Months	31.68%	25.48%	22.30%	20.62%	18.68%
30 Months	33.80%	25.92%	22.44%	20.89%	19.42%
42 Months	31.82%	24.12%	21.11%	19.71%	17.81%
54 Months	30.00%	22.73%	20.12%	18.21%	16.53%

Stabilized Holding Period and Exit Cap Rate

Stabilized Holding Period			Exit Cap Rate		
23.24%	4.50%	5.00%	5.50%	6.00%	6.50%
36 Months	23.83%	22.66%	21.63%	20.72%	19.83%
48 Months	23.82%	22.91%	22.12%	21.42%	20.80%
60 Months	23.79%	23.07%	22.44%	21.89%	21.41%
72 Months	23.74%	23.16%	22.66%	22.22%	21.84%
84 Months	23.68%	23.21%	22.81%	22.46%	22.15%

Construction Cost and Construction Time

Construction Time			Construction Cost Escalation		
23.24%	-20.00%	-10.00%	0.00%	10.00%	20.00%
12 Months	24.91%	23.60%	22.55%	21.67%	20.89%
24 Months	24.57%	23.38%	22.44%	21.67%	20.98%
36 Months	22.65%	21.69%	20.93%	20.29%	19.47%
48 Months	21.23%	20.45%	19.67%	18.64%	17.68%
60 Months	20.18%	19.12%	18.07%	17.13%	16.26%

Retail Vacancy and Rent

Retail Rent			Retail Vacancy		
23.24%	0.00%	5.00%	10.00%	15.00%	20.00%
$120.00/RSF	22.45%	22.05%	21.64%	21.23%	20.80%
$130.00/RSF	23.00%	22.59%	22.16%	21.72%	21.27%
$140.00/RSF	23.54%	23.10%	22.66%	22.21%	21.74%
$150.00/RSF	24.06%	23.61%	23.15%	22.68%	22.19%
$160.00/RSF	24.56%	24.10%	23.62%	23.13%	22.63%

Exit Cap Rate and Perm Loan Interest Rate

Exit Cap Rate			Perm Loan Interest Rate		
23.24%	3.50%	4.50%	5.50%	6.00%	6.50%
4.5%	23.64%	23.87%	23.79%	23.69%	23.59%
5.0%	22.91%	23.16%	23.07%	22.96%	22.85%
5.5%	22.29%	22.54%	22.44%	22.33%	22.22%
6.0%	21.74%	22.00%	21.89%	21.78%	21.66%
6.5%	21.25%	21.52%	21.41%	21.29%	21.16%

EXIT STRATEGY

The project goal is to hold on to the property 5-year after stabilization until 2032. This timeframe will allow for optimizing the retail tenant mix to reflect the vibrant and dynamic vision of the project. This timeframe also allows for the Rooftop Park Community Trust to get up and running sustainably. We will assume the next buyer in 2032 will be looking at a 10-year holding period with the same permanent financing terms done at stabilization refinance in 2027. We will also assume a 5.50% cap rate and 8% discount rate for the next buyer's assessment on net present value. As previously identified, many institutional investors own properties in the East Village. A unique and stabilized mixed-use property in the East Village will be a niche desirable asset for institutional investors such Related, Tishman Speyer, MetLife, Camden Property, Weidner Apartments, and Avalon Bay.

Option A: With the baseline assumption to hold the property for five years of stabilization, this next buyer analysis informs us in 2032 the buyer will be looking at a 5.50% cap rate valuation of $202,135,859 and a 10-year discounted unlevered present value of $192,451,028.

Option B: If this development's investors need an exit option after construction in 2027, we will be looking at a 5.50% cap rate valuation of $178,611,343. Development cost up to stabilization is $145,797,427. Thus, in 2027 the difference in the stabilized value and development cost provides a profit of $22M.