

160 Leroy

A Luxury Condominium Development
West Village, New York

Dealbook
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MSRED Capstone 2019





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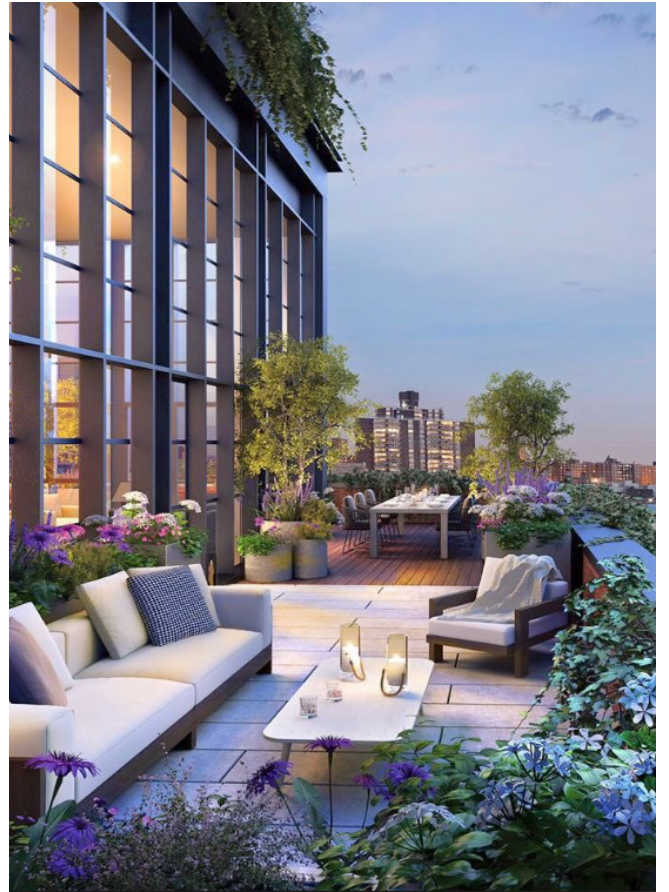
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Executive Summary

Ryder Homes is seeking investors for the development of the site 160 Leroy street in Manhattan, New York. The project, which will be Ryder Homes East Coast debut, is located between Leroy Street and Clarkson Street, will consist of a 6-story building with 74 luxury residential condominium units that will aid in addressing the fast-growing housing market in the area. The project will feature the most modern features and luxury amenities available for 24-hour use by its residents. This, along with breathtaking Hudson River views from each residence will make the project highly-desirable and competitive.

The development is coming available at a time where the demand for luxury condominiums in the neighborhood is at its peak. Therefore, it will be a safe investment and is expected to generate attractive returns of over 20% per annum over a 5-year investment period.

Equity Request	\$72.89 M
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Debt Request	\$135.37 M
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Levered Returns:

IRR	21.17%
Equity Multiple	2.0

Development Concept

160 Leroy is a luxury residential condo building located in the West Village on the corner of Leroy Street and the Westside Highway. The average salary of those currently residing in the area is also relatively high, sitting at \$200,000 per year. As a result of this, the West Village has recently experienced an increase in investment capital in both residential and commercial developments. 160 Leroy will capture this market with its unmatched amenities and convenience unlike any other building currently available in the area.

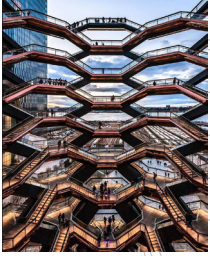
Public Transit access to the site includes both subway and bus stops within a short walking distance. The Houston Street subway station is only a quick 0.4 mile walk from the site and has access to both the 1train, allowing for a quick and easy commute to either midtown Manhattan or Wall Street. The closest bus line is the M20, which stops just 0.2 miles away from the project location at Clarkson Street and Hudson Street

This easy transit access will also enable the building to serve as a peaceful retreat for those wishing to reside further away from the central part of the West Village, and who desire easy access to beautiful public open spaces such as the Hudson River Park and bike path, The Leroy Street Dog Run, and the High Line. It also will draw the client who wants quick access on and off the Westside Highway.

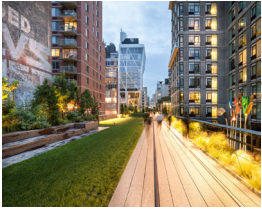
Major Takeaways:

Close to NYU
Westside Highway Access
Accessible by Major Subway Lines
Growing Neighborhood
More Character than Midtown

The Vessel



The High Line



Chelsea Market



Washington Square Park and NYU



160 Leroy

Project Design

Existing Site Conditions

The project consists of a 28,425 square foot parcel that is located on block 601 in the borough of Manhattan. The lot is known as lot 7503 and is a combination of lots 10, 8, 5, 4, and 1. The map below shows the lot outlined in color between Leroy Street and Clarkson Street.

As of Right Construction

This development proposal does not require any rezoning or entitlement approvals. It is an as-of-right development. Since the site is located on a residential street there was no opportunity or need for commercial or office uses. Located just off of the Westside Highway, the highest and best use is residential as any commercial interaction would not be sustainable due to the lack of parking and character of the surrounding neighborhood.

Existing Zoning

While past zoning and uses of this lot is M1 – 5, which is the Light Manufacturing Sub District of M1 Zoning, the property recently completed the ULURP process and has been approved for residential construction. Therefore, for the purpose of this project, the total zoning square footage for the space can be up to 141,808 square feet, which has been calculated off of a FAR of 5.0.

Due to the zoning restrictions of the M1- 5 zone, the building will have a 20-foot narrow street setback and will be a total of 6 stories high. The 6 stories does not however, include the basement which will be used for mechanical purposes and pipes. A “Privately Owned Public Open Space” will be located directly behind the condo building. This plaza will include greenery and benches and will be accessible with entrances on both Leroy Street and Clarkson Street.

The proposed development looks to improve the surrounding neighborhood by providing a privately owned public open space that will be available to anyone who wishes to use it. It will also provide new housing in an area with with primarily older buildings.



Site Access

160 Leroy has easy subway access to the 1, B, D, F, M, A, C, and E trains that make it ideal for traveling to local attractions, as well as many convenient bus routes such as the M11 and M20 that run along the major avenues. The closest subway station within the 0.25 mile walk radius of 160 Leroy Street is the Houston Street Station serving the 1 train. Other close stations within a 0.5 mile walk include Christopher Street, West 4th Street, Spring Street, and Canal Street.

The Vessel

- 14 min - Driving
- 37 min - Walking
- 12 min - Biking
- 27 min - M11 Bus
- 31 min - 1 Train

Washington Square Park/ NYU

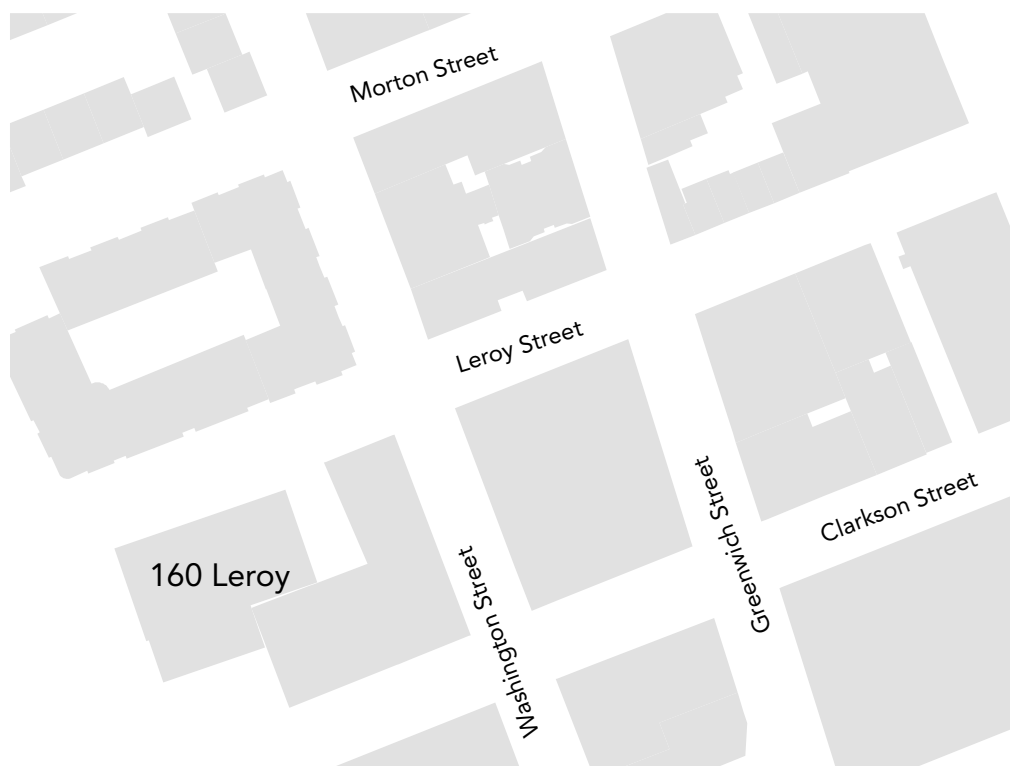
- 9 min - Driving
- 17 min - Walking
- 5 min - Biking
- 20 min - M21 Bus

The High Line

- 5 min - Driving
- 16 min - Walking
- 5 min - Biking
- 20 min - M20 Bus
- 19 min - 1 or E Train

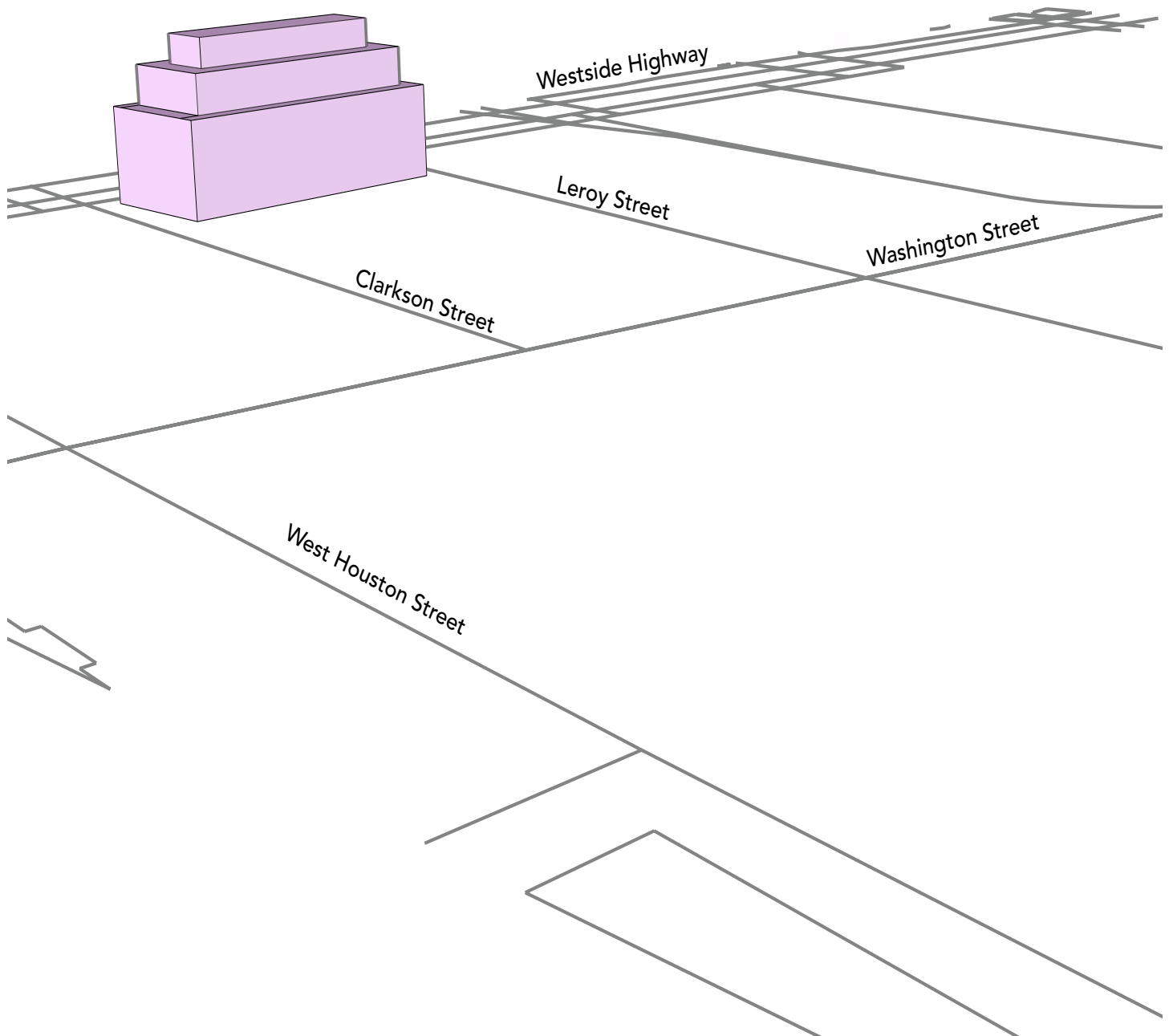
Chelsea Market

- 5 min - Driving
- 22 min - Walking
- 7 min - Biking
- 18 min - M20 Bus
- 19 min - 1 or E Train



Architectural Concept

160 Leroy sits in between the Westside Highway and the Hudson River Waterfront. This location allows for an opportunity to create an easily accessible drive-by modern building. The modern architecture, which will fulfill an infrastructure gap in the area will be combined with an industrial look to match the old manufacturing presence of the neighborhood and add to the building's unique character.

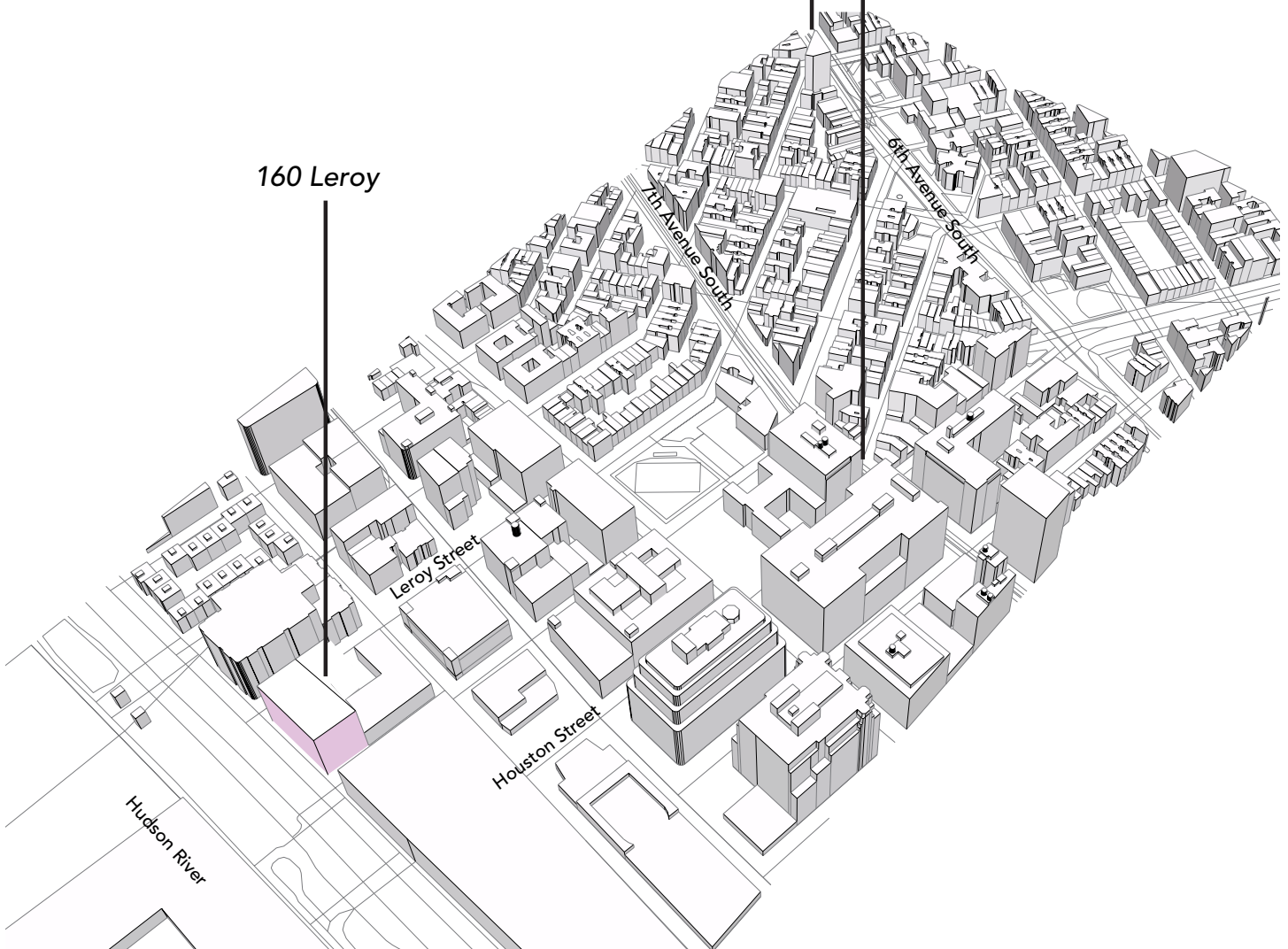




West 4th Street
Subway Stop

1
Houston Street
Subway Stop

160 Leroy



160 Leroy with Context

Building Program

160 Leroy’s ground floor is taken up solely by the grand lobby, mailroom, and many amenity rooms.

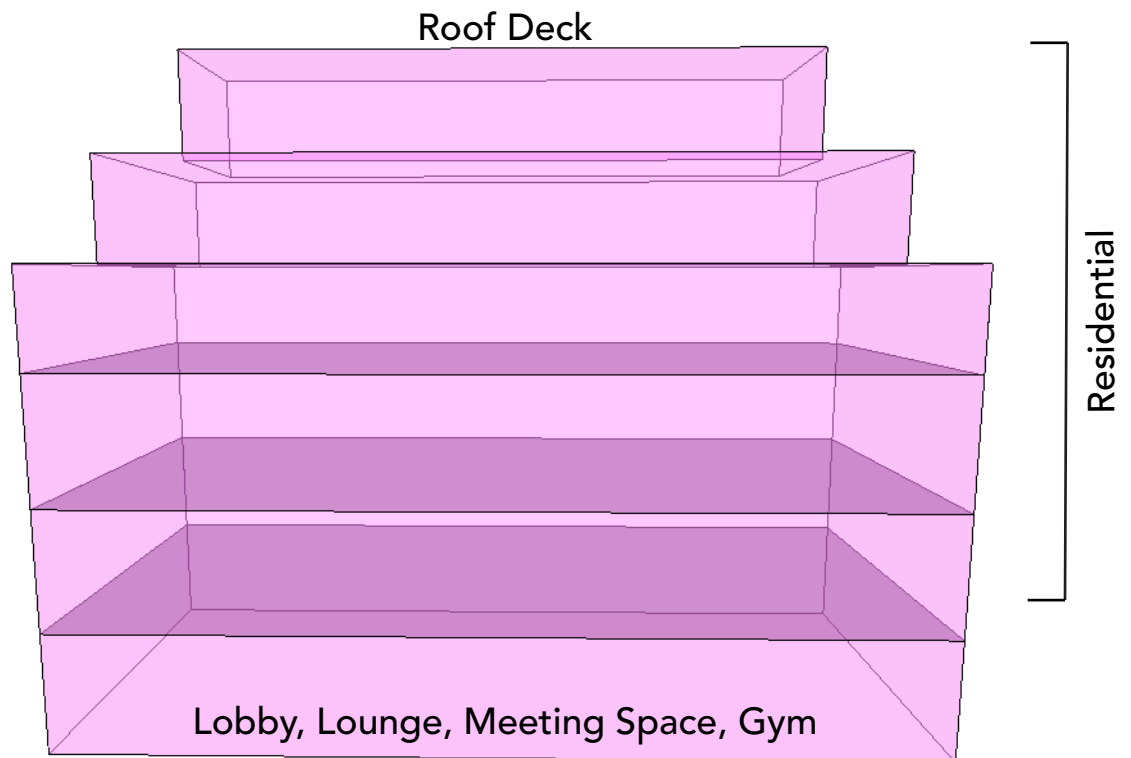
Floors 2 through 6 are residential. Floors 5 and 6 both have additional setbacks for architectural purposes and thus smaller floorplates. The setbacks allow for units on this floor to have private terraces.

Below you will find a look at the square footage use by floor. Common space refers to space used by elevator and hallways:

Floor 6	7,800 SF Residential, 2,200 SF Common
Floor 5	19,000 SF Residential, 1,000 SF Common
Floor 4	25,200 SF Residential, 2,392 SF Common
Floor 3	25,200 SF Residential, 2,392 SF Common
Floor 2	25,200 SF Residential, 2,392 SF Common
Floor 1	3,000 SF Lobby / 10,000 SF Lounge Space / 800 SF Meeting Space / 10,000 SF Gym / 1,400 SF Mailroom, 2,392 SF Common

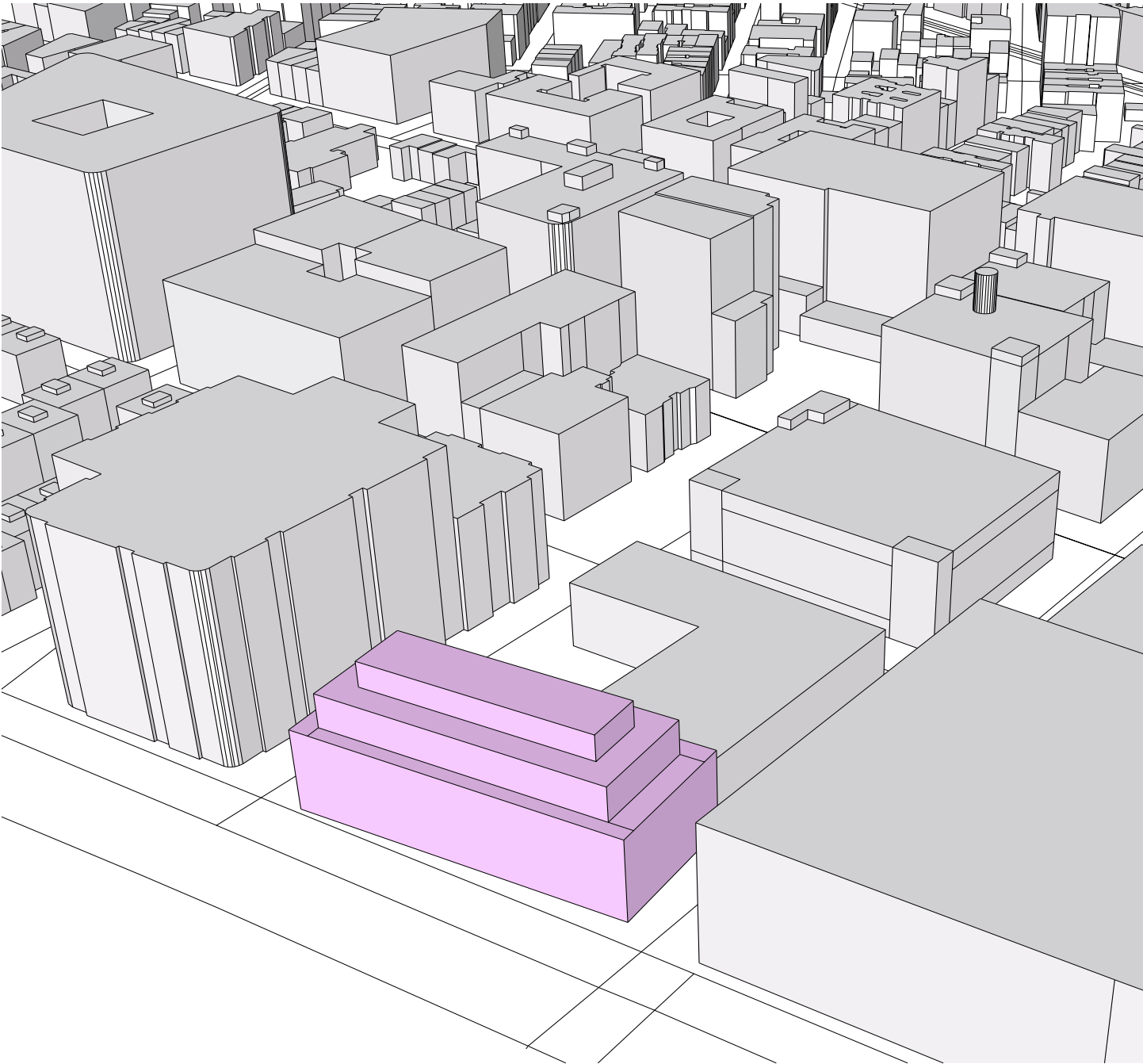
Additional Amenity Space

Resident Roof Deck 10,000 SF
POPOS Courtyard 10,000 SF



Stacking Diagram

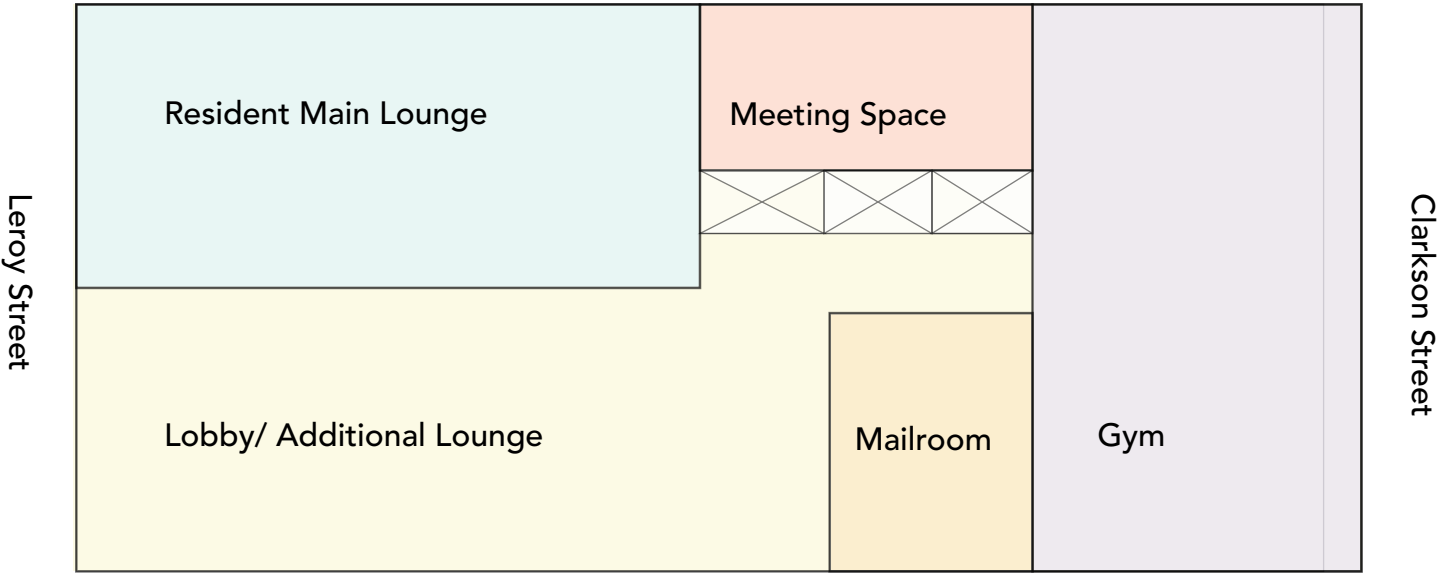
Floor by floor square footage and key on corresponding page 14.



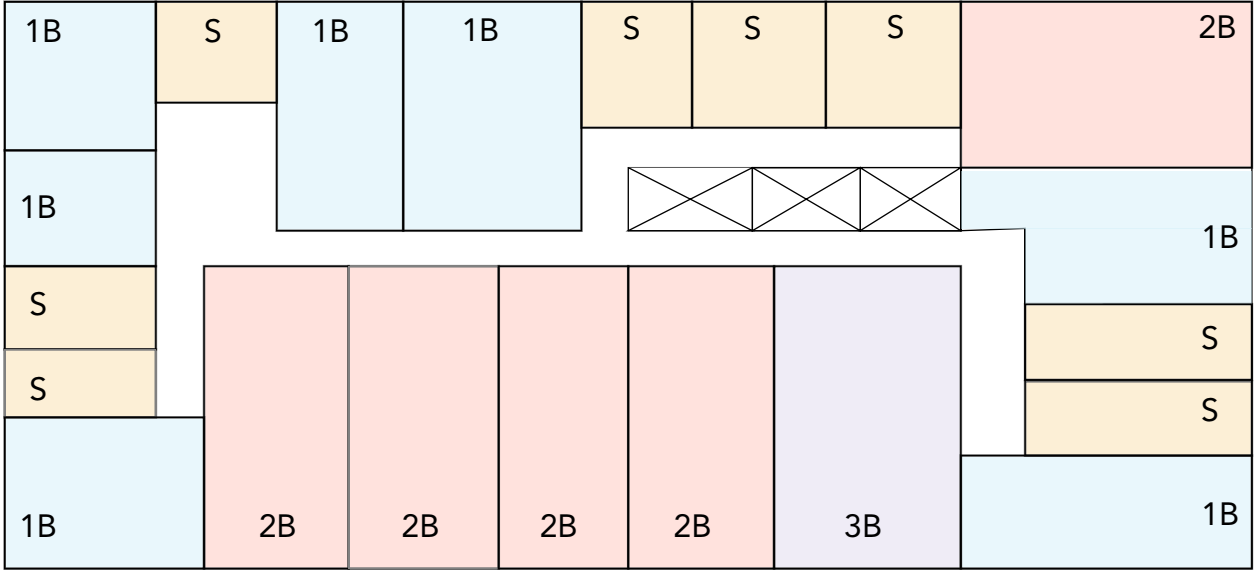
As seen in the massing diagrams on the previous pages, 160 Leroy is located nearby to major subway stations including Houston Street and West 4th Street. Additionally it is located right next to the Hudson River Park, where residents can find a walking and biking path as well as the Leroy Street Dog Run.

In addition to the breathtaking Hudson River views from condos in 160 Leroy, also of note is a view of One World Trade Center to the South. All condo units facing either Clarkson Street or the Westside Highway will also benefit from this view. Those residents who only have windows facing Leroy Street will benefit from the view from the roof deck lounge amenity.

Floor Plans: Floor 1



Floor Plans: Floors 2-4



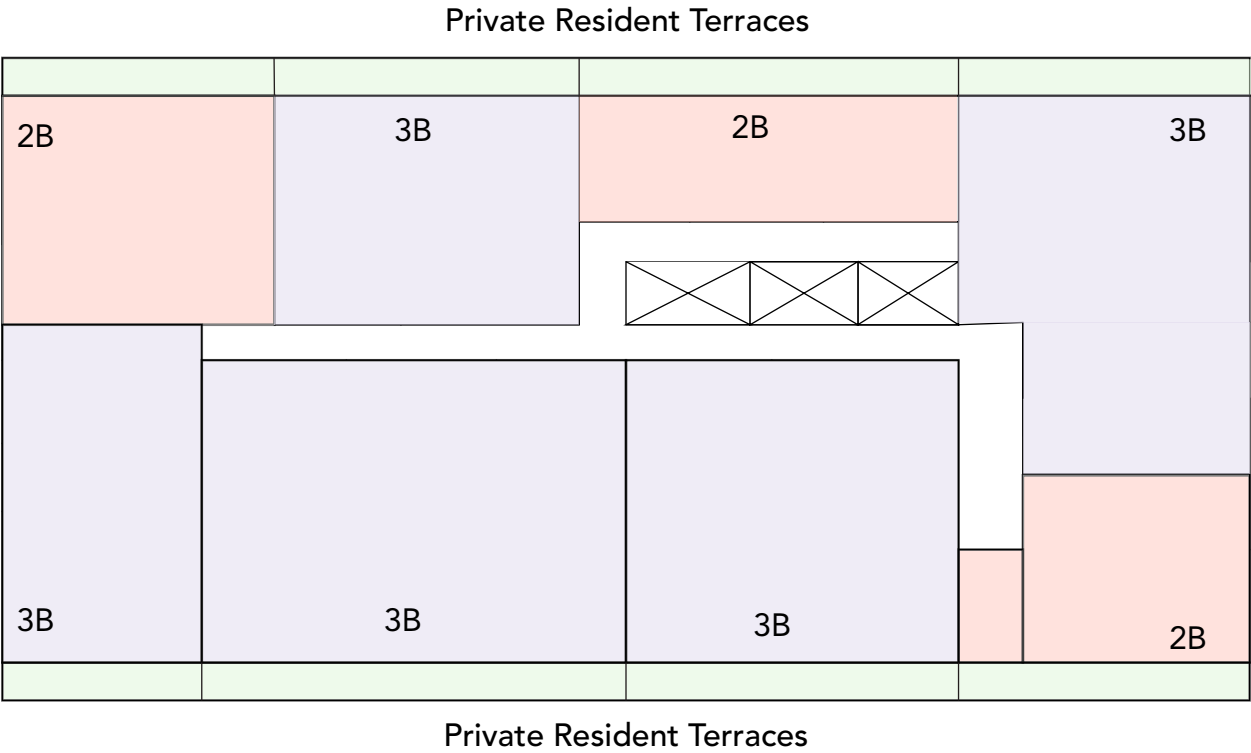
Ground Floor Description

The ground floor amenities will feature floor to ceiling windows to allow for natural lighting and to create the appearance of a larger room. The 10,000 sf gym will have state-of-the-art equipment and be open 24 hours a day. The 13,000 sf lounge will feature multiple couches and several different rooms and seating areas. One side of the large room will be a library with a bookshelf, tables, and chairs for doing work or studying. This will be separated by a glass wall to the other side which will feature couches surrounding a television. Also on the ground level amenity floor will be an 800 sf meeting room will seat up to 24 people comfortably and provide the latest technology with multiple outlets for computers and an adapter to connect to a widescreen TV for projecting power point presentations.

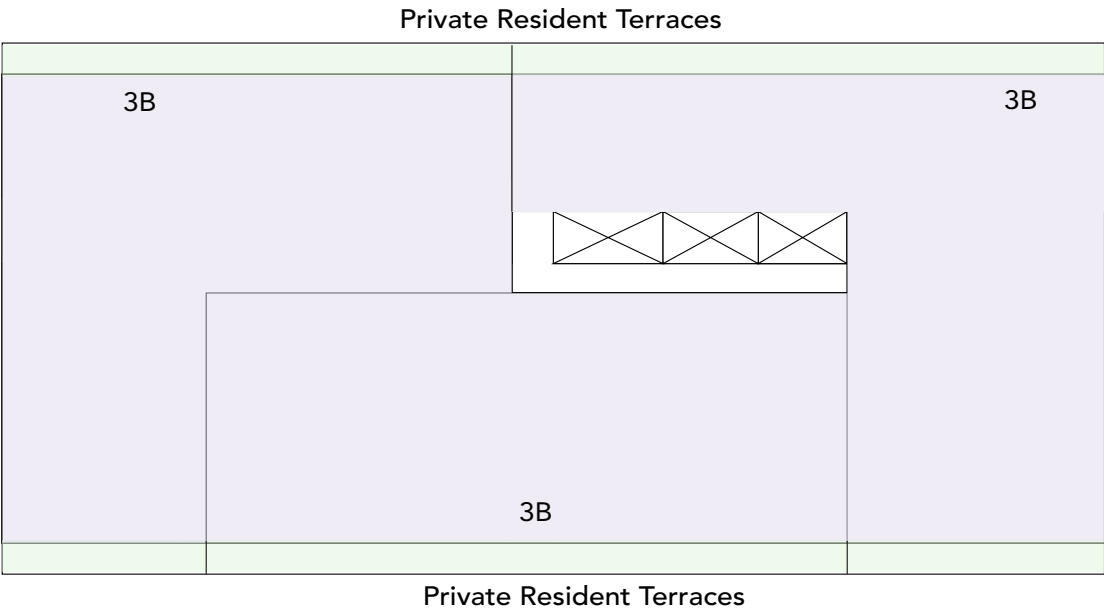
The main entrance to the building will be on Leroy Street in order to reduce noise from traffic on the busier Westside Highway side.



Floor Plans: Floor 5



Floor Plans: Floor 6



Residential Floor Plans

The condo units will be built beginning on floor 2 and will fill all the way up through floor 6. Floors 2-4 will have a mix studio, one, two, and three bedroom condos. Floor 5 will just be 2 and 3 bedroom condos, and floor 6 will only be 3 bedroom condos. Units on floors 5 and 6 will have private terraces due to the setbacks. The center core of the building will be where the access points will be via stairway and elevator in order to allow for the most efficient floorplans.

Floor 6 will have the most valuable units in the building with breathtaking views of the Hudson River. We expect these three “penthouse” units to be highly desirable by our target market and to go first once sales begin.

The overall unit type breakdown is as follows:

24	Studio Units
21	1-Bedroom Units
18	2-Bedroom Units
11	3-Bedroom Units



Amenities

The amenity spaces in 160 Leroy are exceptionally luxurious. These include the use of fulltime doormen, a roof deck, gym, library and lounge, meeting room, and an outside courtyard. The outside courtyard will have a private entrance off the back of the resident lounge on the first floor. The courtyard will also be accessible to the public and serve as a privately owned public open space, or “POPOS” for short. The public will enter the space via entrances from both Leroy Street and Clarkson Street. All of these spaces will help neighboring residents to get to know each other and create a sense of community within the building.



Interior Design

These lower Manhattan luxury condo units are designed to be spacious with an emphasis on natural lighting. They are built with green building technology to minimize the amount residents will spend on electricity, heating, and water bills.



Market Analysis

Target Tenants

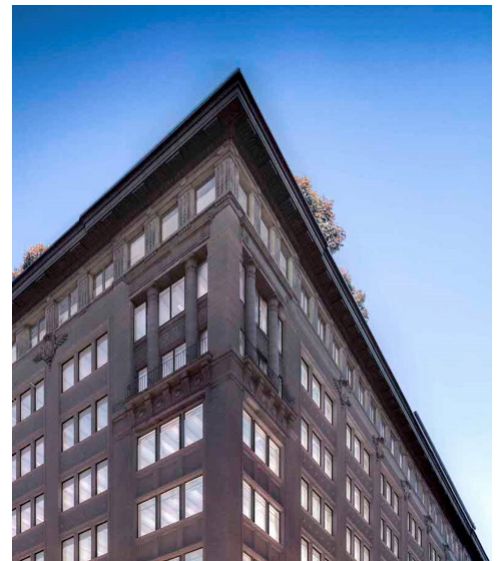
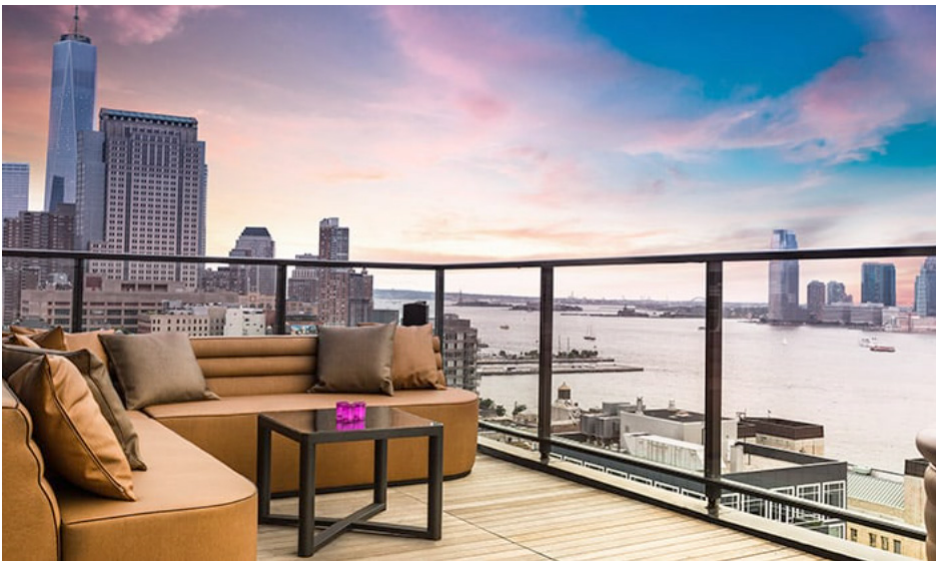
The intended target market for these residential units is someone between the ages of 25 and 45 with a higher income who works in midtown or downtown near Wall Street and wants to live in an area with more neighborhood character with easy access to the Westside highway. The charming character of the neighborhood combined with close access to public transportation makes it the perfect high-end spot for this working professional.

Additionally because of the close proximity to New York University, we will also target wealthy foreign NYU students. The easy walk or bike ride over to the university area will be appealing to them.

Qualifying Income	Price Ranges Lowest to Highest			
	Studio	1 Bedroom	2 Bedroom	3 Bedroom
Purchase Price	\$1,750,000.00	\$2,800,000.00	\$6,400,000.00	\$8,580,000.00
Down Payment	\$ 350,000.00	\$ 560,000.00	\$1,280,000.00	\$1,716,000.00
Mortgage Principal	\$1,400,000.00	\$2,240,000.00	\$5,120,000.00	\$6,864,000.00
Term (yrs)	30	30	30	30
Interest	5%	5%	5%	5%
Payment	\$7,515.50	\$12,024.80	\$27,485.27	\$36,847.44
Annual Housing Costs	\$90,186.03	\$144,297.65	\$329,823.21	\$442,169.23
Eligible Income	\$270,558.10	\$432,892.96	\$989,469.62	\$1,326,507.70

Outlined in the above table is a financial breakdown of our target buyer's financial position based on minimum and maximum condo prices. These prices provide a range for the target buyer and assume a 30 year mortgage with a 5% interest rate. The income ranges shown for someone to be able to afford a condo in 160 Leroy are those making \$270,558 to \$1,326,507 per year.

Even though this income range is quite high, the West Village is one of the most sought-after New York City neighborhoods. We believe that the target buyers will move from other expensive neighborhoods in the city that are experiencing overcrowding or lack of new development. Therefore this project will be filling a need for housing stock that is not currently available elsewhere.



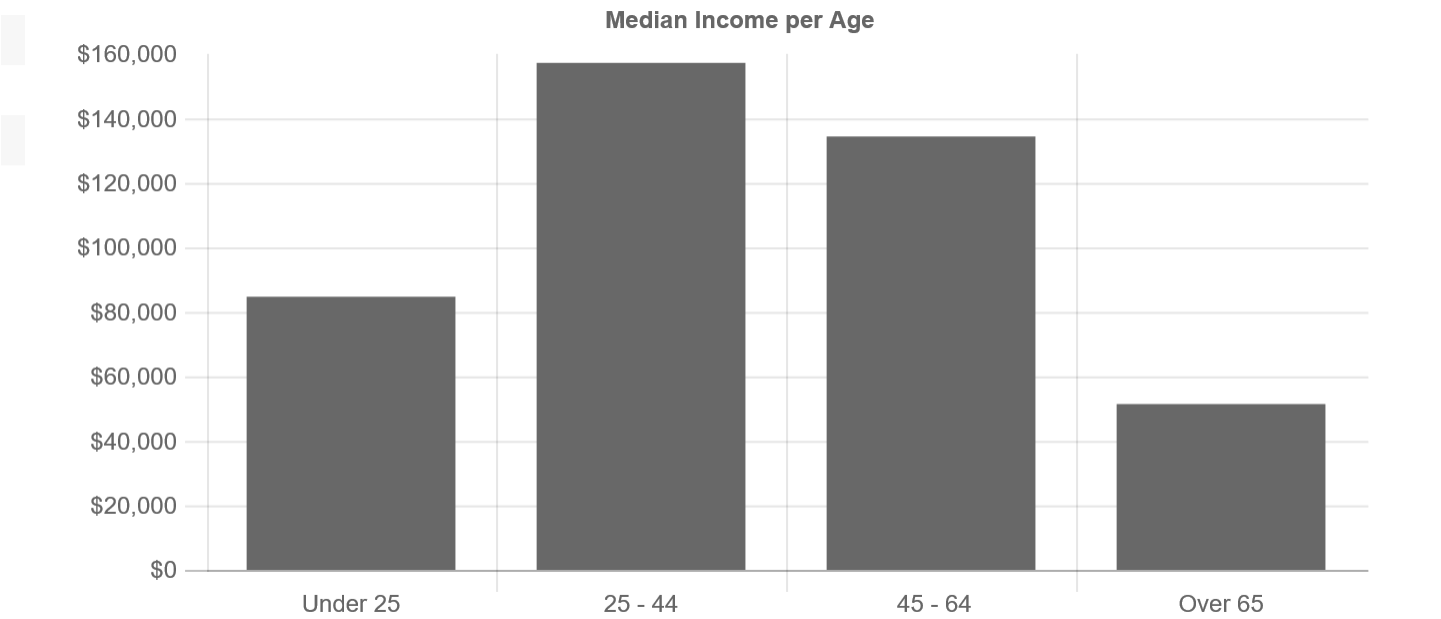


Market Analysis

West Village

The neighborhood of 160 Leroy, The West Village, historically is known to be the area south of 14th Street, north of Houston Street, and west of Greenwich Avenue. This neighborhood has a cultural vibe, with famous artists residing there like Jackson Pollock, Andy Warhol, and Sofia Coppola. Nearby attractions in the area include Washington Square Park, Chelsea Market, the Vessel, the Whitney Museum of Art, Children’s Museum of the arts, New York University, and part of the famous High Line Park. As a result, this neighborhood is known to draw a crowd of young professionals in the age range of 25-40 years old, with nearly half in possession of at least a bachelor’s degree.

The total population is 31,794 people. Of these people, the median age is 36.8 years old. The average household income is approximately \$204,690.40, indicating that those living in this neighborhood are making enough money to be able to afford a higher priced home. This is finding is further reflected in the education status of those that live there. Roughly 49% of those hold a at least a bachelor’s degree, and 35% have a graduate degree. As most already know, higher education creates a higher income.





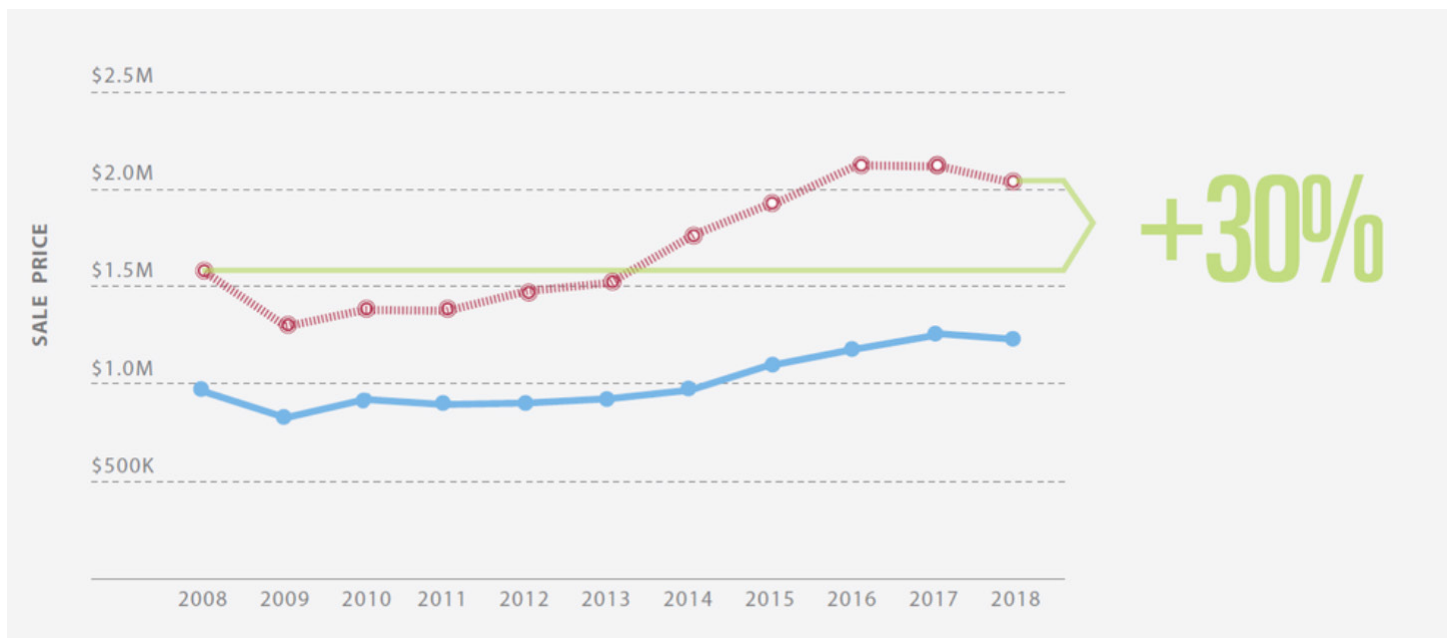
Manhattan Condo Market

According to 2018 CityREalty Year-End Manhattan Market Report, residential real estate showed a slight decline in condo sales over the last year. The median sales price of all condos in 2018 was \$1.2 million, which is just slightly down from \$1.25 million in 2017. The mean or average price of a Manhattan condo this past year of 2018 was even higher at \$2.88 million, but still down from \$3.05 million in 2017. This slight decrease could be due to a decrease in unit sales of 1,527 between 2017 and 2018.

However, as a whole, Manhattan residential real estate sales have been climbing significantly in past years, indicating a thriving market. The graph below shows both average and median sales prices since the year 2008 for both coops and condos. As one can infer from the graph below, the sales prices of both condos and coops have increased significantly over the last 10 years.

West Village Market

The West Village, a highly desired neighborhood in Manhattan is no exception to this. Additionally, since less than 1% of all housing in the West Village neighborhood was built in 2010 or later, this indicates that there is room for newer luxury buildings to stand out from the majority of the buildings which were built prior to 1939.



Graph: Average Median Sales Prices Since 2008 for Co-ops and Condos

Pink Line: Average Price

Blue Line: Median Price



Comps

The following table and corresponding map shows some of the the condo buildings used as market comparison that have similar characteristics, amenities, and target buyers as 160 Leroy. They are all located within the West Village neighborhood or just outside of it to demonstrate realistic selling points.

	Address	Borough	Neighborhood	Year Built	Unit Type	Price	SF	PSF
1	166 Perry Street	Manhattan	West Village	2008	2 Bed	\$2,525,000.00	1,555	\$ 1,623.79
1	166 Perry Street	Manhattan	West Village	2008	3 Bed	\$4,500,000.00	3,043	\$ 1,478.80
2	165 Charles Street	Manhattan	West Village	2004	Studio	\$1,550,000.00	682	\$ 2,272.73
2	165 Charles Street	Manhattan	West Village	2004	3 Bed	\$8,700,000.00	2,541	\$ 3,423.85
3	90 Morton Street	Manhattan	West Village	2018	2 Bed	\$5,400,000.00	1,811	\$ 2,981.78
3	90 Morton Street	Manhattan	West Village	2018	3 Bed	\$6,880,000.00	2,244	\$ 3,065.95
4	400 West 12th Street	Manhattan	West Village	2009	1 Bed	\$2,288,000.00	943	\$ 2,426.30
4	400 West 12th Street	Manhattan	West Village	2009	3 Bed	\$6,450,000.00	1,929	\$ 3,343.70
5	275 West 10th Street	Manhattan	West Village	1897	Studio	\$1,885,000.00	705	\$ 2,673.76
5	275 West 10th Street	Manhattan	West Village	1897	3 Bed	\$7,450,000.00	2,885	\$ 2,582.32



90 Morton Street



166 Perry Street

Financial Overview

Project Costs

Total project costs are \$208,259,579.63. Land acquisition is set at \$55,000,000.00. This number was acquired from early negotiations with the site owner and by looking at comparable condo buildings in the West Village neighborhood.

Construction hard costs are \$110,326,624.00. The construction costs were estimated based on NYC averages for materials and labor in a luxury condo building.

Soft costs came out \$19,913,955.63 and include estimates for design professionals, legal counsel, permitting, taxes, accounting, and marketing needs.

A full list of all of the construction estimates and a detailed proforma are in the appendix of this book.

Sources			Uses	
Construction Loan		\$ 135,368,726.76	Land Cost	\$ 55,000,000.00
GP Equity	10%	\$ 7,289,085.29	Hard Cost	\$ 110,326,624.00
LP Equity	90%	\$ 65,601,767.58	Soft Cost	\$ 19,913,955.63
Equity Total		\$ 72,890,852.87	Financing Costs	\$ 23,019,000.00
Total		\$ 208,259,579.63	Development Costs	\$ 208,259,579.63

Sales Costs

The price per square foot for all units ranges from \$2,500 to \$3,300 based on the unit type and it's location within the building. The units on the higher floors will be listed at a higher price per square foot due to the unobstructed views. The average sales prices per unit type and per square foot are listed below in a brief summary. A full outline of the unit sales pricing by floor can be seen in the appendix.

Unit Type	Size	# Units	Average Sales Price	Average Price PSF
Studio	700	24	\$ 1,750,000.00	\$ 2,500.00
1 Bedroom	1000	21	\$ 2,800,000.00	\$ 2,800.00
2 Bedroom	2000	18	\$ 6,400,000.00	\$ 3,200.00
3 Bedroom	2600	11	\$ 8,580,000.00	\$ 3,300.00
Total	6300	74	\$ 310,380,000.00	\$ 3,031.00
Averages	1384		\$ 4,194,324.00	\$ 3,031.00

Annual Financial Proforma

Date	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Year	0	1	2	3	4	5
Condo Cash Flows						
Gross Condo Sales Proceeds	\$0	\$0	\$0	\$100,663,784	\$104,858,108	\$104,858,108
Condo Sales Costs	0	0	0	(5,033,189)	(5,242,905)	(5,242,905)
Net Condo Sales Proceeds	\$0	\$0	\$0	\$95,630,595	\$99,615,203	\$99,615,203
Capital Costs						
Acquisition Costs	(55,000,000)	0	0	0	0	0
Development Costs	0	(68,870,290)	(68,870,290)	0	0	0
Total Capital Costs	(\$55,000,000)	(\$68,870,290)	(\$68,870,290)	\$0	\$0	\$0
Total Unlevered Cash Flow	(\$55,000,000)	(\$68,870,290)	(\$68,870,290)	\$95,630,595	\$99,615,203	\$99,615,203
Unlevered IRR⁽¹⁾	16.4%					
Unlevered Equity Multiple	1.5x					
Profit	\$102,120,420					
Acquisition Loan	35,750,000	0	0	0	0	0
Construction Loan Draw	0	17,106,312	68,870,290	0	0	0
Current Interest Expense	0	(2,701,425)	(6,311,274)	(5,452,714)	(329,984)	0
Loan Repayment	0	0	0	(95,630,595)	(26,096,008)	0
Total	\$35,750,000	\$14,404,887	\$62,559,016	(\$101,083,308)	(\$26,425,992)	\$0
Total Levered Cash Flow	(\$19,250,000)	(\$54,465,402)	(\$6,311,274)	(\$5,452,714)	\$73,189,211	\$99,615,203
Levered IRR⁽¹⁾	21.17%					
Levered Equity Multiple	2.0x					
Profit	\$87,325,023					

Unlevered Returns:

IRR 16.4%

Equity Multiple 1.5

Levered Returns:

IRR 21.17%

Equity Multiple 2.0

Development Assumptions

Site Details	
Block	601
Lot	7503
Address	160 Leroy Street
Lot Dimensions	
Frontage (FT)	200
Depth (FT)	176
Lot Area (SF)	28,425
Zoning	M1 - 5
Residential FAR	5
Total ZFA (SF)	141,808
Marketable SF	102,400
Community Facility (POPOS)	10,000
Total Gross SF	151,808

Land Costs	
Land Purchase Price	\$ 55,000,000.00

Development Summary	
Residential Saleable SF	102,400
Residential Unit Total	74

Development Assumptions	Costs psf	
Hard Costs w / Contingency	\$ 778.00	\$ 110,326,624.00
Soft Costs w / Contingency	\$ 140.43	\$ 19,913,955.63
Condo Closing Costs	5%	\$ 15,519,000.00
Total Costs		
Hard and Soft Costs		\$ 145,759,579.63
Land Costs		\$ 55,000,000.00
Hudson Land Trust		\$ 7,500,000.00
Total Development Costs		\$ 208,259,579.63

Financing Assumptions	Perc of Financing
LTC	65%
Equity	35%
Interest Rate	7%
Development Loan	\$ 135,368,726.76
Development Equity	\$ 72,890,852.87

Detailed Timeline	Start Date	End Date	Length (Months)
PreConstruction	12/31/2019	6/30/2020	6
Construction	6/30/2020	6/30/2022	24
Sales	6/30/2022	12/31/2024	30

Waterfall Structure

For this project, Ryder Homes is proposing an equity partnership structure with the Limited Partner contributing 90% and the General Partner contributing 10%. Net cash flow will be distributed as follow:

Financial obligations will take priority over all debts.

Tier 1

Payment to LP investor to the point of a 10% return on the LP contributions

Payment to the GP to 10% return on GP contributions

Tier II

Payment to LP investor to 20% return on LP contributions

GP receives 30% promote after LP receives 20% return

Tier II

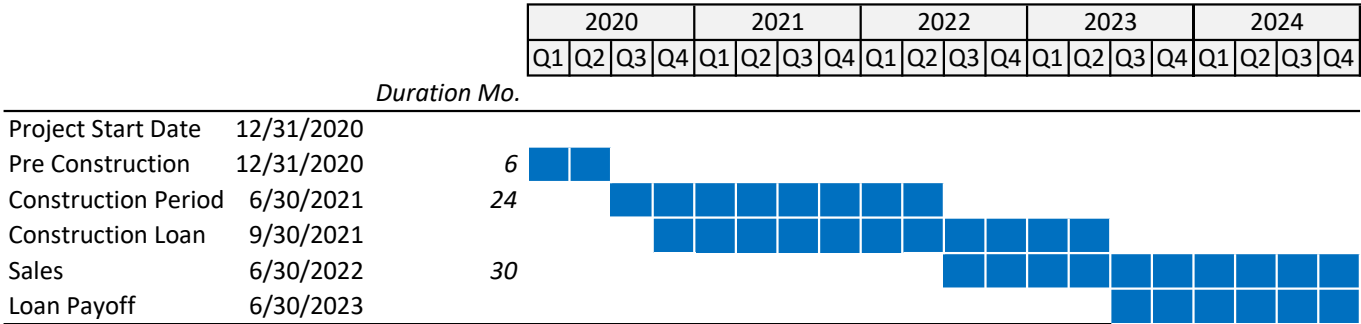
LP to receive 25% of remaining distributable cash, if any

GP to receive 75% of remaining distributable cash, if any

Project Schedule

The project is set to start in teh year 2020. The schedule accounts for 6 months of pre-construction during which permits will be acquired.The construction period is set at 24 months. This is because the building is a straightforward 6 story construction and we don't anticipate there to be any complications.

The management of this development project will include a construction management team that is experienced and has excellent communication skills. This will allow prob-
lems to be solved quickly and efficiently and allow the project to stay on schedule.



Marketing and Exit Strategy

Sales for this project will be over a 30 month period. The sales period will start immediately after construction ends.

Marketing efforts will target the population mentioned earlier in this report. This includes the young professional aged 25-45 looking for somewhere calmer than downtown, but still in a hip and expanding neighborhood.

Wall Street professionals and others with a higher disposable income will be targeted based on their ability to afford the cost of the units.

Risks and Mitigations

As with any real estate development project, we are running the risk that the market could go down and we could hit a housing recession during the sales period of this project. This would slow down returns and possibly prolong the project's schedule.

There is a cost risk with potential cost overruns or the possibility that construction could take longer than initially planned.

There is a timing risk. If the project isn't timed just right, it could affect the absorption of the units and affect the overall success of the project.

Mitigations include selling at the price that the market allows and hiring a skilled construction management team to deter any construction delays and to keep the project on schedule.



Appendix

Waterfall Breakdown

		0	1	2	3	4	5
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Total Net CF	<u>IRR</u> 21.41%	(\$19,250,000)	(\$54,465,402)	(\$6,311,274)	(\$5,452,714)	\$73,189,211	\$99,615,203
Capital Contributions							
LP	90%	(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)		
GP	10%	(\$1,925,000.00)	(\$5,446,540.25)	(\$631,127.37)	(\$545,271.39)		
Tier I							
<u>LP</u>							
Beginning Balance			(\$17,325,000.00)	(\$68,076,362.24)	(\$80,564,144.76)	(\$93,528,001.73)	(\$29,691,591.11)
Preferred Return	10%		(\$1,732,500.00)	(\$6,807,636.22)	(\$8,056,414.48)	(\$9,352,800.17)	(\$2,969,159.11)
Capital Contribution		(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)	\$0	0
Tier I Distributions						\$73,189,211	\$32,660,750.22
Ending Balance		(\$17,325,000.00)	(\$68,076,362.24)	(\$80,564,144.76)	(\$93,528,001.73)	(\$29,691,591.11)	(\$0.00)
<u>Check</u>							
LP Cashflow	10%	(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)	\$73,189,211	\$32,660,750.22
<u>GP</u>							
Beginning Balance		\$0.00	(\$1,925,000.00)	(\$7,564,040.25)	(\$8,951,571.64)	(\$10,392,000.19)	(\$11,431,200.21)
Preferred Return	10%		(\$192,500.00)	(\$756,404.02)	(\$895,157.16)	(\$1,039,200.02)	(\$1,143,120.02)
Capital Contribution		(\$1,925,000.00)	(\$5,446,540.25)	(\$631,127.37)	(\$545,271.39)	\$0.00	\$0.00
Tier I Distributions							\$12,574,320.23
Ending Balance		(\$1,925,000.00)	(\$7,564,040.25)	(\$8,951,571.64)	(\$10,392,000.19)	(\$11,431,200.21)	(\$0.00)
<u>Check</u>							
GP Cashflow	10%	(\$1,925,000.00)	(\$5,446,540.25)	(\$631,127.37)	(\$545,271.39)	0	\$12,574,320.23
<u>Total</u>							
Tier I Distributions							\$118,424,281.24
Cashflow After Tier I Distributions							\$54,380,132.25
Tier II							
<u>LP</u>							
Beginning Balance			(\$17,325,000.00)	(\$69,808,862.24)	(\$89,450,780.98)	(\$112,248,379.67)	(\$61,508,844.82)
Preferred Return	20%		(\$3,465,000.00)	(\$13,961,772.45)	(\$17,890,156.20)	(\$22,449,675.93)	(\$12,301,768.96)
Capital Contributions		(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)	0	0
Tier I Distributions						\$73,189,211	\$32,660,750.22
Tier II Distributions						\$0	\$41,149,863.56
Ending Balance		(\$17,325,000.00)	(\$69,808,862.24)	(\$89,450,780.98)	(\$112,248,379.67)	(\$61,508,844.82)	(\$0.00)
<u>Check</u>							
LP Cashflow	20.00%	(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)	\$73,189,211	\$73,810,613.78
Tier 2 CF after LP gets 20% IRR							\$13,230,268.69
<u>GP</u>							
Tier I Distributions							\$12,574,320.23
Tier II Distributions							
Tier II Promote - 30% of tier 2 after LP receives 20%IRR							\$3,969,080.61
Total							\$16,543,400.84
<u>IRR</u>							
GP Cashflow	17.63%	(\$1,925,000.00)	(\$5,446,540.25)	(\$631,127.37)	(\$545,271.39)	\$0.00	\$16,543,400.84
<u>Total</u>							
Tier II Distributions Promote							\$45,118,944.17
Cashflow After Tier II Distributions							\$9,261,188.08
Tier III							
LP Distributions	25%						\$2,315,297.02
GP Distributions	75%						\$6,945,891.06
GP Promote Distributions							
Total Tier III Distributions							
<u>IRR</u>							
LP Cashflow	20.48%	(\$17,325,000.00)	(\$49,018,862.24)	(\$5,680,146.29)	(\$4,907,442.49)	\$73,189,211	\$76,125,910.80
GP Cashflow	28.05%	(\$1,925,000.00)	(\$5,446,540.25)	(\$631,127.37)	(\$545,271.39)	\$0.00	\$23,489,291.90
Total Cashflow	21.41%	(\$19,250,000.00)	(\$54,465,402.49)	(\$6,311,273.66)	(\$5,452,713.88)	\$73,189,210.79	\$99,615,202.70

Unit Sales Breakdown

Floor	Unit Number	Unit Type	Square Footage	Price	Price psf	Sales Costs	Net Proceeds
2	1	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	2	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	3	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	4	2B	2000	\$ 5,900,000.00	\$ 2,950.00	\$ 295,000.00	\$ 5,605,000.00
2	5	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	6	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	7	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	8	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	9	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	10	2B	2000	\$ 5,900,000.00	\$ 2,950.00	\$ 295,000.00	\$ 5,605,000.00
2	11	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	12	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	13	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	14	3B	2600	\$ 7,580,000.00	\$ 2,915.38	\$ 379,000.00	\$ 7,201,000.00
2	15	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	16	2B	2000	\$ 5,900,000.00	\$ 2,950.00	\$ 295,000.00	\$ 5,605,000.00
2	17	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	18	2B	2000	\$ 5,900,000.00	\$ 2,950.00	\$ 295,000.00	\$ 5,605,000.00
2	19	S	700	\$ 1,650,000.00	\$ 2,357.14	\$ 82,500.00	\$ 1,567,500.00
2	20	1B	1000	\$ 2,600,000.00	\$ 2,600.00	\$ 130,000.00	\$ 2,470,000.00
2	21	2B	2000	\$ 5,900,000.00	\$ 2,950.00	\$ 295,000.00	\$ 5,605,000.00
3	22	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	23	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	24	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	25	2B	2000	\$ 6,200,000.00	\$ 3,100.00	\$ 310,000.00	\$ 5,890,000.00
3	26	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	27	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	28	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	29	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	30	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	31	2B	2000	\$ 6,200,000.00	\$ 3,100.00	\$ 310,000.00	\$ 5,890,000.00
3	32	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	33	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	34	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	35	3B	2600	\$ 7,780,000.00	\$ 2,992.31	\$ 389,000.00	\$ 7,391,000.00
3	36	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	37	2B	2000	\$ 6,200,000.00	\$ 3,100.00	\$ 310,000.00	\$ 5,890,000.00
3	38	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	39	2B	2000	\$ 6,200,000.00	\$ 3,100.00	\$ 310,000.00	\$ 5,890,000.00
3	40	S	700	\$ 1,750,000.00	\$ 2,500.00	\$ 87,500.00	\$ 1,662,500.00
3	41	1B	1000	\$ 2,800,000.00	\$ 2,800.00	\$ 140,000.00	\$ 2,660,000.00
3	42	2B	2000	\$ 6,200,000.00	\$ 3,100.00	\$ 310,000.00	\$ 5,890,000.00
4	43	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	44	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	45	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	46	2B	2000	\$ 6,400,000.00	\$ 3,200.00	\$ 320,000.00	\$ 6,080,000.00
4	47	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	48	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	49	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	50	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	51	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	52	2B	2000	\$ 6,400,000.00	\$ 3,200.00	\$ 320,000.00	\$ 6,080,000.00
4	53	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	54	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	55	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	56	3B	2600	\$ 7,980,000.00	\$ 3,069.23	\$ 399,000.00	\$ 7,581,000.00
4	57	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	58	2B	2000	\$ 6,400,000.00	\$ 3,200.00	\$ 320,000.00	\$ 6,080,000.00
4	59	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	60	2B	2000	\$ 6,400,000.00	\$ 3,200.00	\$ 320,000.00	\$ 6,080,000.00
4	61	S	700	\$ 1,850,000.00	\$ 2,642.86	\$ 92,500.00	\$ 1,757,500.00
4	62	1B	1000	\$ 3,000,000.00	\$ 3,000.00	\$ 150,000.00	\$ 2,850,000.00
4	63	2B	2000	\$ 6,400,000.00	\$ 3,200.00	\$ 320,000.00	\$ 6,080,000.00
5	64	3B	2600	\$ 8,900,000.00	\$ 3,423.08	\$ 445,000.00	\$ 8,455,000.00
5	65	2B	2000	\$ 6,900,000.00	\$ 3,450.00	\$ 345,000.00	\$ 6,555,000.00
5	66	3B	2600	\$ 8,900,000.00	\$ 3,423.08	\$ 445,000.00	\$ 8,455,000.00
5	67	3B	2600	\$ 8,900,000.00	\$ 3,423.08	\$ 445,000.00	\$ 8,455,000.00
5	68	2B	2000	\$ 6,900,000.00	\$ 3,450.00	\$ 345,000.00	\$ 6,555,000.00
5	69	3B	2600	\$ 8,900,000.00	\$ 3,423.08	\$ 445,000.00	\$ 8,455,000.00
5	70	2B	2000	\$ 6,940,000.00	\$ 3,470.00	\$ 347,000.00	\$ 6,593,000.00
5	71	3B	2600	\$ 8,900,000.00	\$ 3,423.08	\$ 445,000.00	\$ 8,455,000.00
6	72	3B	2600	\$ 9,500,000.00	\$ 3,653.85	\$ 475,000.00	\$ 9,025,000.00
6	73	3B	2600	\$ 9,500,000.00	\$ 3,653.85	\$ 475,000.00	\$ 9,025,000.00
6	74	3B	2600	\$ 9,500,000.00	\$ 3,653.85	\$ 475,000.00	\$ 9,025,000.00

102400 \$ 310,380,000.00 \$ 3,031.05

Construction Estimates

Land Expenses	Total Costs
Land Costs	\$ 55,000,000.00
Total Land Costs	\$ 55,000,000.00

Soft Costs		
Architectural Design	1%	\$ 1,103,266.24
Civil Engineering	1%	\$ 1,103,266.24
MEP Engineering	0.05%	\$ 55,163.31
Structural Engineering	1%	\$ 1,103,266.24
Geotechnical Engineering	1%	\$ 1,103,266.24
Environmental Engineering	0.50%	\$ 551,633.12
Expeditor	0.50%	\$ 551,633.12
Interior Design	1%	\$ 1,103,266.24
Building Code Testing	1%	\$ 1,103,266.24
Permitting	1%	\$ 1,103,266.24
Connection Fees	1.00%	\$ 1,103,266.24
Legal Council	1%	\$ 1,103,266.24
Accounting/Admin	1%	\$ 1,103,266.24
Management Fee	1%	\$ 1,103,266.24
Sales and Marketing	3%	\$ 3,309,798.72
Developer Fee	1%	\$ 1,103,266.24
Real Estate Taxes**	1%	\$ 1,103,266.24
Contingency	1%	\$ 1,103,266.24
Soft Costs	18%	\$ 19,913,955.63

Hard Costs		
Sitework	\$ 100.00	\$ 14,180,800.00
Completion Bonus	\$ 3.00	\$ 425,424.00
Building Frame	\$ 600.00	\$ 85,084,800.00
General Contractor Bonding	\$ 3.00	\$ 425,424.00
Utilities	\$ 2.00	\$ 283,616.00
FF&E	\$ 10.00	\$ 1,418,080.00
Hard Cost Contingency	\$ 60.00	\$ 8,508,480.00
Total		\$ 110,326,624.00
Total psf		\$ 778.00

Total Development Costs	\$ 130,240,579.63
Total Dev costs psf	\$ 918.43

Sensitivity Analyses

IRR		Average Sales Revenues				
	21.17%	\$ 5,500,000.00	\$ 5,000,000.00	\$ 4,700,000.00	\$ 4,194,324.32	\$ 3,500,000.00
Land Purchase Price	\$ 55,000,000.00	30.96%	27.44%	25.20%	21.17%	15.00%
	\$ 85,000,000.00	26.30%	22.96%	20.83%	17.01%	11.15%
	\$ 75,000,000.00	27.75%	24.36%	22.19%	18.31%	12.36%
	\$ 65,000,000.00	29.30%	25.84%	23.64%	19.69%	13.64%
	\$ 45,000,000.00	32.74%	29.15%	26.86%	22.75%	16.47%

IRR		Average Sales Revenues					
		21.17%	\$ 5,500,000.00	\$ 5,000,000.00	\$ 4,700,000.00	\$ 4,194,324.32	\$ 3,500,000.00
Loan Interest Rate	5.0%	31.95%	28.48%	26.27%	22.30%	16.22%	
	5.5%	31.71%	28.22%	26.00%	22.02%	15.92%	
	6.0%	31.46%	27.96%	25.73%	21.73%	15.61%	
	6.5%	31.21%	27.70%	25.46%	21.45%	15.31%	
	7.0%	30.96%	27.44%	25.20%	21.17%	15.00%	

Net Profit		Average Sales Revenues				
	\$87,325,023	\$ 5,500,000.00	\$ 5,000,000.00	\$ 4,700,000.00	\$ 4,194,324.32	\$ 3,500,000.00
Purchase Price	\$ 55,000,000.00	\$ 143,638,815	\$ 122,073,815	\$ 109,134,815	\$ 87,325,023	\$ 57,378,815
	\$ 85,000,000.00	\$ 132,839,937	\$ 111,274,937	\$ 98,335,937	\$ 76,526,145	\$ 46,579,937
	\$ 75,000,000.00	\$ 136,439,563	\$ 114,874,563	\$ 101,935,563	\$ 80,125,771	\$ 50,179,563
	\$ 65,000,000.00	\$ 140,039,189	\$ 118,474,189	\$ 105,535,189	\$ 83,725,397	\$ 53,779,189
	\$ 45,000,000.00	\$ 147,238,441	\$ 125,673,441	\$ 112,734,441	\$ 90,924,649	\$ 60,978,441

Thank you for consideration of this opportunity.

