Financial Model for Attracting Private Capital

Newmark Grubb Knight Frank

Presented By:

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Senior Managing Director
Global Corporate Services
Newmark Grubb Knight Frank Global Reach

10,000 Professionals
677 Million Square Feet Managed
341 Offices 5 Continents
$1.6 Billion Revenue

North America
Canada
United States

Europe
Belgium
Czech Republic
France
Germany
Hungary
Ireland
Italy
Netherlands
Poland
Portugal
Romania
Russia
Spain
Ukraine
United Kingdom

Africa
Botswana
Kenya
Malawi
Nigeria
Tanzania
Uganda
Zambia
Zimbabwe

Middle East
Bahrain
United Arab Emirates

Asia-Pacific
Australia
Cambodia
China
Hong Kong
India
Indonesia
Malaysia
New Zealand
Singapore
South Korea
Thailand
Vietnam

Centers of Excellence
Newmark Knight Frank Offices
Project Partners
Planned Expansion
Financial Model for Attracting Private Capital

ASSEMBLE TEAM

- Transit
  - Financial Advisor
  - Real Estate Advisor

ASSESS THE PROJECT

Building:
- Structure
- Space Usage
- Infrastructure
- Existing Amenities

Property:
- Uncompromised Land
- Zoning

Area:
- Drivers – Micro/Macro

ASSESS THE PROJECT

Total Space: 41,141
Avail. Space: 4,386
Asking Rate: $18.50

Total Space: 21,000
Avail. Space: 3,145
Asking Rate: $16.34

- I-1 – Light Industrial
- C-1 – Community Business District
- The entire site is proposed to be rezoned MRC-3, Mixed Residential and Community district
- MRC-3 is more conducive to TOD Development
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VALUATION METHODS

Income

BUYER/BENEFACtor

Developer

Investor

Transit
## EXECUTIVE SUMMARY

### PROPOSED MIXED-USE DEVELOPMENT OF FIVE TOD SITES

<table>
<thead>
<tr>
<th>SCENARIO</th>
<th>Gross (GSF)</th>
<th>Rentable (RSF)</th>
<th>Space Efficiency (Rentable RSF / GSF)</th>
<th>Hand Costs</th>
<th>PSF (GSF)</th>
<th>Soft Costs</th>
<th>Interest</th>
<th>Brokerage/Work Allowance</th>
<th>Total Costs PSF</th>
<th>Construction Period (mo)</th>
<th>Leased-Up Absorption Period (mo)</th>
<th>Loan-to-Cost Ratio</th>
<th>Financing Interest Rate</th>
<th>RE Taxes Expense PSF (GSF)</th>
<th>Operating Expense PSF (GSF)</th>
<th>Average Monthly Rental Rate / Annual PSF (Rentable RSF)</th>
<th>Exit Cap Rate</th>
<th>MARTA / DEVELOPER INVESTMENT REVENUE AND YIELD</th>
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</thead>
<tbody>
<tr>
<td>L. EDGWOOD/CANDLER PARK</td>
<td>255,000</td>
<td>216,750</td>
<td>85.0%</td>
<td>$75.00</td>
<td>$20.93</td>
<td>$7.63</td>
<td>$6.54</td>
<td>$110.20</td>
<td>$28.1 MM</td>
<td>18</td>
<td>18</td>
<td>70%</td>
<td>5.0%</td>
<td>$1.00</td>
<td>$7.29</td>
<td>Rent-$1,133/mo</td>
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<tr>
<td>Residential</td>
<td>220,647</td>
<td>187,550</td>
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<td></td>
<td>Rent-$220.00 psf/yr</td>
<td>3.5%</td>
<td>Ground Rent (5% OR)</td>
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<tr>
<td>Office</td>
<td>8,471</td>
<td>7,200</td>
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<td>Office-$16.00 psf/yr</td>
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<td>40 Yr NPV</td>
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<tr>
<td>Retail</td>
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<td>Retail-$15.00 psf/yr</td>
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<td>Max Promote Revenue</td>
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<td>$3.8 MM</td>
<td>6 Yr IRR</td>
<td>Developer</td>
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<td>$4.7 MM</td>
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<td>DEVELOPER PERSPECTIVE (IRR)</td>
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<td>MAX Promote Revenue</td>
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<td>Holding Period</td>
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<td>MARTA WITH MARTA</td>
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<td>MARTA PERIOD</td>
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<tr>
<td>5 Yrs</td>
<td>11.1%</td>
<td>18.5%</td>
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<td>12.5%</td>
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<td>PERIOD</td>
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Valuation Methods

Buyer/Benefactor
- Developer
- Investor

Today’s Credit Market
**Financial Model for Attracting Private Capital**

**ASSEMBLE TEAM**

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**ASSESS 1**

- Building
  - Structure
  - Space
  - Infrastructure
  - Existing Amenities

- Property
  - Uncompromised Land
  - Zoning

- Area
  - Drivers

**Profit Timing**

- Around Lease Structure
- Fee Simple Structure
- Capital Event Structure

**HIGHEST & BEST USE**

- Profit Timing

- Today's Credit Market
  - Highest & Best Use
  - Profit Timing
    - Around Lease Structure
    - Fee Simple Structure
    - Capital Event Structure

- Financial Model for Attracting Private Capital
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VALUATION METHODS
- Income

BUYER/BENEFACTOR
- Developer
- Investor

HIGHEST & BEST USE
- Profit Timing

Today’s Credit Market

Next Steps