

FIFTH AVENUE



2020 VISION OF A FRESH FUTURE FOR FIFTH AVENUE • MIDTOWN

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William K. Vanderbilt Jr. Mansion, 666 Fifth Avenue designed by Stanford White 1908

# EXECUTIVE SUMMARY

**Vision Developments** is seeking an equity partner to acquire and redevelop 666 Fifth Avenue, a 1.2 million square foot mixed-use development in New York. The site has a total area of 61,755 square feet with an existing 41-story office tower. The project features 55,032 rsf of retail spaces, 118,218 rsf of serviced apartments and 1,027,465 rsf of office space.

**The project will preserve the existing structure of the 666 Fifth Avenue tower with a proposed interior and exterior renovation.** The target tenants for this project includes financial firms both large and boutique, banks and law firms. The Plaza District is a well-amenitized neighborhood for office tenants. It is equipped with plenty of amenity options within walking distance to the building like up-scale gyms, child day-care and rooftop bars with Manhattan view. 666 will include high end amenities for both office uses and the public including restaurant space, gym and exercise facilities, and retail provisions. Creating a building of live, work and play.

Land closing has completed with existing tenant buyout and termination of leases planned immediately. Renovation work is expected to commence May 2020, completed in Jun 2021 and following a two year lease-up period, 666 will be fully leased in May 2023. The total project cost including office, serviced apartments and retail components is \$2.00 billion (\$1,629/gsf). The sponsor has already engaged acquisition/construction lenders to provide indicative debt terms (4.00% spread over LIBOR).

**When completed, 666 Fifth will be a significant addition to the midtown office market and lead the way in transforming old to new.** Midtown Manhattan has always been an area for commercial activity and the home to financial and legal services. The historically supply of office facilities was built primarily around 1960/70s and is now facing the huge issue of competing high quality stock in Hudson Yards and Grand Central area. The project is located within the iconic Plaza District. The site benefits from high pedestrian traffic and is located right alongside numerous transit lines, making it easier to commute to 666 Fifth.

The sponsor is currently seeking the JV equity partner to contribute 90% of net equity. Based on the sponsor's rent assumptions of average \$112/rsf for office spaces, \$105/rsf for retail spaces, 12.5% average vacancy, and \$35 Opex, the project generates a stabilized NOI at year 5 of \$110.1 million, and 8% development yield. Based on a sale at the end of lease-up (Year 5) at an exit cap rate of 5.00% for the office, serviced apartments and retail portion, the projected returns are: levered IRR: 18.03%, 1.94x multiple.



# INVESTMENT HIGHLIGHTS

Project Scope: 1.2M SF

Project Type: Mixed use

Development Period: 3 years

Development Cost: \$2.0BN

Development Yield: 8.1%

Project IRR: 18.07%

LP Contribution: \$485.86M

LP IRR: 17.21%

# PROJECT OVERVIEW



FIFTH AVENUE





# ZONING ANALYSIS

The lot at 666 Fifth Avenue is currently zoned C5-2.5, C5-3, MID allowing a total FAR of 15 for commercial use, amounting to a total of 926,325 buildable square feet. The existing building has a gross floor area of 1,246,882 SF which means that at present, the existing building is overbuilt by 320,557 SF.

## Existing Building On Site

Address	666 Fifth Avenue
Property Type	Office
Year Built:	1957; Renovated 1999
Floors:	41: 39 Stories of Commercial Office Space
Total RSF:	1,548,459 SF
Typical Floor Size:	Range from 19,703 to 61,356 square feet.
Height:	536'
Construction:	Steel reinforced concrete
Previous Uses:	Constructed as an office building

## Zoning Lot

Zoning	C5-2.5 / C5-3
Lot SF	61,755
FAR	15.0
Maximum SF (ZFA)	926,325
Existing GFA	1,246,882
ZFA Efficiency	85%
Existing ZFA	1,059,850
Available ZFA	-133,525
RSF	1,548,459
Load Factor	24%

# CONTEXT ANALYSIS

666 Fifth Avenue is a 40-story commercial and office building located in the Plaza District neighborhood of Midtown Manhattan. It is located in a prime position on NYC's iconic 5th Avenue, a street synonymous with prestigious housing, Museums and culture, high-end retail and a hub of business activity.

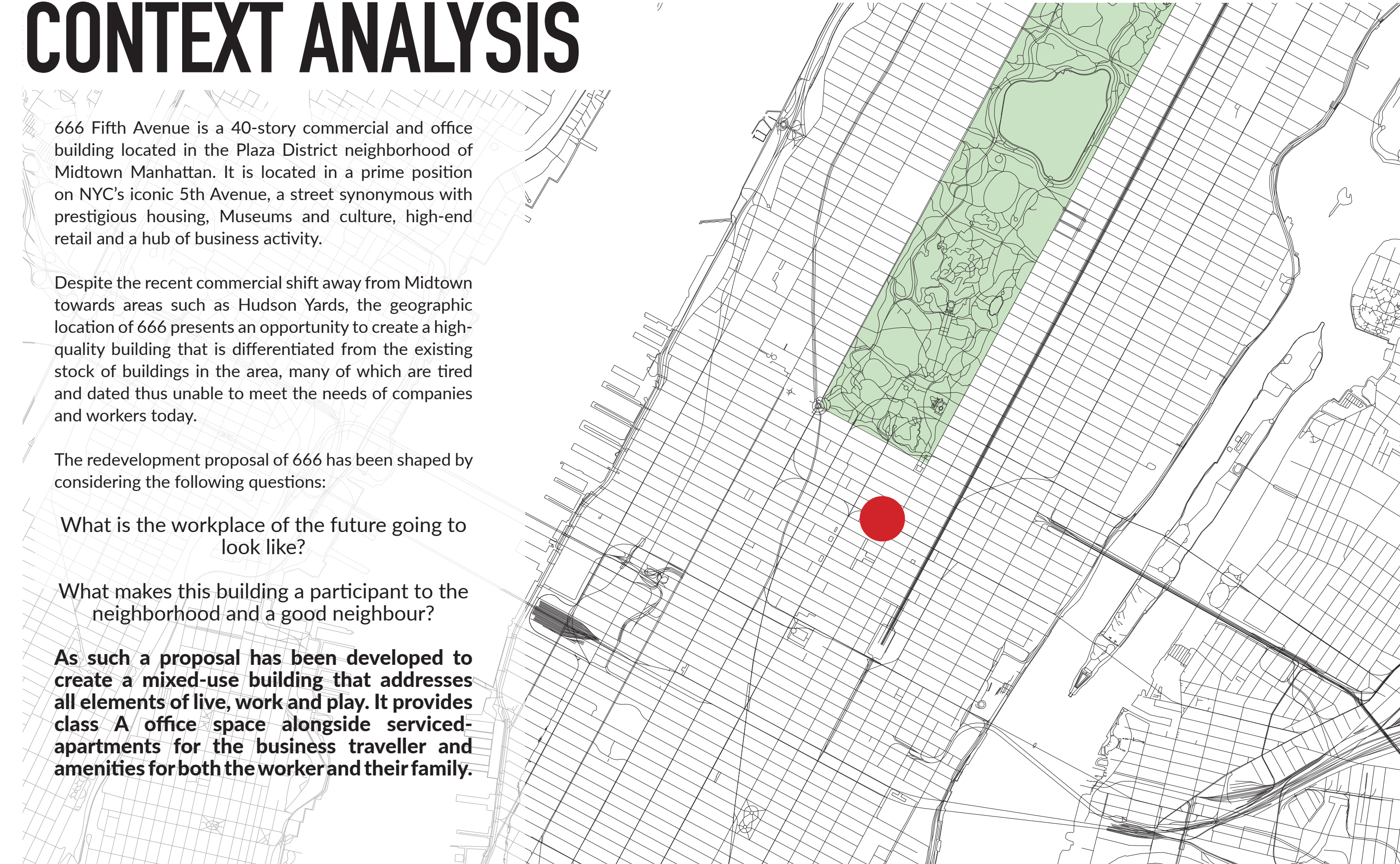
Despite the recent commercial shift away from Midtown towards areas such as Hudson Yards, the geographic location of 666 presents an opportunity to create a high-quality building that is differentiated from the existing stock of buildings in the area, many of which are tired and dated thus unable to meet the needs of companies and workers today.

The redevelopment proposal of 666 has been shaped by considering the following questions:

What is the workplace of the future going to look like?

What makes this building a participant to the neighborhood and a good neighbour?

**As such a proposal has been developed to create a mixed-use building that addresses all elements of live, work and play. It provides class A office space alongside serviced-apartments for the business traveller and amenities for both the worker and their family.**



# SITE ANALYSIS

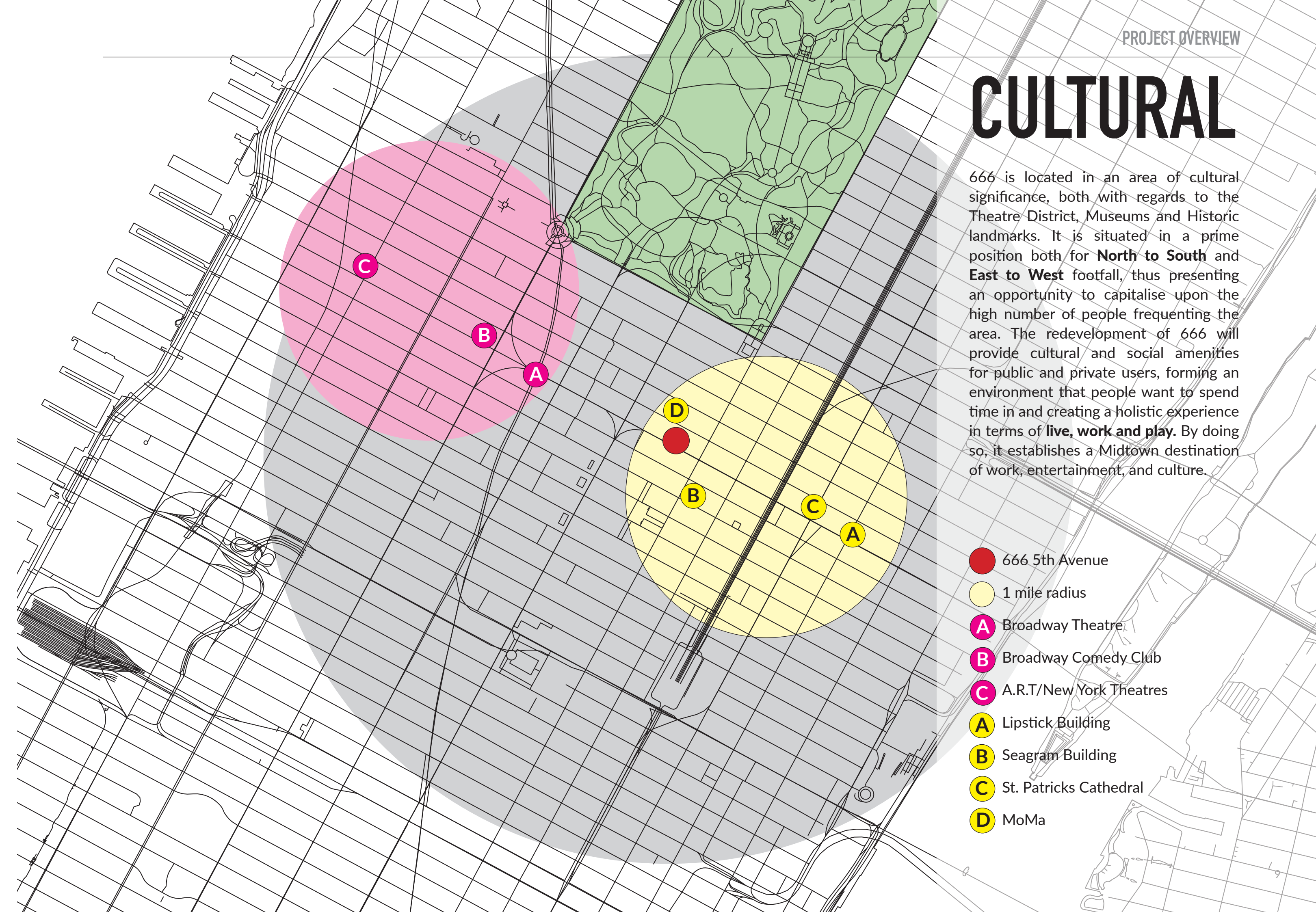
## EXISTING HERITAGE

- 1960's full mechanical venting
- Deep Floorplates with poor daylight and air flow
- Low ceilings not fit for purpose
- Sealed building
- Re-circulating airbourne viruses
- Carbon-fuel dependent
- Outdated and tired
- Prime location
- Trophy building
- Record-setting \$1.8 billion for the building in 2007



# CULTURAL

666 is located in an area of cultural significance, both with regards to the Theatre District, Museums and Historic landmarks. It is situated in a prime position both for **North to South** and **East to West** footfall, thus presenting an opportunity to capitalise upon the high number of people frequenting the area. The redevelopment of 666 will provide cultural and social amenities for public and private users, forming an environment that people want to spend time in and creating a holistic experience in terms of **live, work and play**. By doing so, it establishes a Midtown destination of work, entertainment, and culture.



- 666 5th Avenue
- 1 mile radius
- A Broadway Theatre
- B Broadway Comedy Club
- C A.R.T./New York Theatres
- A Lipstick Building
- B Seagram Building
- C St. Patricks Cathedral
- D MoMa

# BUSINESS

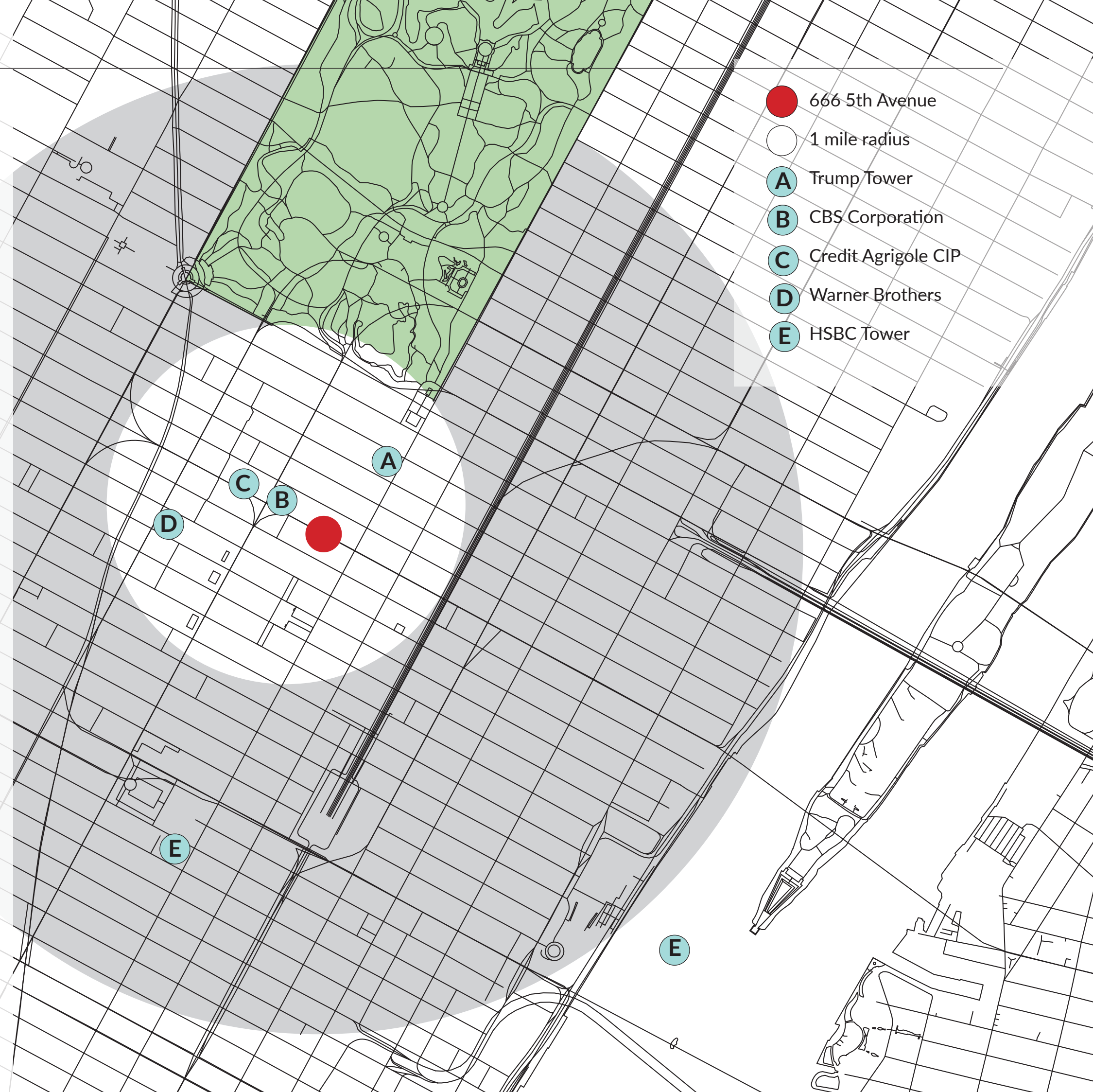
A large number of major commercial buildings and key headquarters are in the surrounding areas of the site as highlighted however the area is increasingly out of favour. The Midtown area is a hotspot for Law firms and Financial companies to locate, however existing office supply is not reflective of current wants and demands of the physical office space.

## OPPORTUNITY:

Firms that will be targeted include boutique finance companies to occupy smaller floor plates at the top of the building, alongside law firms and others disheartened with their existing office environment. By maintaining larger floors at the podium, larger single tenants focused upon Technology, Finance and Insurance are the key prospective tenants.

The newly developed 666 will place flexibility as a key attribute of the proposed design, utilising modular systems to ensure minimal time is spent building out the space and thus allow it to be changed quickly in the future.

Creating a workplace that instigates innovation and focuses on the employee will be the core values driving this redevelopment. 666 will create an ecosystem within the building that allows tenants to come together as a natural act, fostering collaboration and symbiosis.



- 666 5th Avenue
- 1 mile radius
- A Trump Tower
- B CBS Corporation
- C Credit Agricole CIP
- D Warner Brothers
- E HSBC Tower

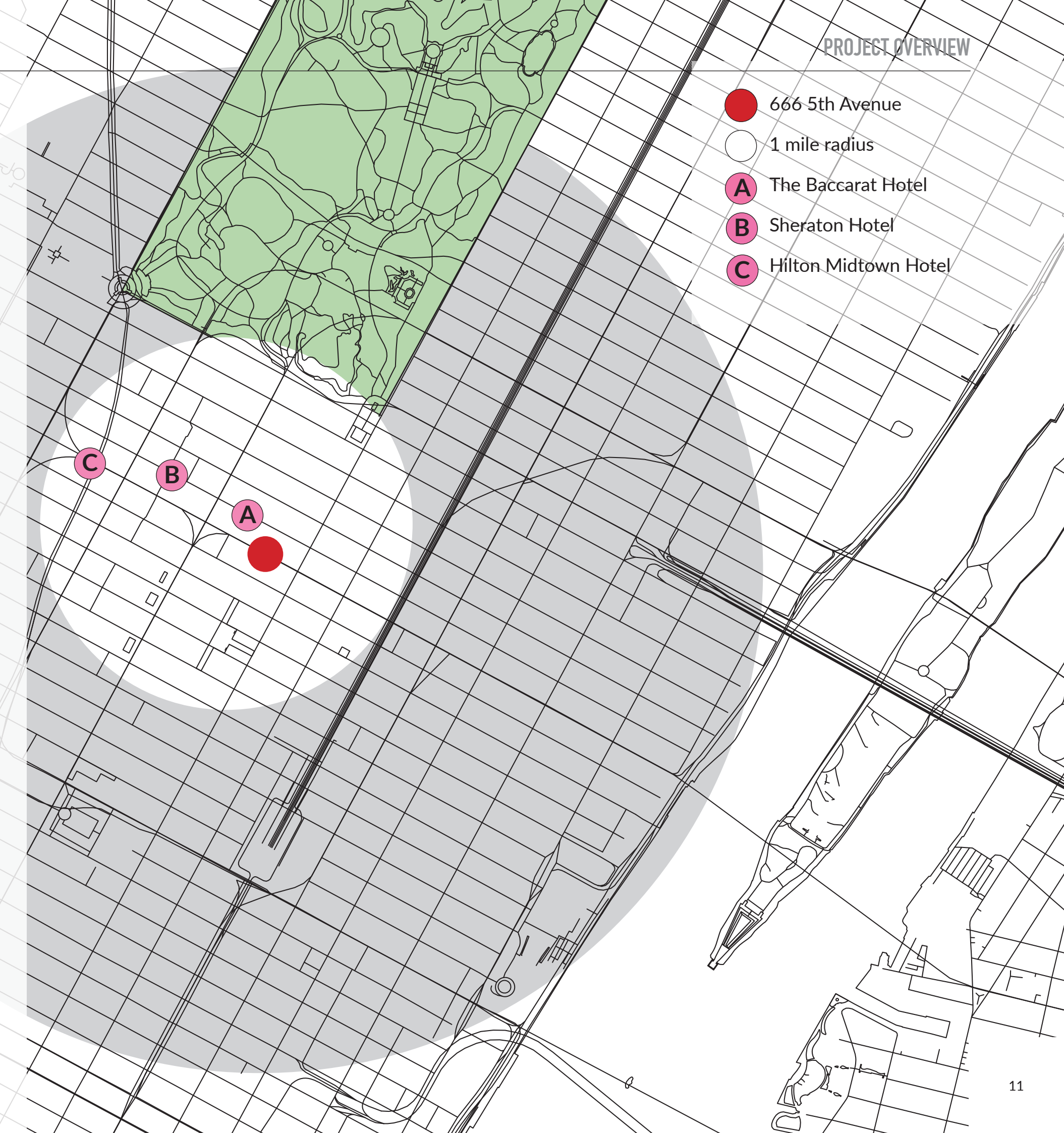
# HOTELS

Over 30 hotels can be found within a 15-20 minute walking distance, including famous names such as the New York Hilton Midtown, The Baccarat and the Sheraton New York Times Square Hotel. There is a surplus of hotel stock in the Midtown area, particularly luxury towards the Central Park area and middle/economy hotels located further south towards Times Square. Thus, the demand for a hotel at 666 is not convincing enough to merit inclusion within this proposal.

## OPPORTUNITY:

The Apartment Hotel (Serviced Apartment) model is thus attractive due to its ability to cater to the Business / longer stay travellers. A partnership with 'AKA stay' maintains quality alongside prices in line with 4 / 5 Star Hotels but with lower turnover of guests. This model would service the surrounding Midtown demand from short-stay workers and business travellers. In addition this will provide an attractive on-site accommodation facility for the building and its members, inspired by the likes of The Ned London.

The serviced apartment component, 'AKA stay' will comprise 300 spacious studios, one and two-bedroom furnished apartments ideal for individuals staying a week or longer. AKA offers one of the best Technogym fitness centers in NYC, an exclusive lounge, and private access to our café for hearty breakfasts, energizing espressos, mid-day lunches, and afternoon tea. These amenities will be accessible to both short stay residents and the public.



- 666 5th Avenue
- 1 mile radius
- A The Baccarat Hotel
- B Sheraton Hotel
- C Hilton Midtown Hotel

# NEIGHBORHOOD CONSIDERATIONS

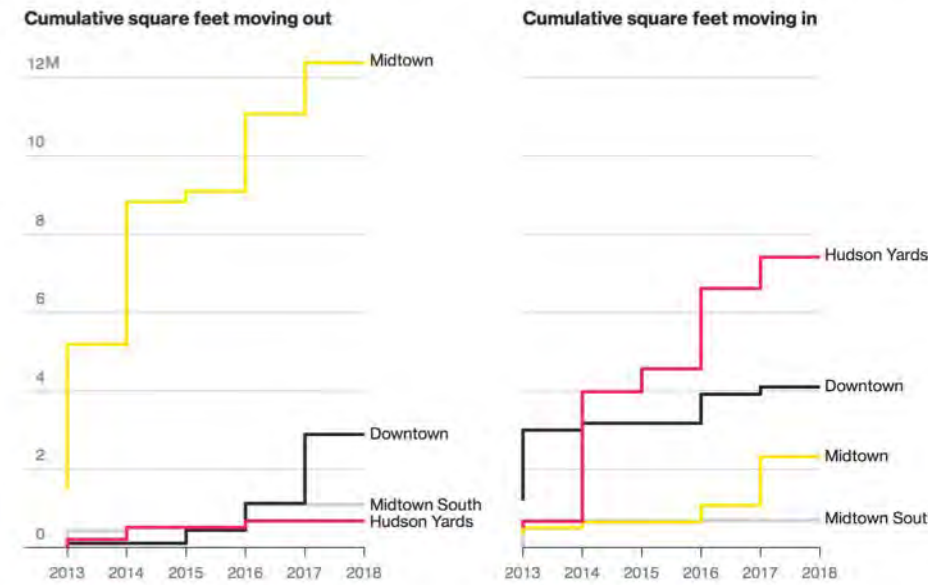
**Declining Midtown office market conditions.**

**12M Sq.Ft moving out of Midtown Manhattan.**

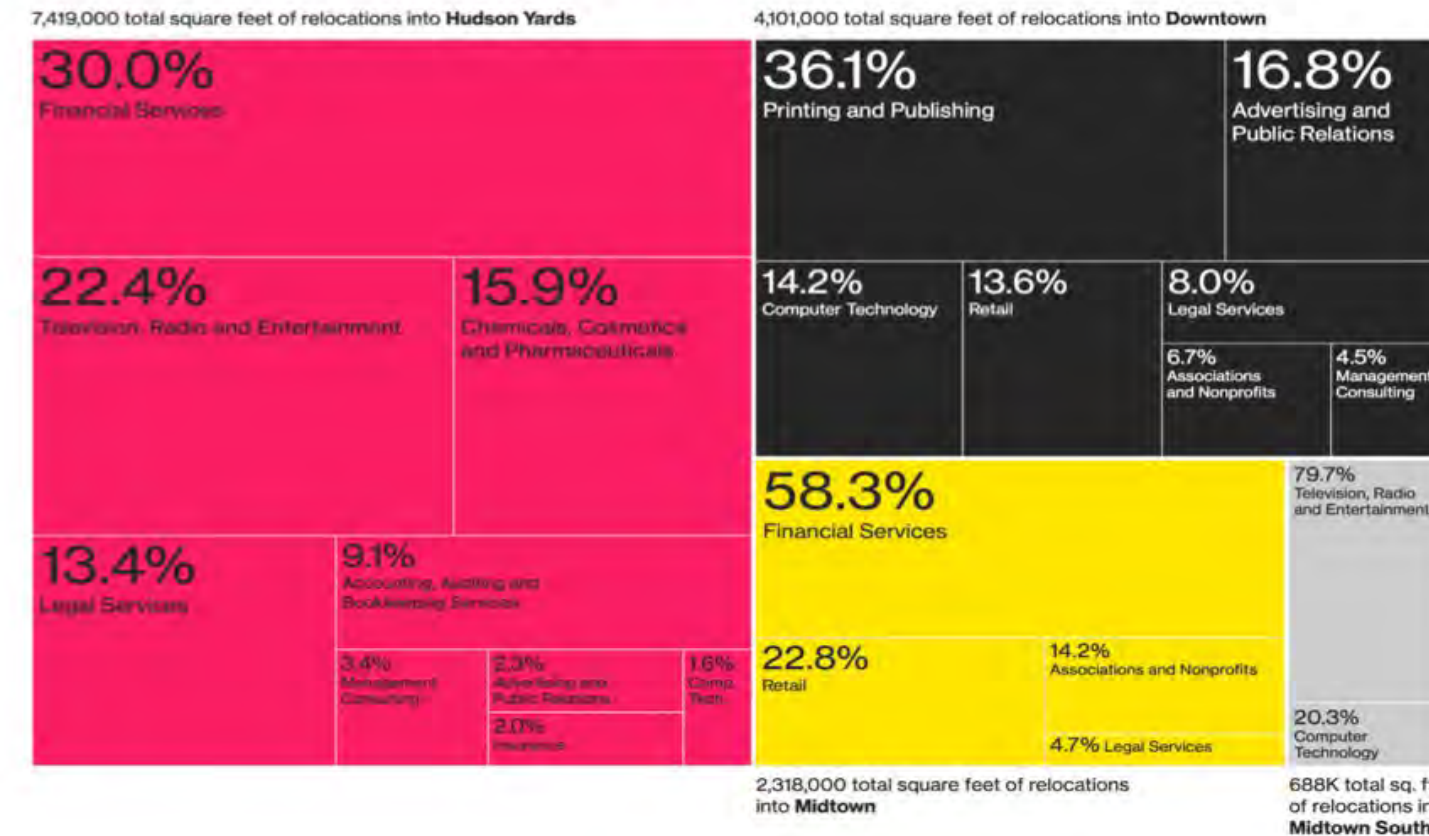
**7.8M Sq.Ft shift towards Hudson Yards.**

**Top sector moving into Midtown: Financial Services.**

**Midtown Departures**  
Midtown stands out among Manhattan office markets in companies departing for other NYC business districts.



**"Wall Street" Is No Longer Concentrated Near Wall Street**  
Financial services is the largest industry by percentage to choose to move to Hudson Yards.



# PLAZA DISTRICT

## Midtown

The neighborhood presents an exciting opportunity for a development that both adds to and improves the existing identity of the Plaza District by creating a new, innovative development. All of this is possible due to the favorable demographic profile, good access to transit, and relative lack of existing amenities and neighborhood resources. Commercially, the Plaza district has been struggling to retain some major tenants due to increasing competition from new developments downtown and on the Far West Side. Thus, there is an opportunity for 666 to be at the forefront of Midtown, high quality mixed-use space.

## Demographics

The central location of 666 in a well-established business district, gives the project a distinct locational advantage for Manhattan living and working. Residents and daytime office users of 666 Fifth Avenue can enjoy short commute times, giving the project a distinct locational advantage for Manhattan living and working.

- Young, working population who are high earners
- Provides convenience, activity, and affordability in your late 20s
- Professionals without a family
- 57th Street = Billionaires Row, a stream of supertall, super-pricey towers rapidly rising and altering the NYC

## Office workers

Mean commute to work in Midtown is 26.6 minutes, Manhattan mean is 31.8 minutes.

## Demand

From demographic and neighborhood analysis, there appears to be demand for entertainment options in the neighborhood, servicing both Midtown and the Upper East Side. A proposed solution will be to install a high-end coffee shop or bakery as well as a "mid-luxury" restaurant, with a Danny Meyer collaboration proposed. Increasingly, commercial tenants are looking for improved amenities in and around their offices in order to attract talent.

As a means of differentiating this building from others in Midtown Manhattan, high end amenity space will be provided for both building users and the public, creating both an entertainment and commercial center.

Population of 27,000 citizens

The most common age range is 20-34 years (38% of the total)

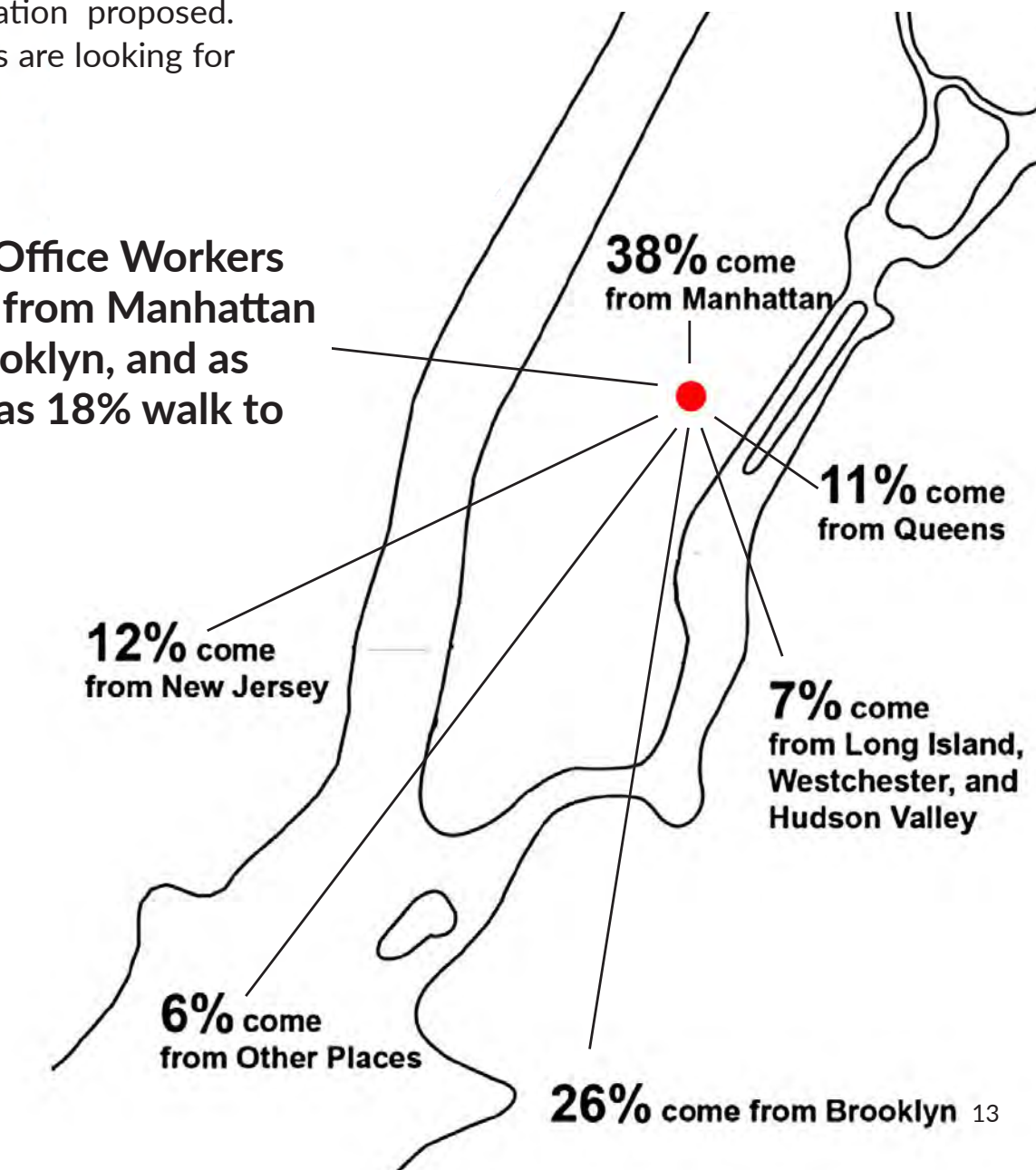
71% of the total residents are professionals which have an average income of \$120,000/year

Total of 22,000 housing units in midtown area

68% of the houses are occupied against 32% vacant

76% of the total houses are renter-occupied

**Most Office Workers Come from Manhattan or Brooklyn, and as many as 18% walk to work**



# TRANSIT & AMENITIES

DU TO THE LOCATION OF 666 IN THE HEART OF THE MIDTOWN OFFICE DISTRICT, 42% OF THE MIDTOWN MANHATTAN RESIDENTS CURRENTLY WALK TO WORK, WITH 39% USING PUBLIC TRANSPORT.



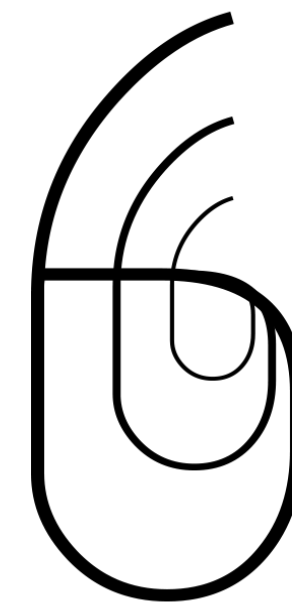
Versus the nyc average, the mean travel time to work is 23 minutes versus 40 mins.

1 Minute Walk to the 5th Avenue / 53rd Street Station (E & M lines).

This provides commuters direct access to 666 from WTC Lower Manhattan / Jamaica Queens (E), Forest Hills / Ridgewood (M).

6 Minute Walk to the 47- 50th Street Rockefeller Subway Station (B,D,F & M lines). Connecting areas such as Park Slope, the Lower East Side and Greenwich Village.

# MARKET ANALYSIS

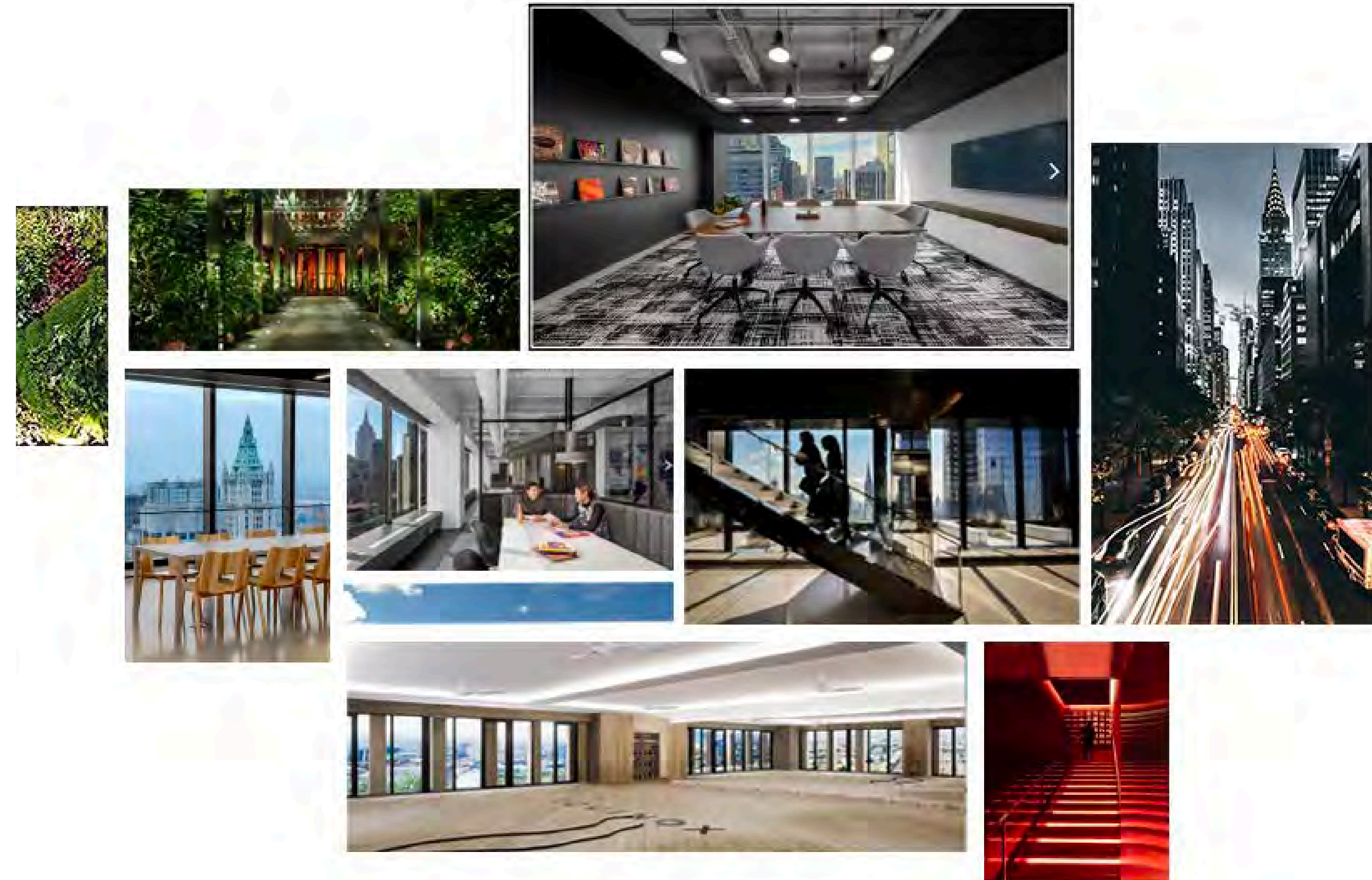


FIFTH AVENUE



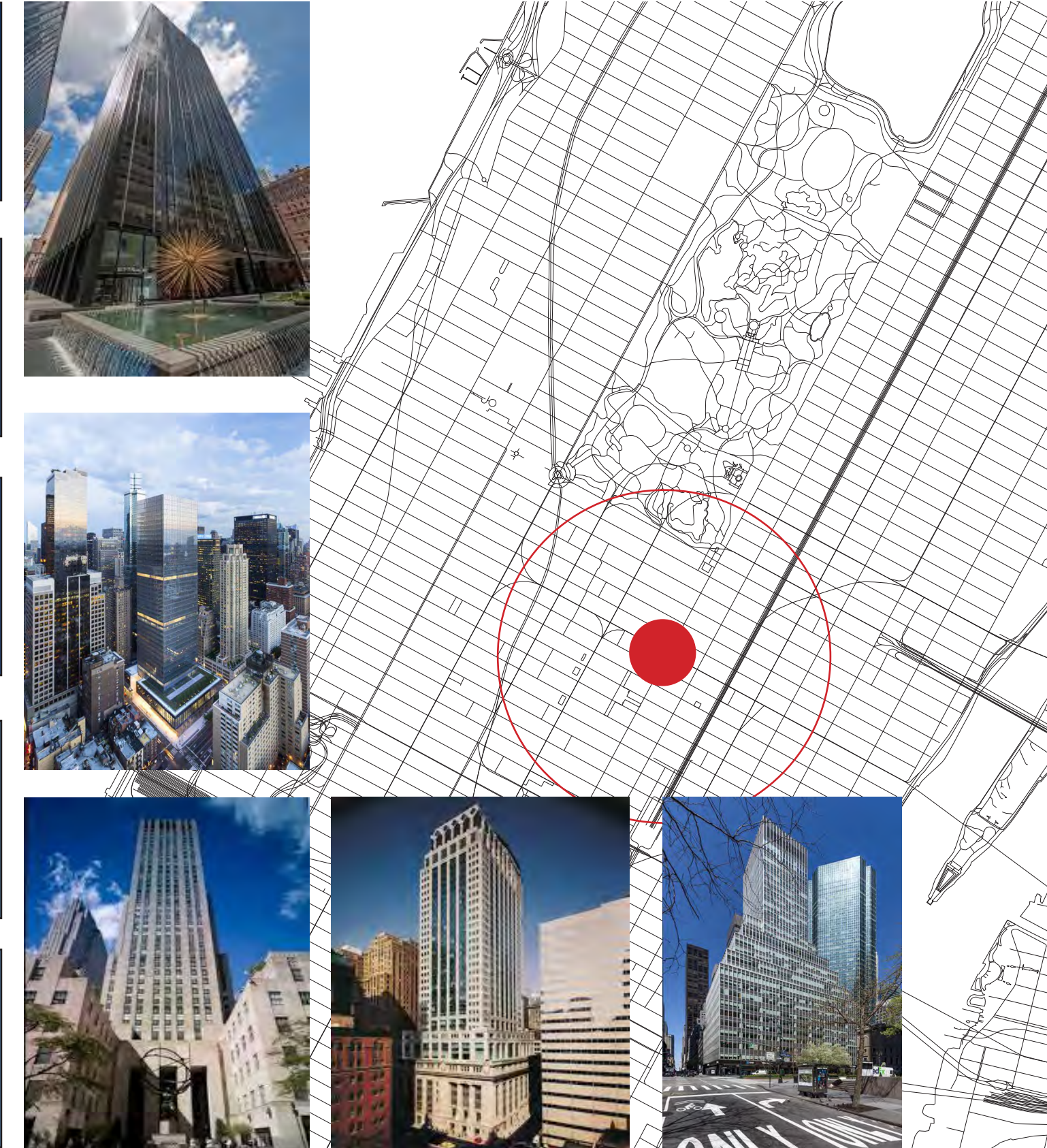


# MARKETING MOOD



# MARKET MAPPING & EXISTING SUPPLY

<p>Submarket: Sixth Avenue                  Year Built: 1969                  Year Renovated: 1988                  Class: A                  Total RSF: 1,896,140                  Key Tenants: Alliance Bernstein, Fortress Investment Group, BBVA, Rubenstein</p>	<p><b>1345 AVENUE OF THE AMERICAS, 10019</b></p>
<p>Submarket: Columbus Circle                  Year Built: 2013                  Year Renovated: N/A                  Class: A                  Total RSF: 981,143                  Key Tenants: Gibson Dunn &amp; Crutcher, Kaye Scholer, Morrison &amp; Foerster, Soros</p>	<p><b>250 WEST 55TH STREET, 10019</b></p>
<p>Submarket: Madison/Fifth Avenue                  Year Built: 1934                  Year Renovated: N/A                  Class: A                  Total RSF: 1,255,326                  Key Tenants: Bessemer Securities, BakerHostetler, Riverside Partners, Alfred P.</p>	<p><b>630 5TH AVENUE, 10020</b></p>
<p>Submarket: Park Avenue                  Year Built: 1992                  Year Renovated: N/A                  Class: A                  Total RSF: 902,034                  Key Tenants: Warburg Pincus, David Polk &amp; Wardwell, Herbert Smith Freehills</p>	<p><b>450 LEXINGTON AVENUE, 10017</b></p>
<p>Submarket: Park Avenue                  Year Built: 1960                  Year Renovated: Demolition proposed for 2023                  Class: A                  Total RSF: 567,000                  Key Tenants: Ziff Brothers, M&amp;T Bank Corp, Raymond James, Marshall Wace, Square Mile</p>	<p><b>1350 PARK AVENUE, 10022</b></p>



# TARGET TENANTS

Providing Class A office space alongside serviced-apartments and new amenities including a health club, leisure facilities, high end restaurant and barista- served café enables the renovated 666 Building to be capable of targeting tenants from comparable A class buildings, in the Midtown area who are seeking more than high quality office spaces. Companies are more and more requiring enhanced spaces and facilities.

David Goldstein, a vice chairman at Savills Studley states that recruitment and retention are now an ever-growing factor in deciding where to locate a business. The new additional facilities that 666 will provide enables the proposal to be viewed as an equal or superior offering.

The target tenant profile for the new spaces will be from the Financial and Legal Services Sectors as this remains the strongest sector in the Midtown market. Renovation the be Class A space with move the target tenant away from the Class B and C office stock in NYC which is projected to decrease further by 7.8 MSF between 2013 and 2025.

In order to identify target tenants more specifically a review of comparable A office buildings within a 1 mile radius has highlighted opportunities where companies have leases expiring close to the time 666 will be completing. A proactive marketing strategy to focus on these potential tenants can be commenced in 2022.

Tenant	Industry	Location	Class	Area (SF)	Expiry Date	Rent (\$)
Alliance Bernstein	Financial Services	1345 Avenue of Americas, 10019	A	992,043	June 28, 2022	110
Gibson Dunn & Crutcher	Legal Services	250 West 55th Street, 10019	A	222,000	Apr 11, 2023	142
Bessemer Securities	Legal Services	630 5th Av-enu, 10020	A	159,586	May 1, 2023	124
Warburg Pincus	Financial Services	450 Lexing-ton Avenue, 10017	A	135,000	June 30, 2022	145
iStar Financial	Financial Services	1095 Avenue of The Americas	A	107,022	Jan 1, 2023	153
Rabobank	Bank	245 Park Avenue, 10017	A	103,585	Apr 30, 2023	138
Crowell & Moring	Legal Services	590 Madi-son Avenue, 10022	A	100,000	Apr 30, 2023	135
Centerline Capital Group	Financial Services	1095 Avenue Of The Americas	A	99,552	Jan 17, 2023	145
Warburg Pincus	Financial Services	450 Lexing-ton Avenue, 10017	A	84,461	Nov 1, 2023	145
Financial	Financial Services	399 Park Avenue, 10022	A	73,785	July 1, 2023	130

## 350 PARK AVENUE: EXISTING TENANTS

Tenant	Industry	Area	Expiry Date	Rent (\$)	Marketing Opportunity:
Ziff Brothers	Financial Services	127,220	2021 & 2022	84 - 93	Researching target tenants also identified another potential group located within 350 Park Avenue. This office block is scheduled to be demolished in 2023 and the new building opening in 2027 so these displaced tenants present further opportunities for marketing.
M&T Bank Corp	Banks	102,000	2021 & 2023	67 - 69	
Raymond James	Financial Services	73,660	2021 & 2022	66 - 109	
Square Mile Capital/ USA	Financial Services	21,485	2024	92	
Marshall Wace	Financial Services	39,579	2023 & 2024	100 - 104	
Citco	Financial Services	19,912	2026	121 - 150	
Fidelity Investments	Banks	18,405	2023 & 2028	112 - 190	
CCIC	Financial Services	8,109	2026	114	

# TENANT PROFILE



**Jonathon**

**Age: 42 Residence: Westchester**

Works in a typical financial office in Midtown. He is happy with the location of his office however is disappointed in the lack of facilities his building such as in-building restaurants and cafes. Due to this Jonathon finds it difficult to network with his peer group at his place of work. Jonathon would also like to use gym/leisure facilities when time is available during his working day. This is often at short notice so he is unable to travel far to reach these.



**Loretta**

**Age: 38 Residence: New Jersey**

Is a director in a busy media company in Lower Manhattan. Commute times are of key importance to Loretta as her roles requires frequent travel to many locations throughout Manhattan and beyond. Loretta would prefer to be located in a building with immediate access to the subway systems. Part of Loretta's role is networking with clients which the building lobby and general spaces do not accommodate. The clients often travel from out of town and selecting appropriate accommodation at short notice can be difficult. Were the building to include facilities such as an Art Program, a high end restaurant and hotel/ serviced apartments these would be highly beneficial.



**Omar**

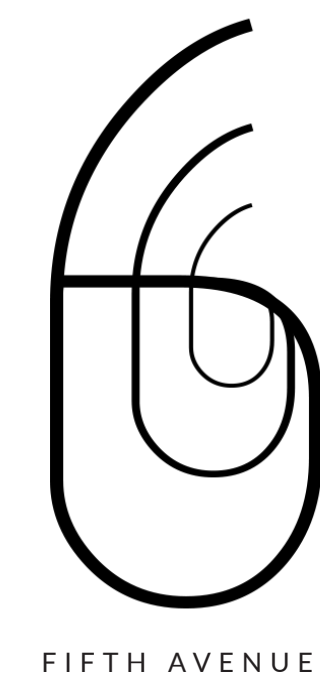
**Age: 29 Residence: Manhattan**

Is a recent graduate who is delighted with his new employment. However, when comparing his place of employment with fellow graduates he is aware of the poor environmental quality of the spaces within the building. This concern has increased greatly given the current COVID-19 crisis. Omar is also concerned with the low energy performance of the building and the overall environmental impact.





# DESIGN PROPOSALS

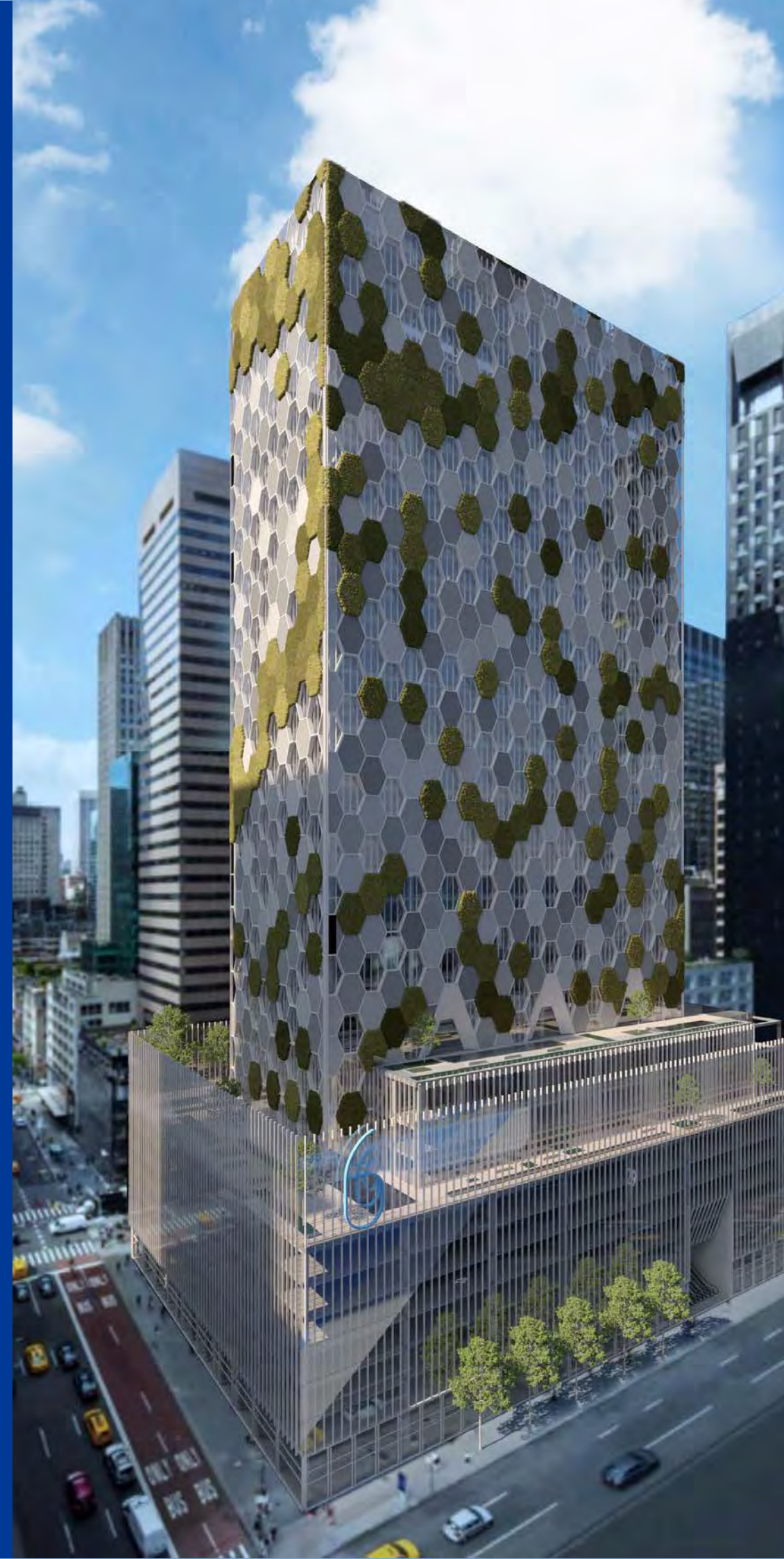


# PROGRAMMING & RENOVATIONS

The primary programming change to the property will be to create a mixed-use development, incorporating serviced apartments for the business traveller and office space that aims to bring a PropTech presence to the building and neighborhood. This PropTech strategy will serve to make the building an innovative hub in terms of technology and sustainability, making 666 highly competitive with other leading commercial buildings both in terms of infrastructure and tenant base.

Conceptual designs include a private restaurant, sports facilities, spa and wellness areas, rentable conference rooms, business lounges, stadium style auditoriums, and various F&B kiosks. This level of amenities will create an additional, attractive space for tenants and offer additional areas for collaboration to facilitate conversation and community between the tenant base.

Millennials are now the largest generation in the workforce, and their job satisfaction is driven more by flexibility, work/life benefits and amenities, less by large, personal offices in their workplace. Thus, high quality amenities will be offered to attract and retain employees, making 666 a place of not only work, but work life balance.



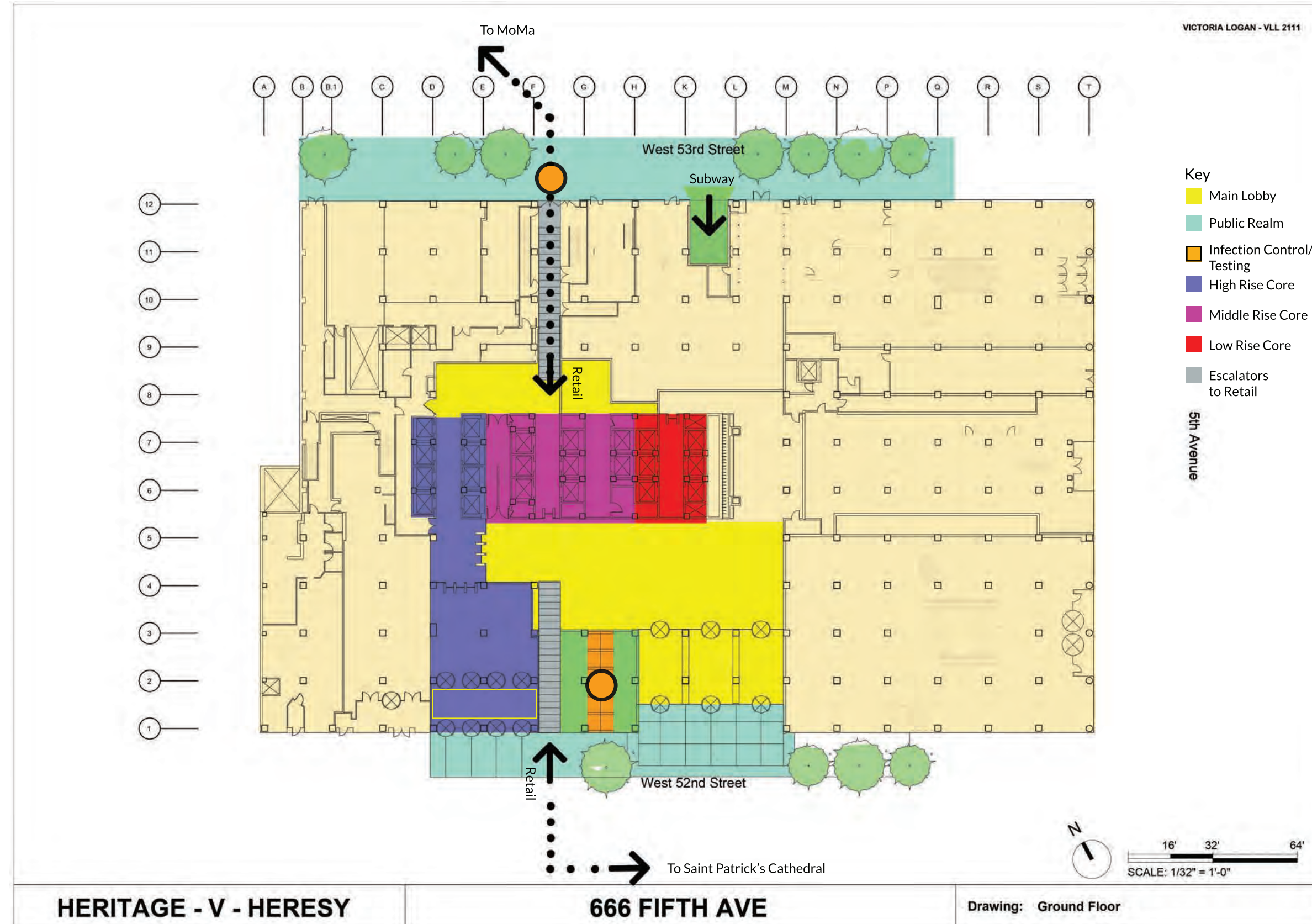
# RENOVATION PROGRAM

- 1 • Use of **Sky Gardens , Atriums + Voids** throughout the height of a tall building enhances the stack effect for efficient natural ventilation
- 2 • Adopting **natural ventilation** is necessary to limit the spread of airborne virus. Stack Chimney's will direct hot air out of the building. Columbia University's Science Centre by Renzo Piano is used as an exemplar of good practice
- 3 • North Facade incorporating **high insulating glass + insulated shutters**. South facade built to allow future capacity of 50% photovoltaic panels
- 4 • **Intelligent Building Management Systems (BMS)** for Fire, Venting, Natural Airflow, Fire Damping, Local Sub-Store Steam Release System
- 5 • **Intelligent Facade System:** Photovoltaic and Green systems. Con Edison system adapted with Chilled Underfloor Loop linking to the Intelligent Facade.

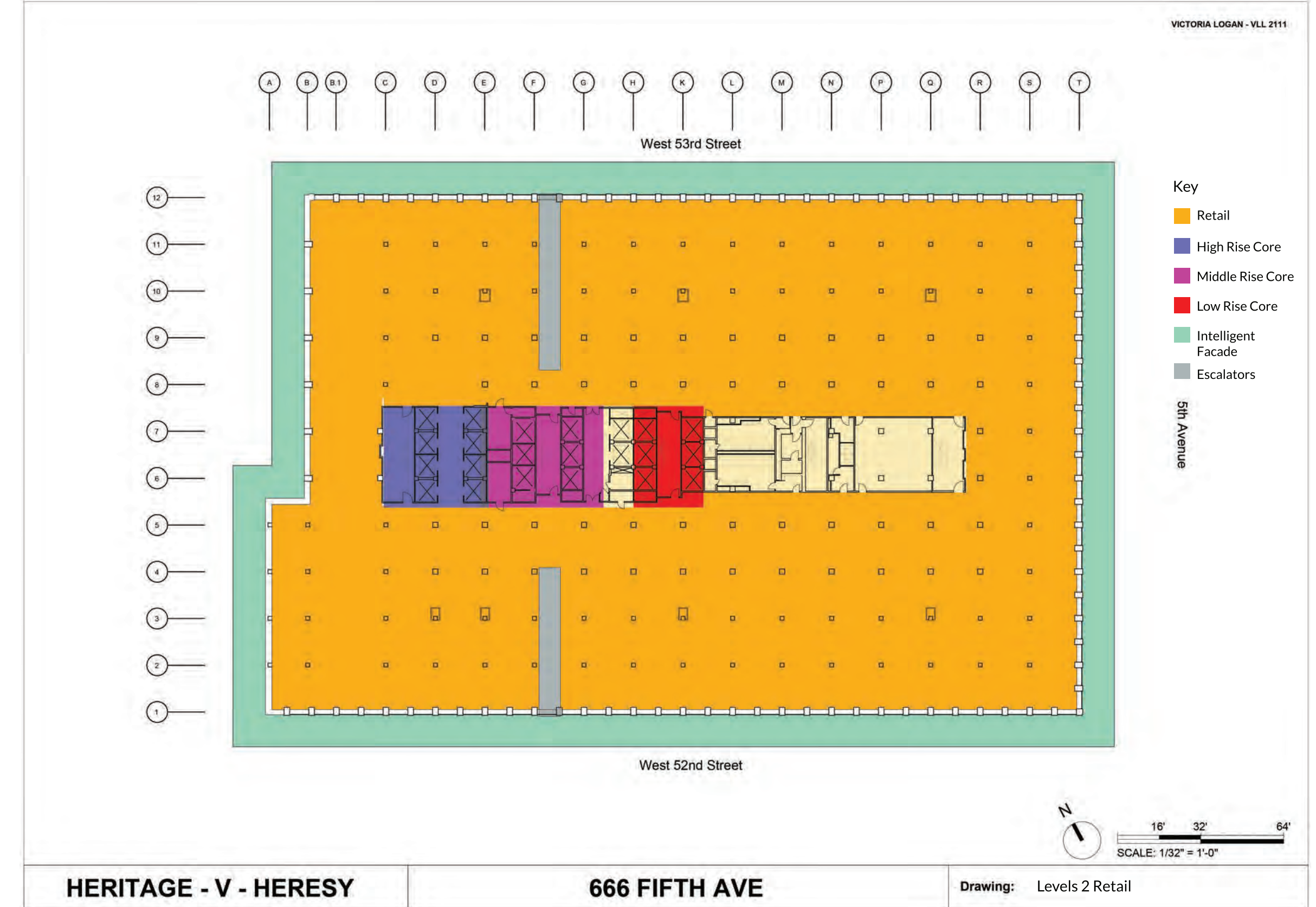
The project will preserve the existing structure of 666 Fifth Avenue with an internal and external renovation proposed. The existing floor-to-floor height is a constraint, thus the dropped ceilings will be removed with services exposed creating a more open, authentic and industrial quality. The renovation will preserve the distinguished qualities of 666 whilst transforming it into a forward looking building. Architecture firm GroupWork (Amin Taha) will be consulted for the exterior transformation, in order to include their innovative approach towards sustainability and building materials.

Above is a sample of the space designated 'The Club Deck', including shared amenities and public / private amenities. The specified target tenants for this project will include boutique firms (Financial) to occupy the smaller floor plates with larger tenants proposed (Technology / Law firms) looking for high quality space. The vision for this building will be driven by creating a workplace of the future, placing flexibility (floorplates), connectivity and technology at the forefront.

# LOBBY PLAN

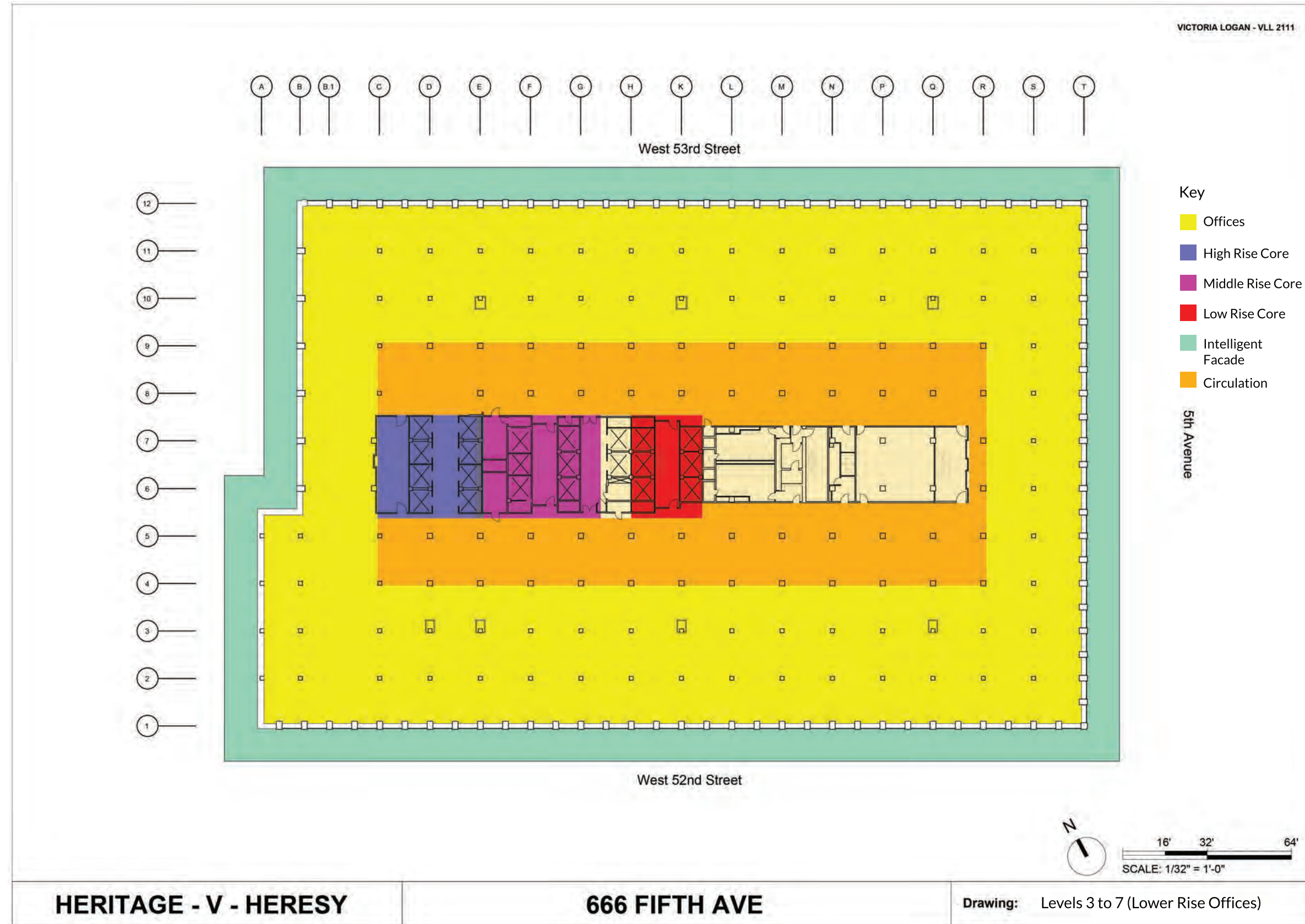


# LEVEL 2 RETAIL PLAN



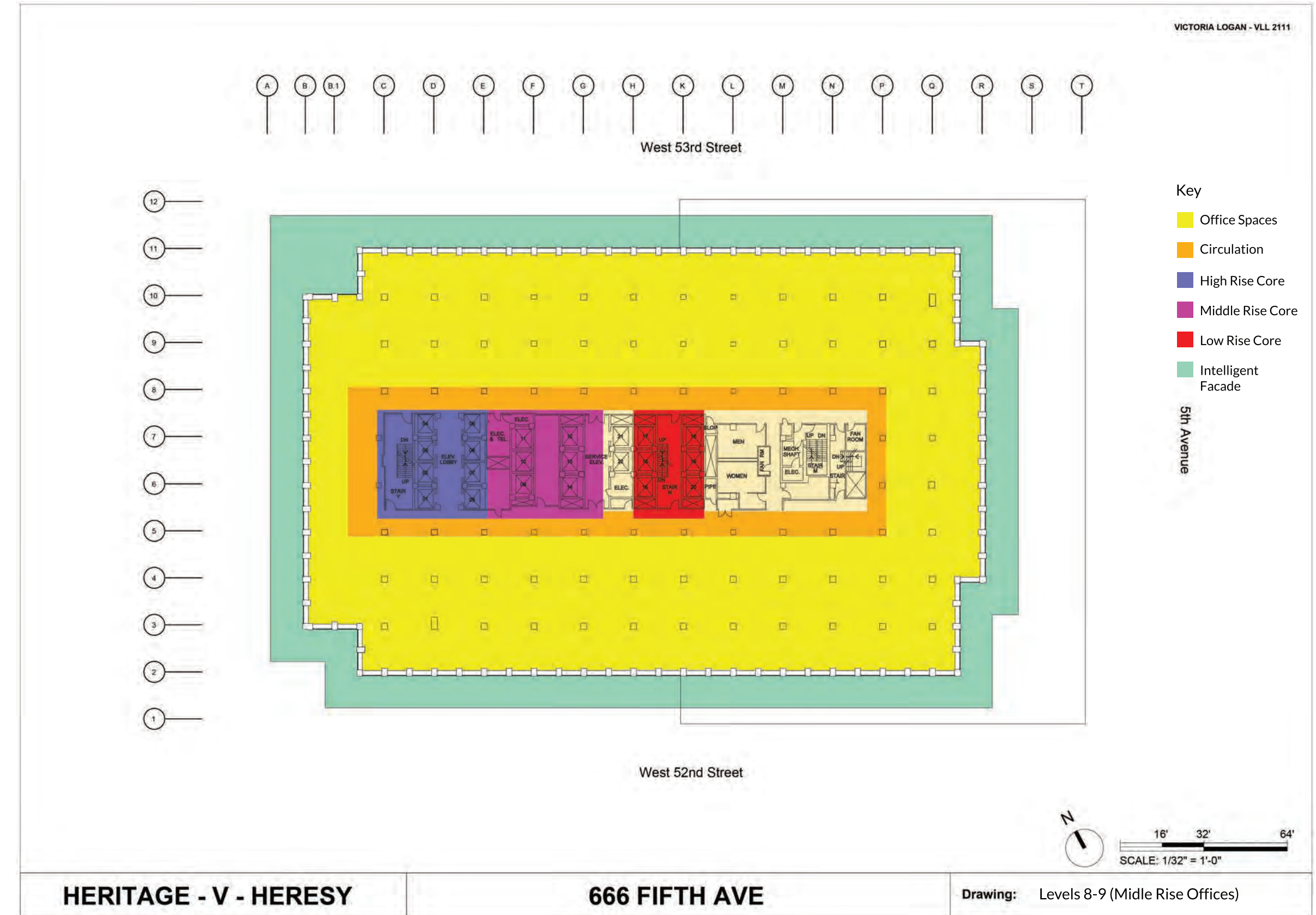
# LOWER RISE FLOOR PLAN

LEVELS 3 TO 7

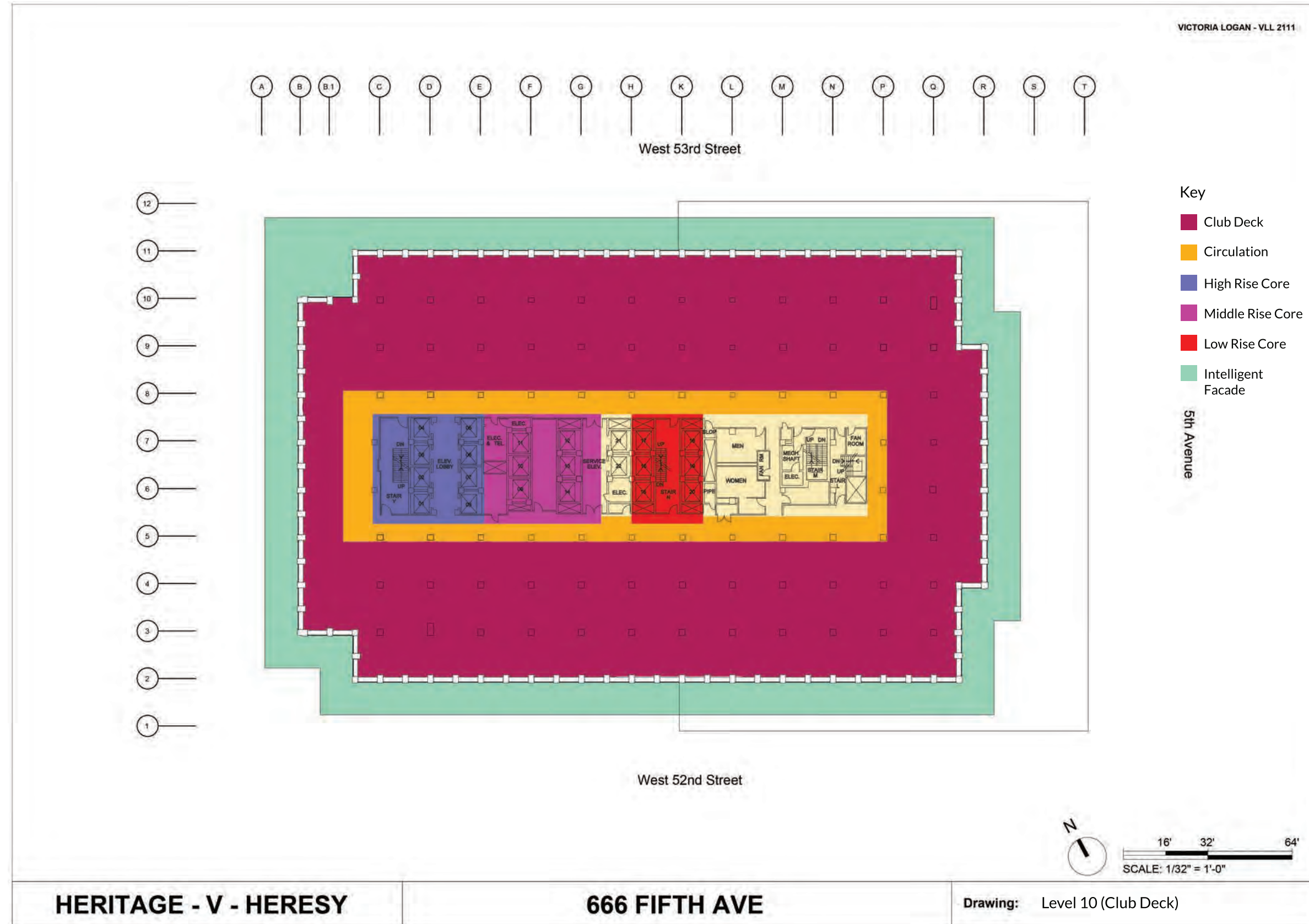


# MIDDLE RISE FLOOR PLAN

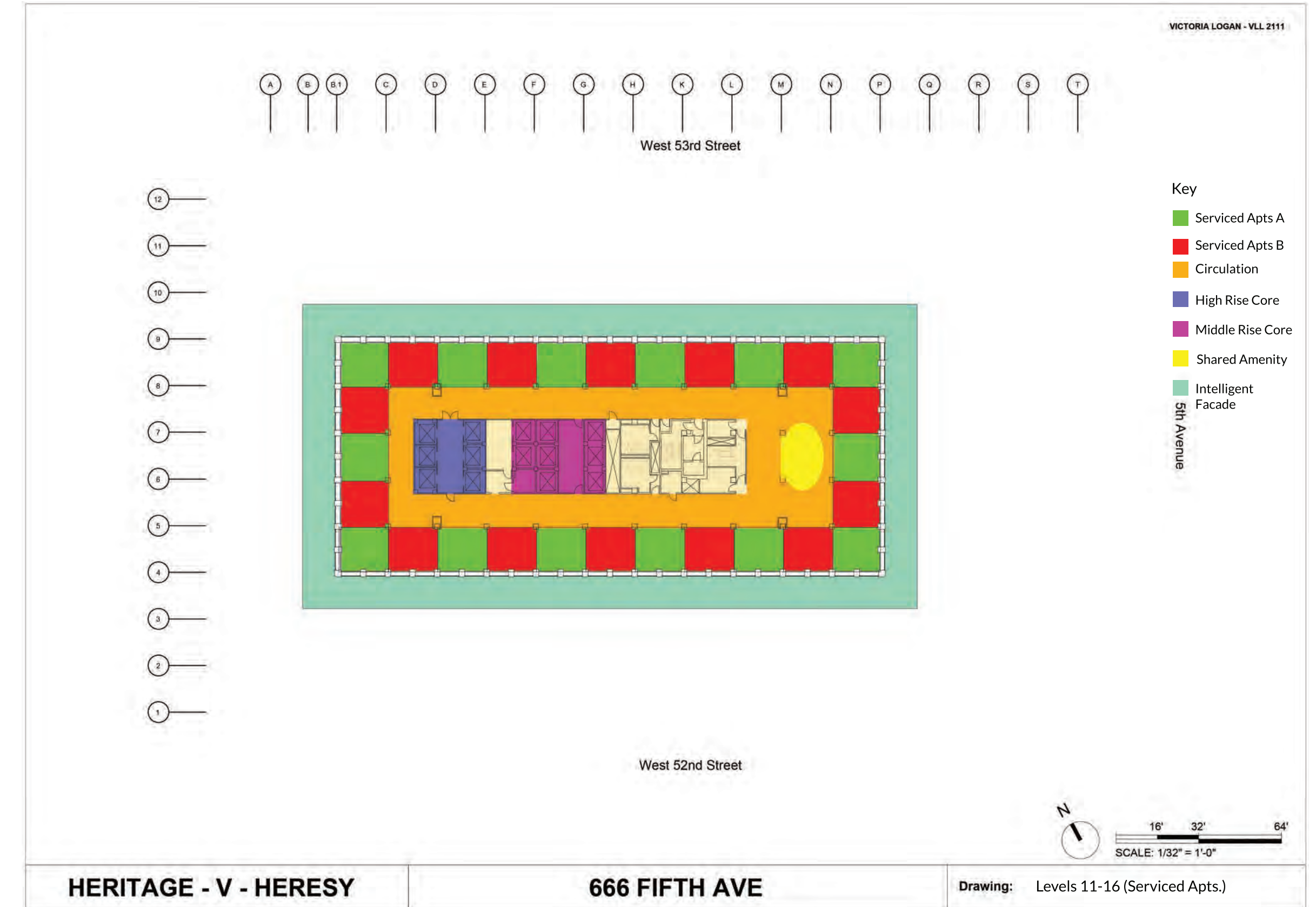
LEVELS 8 & 9



# CLUB DECK FLOOR PLAN LEVEL 10

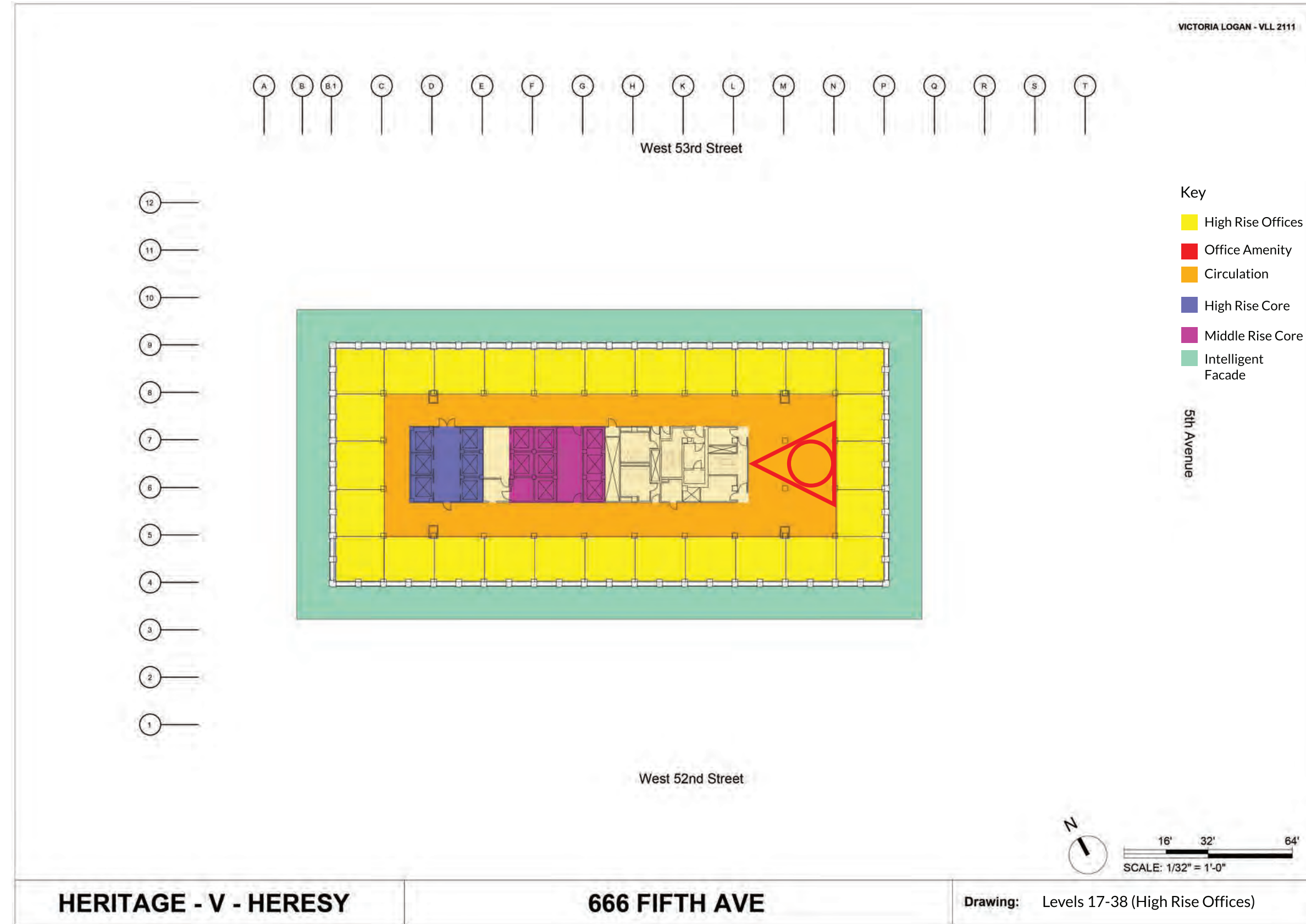


# SERVICE APARTMENT FLOOR PLAN LEVELS 11 TO 16

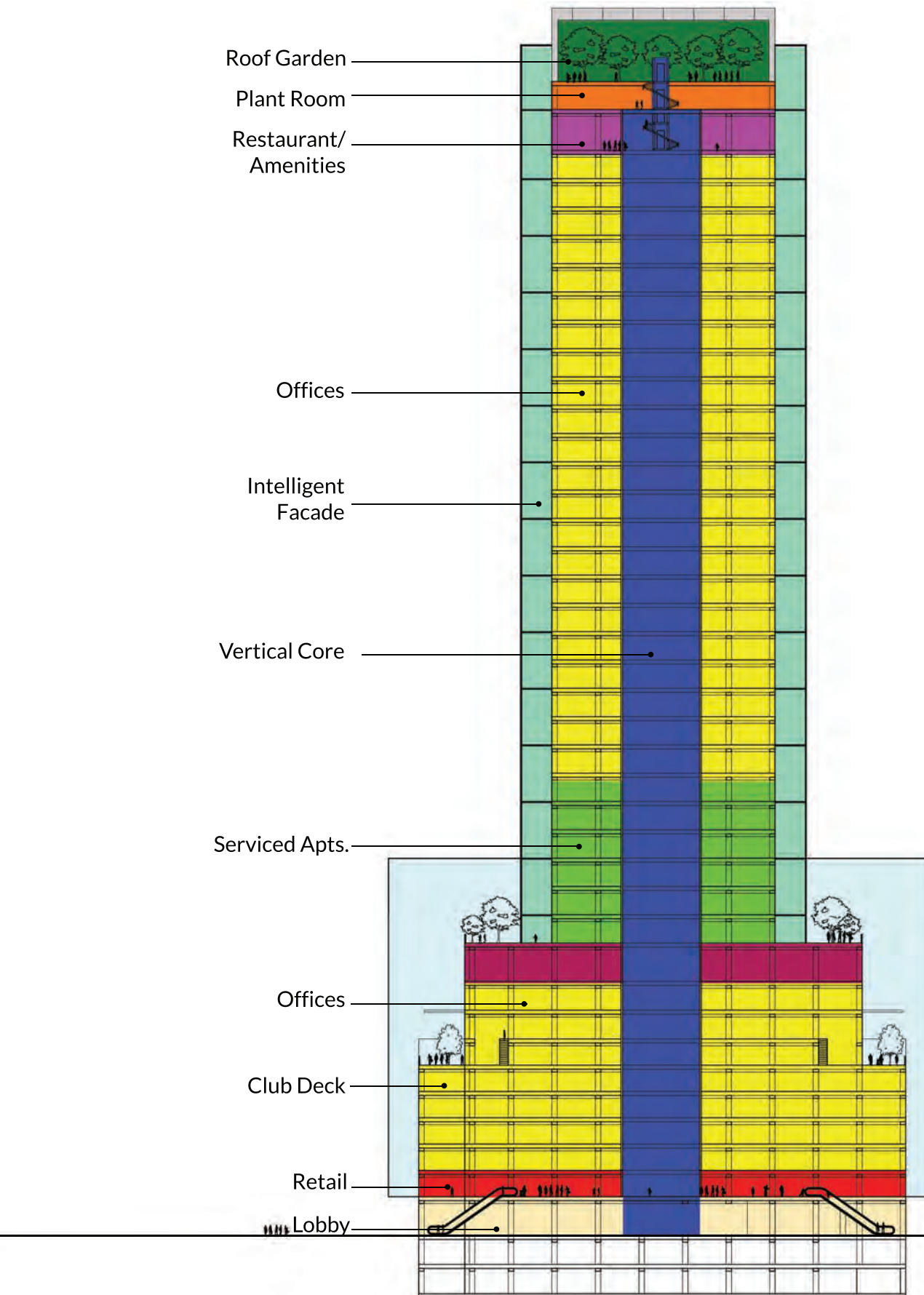


# HIGH RISE FLOOR PLAN

LEVELS 17 TO 38



# PROPOSED SECTION STACKING PLAN



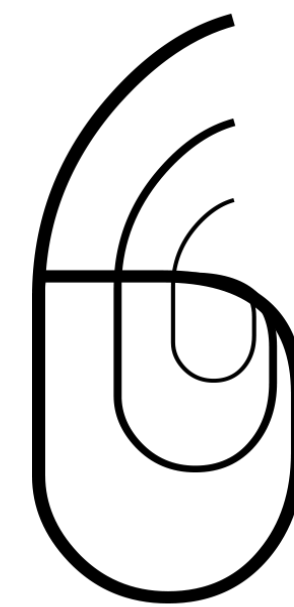
Floor	Program	GFA	ZFA	RSF
L41	Mechanical	3,830	0	0
40 - Club Lounge	Retail	14,736	0	0
L39	Office	19,703	17,339	21,532
L38	Office	19,703	17,339	21,532
L37	Office	19,703	17,339	21,532
L36	Office	19,703	17,339	21,532
L35	Office	19,703	17,339	21,532
L34	Office	19,703	17,339	21,532
L33	Office	19,703	17,339	21,532
L32	Office	19,703	17,339	21,532
L31	Office	19,703	17,339	21,532
L30	Office	19,703	17,339	21,532
L29	Office	19,703	17,339	21,532
L28	Office	19,703	17,339	21,532
L27	Office	19,703	17,339	21,532
L26	Office	19,703	17,339	21,532
L25	Office	19,703	17,339	21,532
L24	Office	19,703	17,339	21,532
L23	Office	19,703	17,339	21,532
L22	Office	19,703	17,339	21,532
L21	Serviced Apartments	19,703	17,339	21,532
L20	Serviced Apartments	19,703	17,339	21,532
L19	Serviced Apartments	19,703	17,339	21,532
L18	Serviced Apartments	19,703	17,339	21,532
L17	Serviced Apartments	19,703	17,339	21,532
L16	Serviced Apartments	19,703	17,339	21,532
15 - Club Lounge	Retail	19,703	17,339	21,532
L14	Office	32,241	28,372	35,234
L13	Office	32,241	28,372	35,234
L12	Office	32,241	28,372	35,234
L11	Office	32,241	28,372	35,234
L10	Office	41,589	36,598	45,450
L9	Office	54,117	47,623	59,141
L8	Office	54,117	47,623	59,141
L7	Office	61,356	53,993	67,005
L6	Office	61,356	53,993	67,052
L5	Office	61,356	53,993	67,052
L4	Office	61,356	53,993	67,052
L3	Office	61,356	53,993	67,052
L2	Retail	20,593	18,122	22,505
L1	Lobby	20,593	18,122	22,505
Total		1,137,851	984,971	1,223,201





2020 VISION OF A FRESH FUTURE FOR FIFTH AVENUE • MIDTOWN

# SUSTAINABLE ECOSYSTEM

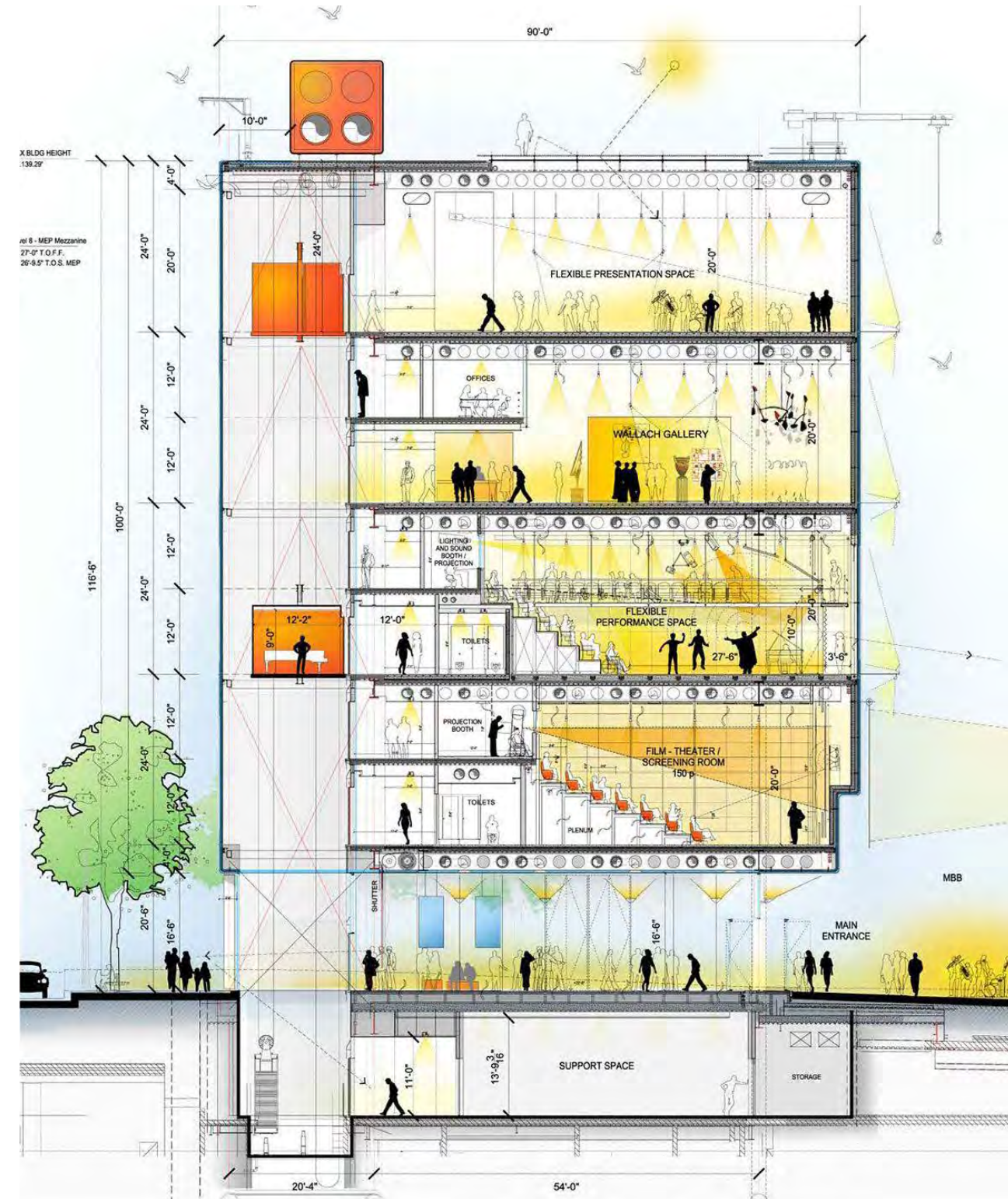


FIFTH AVENUE



# INSPIRED DESIGN

RPBW's active double skin facade kick starts a 'new generation' of campus design at Columbia University.



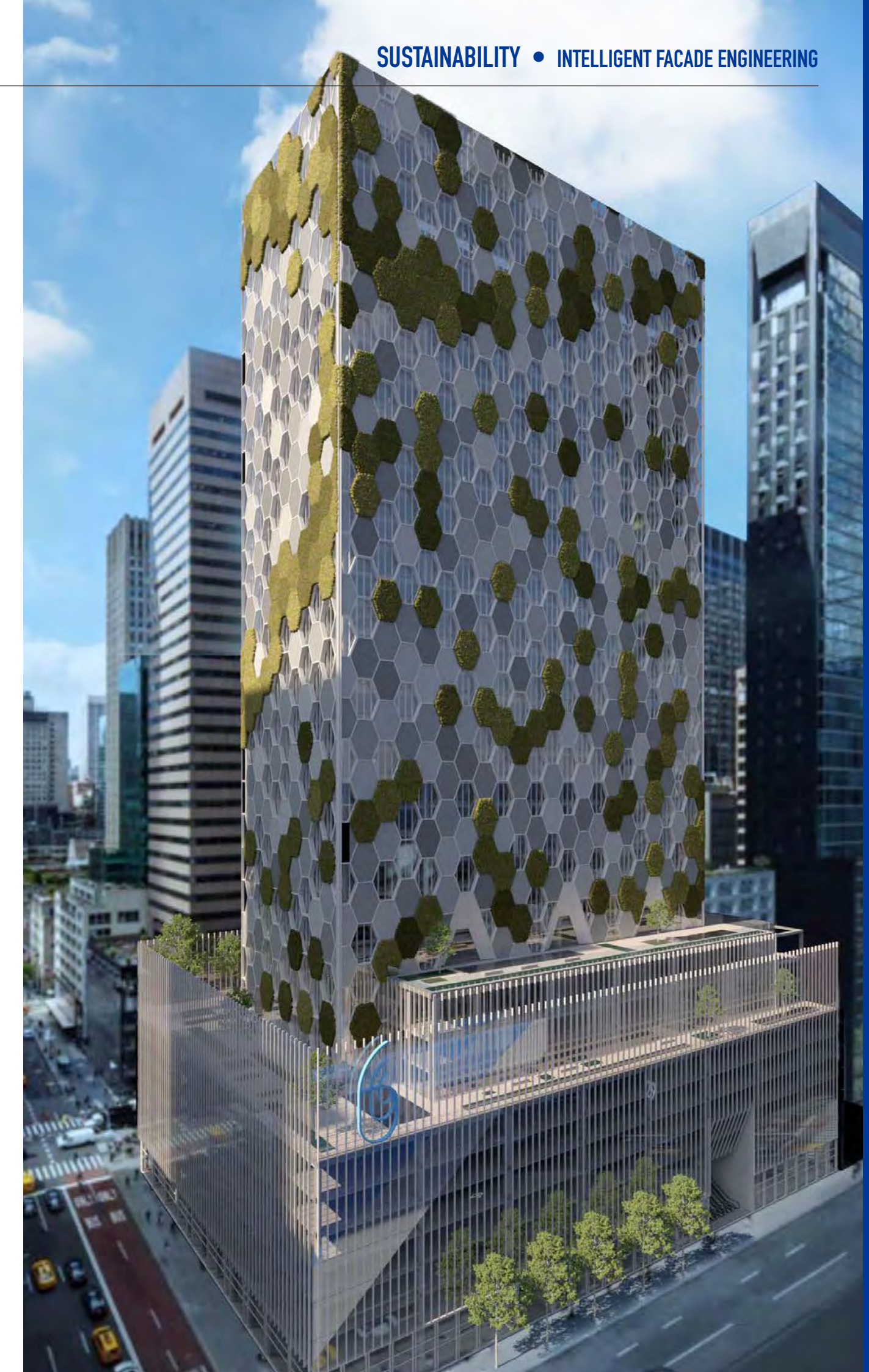
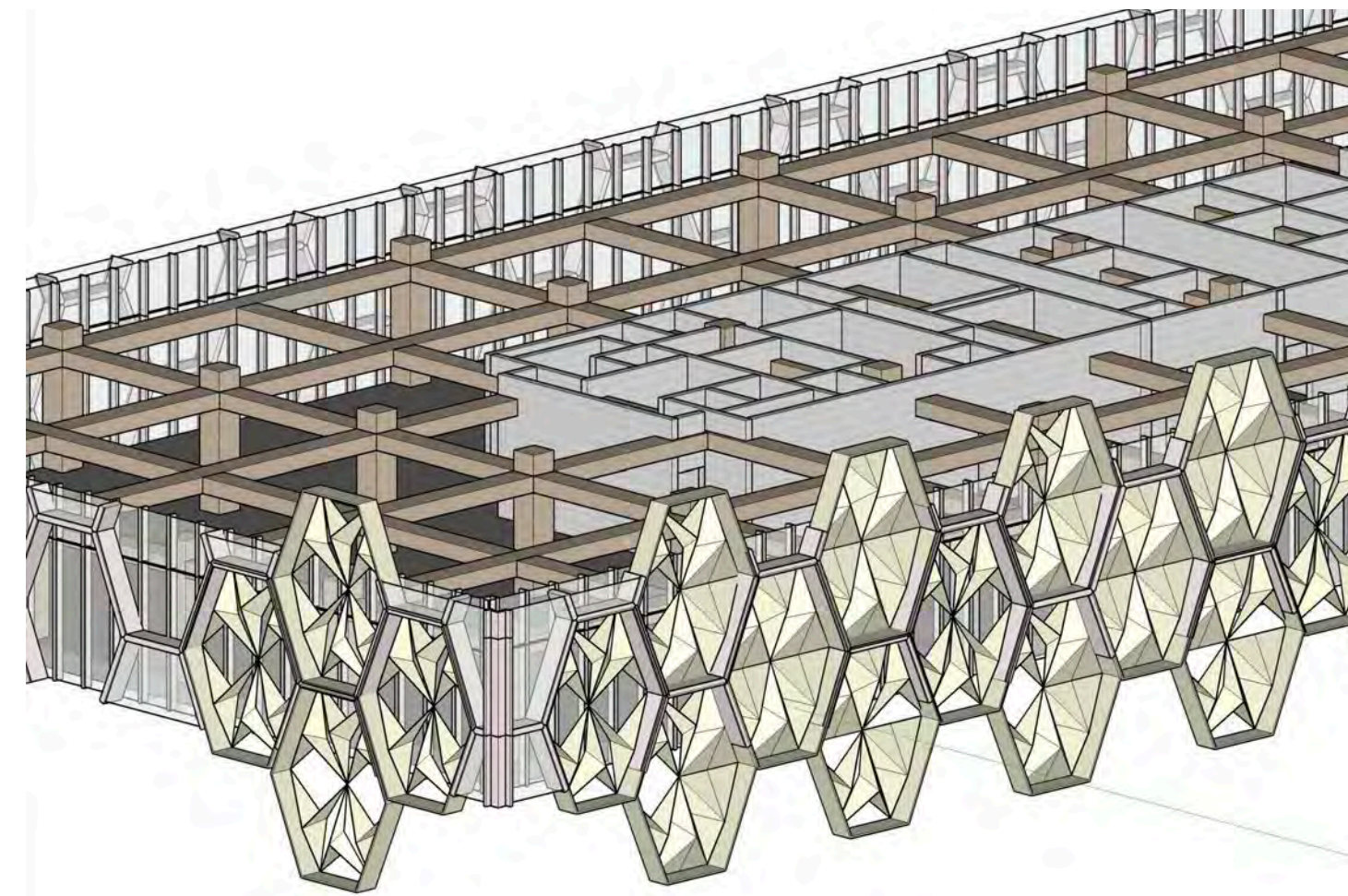
Double Facade Architecture By RPBW



# PROPTECH

Detail of Facade panel, designed by IFE (Intelligent Facade Engineering), a Scotland based Prop-Tech company for the use on 666 Fifth Avenue by Vision Developments.

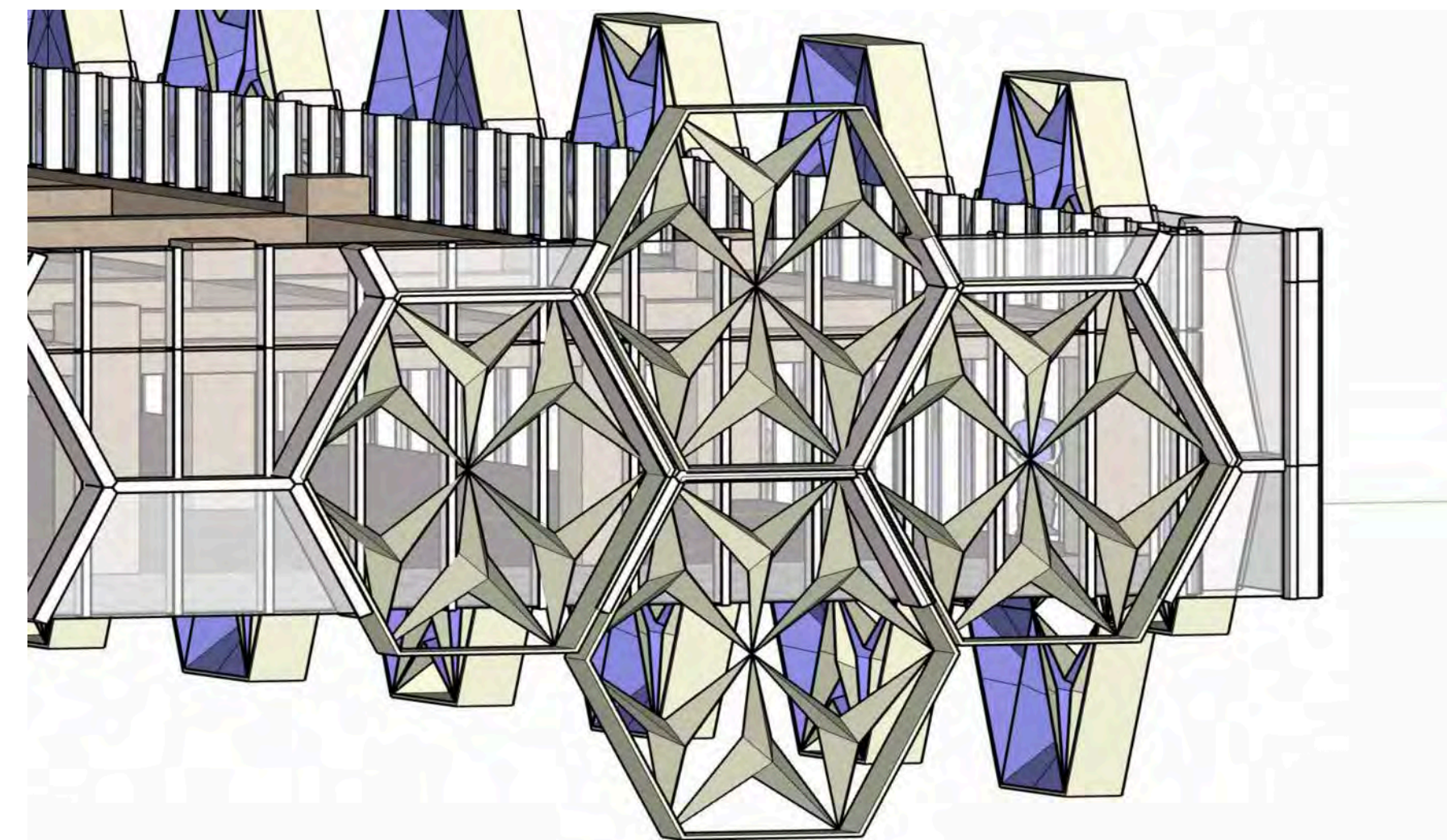
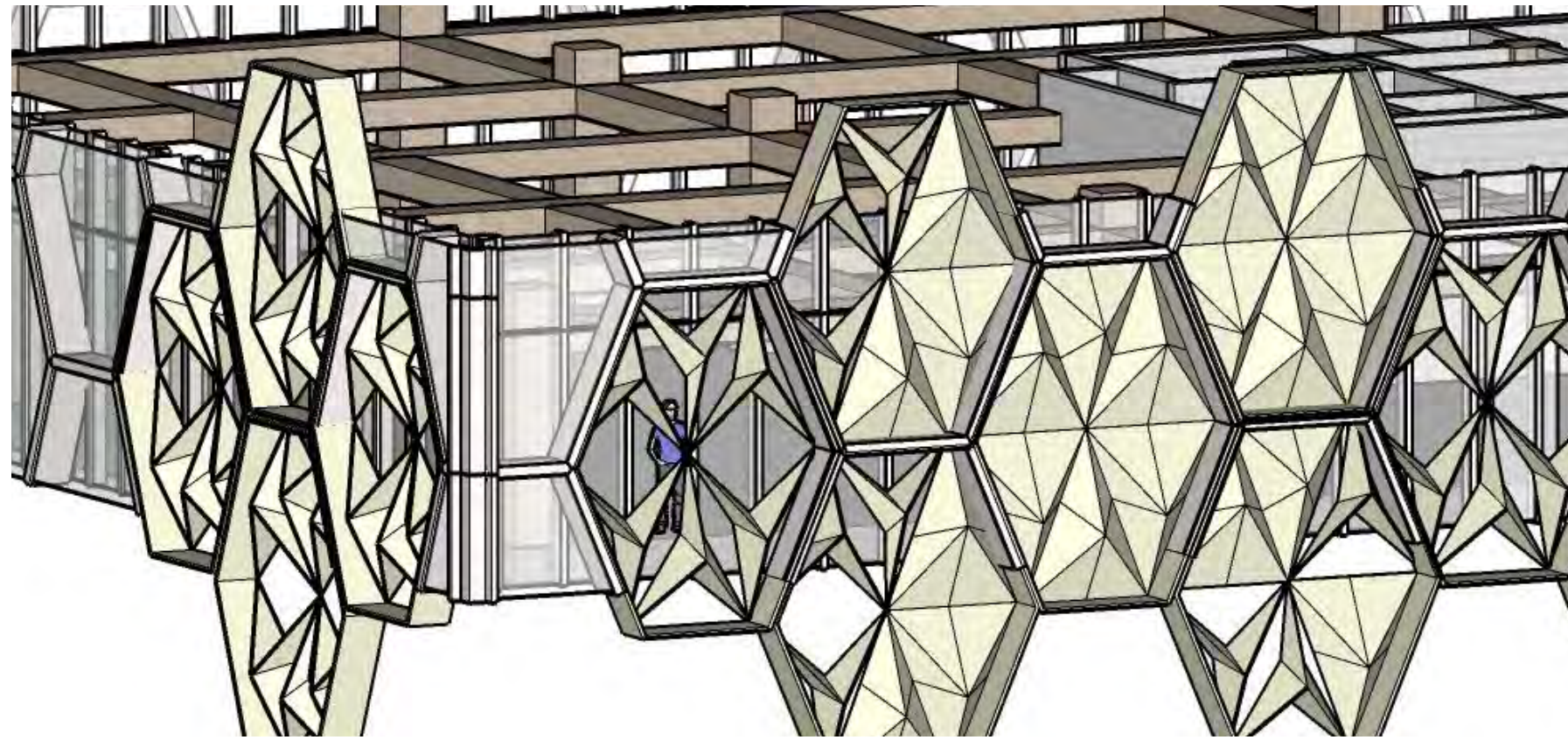
Technical detail below and shown on 3D rendering to right. Cost of panels are \$80 psf with benefits gained towards creating a healthy building and energy production.



# PROPTECH

Detail of Facade panel, designed by IFE (Intelligent Facade Engineering), a Scotland based Prop-Tech company for the use on 666 Fifth Avenue by Vision Developments.

Technical detail below and shown on 3D rendering to right. Cost of panels are \$80 psf with benefits gained towards creating a healthy building and energy production.

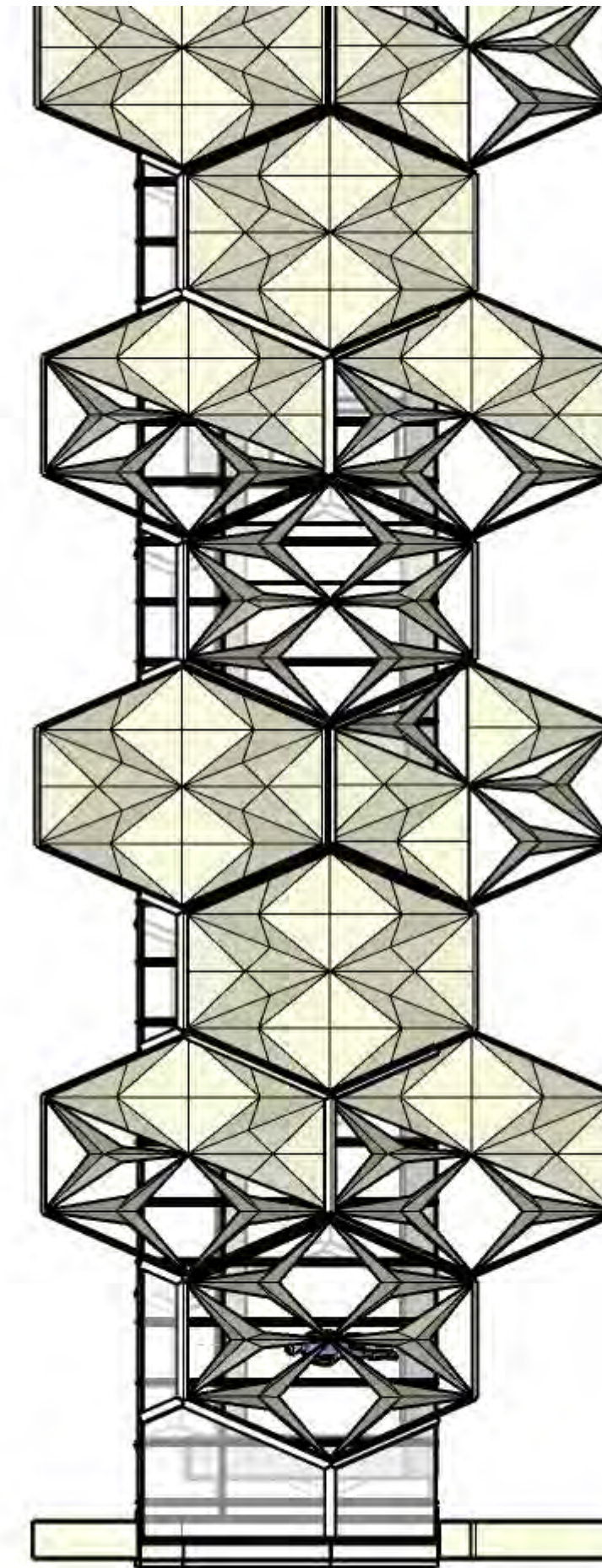


Copyright @ IFE Engineering

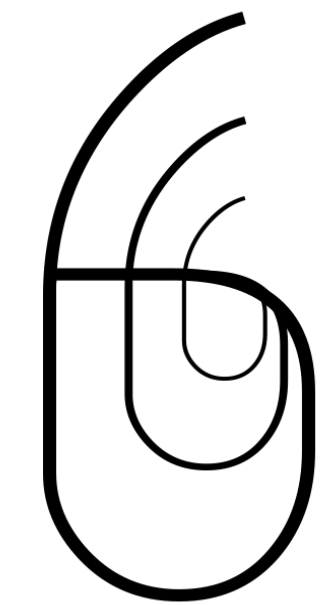
# SUSTAINABILITY

The redevelopment of 666 Fifth Avenue will place sustainability at the forefront of the proposal, incorporating factors such as:

- LEED Silver certification under LEED v4 Operations + Maintenance: Example of 1155 Avenue of the America as an existing Buildings; one of the first two buildings in NYC to receive certification under the more stringent LEED v4 rating system
- Pre-packaged LEED v4 Commercial Interiors Certification guidelines for tenant use ENERGY STAR certified
- Thermal ice storage plant; makes and stores ice at night when electricity demand is low, uses ice to supplement cooling during the day
- High efficiency ECM fan wall technology, coils and motors provide tenants with floor by floor service
- EPA WaterSense-labeled new plumbing fixtures to promote high-performance and water efficiency
- Tenant recycling program and organics collection program for composting
- Use of green cleaning products, equipment and strategies to promote a healthier work environment
- Renewable wind power is purchased to offset 100% of the building's electricity use Green roofs and exclusive outdoor terraces for tenants to enjoy



# FINANCIAL ANALYSIS & APPENDICES



FIFTH AVENUE



## CAPITAL STRUCTURE AND ACQUISITION

### Sources & Uses

<i>Uses</i>	
Acquisition & Closing Costs	\$1,298,901,175
Hard Costs	\$424,875,042
Soft Costs	\$71,879,378
Financing Costs	\$206,901,554
<b>Total Uses</b>	<b>\$2,002,557,148</b>
<i>Sources</i>	
Equity	\$754,232,668
Debt	\$1,248,324,480
<b>Total Sources</b>	<b>\$2,002,557,148</b>

### Acquisition Costs

Category		Total
Purchase Price		\$1,291,419,883
Purchase PSF (ZFA)		\$1,036
Closing / Financing Costs	\$	74,256,643
<b>Total Acquisition Cost</b>		<b>\$1,291,419,883</b>
Land	30%	\$387,425,965
Building	70%	\$903,993,918

### Construction Cost Summary

	\$/GSF	\$Amt
Hard Cost	\$416.00	\$418,017,191
Soft Cost	\$57.40	\$71,570,775
Contingency	10%	
<b>Total Cost (PSF)</b>	<b>\$520.74</b>	
<b>Total Cost (\$)</b>		<b>\$1,994,730,551</b>

### Development Budget

GSF	1,246,882
Land	\$1,291,419,883
Hard Costs	\$418,017,191
Soft Costs	\$71,570,775
<b>Dev. Budget (ex-IR)</b>	<b>\$1,781,007,848</b>
Accrued Interest	\$131,984,767
<b>Total Dev. Budget</b>	<b>\$1,912,992,616</b>
LTC	65%
Construction Loan	\$1,243,445,200
<b>Max Const. Loan</b>	<b>\$1,243,445,200</b>
<b>Equity</b>	<b>\$537,562,648</b>

# DEVELOPMENT COSTS

Total Development Budget					
	Amount	\$/GSF	\$/ZFA	% of TDC	% Scope of Work
<b>Land Acquisition Costs</b>					
Acquisition Price	\$1,291,419,883	\$1,036	\$1,177	64.7%	
Closing Costs	\$7,481,292	\$6	\$7	0.4%	
<b>Total Acquisition Costs</b>	<b>\$1,298,901,175</b>	<b>\$1,042</b>	<b>\$1,184</b>	<b>65.1%</b>	
<b>Hard Construction Costs</b>					
<b>Direct Costs</b>					
General Requirement	\$12,468,820	\$10	\$11	0.6%	
Demolition	\$1,870,323	\$10	\$2	0.1%	15%
Environmental	\$7,481,292	\$6	\$7	0.4%	
Site Works	\$2,805,485	\$15	\$3	0.1%	15%
Shell	\$74,812,920	\$60	\$68	3.8%	
Interiors	\$49,875,280	\$40	\$45	2.5%	
Services	\$13,092,261	\$70	\$12	0.7%	15%
Tenant CapEx	\$174,563,480	\$140	\$159	8.8%	
<b>Indirect Costs</b>					
General Conditions	\$14,962,584	\$12	\$14	0.8%	
Insurance & Bonds	\$23,690,758	\$19	\$22	1.2%	
Taxes	\$16,209,466	\$13	\$15	0.8%	
Cost Inflation	\$16,209,466	\$13	\$15	0.8%	
Contingency	\$9,975,056	\$8	\$9	0.5%	
<b>Total Hard Construction Costs</b>	<b>\$418,017,191</b>	<b>\$416</b>	<b>\$381</b>	<b>21.0%</b>	
<b>Soft Costs</b>					
Design - Professional & Consultant Fees	\$12,000,000	\$10	\$11	0.6%	
Construction	\$5,360,000	\$4	\$5	0.3%	
Legal	\$3,000,000	\$2	\$3	0.2%	
Insurance	\$7,000,000	\$6	\$6	0.4%	
Marketing	\$3,000,000	\$2	\$3	0.2%	
Environmental Reserve	\$1,200,001	\$1	\$1	0.1%	
Retail Condo Owner Concessions	\$20,000,000	\$16	\$18	1.0%	
Soft Cost Contingency	\$1,200,000	\$1	\$1	0.1%	
<b>Developer Fee</b>					
Development Fee and Staff Costs	\$18,810,774	5%	\$15	\$17	0.9%
<b>Total Soft Costs</b>	<b>\$71,570,775</b>	<b>\$57</b>	<b>\$277,255,566</b>	<b>3.6%</b>	
<b>Financing Costs</b>					
Financing Fees	\$74,256,643	\$60	\$1,263,158	3.7%	
Capitalized Interest Reserves	\$131,984,767	\$106	\$1,263,158	6.6%	
<b>Total Financing Costs</b>	<b>\$206,241,411</b>	<b>\$165</b>	<b>\$41,687,353</b>	<b>10.3%</b>	
<b>Total Development Cost</b>	<b>\$1,994,730,551</b>	<b>\$1,681</b>	<b>\$318,944,484</b>	<b>100.0%</b>	

# RENT AND OPERATING ASSUMPTIONS

Office Rent Assumptions	
Floor 4-7	\$90.00
Floor 8 (Terrace)	\$95.00
Floor 9	\$95.00
Floor 10 (Terrace)	\$105.00
Floor 11-14	\$97.00
Floor 15 (terrace)	\$110.00
Floor 16-24	\$110.00
Floor 25-33	\$125.00
Floor 34-38	\$135.00
Floor 39	\$165.00
Average Projected Rent (Gross)	\$112.70
Office RSF	1,027,465
Vacancy	8%

Office Income & Expenses - Stabilized			
	Total	PSF	% of Income
<b>Income</b>			
Base Income	\$ 115,795,326	\$112.70	108.7%
Plus CPI Adjustments	\$0	\$0.00	0.0%
<b>Total Potential Income</b>	<b>\$115,795,326</b>	<b>\$112.70</b>	<b>108.7%</b>
Less Vacancy	\$9,263,626	\$9.02	8.7%
<b>EGI</b>	<b>\$106,531,699</b>	<b>\$104</b>	<b>100.0%</b>

Operating Expenses			
	Total	PSF	% of Income
<b>Reimbursable Expenses</b>			
Property tax	\$4,623,593	\$4.50	4%
Insurance	\$513,733	\$0.50	0.4%
Utilities	\$2,568,663	\$2.50	2%
Janitorial	\$2,825,529	\$2.75	2%
Maintenance	\$2,825,529	\$2.75	2%
<b>Non reimbursable expenses</b>			
Management	\$1,027,465	\$1.00	1%
<b>NOI Operating</b>	<b>\$92,147,187</b>	<b>\$92</b>	
<b>Capital Expenditure</b>			
Cap Ex Reserve	\$10,653,170	\$10.37	10%
Tenant Improvements	\$0	\$0.00	0%
Leasing Comissions	\$4,052,836	\$3.94	4%
<b>Total CapEx</b>	<b>\$14,706,006</b>	<b>\$14.31</b>	
<b>Net Cash Flow</b>	<b>\$77,441,181</b>		

# RENT AND OPERATING ASSUMPTIONS

Service Apartments Assumptions	
Total Number of Hotel Rooms	300
Annual Rooms Available	109,500
Daily Occupied Rooms	255
Annual Occupied Rooms	93,075
Occupancy Rate	85%
Average Daily Rate (ADR)	\$325.00
RevPAR	\$276.25

Service Apartments Income & Expenses - Stabilized				
	Total	% of Income	Per Avail. Room (DAR)	Per Occ. Room (DOR)
<u>Income</u>				
Room Revenue	\$35,587,500	62.5%	\$118,625	\$139,559
50% Food & Beverage	\$17,793,750	31.3%	\$59,313	\$69,779
10% Other Operated Departments	\$3,558,750	6.3%	\$11,863	\$13,956
<b>Total Income</b>	<b>\$56,940,000</b>	<b>100.0%</b>	<b>\$189,800</b>	<b>\$223,294</b>
<b>EGI</b>	<b>\$51,601,875</b>			

<u>Department Expenses</u>				
	Total	% of Income	Per Avail. Room (DAR)	Per Occ. Room (DOR)
20% Rooms	\$7,117,500	12.5%	\$23,725	\$27,912
20% Food & Beverage	\$3,558,750	6.3%	\$11,863	\$13,956
20% Other Operated Departments	\$711,750	1.3%	\$2,373	\$2,791
<b>Total Dept. Expenses</b>	<b>\$11,388,000</b>	<b>20.0%</b>	<b>\$37,960</b>	<b>\$44,659</b>

<u>Undistributed Operating Expenses</u>				
	Total	% of Income	Per Avail. Room (DAR)	Per Occ. Room (DOR)
10% General & Admin	\$990,000	1.7%	\$3,300	\$3,882
12% Sales & Marketing	\$1,440,000	2.5%	\$4,800	\$5,647
Property Ops & Maint.	\$540,000	0.9%	\$1,800	\$2,118
Utility Costs	\$525,000	0.9%	\$1,750	\$2,059
<b>Total Undistributed Op. Expenses</b>	<b>\$3,495,000</b>	<b>6.1%</b>	<b>\$11,650</b>	<b>\$13,706</b>

<u>Fees</u>				
	Total	% of Income	Per Avail. Room (DAR)	Per Occ. Room (DOR)
Management Fee	\$3,558,750	6.3%	\$11,863	\$38.24
Franchise Fee	\$4,270,500	7.5%	\$14,235	\$45.88
<b>Total Fees</b>	<b>\$7,829,250</b>	<b>13.8%</b>	<b>\$26,098</b>	<b>\$84.12</b>

<u>Fixed Charges</u>				
	Total	% of Income	Per Avail. Room (DAR)	Per Occ. Room (DOR)
RE Property Taxes	\$4,555,200	8.0%	\$2,600	\$48.94
Insurance	\$569,400	1.0%	\$780	\$6.12
<b>Total Fixed Charges</b>	<b>\$5,124,600</b>	<b>9.0%</b>	<b>\$3,380</b>	<b>\$55.06</b>

<b>Net Operating Income</b>	<b>\$23,765,025</b>	<b>41.7%</b>	<b>\$79,217</b>	<b>\$255.33</b>
3% FF&E Reserve	\$1,708,200	3.0%	\$5,694	\$18.35
<b>Net Cash Flow</b>	<b>\$22,056,825</b>	<b>38.7%</b>	<b>\$73,523</b>	<b>\$236.98</b>

Note: these estimated revenues and expenses are in 2019 dollars, the pro forma cash flows account for yearly growth.

# EXIT STRATEGY AND RETURN MATRIX

Returns: Sale @ Stabilization			
	IRR	EM	Cash-on-Cash @ Yr 5
Unlevered	10.60%	1.6x	2.73%
Levered	18.07%	2.73x	
LP	17.21%		
GP	19.79%		

Returns: Refi & Sale			
	IRR	EM	Dev. Yield @ Stabilization
Unlevered	7.91%	2.5x	8.10%
Levered	11.93%	4.4x	
LP	17.21%		
GP	19.79%		

Exit Assumptions	
Exit Cap Rate	5.00%
Discount Rate	7.50%
<b>Exit Option 1</b>	
Exit Year	5
Selling Price	\$2,731,216,031
Selling Costs	2.00%
Total Proceeds	\$2,676,591,710
<b>Exit Option 2</b>	
Exit Year	10
Selling Price	\$3,264,055,982
Selling Costs	2.00%
Total Proceeds	\$3,198,774,862

## SELECTED STRATEGY:

- SALE AT STABILIZATION
- ASSUMPTIONS: 5% CAP RATE, IN LINE WITH COMPARITIVE ASSETS AT END OF Q4 2019
- LEVERED IRR: 18.07%
- EM: 2.75X
- CASH ON CASH: 2.73%



# SENSITIVITY ANALYSIS

		Serviced Apartment Vacancy									
		7.00%	9.00%	11.00%	13.00%	15.00%	17.00%	19.00%	21.00%	23.00%	
ADR	\$245.00	15.70%	15.42%	15.13%	14.84%	14.55%	14.25%	13.95%	13.65%	13.35%	
	\$265.00	16.52%	16.22%	15.91%	15.60%	15.29%	14.98%	14.66%	14.34%	14.02%	
	\$285.00	17.32%	17.00%	16.68%	16.35%	16.02%	15.69%	15.36%	15.02%	14.68%	
	\$305.00	18.10%	17.76%	17.42%	17.08%	16.74%	16.39%	16.04%	15.69%	15.33%	
	\$325.00	18.86%	18.51%	18.16%	17.80%	17.44%	17.08%	16.71%	16.34%	15.97%	
	\$345.00	19.61%	19.25%	18.88%	18.51%	18.14%	17.76%	17.37%	16.99%	16.60%	
	\$365.00	20.35%	19.97%	19.59%	19.20%	18.81%	18.42%	18.02%	17.62%	17.22%	
	\$385.00	21.07%	20.68%	20.28%	19.88%	19.48%	19.07%	18.66%	18.24%	17.82%	
	\$405.00	21.77%	21.37%	20.96%	20.55%	20.13%	19.71%	19.29%	18.85%	18.42%	

Vacancy

4%  
5%  
6%  
7%  
8%  
9%  
10%  
11%  
12%

		Office rent									
		\$ 92.70	\$ 97.70	\$ 102.70	\$ 107.70	\$ 112.70	\$ 117.70	\$ 122.70	\$ 127.70	\$ 132.70	
Vacancy	4%	12.6%	14.3%	15.9%	17.4%	18.9%	20.3%	21.7%	23.0%	24.2%	
	5%	12.3%	13.9%	15.5%	17.1%	18.5%	20.0%	21.3%	22.6%	23.9%	
	6%	11.9%	13.6%	15.2%	16.7%	18.2%	19.6%	21.0%	22.3%	23.5%	
	7%	11.6%	13.2%	14.8%	16.3%	17.8%	19.2%	20.6%	21.9%	23.2%	
	8%	11.2%	12.9%	14.4%	16.0%	17.4%	18.9%	20.2%	21.5%	22.8%	
	9%	10.8%	12.5%	14.1%	15.6%	17.1%	18.5%	19.8%	21.1%	22.4%	
	10%	10.5%	12.1%	13.7%	15.2%	16.7%	18.1%	19.5%	20.8%	22.0%	
	11%	10.1%	11.8%	13.3%	14.9%	16.3%	17.7%	19.1%	20.4%	21.6%	
	12%	9.7%	11.4%	13.0%	14.5%	15.9%	17.3%	18.7%	20.0%	21.2%	

		Retail Vacancy									
		7.00%	9.00%	11.00%	13.00%	15.00%	17.00%	19.00%	21.00%	23.00%	
Market Rent	\$65.00	16.86%	16.83%	16.80%	16.77%	16.74%	16.71%	16.68%	16.65%	16.62%	
	\$75.00	17.05%	17.02%	16.98%	16.95%	16.92%	16.88%	16.85%	16.81%	16.78%	
	\$85.00	17.25%	17.21%	17.17%	17.13%	17.09%	17.06%	17.02%	16.98%	16.94%	
	\$95.00	17.44%	17.40%	17.35%	17.31%	17.27%	17.23%	17.18%	17.14%	17.10%	
	\$105.00	17.63%	17.58%	17.54%	17.49%	17.44%	17.40%	17.35%	17.30%	17.26%	
	\$115.00	17.82%	17.77%	17.72%	17.67%	17.62%	17.57%	17.52%	17.47%	17.41%	
	\$135.00	18.20%	18.14%	18.08%	18.02%	17.97%	17.91%	17.85%	17.79%	17.73%	
	\$155.00	18.58%	18.51%	18.44%	18.38%	18.31%	18.24%	18.17%	18.11%	18.04%	
	\$175.00	18.95%	18.87%	18.80%	18.72%	18.65%	18.57%	18.50%	18.42%	18.35%	

Rent Growth

1.00%  
1.25%  
1.50%  
1.75%  
2.00%  
2.25%  
2.50%  
2.75%  
3.00%

		Office Rent									
		\$ 92.70	\$ 97.70	\$ 102.70	\$ 107.70	\$ 112.70	\$ 117.70	\$ 122.70	\$ 127.70	\$ 132.70	
Rent Growth	1.00%	10.5%	12.2%	13.8%	15.3%	16.8%	18.2%	19.6%	20.9%	22.1%	
	1.25%	10.7%	12.4%	14.0%	15.5%	17.0%	18.4%	19.7%	21.0%	22.3%	
	1.50%	10.9%	12.5%	14.1%	15.6%	17.1%	18.5%	19.9%	21.2%	22.4%	
	1.75%	11.0%	12.7%	14.3%	15.8%	17.3%	18.7%	20.1%	21.4%	22.6%	
	2.00%	11.2%	12.9%	14.4%	16.0%	17.4%	18.9%	20.2%	21.5%	22.8%	
	2.25%	11.4%	13.0%	14.6%	16.1%	17.6%	19.0%	20.4%	21.7%	22.9%	
	2.50%	11.5%	13.2%	14.8%	16.3%	17.8%	19.2%	20.5%	21.8%	23.1%	
	2.75%	11.7%	13.3%	14.9%	16.5%	17.9%	19.3%	20.7%	22.0%	23.3%	
	3.00%	11.8%	13.5%	15.1%	16.6%	18.1%	19.5%	20.9%	22.2%	23.4%	

		Exit Cap Rate									
		4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	
Purchase Price	\$1,091,419,883	31.63%	29.22%	26.95%	24.79%	22.73%	20.76%	18.88%	17.08%	15.34%	
	\$1,141,419,883	30.30%	27.89%	25.60%	23.43%	21.37%	19.39%	17.50%	15.68%	13.93%	
	\$1,191,419,883	29.01%	26.59%	24.29%	22.11%	20.04%	18.05%	16.14%	14.31%	12.55%	
	\$1,241,419,883	27.75%	25.32%	23.01%	20.82%	18.73%	16.73%	14.81%	12.97%	11.20%	
	\$1,291,419,883	26.51%	24.07%	21.75%	19.55%	17.44%	15.43%	13.50%	11.65%	9.86%	
	\$1,341,419,883	25.30%	22.85%	20.52%	18.30%	16.19%	14.16%	12.22%	10.35%	8.55%	
	\$1,391,419,883	24.12%	21.66%	19.31%	17.09%	14.96%	12.92%	10.97%	9.09%	7.27%	
	\$1,441,419,883	22.97%	20.49%	18.14%	15.90%	13.76%	11.71%	9.74%	7.84%	6.02%	
	\$1,491,419,883	21.84%	19.35%	16.98%	14.73%	12.58%	10.51%	8.53%	6.62%	4.78%	

		Exit Cap Rate									
		4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	
Hard Costs	\$281	28.9%	26.5%	24.2%	22.0%	19.9%	18.0%	16.1%	14.2%	12.5%	
	\$301	28.3%	25.9%	23.6%	21.4%	19.3%	17.3%	15.4%	13.6%	11.8%	
	\$321	27.7%	25.3%	23.0%	20.8%	18.7%	16.7%	14.8%	12.9%	11.1%	
	\$341	27.1%	24.7%	22.4%	20.2%	18.1%	16.1%	14.1%	12.3%	10.5%	
	\$361	26.5%	24.1%	21.8%	19.5%	17.4%	15.4%	13.5%	11.6%	9.9%	
	\$381	25.9%	23.5%	21.2%	18.9%	16.8%	14.8%	12.9%	11.0%	9.2%	
	\$401	25.3%	22.9%	20.6%	18.3%	16.2%	14.2%	12.3%	10.4%	8.6%	
	\$421	24.8%	22.3%	20.0%	17.8%	15.6%	13.6%	11.7%	9.8%	8.0%	
	\$441	24.2%	21.7%	19.4%	17.2%	15.0%	13.0%	11.1%	9.2%	7.4%	

GP's 1st Promote and 2nd Promote's affect on GP IRR

		1st Promote					
		12.00%	13.50%	15.00%	16.50%	18.00%	
2nd Promote	18.84%	18.97%	18.97%	18.97%	18.97%	18.97%	
	17.00%	18.90%	18.90%	18.90%	18.90%	18.90%	
	18.50%	18.84%	18.84%	18.84%	18.84%	18.84%	
	20.00%	18.84%	18.84%	18.84%	18.84%	18.84%	
	21.50%	18.77%	18.77%	18.77%	18.77%	18.77%	
	23.00%	18.70%	18.70%	18.70%	18.70%	18.70%	

LP's 1st Promote and 2nd Promote's affect on LP IRR

		1st Promote				
		6.00%	8.00%	10.00%	12.00%	14.00%
2nd Promote	16.75%	15.43%	15.43%	15.43%	15.43%	15.43%
	11.00%	16.08%	16.08%	16.08%	16.08%	16.08%
	13.00%	16.75%	16.75%	16.75%	16.75%	16.75%
	15.00%	17.45%	17.45%	17.45%	17.45%	17.45%
	17.00%	18.00%	17.94%	17.88%	17.81%	17.74%
	19.00%	18.00%	17.94%	17.88%	17.81%	17.74%

# RISKS AND MITIGANTS

## RISKS

- COMPETITION: LOWER RENTS
- RETAIL VACANCY RISK
- LOWER OFFICE RENT
- DELAY TO RENOVATION WORK

## MITIGANTS

- INNOVATIVE AND QUALITY RENOVATION PLAN TO DIFFERENTIATE 666 OFFERING
- RETAIL USES ARE COMPLIMENTARY TO THE OFFICE SPACE AND APART-HOTEL, PROVIDING LIFE-WORK-PLAY ENVIRONMENT
- OFFICE RENTAL RATE HAS BEEN MARKET TESTED AND 666 PROVIDING SUPERIOR QUALITY THAN OTHERS AT DIRECT PRICE POINT
- PRECONSTRUCTION AND DESIGN ALREADY COMMENCED TO ALLOW IMMINENT CONSTRUCTION



# APPENDICES

