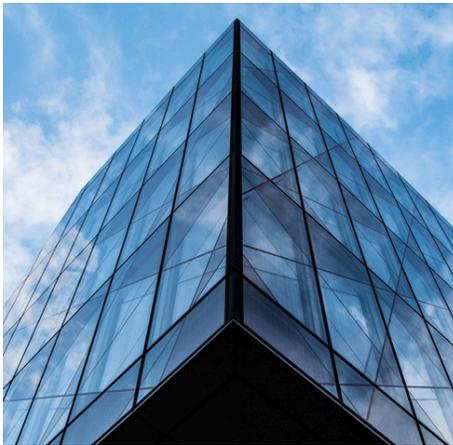




Case Study

NEW DEVELOPMENT



Executive Summary:

The following report analyzes a crowd-funded project currently under construction called Grove Central. Grove Central is located at SW 27th Avenue and US 1, alongside the Coconut Grove Metrorail Station, on the outskirts of the Coconut Grove neighborhood located in Miami Florida. This project is spearheaded and developed by Terra, an integrated development firm, and Grass River Property, a real estate investment and services company. Gove Central sits on 5.2 acres of land that has been leased by the city of Miami for ninety-nine (99) years to the developers.

Grove Central is a mixed-use development project with approximately 171,794 square feet (S.F.) of leasable retail and restaurant space. The confirmed anchor tenants will be Target, Sprouts, Total Wine and More, LA Fitness Club Studio and Five Below. There will be a total of eleven (11) retail tenants. Five (5) already are confirmed they are Chipotle, T-Mobile, Sushi Mas, Pacific Dental and Woof Gang Bakery. The project also consists of 402

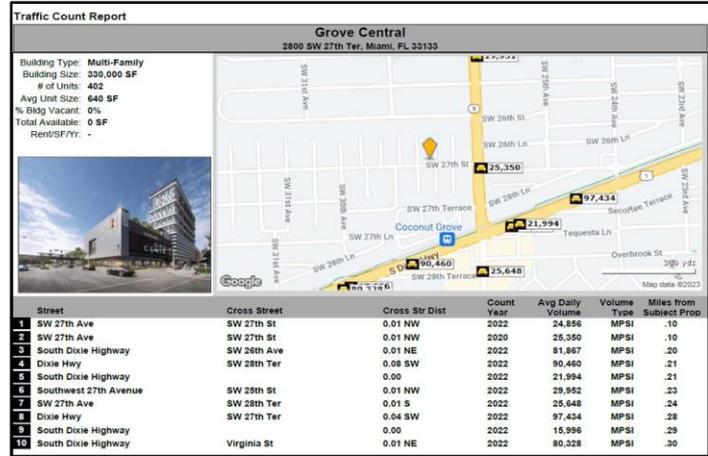


residential Hi-Rise units rated at four (4) stars that will be leased to qualified residents. The total square footage amount of residential leasing will be 400,200 SF. Although not finalized we assume that the residential unit mix will consist of sixty (60) studio apartments at 450 SF, one hundred (100) one (1) bedroom apartments at 700 SF, one hundred and forty (140) two (2) bedroom apartments

at 900 SF, sixty (60) three (3) bedroom apartments at 1,600 SF, twenty-eight (28) four (4) bedroom apartments at 1,800 SF and fourteen (14) five (5) bedroom apartments at 2,200 SF. Once completed it will have 1,250 parking spaces. Anchor tenant leases are for 20 years, retail tenant leases are for ten (10) years, and residential leases are for one (1) year.



The average daily traffic in terms of passengers alongside SW 27th avenue is estimated to be 34,500 persons. Alongside US 1 it is estimated passenger traffic to be at 91,000 people. Coconut Grove, also known by locals as “The Grove”, is one of the oldest inhabited neighborhoods of Miami in Miami-Dade County, Florida. The neighborhood is roughly bounded by North Prospect Drive to the south, LeJeune Road to the west, South Dixie Highway (US 1) and Rickenbacker Causeway to the north, and Biscayne Bay to the east. Coconut Grove is south of the neighborhoods of Brickell and The Roads and east of Coral Gables. Grove Central can also be considered a transit oriented mixed use development project that will have green spaces. The project will promote a pedestrian and bike friendly lifestyle, a re-energized Plaza and Underline all closely synced and populated with a lively mix of uses that will add value and make it a popular key destination of activity and culture welcoming visitors and locals alike.



Project			Financing		
Total project costs		\$224,314,279	Construction loan		\$157,253,433
Development costs (hard + soft costs)		\$205,000,000	Permanent loan		\$230,646,404
NPV		\$130,386,613	LTV		70.0%
Unlevered IRR		18.9%	Construction loan interest		8.0%
Levered IRR		42.66%	Permanent loan interest rate		6.0%
Equity Multiple		5.58 x	Disposition		
Yield on cost		11.5%	Property value at exit		\$487,031,421
Revenue			Exit year		Year 10
Stabilized NOI (residential)		\$10,535,674	Exit cap rate		5.8%
Stabilized NOI (retail)		\$13,041,617			
Stabilized NOI (total)		\$23,577,291			

The summary cost is based on presumptive data for the project. Not all data was fully disclosed to our team. The project cost is estimated at \$224,314,279.00. Development cost (hard and soft combined) is estimated at \$205,000,000.00. The net present value (NPV) for this project is \$130,386,613. The unlevered internal rate of return (IRR) is assumed to be 18.9% based on our calculations and the levered IRR at 42.66%. Equity multiple will be 5.58x and the yield on cost is estimated at 11.5%. Regarding revenue, the stabilized residential net operating income (NOI) will be \$10,535,674. The stabilized retail NOI will be \$13,041,617 summing both retail and residential the total combined NOI will be \$23,577,291. Financing for the project is specified as: Construction loan \$157,253,433.00, permanent loan \$230,646,404. The Loan to value ratio (LTV) is at 70% with a construction loan interest rate at 8% and a permanent loan rate at 6%. In regard to the disposition of the property value at the time of exit (sell) it will be estimated at \$487,031,421 with an exit at year 10 and an expected exit cap rate at 5.8%.

Regarding after tax cash flow, the projected levered IRR is 41.28%, equity multiple is 5.37x, the present value from the cash flow is \$58,665,770, the present value from the sale is \$146,120,580 and the NPV is \$122,982,399

Project Levered IRR	41.28%
Equity Multiple	5.37 x
Present Value From CF	\$58,665,770
Present Value From Sale	\$146,120,580
NPV	\$122,982,399

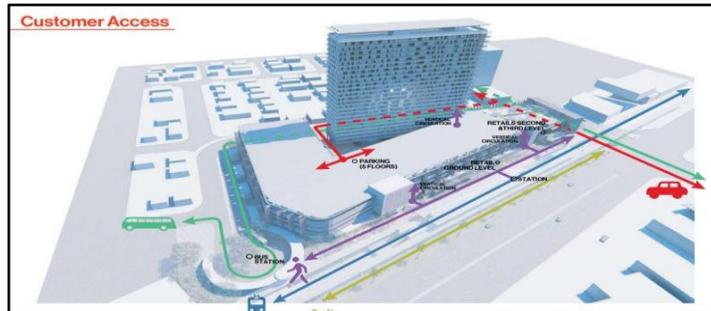
Property Summary:

Grove Central is a mixed-use development project with approximately 171,794 S.F. of leasable retail and restaurant space. The project will also have 402 residential Hi-Rise units rated at four (4) stars that will be leased to tenants. The total square footage amount of residential leasing will be 400,200 S.F.. Grove Central is located less than five (5) miles south of downtown Miami and Brickell city center and less than ten (10) miles from Miami International Airport and less than twenty-five (25) miles from Fort Lauderdale International Airport. There are several colleges and universities within a fifteen (15) mile radius to include the University of Miami, Florida International University, Miami Dade College and Nova Southeastern University. This distance also includes a variety of indoor/outdoor shopping centers. Public beaches are less than five (5) miles away.

Site Description/Location:

The ongoing Grove Central development project site is approximately 5.2 acres of land that has been leased by the city of Miami for ninety-nine (99) years to the developers. In accordance with the agreement, the rental payments would start in the third year of the lease at

\$200,000, followed by \$350,000 in the fourth year. Thereafter, the annual rent would be 3% of the developer’s gross income for the project, with a minimum payment of \$450,000. It is estimated that the county will receive over \$263,000,000 over the 99 year term.



Grove Central has a physical address of 2800 SW 27th Terrace - Grove Central, Miami, Florida, 33133. It will be a fifteen (15) story building with a less than a three (3) minute walk to the Coconut Grove metro-rail transit system. The northern boundary of the area is an active commercial district located directly alongside highway US-1 and SW 27th Avenue, and adjacent to the Coconut Grove Metrorail Station, which connects the Grove to Brickell, Downtown, and the airport to the north as well as the University of Miami and Kendall to the south. Since the opening of the Metrorail in 1984, no significant development had taken place to incorporate the Grove’s urban commercial district with the rest of the Coconut Grove lifestyle.

Development Description:

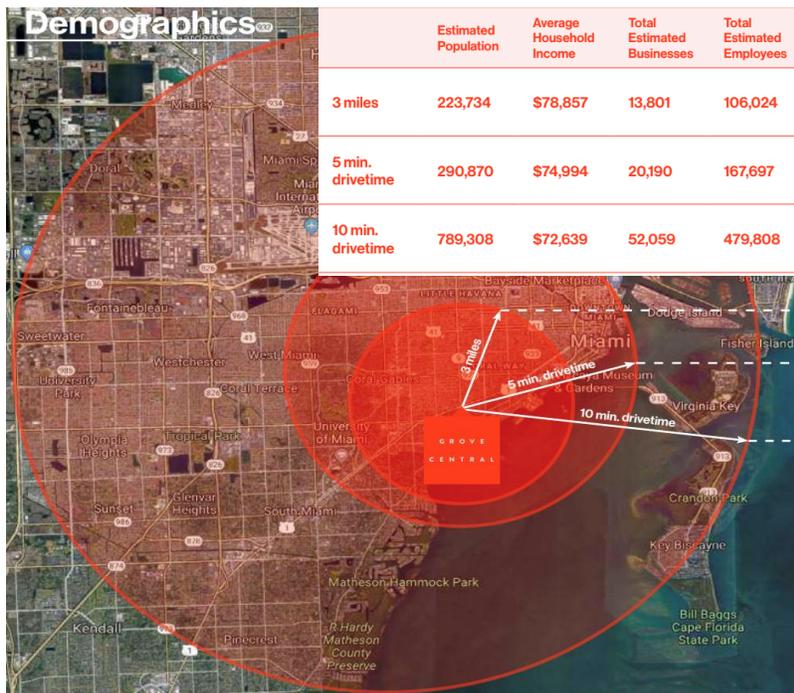
The residential development improvement will consist of four hundred and two (402) residential units ranging from studio apartments to units with up to five (5) bedrooms with four (4) bathrooms. The square footage per unit ranges from 450 SF to 2,200 SF. Leasing prices for the units are between \$2,350.00 to \$7,400.00 per month depending on unit size. All units will contain amenities such as washer/dryer, central air conditioning, shower/tub, Italian crafted kitchen countertops, refrigerator and dishwasher. Site amenities include a business center, a car charging station, a lounge, a media center with a movie theater, a fitness center, a game room and a pool.

The retail development improvement consists of green areas that are pedestrian friendly and have close proximity to the bus station and the Miami Metrorail system. Distance to the transit metro/bus area is a 3 minute walk. Pedestrian friendly paths will also lead to, “The Underline”. The Underline is a new linear park currently under construction and will be projected to be ten (10) miles long. The park will stretch from Downtown Miami to the Dadeland South Metrorail Station near Dadeland Mall in Kendall, passing through Coconut Grove, Coral Gables and other communities and creating a total of 120 acres of tropical gardens and outdoor recreation space. This area will

offer opportunities for exercise, art appreciation, cultural performances and relaxation stretching from Downtown Miami to Kendall.

Parking for retail and residential persons will consist of 1,250 spaces for motor vehicles. To include parking areas with chargers for electric vehicles.

Market Preview:



Demand:

Coconut Grove is a vibrant neighborhood located in the city of Miami, Florida. Historically known for its lush vegetation and Design District, Coconut Grove offers a unique blend of residential, retail, and commercial spaces. The demand for mixed-use developments in Coconut Grove has been driven by several factors:

Location: Coconut Grove benefits from its prime location in Miami, providing easy access to downtown Miami, Brickell, and other popular areas. Its

proximity to major highways and transportation links makes it an attractive location for both residents and businesses.

Residential Appeal: Coconut Grove attracts a diverse range of residents, including young professionals, families, and retirees. The neighborhood offers a mix of housing options, including luxury condominiums, single-family homes, and townhouses. The demand for residential properties in Coconut Grove has remained relatively strong due to its desirable location, waterfront views, and a sense of community.

Retail and Entertainment: Coconut Grove features a lively retail and entertainment scene. The neighborhood is known for its open-air shopping centers, such as CocoWalk, which offers a variety of restaurants, boutiques, and entertainment venues.

Amenities and Recreation: Coconut Grove boasts an abundance of parks, marinas, and outdoor recreational areas. Places like Peacock Park and the waterfront promenade attract residents and visitors alike. The presence of these amenities enhances the overall appeal of the neighborhood and can contribute to the demand for mixed-use developments.



COMMUNITY SUMMARY

Coconut Grove, Florida
Drive time of 10 minutes

106,260	0.52%	2.33	81.9	40.5	\$89,991	\$728,860	\$146,859	17.6%	63.4%	19.0%
Population Total	Population Growth	Average HH Size	Diversity Index	Median Age	Median HH Income	Median Home Value	Median Net Worth	Age <18	Age 18-64	Age 65+



13.0%
Services



9.2%
Blue Collar

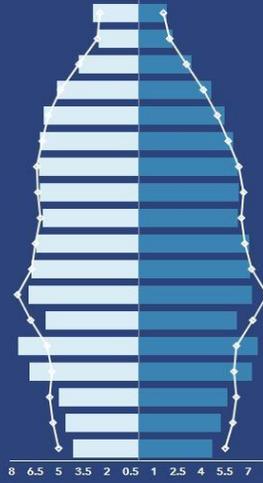


77.8%
White Collar

Mortgage as Percent of Salary



Age Profile: 5 Year Increments



Home Ownership



Housing: Year Built



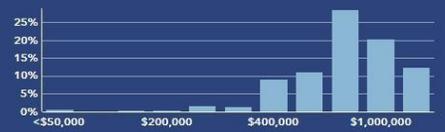
Educational Attainment



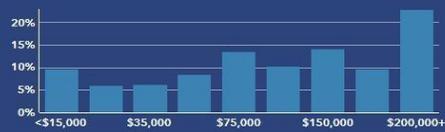
Commute Time: Minutes



Home Value



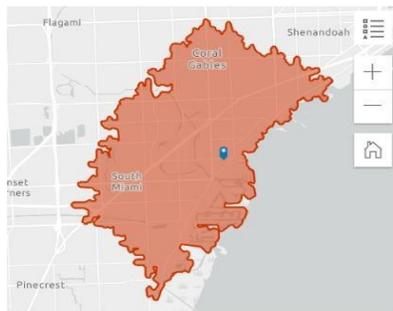
Household Income



Source: Esri, ACS, Esri forecasts for 2023, 2017-2021, 2028.

Dots show comparison to 12086 (Miami-Dade...)

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POPULATION TRENDS AND KEY INDICATORS

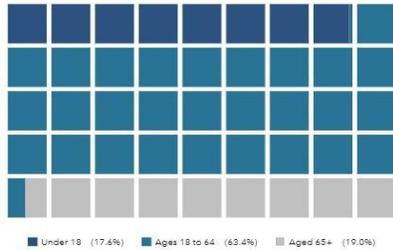
Coconut Grove, Florida
Drive time of 10 minutes

106,260	43,477	2.33	40.5	\$89,991	\$728,860	151	51	82
Population	Households	Avg Size Household	Median Age	Median Household Income	Median Home Value	Wealth Index	Housing Affordability	Diversity Index

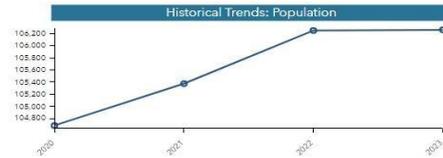
MORTGAGE INDICATORS



POPULATION BY AGE



POPULATION BY GENERATION



Source: Esri, Esri-U.S., BLS, ACS
Esri forecasts for 2023, 2026, 2017-2021
© 2023 Esri



When considering the population interested in leasing the residential portion of the mixed-use property, an important factor to evaluate is the age and household income of local residents. Coconut Grove is known for housing a diverse mix of young professionals and families. The presence of several universities and colleges, including the University of Miami, attracts a younger demographic of students and academics to the area. Given the higher number of students and young professionals, there will continue to be a demand for affordable housing options and rentals in the coming years. Furthermore, the median household income for the city is \$89,991 (see **figure 1** above), which is approximately \$20,000 more than the national median household income of \$69,000. Considering these demographics, we believe that setting the base rent minimum for the residential units in Grove Central at \$2,350 is appropriate.

Another crucial factor to consider is the population growth of Coconut Grove. While population growth seemed to have peaked over the past year, the area has experienced steady growth over the past five years. We attribute the pause in growth last year to the lack of affordable housing options and insufficient housing supply. Given the anticipated long-term growth and the lack of affordable housing options in Coconut Grove, we anticipate a quick lease-up for Grove Central.

Although we have primarily focused on the residential component when discussing market demand, a similar situation can be observed in the retail portion, with one notable difference. That difference lies in the recent advancements in technology and online shopping, which have had a negative impact on the demand for retail buildings. However, as technology continues to evolve, so does the world, creating new avenues to generate demand for retail stores. One such method is the development of mixed-use properties that incorporate both residential and retail components. In the case of Grove Central, there are 402 residential units directly above essential retail stores like Target and Sprouts. This setup, combined with ample parking, significantly enhances the potential for retail demand within these spaces.



Supply:

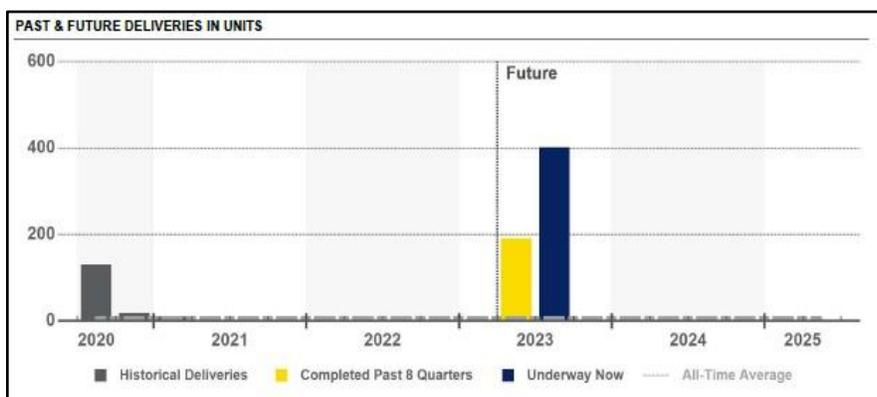
Residential Market Supply:

Coconut Grove offers a mix of residential options, including single-family homes, condominiums, townhouses, and apartment buildings. The housing market in Coconut Grove has witnessed ongoing development and redevelopment, resulting in a diverse range of residential buildings. Developers have constructed new luxury condominiums, renovated existing properties, and built townhouse communities to cater to various segments of the market.

Despite the pause in population growth in Coconut Grove in the recent year, one might assume that this would lead to an increase in vacancy rates. However, the opposite has occurred, as vacancy rates have actually decreased. This can be attributed to inflation and higher rents, which have compelled families with multiple children to seek more affordable housing elsewhere. The vacant homes and units have now been occupied by single professionals or young couples. “Figure 2” illustrates that vacancy rates have reached a low of 5%, a level not seen since 2018.



“Figure 2” illustrates that vacancy rates have reached a low of 5%, a level not seen since 2018.



Furthermore, when examining future residential deliveries in (Figure 3) for Coconut Grove, it becomes apparent that the only upcoming supply in the market will be the 402 units at Grove Central. This information is essential for assessing market

competition and gauging the demand for the new units about to enter the market. It serves as a key metric highlighting why Grove Central should experience high demand during the lease-up period.

Coconut Grove Multi-Family

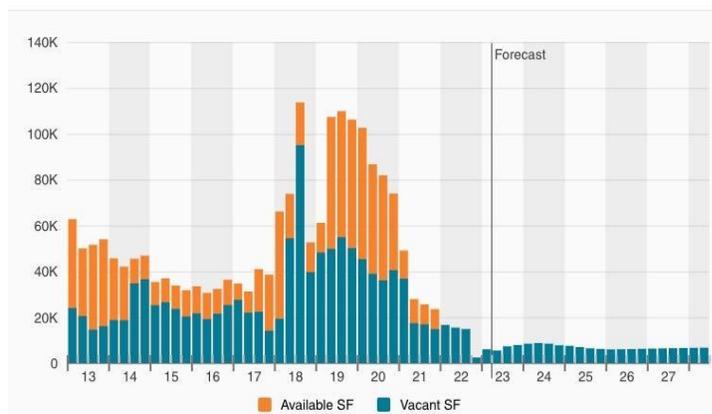
OVERALL SUPPLY & DEMAND

Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2027	2,115	5	0.2%	(8)	-0.3%	-
2026	2,110	(3)	-0.1%	(9)	-0.4%	0.3
2025	2,113	(3)	-0.1%	(9)	-0.4%	0.3
2024	2,116	(3)	-0.1%	(8)	-0.3%	0.5
2023	2,119	191	9.9%	176	8.3%	1.1
YTD	2,119	191	9.9%	180	8.5%	1.1

With vacancy rates on a steep downward trend and rents continuing to increase sharply in recent years, it is evident that a substantial amount of new residential supply is needed to increase affordability and slow down rent growth. Therefore, given these metrics, there is a positive sign indicating strong demand for the new units at Grove Central.

Retail Market Supply:

Available & Vacant SF



Coconut Grove offers a diverse range of retail spaces, including standalone buildings, shopping centers, and mixed-use developments. CocoWalk, a popular open-air shopping center, has been a significant retail destination in the area. Other retail spaces can be found along the main commercial corridors, such as Grand Avenue and Main Highway.

When looking at “Figure 4”, the available square footage (SF) and the vacant SF over the past 5 years, it is evident that more retail supply needs to be added to the market. Additionally, when referencing “Figure 5”, you can see that the current vacancy is under 2%, which is at historic lows. If the vacancy stays at these levels, it will only drive up the price of rents even more and force out smaller companies that can't compete against national retailers.

When looking at “Figure 4”, the available square footage (SF) and the vacant SF over the past 5 years, it is evident that more retail supply needs to be added to the market.

Furthermore, when examining the anticipated future retail square footage (SF) growth in (Figure 6), it becomes evident that there is expected to be a lack of supply in the coming period. Consequently, in addition to the residential portion, there would be significant resistance and competition for absorbing the new retail spaces.

If Coconut Grove wants sustained population growth, it is essential to increase retail supply to make local consumer goods more affordable. The Grove Central project is a great initiative for creating more retail supply and helping to maintain balanced prices.



Supply & Demand Trends

Coconut Grove Retail

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	1,804,764	9,596	0.5%	7,912	0.4%	1.2
2026	1,795,168	6,361	0.4%	7,247	0.4%	0.9
2025	1,788,807	912	0.1%	4,303	0.2%	0.2
2024	1,787,895	3,492	0.2%	1,740	0.1%	2.0
2023	1,784,403	(1,636)	-0.1%	(18,353)	-1.1%	-
YTD	1,786,039	0	0%	(26,389)	-1.5%	-

Marketability of Residential Buildings:

Residential buildings in Coconut Grove have generally enjoyed good marketability due to the neighborhood's desirability and attractive amenities. The demand for residential properties in Coconut Grove has been driven by factors such as its prime location, waterfront views, access to parks and recreational areas, and a sense of community. With these prime factors, there will be high overall demand for the residential component, which would mostly be assumed by young professionals starting their careers and looking for a convenient and vibrant



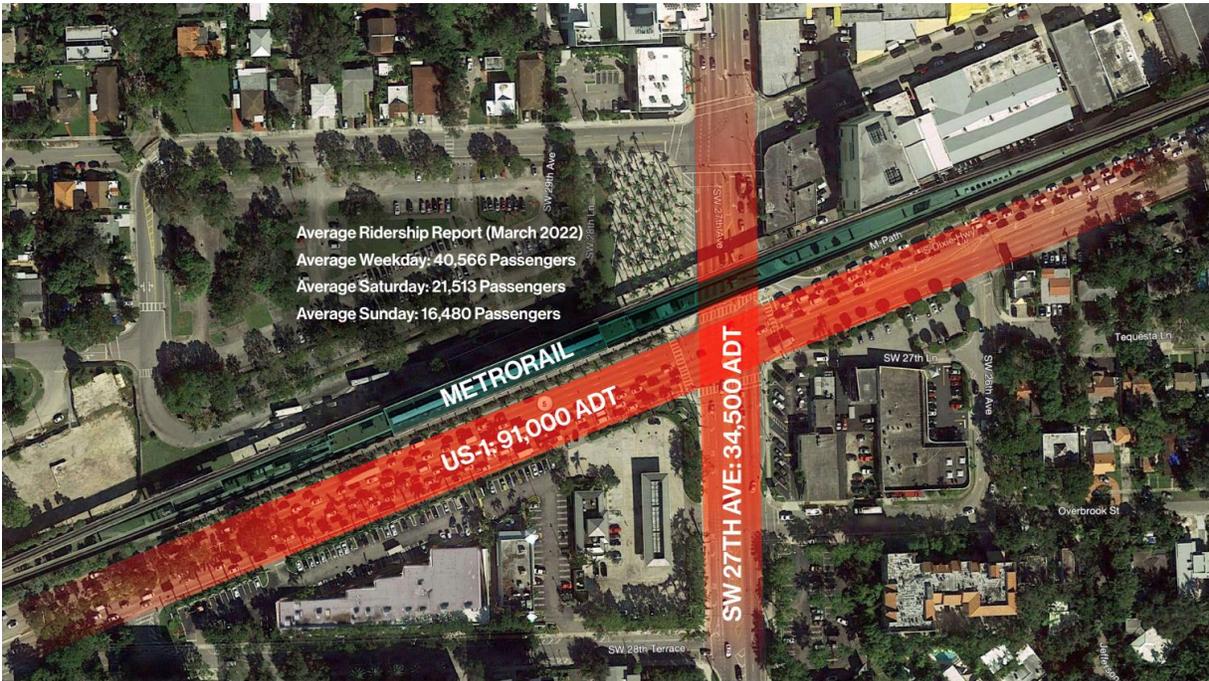
place to live that is close to the beach. When it comes to the marketing plan, they began their pre-leasing in mid-June 2023 and have a very strong marketing team that leverages social media to attract tenants for their property.

Coconut Grove offers a diverse range of residential options, catering to various preferences and budgets. Luxury condominiums, single-family homes, townhouses, and apartments have all found marketability within the neighborhood. When examining the marketability of Grove Central, “**Figure 7**” illustrates a steady increase in market asking rent for studio, 1-bedroom, and 2-bedroom units. Given the highly sought-after location of Grove Central and its accessibility to the Metrorail and multiple retail stores below the units, we believe an additional 5%-10% premium can be added to the base market asking rent. Out of the 402 total residential units at Grove Central, 75% of them consist of studio, 1-bedroom, or 2-bedroom units. Upon closer examination of Grove Central's current asking rents for these units, they do, in fact, align with the asking rent at the additional 5% to 10% premium. Although leasing all 402 units within the next year may seem challenging, we believe that the property's curb appeal and its status as a brand new development will attract potential tenants, causing them to prioritize Grove Central over other rental properties. Consequently, this is expected to generate significantly more demand than properties with similar base rent.

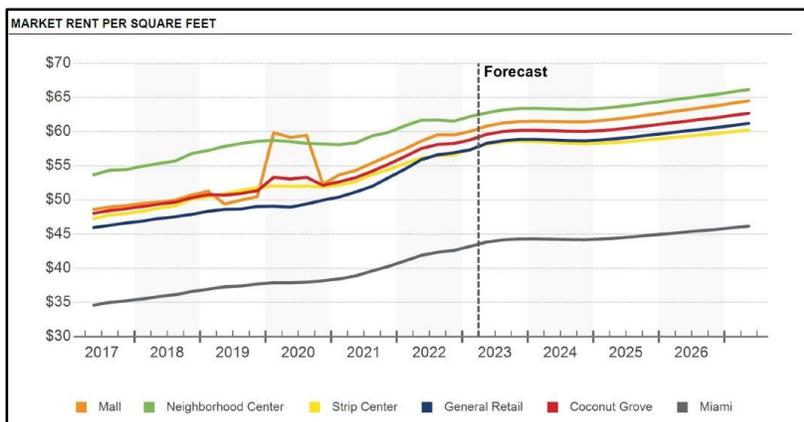
Marketability of Retail Buildings:

Coconut Grove has been a popular destination for retail businesses due to its vibrant atmosphere, high foot traffic, and diverse consumer base. Retail buildings in prominent locations, such as CocoWalk and along the main commercial corridors, have generally enjoyed good marketability. These areas attract locals and tourists alike, offering a range of dining, shopping, and entertainment options.





Considering the already great marketability of retail in Coconut Grove, Grove Central is expected to become even more marketable than other retail options in the area. A significant factor contributing to this is the convenient access to the 402 residential units located directly above the retail space, with the Metrorail station just a 1-minute walk away. The retail space will also be considered a one-stop shop for many people, thanks to the anchor tenant Target leasing out 50,000 square feet at the location, along with numerous other smaller shops and restaurants. Furthermore, the retail spaces at Grove Central benefit from the high daily traffic counts (**Figure 8**) at the intersection where they are located, attracting commuters via vehicles throughout the day, especially since it is situated at an intersection with traffic lights.



The current average rent for square footage in the immediate area stands at approximately \$55 per square foot on a triple net (NNN) basis. This figure was obtained from a recent rent comparison in Coconut Grove, along with the summary of market rents depicted in (Figure 9). Initially, the leasing manager for Coconut Grove set a base rent of \$65 per square foot. However, it is estimated that some of the current leases nearing completion may reach \$70 per square foot or even higher, particularly for corner retail units at the location.

Retail Rent Comparables:

Rent comparables are essential in determining fair market value for rental properties. They provide valuable data on similar properties in the area, aiding in setting competitive prices. However, there are gray areas in this process. Each property is unique, and there may be variations not captured by the data. Factors like renovations, local economy changes, and

Rent Comparables Summary										
2800 SW 27th Ter - Grove Central										
Property Size					Asking Rent Per Month Per Unit					
Rent Comparables Summary										
2800 SW 27th Ter - Grove Central										
No. Rent Comps	Avg. Rent Per Unit			Avg. Rent Per SF			Avg. Vacancy Rate			
17	\$2,804			\$3.15			7.3%			
6	No. 17 Residences Allapa... 1569 NW 17th Ave	★★★★☆	2021	192	677	\$1,626	\$1,988	\$2,670	\$3,380	\$3.34
7	Bay Village One	★★★★★	2020	212	726	\$1,004	\$2,220	\$2,724	\$3,540	\$2.27
Lease Comps Summary										
Lease Comps Report										
Deals	NNN Asking Rent Per SF			NNN Starting Rent Per SF			Avg. Months On Market			
27	\$60.84			\$69.17			18			
13	navette on the bay 7950 NE Bayshore Ct	★★★★☆	2015	467	939	-	\$2,326	\$3,051	\$4,256	\$2.75
14	RAM Miami River 35 SW 6th Ave	★★★★☆	2019	196	692	\$562	\$2,100	\$2,750	\$3,504	\$2.74
15	Hidden Lake 12950 SW 127th Ave	★★★★☆	2022	133	909	-	\$2,259	\$2,577	\$3,923	\$2.74
16	Aliro 14000 Biscayne Blvd	★★★★☆	1974	869	831	\$1,670	\$1,994	\$2,373	\$2,275	\$2.46
17	Hampton Village 2800 NW 43rd Ter	★★★★☆	2014	100	844	-	\$1,017	\$1,670	-	\$1.86

intangible qualities can impact rental prices. Rent comparables are a valuable tool, but should be used alongside other considerations.

Sales Comparables:

Sale comparables provide valuable insights for determining a property's market value. They consider factors like location, size, and condition of similar recently sold properties. However, limitations exist. Unique property aspects may not be fully captured, and intangible qualities can influence value. Sale comparables are important but should be used alongside other factors to accurately determine a property's value.

Sale Comparables Summary								Grove Central - 2800 SW 27th Ter		
Property Name/Address	Property Information				Sale Information			Price/Unit	Price/SF	
	Rating	Yr Built	Units	Vacancy	Sale Date	Price	Price/Unit			
Milagro Coral Gables 2263 SW 37th Ave	★★★★☆	2013	237	7.2%	5/5/2023	\$97,500,000	\$411,392	\$371		
CORE 3060 SW 37th Ave	★★★★★	2021	312	9.0%	12/5/2022	\$127,000,000	\$407,051	\$312		
The Boulevard 5700 Biscayne Blvd	★★★★☆	2022	282	56.4%	11/14/2022	\$175,000,000	\$620,567	\$595		
Miro Brickell 255 SW 11th St	★★★★☆	2017	372	6.5%	7/21/2022	\$184,500,000	\$495,967	\$300		
Arte Grand Central 218 NW 8th St	★★★★☆	2021	360	5.8%	7/5/2022	\$181,000,000	\$502,777	\$791		
Altis Little Havana 2100 SW 8th St	★★★★☆	2022	224	51.8%	6/8/2022	\$120,000,000	\$535,714	\$361		
Watermarc At Biscayne Bay 2150 N Bayshore Dr	★★★★★	2021	296	2.4%	6/2/2022	\$211,000,000	\$712,837	\$713		
7 WEST 11325 NW 7th St	★★★★☆	1988	304	1.6%	5/31/2022	\$125,000,000	\$411,184	\$468		
Centrico by Windsor 8425 NW 41st St	★★★★☆	2020	385	9.4%	2/24/2022	\$149,830,000	\$389,168	\$225		
Midtown 29 180 NE 29th St	★★★★☆	2018	309	0%	2/16/2022	\$104,166,900	\$337,109	\$199		
InTown 1900 SW 8th St	★★★★☆	2016	320	5.0%	11/8/2021	\$104,872,500	\$327,726	\$218		
Solitar Brickell Apartments 86 SW 8th St	★★★★★	2018	438	2.1%	10/28/2021	\$240,000,000	\$547,945	\$330		
Motion at Dadeland 8400 S Dixie Hwy	★★★★☆	2019	294	6.1%	10/14/2021	\$114,000,000	\$387,755	\$426		
Sanctuary At Doral 9400 NW 41st St	★★★★☆	2020	226	0.9%	10/13/2021	\$102,500,000	\$453,539	\$454		
Cordoba 8111 NW 53rd St	★★★★☆	2010	454	3.3%	9/22/2021	\$160,000,000	\$352,422	\$223		
Blue Lagoon 7 5375 NW 7th St	★★★★☆	2019	330	1.8%	8/16/2021	\$93,834,183	\$284,346	\$284		
Alameda West 6290-6320 SW 8th St	★★★★☆	2020	306	11.8%	6/22/2021	\$82,920,000	\$270,980	\$267		

Development Costs:

The overall project cost is approximated at \$224,314,279, divided into four larger categories:

- Hard costs amount to \$170,000,000
- Soft costs stand at \$35,000,000
- Commercial and other miscellaneous costs are approximately \$5,250,000
- Finally, financing costs round up to \$14,064,279.

Sources and Uses of Funds:				
Sources of Funds:		Uses of Funds:		
Equity	\$67,394,329	30%	Total Land Costs	
Bank Financing	\$157,253,433	70%	Total Hard Costs	\$170,000,000
		100%	Soft Costs	\$35,000,000
			Commercial / Marketing	\$5,250,000
			Financial costs	\$14,064,279
Total Sources:	\$224,647,762		Total Uses:	\$224,647,762

Budget			
	Budget	\$/ Total GLA SF	%
Land Costs			
Acquisition Cost			
Total Land Costs			
Hard Costs			
General Construction	\$ 147,900,000	\$ 258.79	87.0%
Site Work	\$ 8,500,000	\$ 14.87	5.0%
Landscaping	\$ 3,400,000	\$ 5.95	2.0%
Onsite Supervision	\$ 850,000	\$ 1.49	0.5%
Contingency	\$ 9,350,000	\$ 16.36	5.5%
Total Hard Costs	\$ 170,000,000	\$ 297.46	100.0%
Soft Costs			
Impact Fees - Utility - Permits	\$ 14,000,000	\$ 24.50	40.0%
Other Permits and Fees	\$ 2,672,927	\$ 4.68	7.6%
Architect and design	\$ 8,750,000	\$ 15.31	25.0%
Predevelopment Costs	\$ 1,050,000	\$ 1.84	3.0%
Other Consulting	\$ 2,259,696	\$ 3.95	6.5%
Legal & Professional	\$ 700,000	\$ 1.22	2.0%
Insurance	\$ 1,212,734	\$ 2.12	3.5%
Real Estate Taxes	\$ 431,956	\$ 0.76	1.2%
Developer Fees	\$ 3,150,000	\$ 5.51	9.0%
Soft Costs Contingency	\$ 755,923	\$ 1.32	2.2%
Total Soft Costs	\$ 35,000,000	\$ 61.24	100.0%
Commercial / Marketing			
Leasing Commission (Retail / Residential)	\$ 861,000	\$ 0.51	16.4%
Tenant Improvements - (Retail)	\$ 2,446,500	\$ 1.47	46.6%
FF&E / Model	\$ 866,250	\$ 0.73	16.5%
Marketing	\$ 1,076,250	\$ 0.37	20.5%
Total Commercial/Marketing	\$ 5,250,000	\$ 9.19	100.0%
Financing Costs			
Construction Loan - Origination Fee	\$ 3,145,069		23.5%
Construction Loan - Interest	\$ 10,919,210		66.2%
Referral Fee	\$ -		9.0%
Loan Servicing	\$ -		1.4%
Total Financing Costs	\$ 14,064,279		100.0%
GRAND TOTAL	\$ 224,314,279	\$ 392.49	

Given a lack of specific data pertaining to the breakdown of hard and soft costs, we chose to make assumptions based on comparable multi-family developments budgets.

With a total construction costs per gross leasable area (retail + residential) of \$392.50.

The construction loan was assumed to have an 8% interest rate.

Given the significant value of the construction loan- \$157,253,433; the interest accumulated over the 2 year duration which comprises the construction period, is justified.

Retail operating expenses were estimated at 20% of building value; we had been given a figure of \$14.5/SF which we found to exclude some critical tenant expenses.

- Parking
- Security
- Facilities Management

The project is structured based on a land lease from the county, whose term is 99 years. The county receives a refurbished metro station, bus stop, & parking for commuters for the duration.

Development Timeline:

Timeframe	Time (.5 Y Blocks)																							
	T=0	T=.5	T=1.0	T=1.5	T=2.0	T=2.5	T=3.0	T=3.5	T=4	T=4.5	T=5.0	T=5.5	T=6.0	T=6.5	T=7.0	T=7.5	T=8.0	T=8.5	T=9.0	T=9.5	T=10.0	T=10.5	T= 11.0	
Design 1 Year	Design	Design																						
Financing 1 Year			Financing	Financing																				
Permitting .5 Year					Permitting																			
Construction 2 Years						Construction	Construction	Construction	Construction															
Stabilisation 1 Year										Stabilisation	Stabilisation													
Operation 5 Years												Operation	Operation	Operation										
Disposition 1 Year																						Disposition	Disposition	
Total	11.5 Years																							

Stabilised Operations & Financing:

Grove Central's revenue stream is primarily derived from two main sources: retail and residential leasing.

The property spans a gross leasable area of 170,000 sq. ft., distributed amongst five anchor tenants and an additional 11-13 minor tenants.

Beginning with the retail side, the team based this project on an assumed rent of \$65 per sq. ft; using this, the project has the potential to generate an annual income of \$13,619,066 from retail leases alone. A vacancy rate of 5% has been incorporated into the projection, which is aimed at reflecting the average market vacancy rate of 4.6% in Coconut Grove plus an additional minor allowance for possible vacancies.

On the residential side, the project comprises 402 units.

The unit distribution was calculated based on average proportions, due to the lack of access to privileged information. Rental rates, averaged at \$3.92 per sq. ft; are slightly above market rate of \$3.15 per sq. ft.

However, given the property's prime transit location and well-developed infrastructure, these rates are justifiable. Adding in green efficiencies & special amenities, this could be considered on the lower end of the possible spectrum. In year one, the team has factored in a 30% vacancy rate to allow for the process of stabilizing the tenancy, followed by a standard 7% vacancy rate in line with local area averages.

These conditions enable the residential portion of the Grove Central project to generate an annual revenue of \$18,331,200.

Continuing on, after a stabilization period of one year, we anticipate the business to achieve stable cash flow. Discussing operating expenses, the team gathered and estimated 40% for the residential portion and 20% for the retail portion (in accordance with the triple-net (NNN) lease structure), estimates show a total Net Operating Income (NOI) of \$23,050,057.

Financing the project is an entire task in and of itself. The team has assumed a capital structure of 30% equity and 70% debt. Consequently, the anticipated value of the construction loan would be approximately \$157,253,433. Following the completion of construction during the first operational year, there is a transition period with an allowance to acquire a permanent loan.

Upon estimating the Net Operating Income (NOI) and applying a capitalization (cap) rate of 6%, the property's valuation is projected to be around \$329,494,862. Assuming a loan-to-value ratio (LTV) of 70%, the project can secure a permanent loan amounting to \$230,646,404. This sum would be sufficient to settle the outstanding balance of the construction loan, which is estimated to be \$156,919,950, while simultaneously returning a free cash flow to investors in the initial phase.

The mortgage is based on a 25-year amortization schedule, with an annual debt service of \$17,832,696. The Debt Service Coverage Ratio (DSCR) is greater than 1, signifying that the project can comfortably meet its debt obligations.

Such a strong DSCR verifies the project's financial resilience and stability.

Proforma CF	Preparation		Construction Period		Operational Period					
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1. Residential rental revenue										
Potential Gross Revenue (Residential lease)				18,331,200	18,881,136	19,447,570	20,030,997	20,631,927	21,250,885	21,888,411
General Residential Units				(5,499,360)	(1,321,680)	(1,361,330)	(1,402,170)	(1,444,235)	(1,487,562)	(1,532,189)
Effective gross rental income				12,831,840	17,559,456	18,086,240	18,628,827	19,187,692	19,763,323	20,356,223
Operating Expenses (residential)	40%			(5,132,736)	(7,023,783)	(7,234,496)	(7,451,531)	(7,675,077)	(7,905,329)	(8,142,489)
Capital reserve	2%									
Net Operating Income (residential)				7,699,104	10,535,674	10,851,744	11,177,296	11,512,615	11,857,994	12,213,734
2. Retail rental revenue										
Potential gross revenue (Retail lease)				13,619,066	14,300,019	15,015,020	15,765,771	16,554,059	17,381,762	18,250,850
General Vacancy/Retail space				(680,953)	(715,001)	(750,751)	(788,289)	(827,703)	(869,088)	(912,543)
Effective gross rental income				12,938,112	13,585,018	14,264,269	14,977,482	15,726,356	16,512,674	17,338,308
Operating Expenses (commercial)	20%			(2,587,622)	(2,717,004)	(2,852,854)	(2,995,496)	(3,145,271)	(3,302,535)	(3,467,662)
Reimbursed operating expenses				2,458,241	2,581,153	2,710,211	2,845,722	2,988,008	3,137,408	3,294,278
Management	3%			(388,143)	(407,551)	(427,928)	(449,324)	(471,791)	(495,380)	(520,149)
Total Operating Expenses				(517,524)	(543,401)	(570,571)	(599,099)	(629,054)	(660,507)	(693,532)
Capital reserve	2%			(258,762)	(271,700)	(285,285)	(299,550)	(314,527)	(330,253)	(346,766)
Net Operating Income (retail)				12,420,588	13,041,617	13,693,698	14,378,383	15,097,302	15,852,167	16,644,775
NOI (retail + residential)				19,769,692	23,050,507	23,552,404	24,996,814	26,034,287	27,117,261	28,247,822
Land lease					(350,000)	(526,784)	(993,038)	(558,865)	(575,631)	(592,900)
Debt service: construction loan		(1,398,789)	(9,520,421)							
Debt Service: Permanent Loan										
Payment				(17,832,696)	(17,832,696)	(17,832,696)	(17,832,696)	(17,832,696)	(17,832,696)	(17,832,696)
Principal				(4,105,596)	(4,358,820)	(4,627,662)	(4,913,087)	(5,216,115)	(5,537,834)	(5,879,395)
Interest				(13,727,100)	(13,473,876)	(13,205,034)	(12,919,610)	(12,616,581)	(12,294,863)	(11,953,301)
Loan Balance	230,646,404			226,540,808	222,181,988	217,554,325	212,641,239	207,425,224	201,887,290	196,007,895
DSCR				1.11	1.29	1.32	1.40	1.46	1.52	1.58
Before Tax Cash Flow (BTCF)		(1,398,789)	(9,520,421)	1,936,996	5,217,811	5,719,708	7,164,118	8,201,590	9,284,565	10,415,126

Dispositions & Returns:

Evaluating investment returns and estimating the terminal value of the project, the team has hypothesized that the development will be sold in Year 10 (or at the end of the 7th year of operation). The cap rate upon disposition is projected to be around 5.8%, which aligns to the average forecasted number for both retail and multifamily sectors. With NOI being projected at \$28,247,822, factoring in an assumed income growth rate of 3%, the property value approximates to \$487,031,421. Accounting for all commissions, fees, and repayment of the loan balance, \$196,007,895; the before-tax cash flow available for distribution to investors equates to \$269,276,648.

Given the debt structure and forecasted NOI, the project indicates robust returns for investors. The Levered Internal Rate of Return (IRR), based on the Before-Tax Cash Flow (BTCF), stands at 42.6%, while the Net Present Value (NPV) is approximately \$122,982,399. The unlevered IRR is significantly lower at 18.9%, which underscores the capital-intensive nature of this project and the

	384,175,122	392,540,071	416,613,575	433,904,776	451,954,354	470,797,040	487,031,421
Implied property value							
Applicable Cap rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.8%
	Operational Period						
Project CF	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
BTCF							
Private Equity Investors Draws :							
Property Before Tax Cash Flow	1,936,996	5,217,811	5,719,708	7,164,118	8,201,590	9,284,565	10,415,126
Proceeds from Permanent Loan	70%						
Repayment of Construction Loan:							
Permanent Loan Origination Fee:	2.0%						
Repayment of Permanent Loan:							(196,007,895)
Permanent Loan Prepayment Fee:	1.5%						(2,940,118)
Proceeds from Sale of Property:							487,031,421
Selling Costs:	6%						(29,221,885)
Total Before Tax Cash Flow	1,936,996	5,217,811	5,719,708	7,164,118	8,201,590	9,284,565	269,276,648

immense positive impact of financial leverage.

The project calculates a 5.58x Equity Multiple & an 11.5% Yield on Cost.

		3	4	5	6	7	8	9
Project Levered IRR	42.66%							
Equity Multiple	5.58 x							
Present Value From CF	\$20,604,058	1,455,293	3,563,835	3,551,489	4,043,958	4,208,713	4,331,318	4,417,030
Present Value From Sale	\$146,120,580						-	146,120,580
NPV	\$130,386,613	1,455,293	3,563,835	3,551,489	4,043,958	4,208,713	4,331,318	114,199,585
ATCF								
NOI		19,769,692	23,050,507	23,552,404	24,996,814	26,034,287	27,117,261	28,247,822
Interest		(13,727,100)	(13,473,876)	(13,205,034)	(12,919,610)	(12,616,581)	(12,294,863)	(11,953,301)
Depreciation		(5,256,410)	(5,256,410)	(5,256,410)	(5,256,410)	(5,256,410)	(5,256,410)	(5,256,410)
Taxable Income		786,181	4,320,221	5,090,960	6,820,795	8,161,295	9,565,988	11,038,111
Tax		(243,716)	(1,339,268)	(1,578,198)	(2,114,446)	(2,530,001)	(2,965,456)	(3,421,814)
After Tax Cash Flow		1,693,279	3,878,543	4,141,510	5,049,672	5,671,589	6,319,109	265,854,833
		3	4	5	6	7	8	9
Project Levered IRR	41.28%							
Equity Multiple	5.37 x							
Present Value From CF	\$58,665,770	1,272,186	2,649,097	2,571,552	2,850,408	2,910,422	2,947,911	48,431,772
Present Value From Sale	\$146,120,580						-	146,120,580
NPV	\$122,982,399	1,272,186	2,649,097	2,571,552	2,850,408	2,910,422	2,947,911	112,748,402
Unlevered IRR								
Private Equity Investors Development Draws:								
Net Operating Income		19,769,692	23,050,507	23,552,404	24,996,814	26,034,287	27,117,261	28,247,822
Proceeds from Sale of Property:								487,031,421
Selling Costs:								(29,221,885)
Unleveraged Cash Flow		19,769,692	23,050,507	23,552,404	24,996,814	26,034,287	27,117,261	486,057,358
Unleveraged IRR	18.9%							
Equity Multiple	3.00 x							

Variance Analysis/ Feasibility Analysis:

As part of our sensitivity analysis, we altered the exit cap rate within the range of 4.3%-7.3% and flexed the rental growth rate between 2.5% to 7.5%.

The subsequent matrix illustrates the resulting distribution of the levered IRR (before-tax cash flow).

Additionally, we compared possible variations in the retail vacancy rate, ranging from 5.5% to 8.5% VS. the rental price distribution.

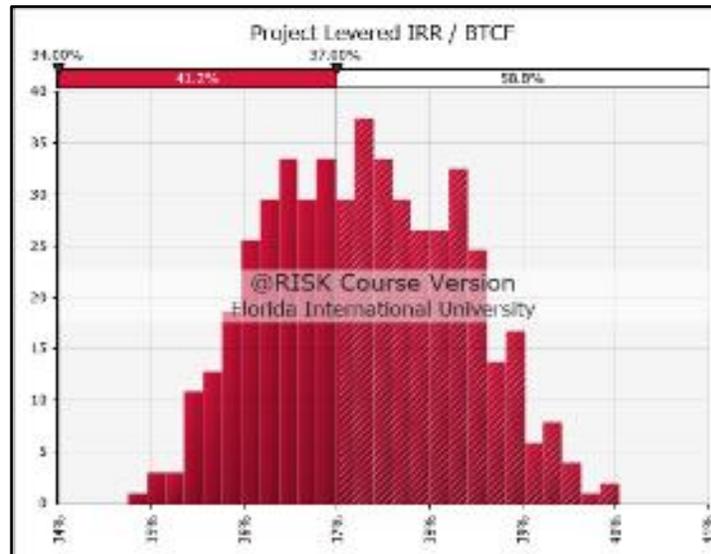
While we don't anticipate a decrease in rental prices, which are projected to increase, the matrix demonstrates how changes based on these implied variations would affect the returns in most scenarios.

		IRR (levered)		Exit cap rate					
		38.29%	4.3%	4.8%	5.3%	5.8%	6.3%	6.8%	7.3%
Rental growth, %	2.5%	43.46%	41.46%	39.61%	37.86%	36.20%	34.59%	33.01%	
	3.0%	43.53%	41.54%	39.69%	37.95%	36.29%	34.68%	33.12%	
	3.5%	43.61%	41.62%	39.77%	38.03%	36.38%	34.78%	33.22%	
	4.0%	43.68%	41.69%	39.85%	38.12%	36.47%	34.88%	33.33%	
	4.5%	43.75%	41.77%	39.93%	38.20%	36.56%	34.97%	33.43%	
	5%	43.82%	41.84%	40.01%	38.29%	36.65%	35.07%	33.53%	
	5.5%	43.89%	41.92%	40.09%	38.37%	36.74%	35.17%	33.63%	
	6.0%	43.96%	41.99%	40.17%	38.46%	36.83%	35.26%	33.73%	
	6.5%	44.03%	42.07%	40.25%	38.54%	36.92%	35.35%	33.83%	
7.0%	44.10%	42.14%	40.33%	38.62%	37.00%	35.45%	33.94%		
7.5%	44.17%	42.21%	40.40%	38.71%	37.09%	35.54%	34.03%		

		IRR (levered)		Vacancy (retail)					
		38.29%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%
Rental price	\$ 40.00	19.84%	19.63%	19.42%	19.21%	19.01%	18.81%	18.61%	
	\$ 45.00	23.03%	22.78%	22.53%	22.28%	22.03%	21.79%	21.55%	
	\$ 50.00	26.57%	26.26%	25.96%	25.67%	25.37%	25.08%	24.79%	
	\$ 55.00	30.51%	30.14%	29.78%	29.43%	29.07%	28.73%	28.38%	
	\$ 60.00	34.91%	34.47%	34.04%	33.62%	33.19%	32.78%	32.37%	
	\$ 65.00	39.83%	39.31%	38.80%	38.29%	37.79%	37.29%	36.80%	
	\$ 70.00	45.31%	44.70%	44.09%	43.49%	42.90%	42.32%	41.74%	
	\$ 75.00	51.37%	50.65%	49.95%	49.25%	48.56%	47.87%	47.20%	
	\$ 80.00	57.99%	57.17%	56.36%	55.55%	54.76%	53.98%	53.20%	
	\$ 85.00	65.13%	64.20%	63.29%	62.38%	61.48%	60.59%	59.71%	
	\$ 90.00	72.70%	71.67%	70.66%	69.65%	68.65%	67.66%	66.68%	

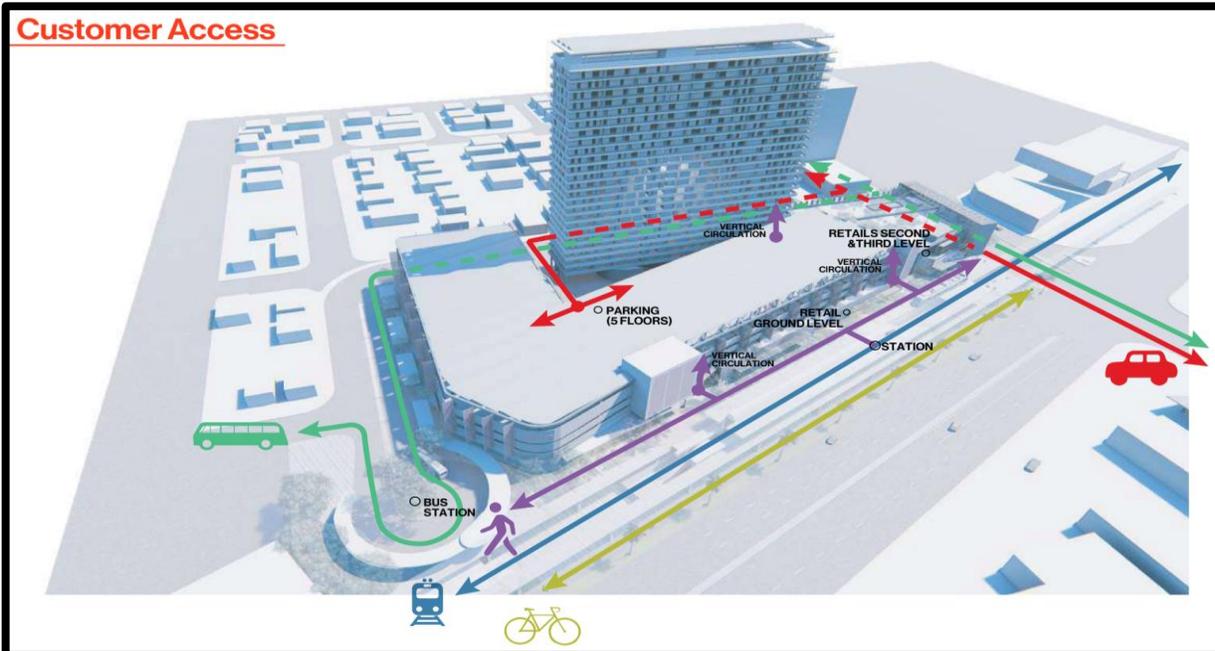
Finally, leveraging the power of @Risk, we computed the probability of achieving an Internal Rate of Return (IRR) of at least 37% when implementing various distributions for factors such as vacancy rates, growth rates, capitalization rates, and rental prices.

The results indicated the project to be a sound investment opportunity, successfully passing the specified threshold.



Investment Recommendation:

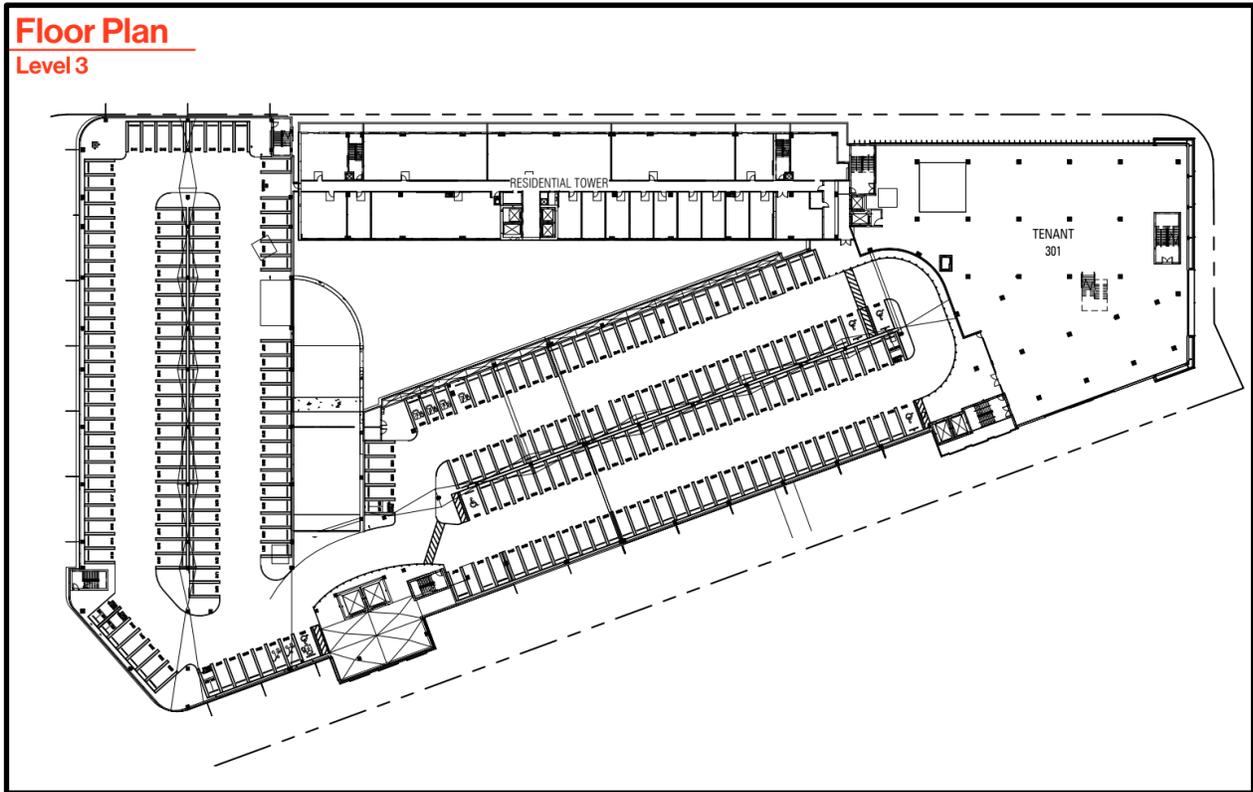
In light of comprehensive analysis and meticulous consideration of various factors, Grove Central emerges as an exceptionally enticing investment opportunity within the realm of real estate development. Our examination, encompassing multiple sensitivity scenarios, reveals that this development project boasts significant potential from a market perspective. Moreover, its commendable attributes extend beyond market dynamics, providing valuable risk diversification prospects for astute investors. The meticulous planning and meticulous capital structuring strategies associated with Grove Central further enhance its appeal, poised to generate robust and sustained cash flows. By meticulously aligning capital resources and financing mechanisms, investors can harness the latent potential of this development, capitalizing on the promising market outlook. Consequently, we confidently assert that Grove Central holds substantial promise for delivering elevated returns, making it an indisputably compelling choice for astute and discerning investors seeking to optimize their real estate portfolios.





Floor Plan

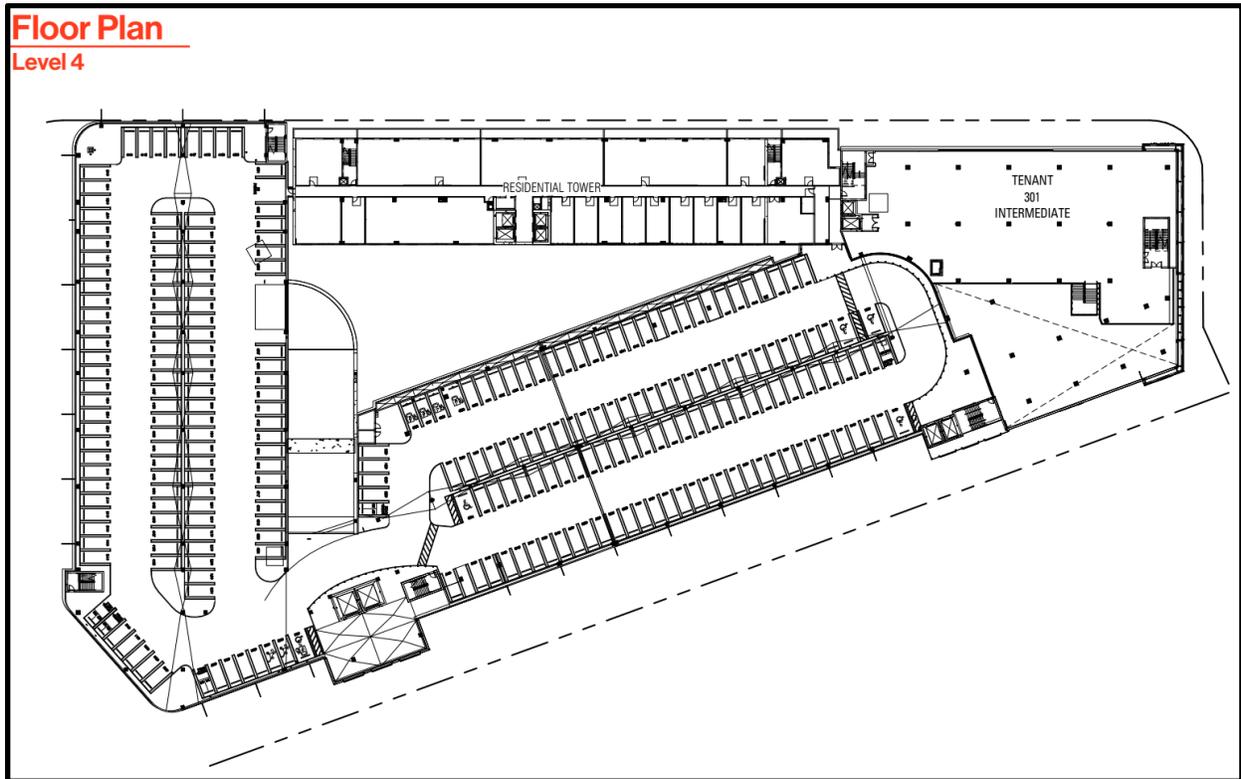
Level 3



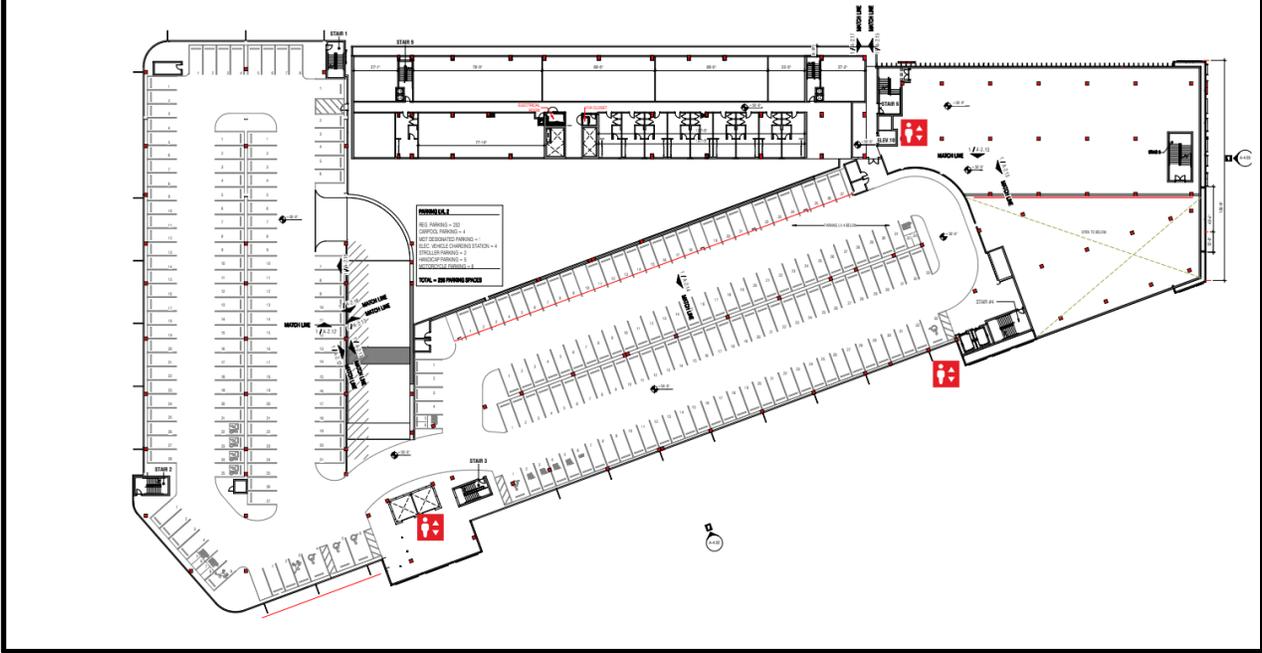


Floor Plan

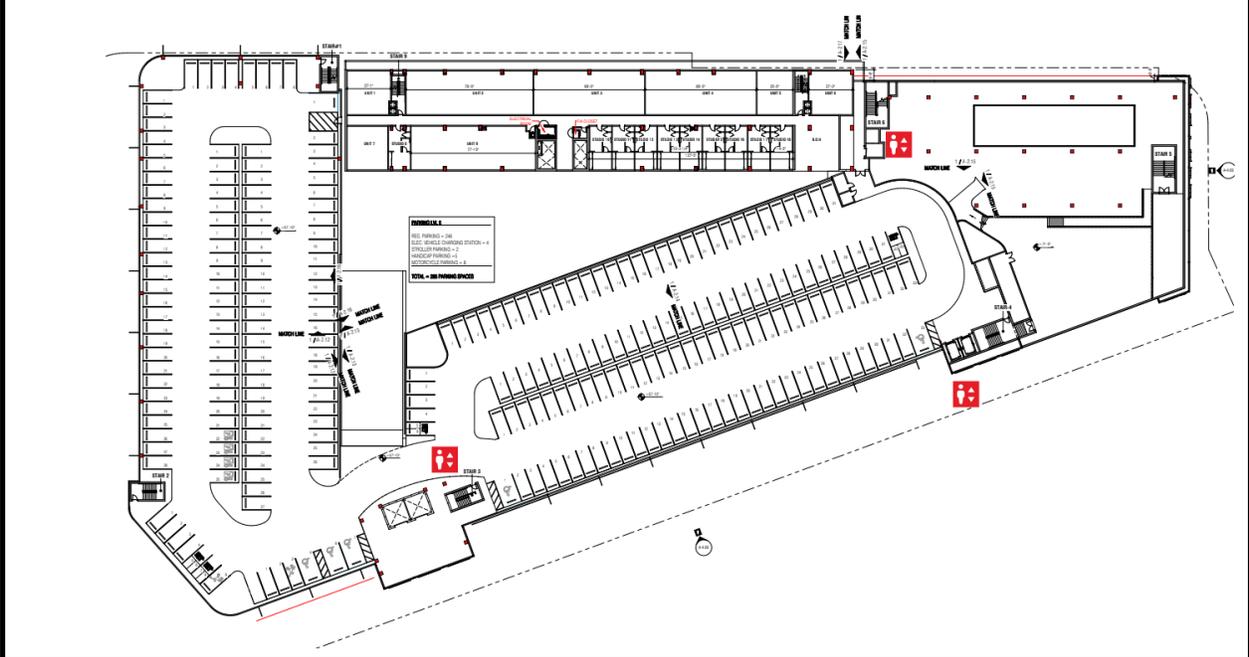
Level 4



Floor Plan
Level 5



Floor Plan
Level 6







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