



Conceptual Rendering

ASANA PARTNERS

SK+  
ARCHITECTURE

MRP|REALTY

# Brooklyn & Church

Office to Mixed-Use Multifamily Conversion – 526 S. Church Street

CHARLOTTE, NORTH CAROLINA

Highly Confidential

# Agenda

Executive Summary

Property Overview

Financial Overview

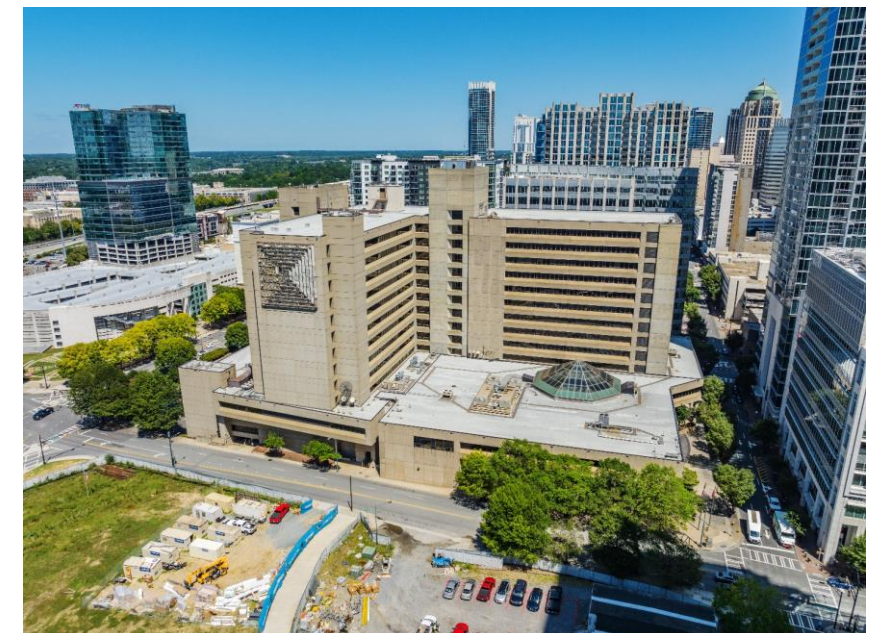
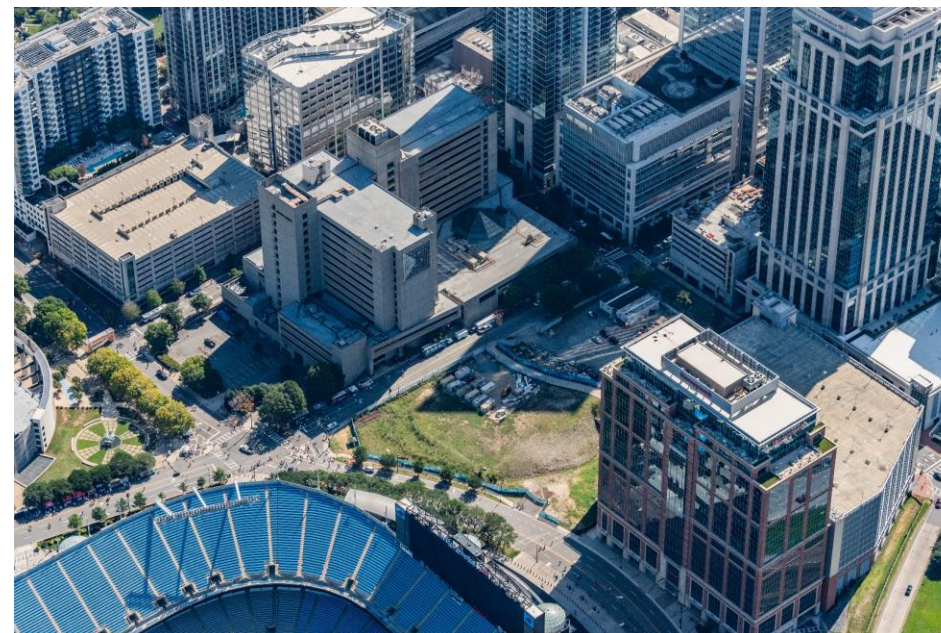
Sources and Endnotes

# Executive Summary

(\$000s; at 100% ownership weighting)

PROJECT HIGHLIGHTS	
<b>Property</b>	526 S. Church Street
<b>Project Team</b>	Asana Partners ("AP"), MRP Realty ("MRP"), SKI+I Architecture (SK+I)
<b>Development Description</b>	Office to Mixed-Use Retail and Multifamily Conversion
<b>Total RSF (Pro Forma)</b>	446,238
<b>Total Multifamily Units</b>	440
<b>Total Retail RSF</b>	+/- 60,000
<b>Est. Total Cost (Pro Forma)</b>	\$251,009
<b>LTC (Pro Forma)</b>	55%
<b>Est. Construction Start</b>	May 2024
<b>Est. Construction Completion</b>	June 2026

PROJECT OVERVIEW
<ul style="list-style-type: none"> <li>Brooklyn &amp; Church is an office to residential conversion project that will consist of roughly 440 multifamily units and +/-60,000 sf of retail in Uptown Charlotte.</li> <li>The 778,000 sf building at 526 S. Church St. is the former headquarters of Duke Energy. It was originally developed in phases in the early 1970's and is representative of the obsolete office product available in Charlotte's Uptown market today.</li> <li>The Project Team proposes to demolish +/-215,000 square feet of the existing structure, reskin the remaining façade, and construct a new +/-30,000 sf marquee retail building on the corner of Brooklyn Village and Church St. as part of the redevelopment.</li> <li>The utilization of the existing structure and 400-space subterranean parking garage provides the opportunity to deliver best-in-class multifamily units with collection of retail unmatched in the Uptown neighborhood. The site is adjacent to local amenities such as Bank of America Stadium, Truist Field, Romare Bearden Park, and much more.</li> </ul>



**Notes:**

(1) See "Important Notices" and "Sources and Endnotes" for important disclosures and definitions around the Fund's estimated unrealized returns. In considering any performance data contained herein, each recipient should bear in mind that there is no assurance that an investment will achieve any projected, estimated or target results. While Asana Partners believes the estimates and assumptions to be reasonable and sound under the current circumstances, actual returns will depend on, among other factors, future operating results, pace of investment and income, purchase prices, leverage, investment hold periods, market conditions at the time of disposition and related transaction costs, all of which may differ materially from the assumptions and circumstances on which the estimates are based. The estimated return stated herein is an aggregate, annual compounded Unleveraged IRR or in the case of Leveraged IRR (Gross) or Equity Multiple (Gross) after the effects of debt financing (at the property/asset level), and any fees at the property/asset level are taken over the life of the Fund. The gross returns presented do not reflect any investment management fees and performance fees and such fees would reduce the gross returns. The net returns are presented on a net basis, after deductions for expenses, investment management fees, and performance fees. Nothing contained herein should be deemed to be a prediction or project of future performance of the investment.

# Redevelopment Constraints

## CONSTRAINTS

- **Structural Differences:** Office buildings are designed fundamentally different from ideal multifamily construction creating physical constraints for redevelopment and conversion. For example, office floorplates are typically up to 50' deeper than typical multifamily floorplates creating complications with unit layouts and access to natural light and outside air from the window line. There are also major changes to plumbing and electrical configurations which require structural slab modifications and infrastructure upgrades.
- **Code Requirements:** Office and multifamily buildings are held to different building code standards and older buildings often were built under less stringent code requirements. Conversions therefore will require many upgrades, code variances, and coordination with building code officials to create a viable conversion.
- **Occupancy:** While vacancy rates are high, often vintage office buildings still have some form of occupancy in the building. These existing tenants create additional challenges associated with the conversion logistics, concerns with a mixed-use environment, or additional costs required to buy-out or relocate tenants.
- **Construction Costs:** The extensive physical changes that may be necessary can drive up costs, making it less appealing or infeasible for existing owner. The construction costs can range from \$250 per square foot to over \$500 per square foot, depending on the details of the redevelopment and level of conversion.
- **Economic Challenges:** The significant costs associated with redevelopments of this scale will require capital investments from equity partners and construction or debt financing. Given today's economic challenges, investors and lenders expect a minimum un-trended yield on cost of +6.5% to entertain an investment in a residential development. To meet these returns owners either need to push rents above the average market rate or partner with local jurisdictions on tax-incentives to help reduce operating expenses and overall costs.

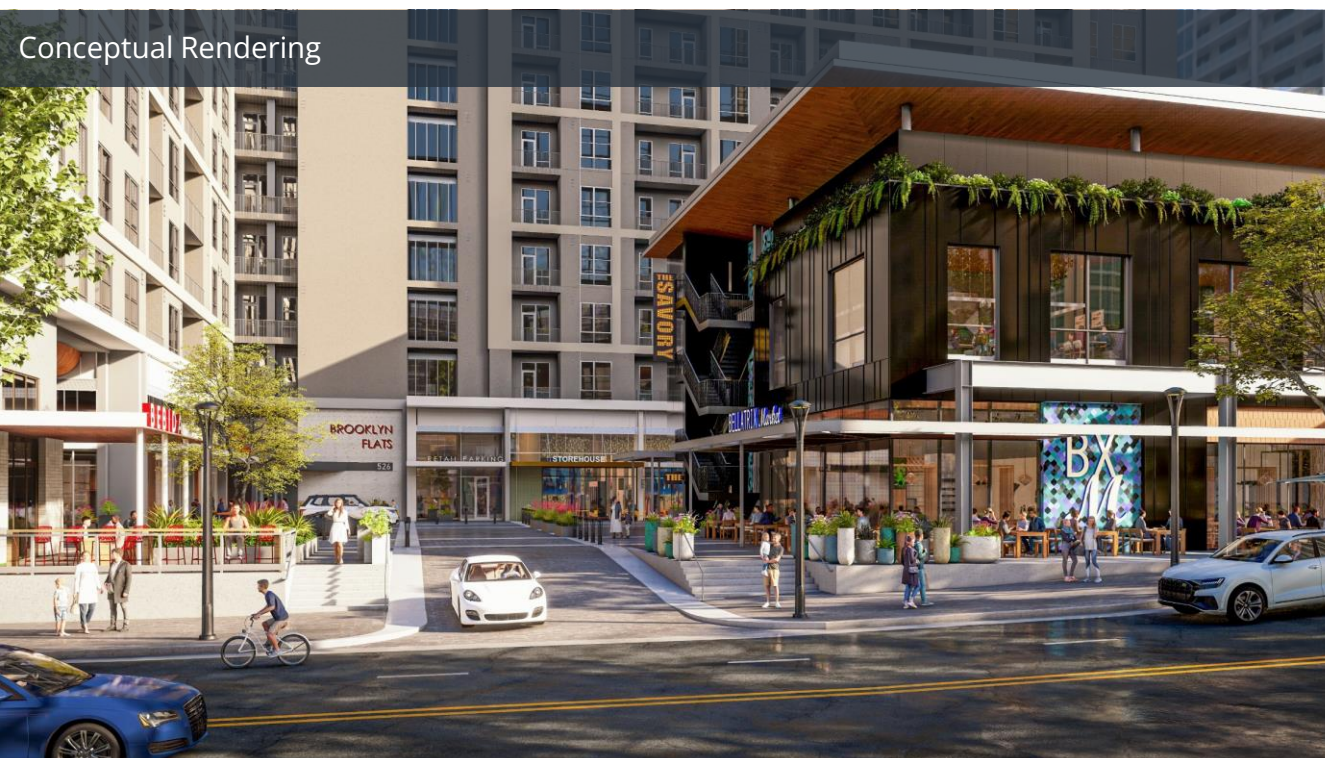
# Brooklyn & Church – Redevelopment Benefits

## QUANTITATIVE

- **Cost Basis:** \$35.0M purchase price equates to ~\$42 PSF to the building and \$9.2M per acre which is a discount to recent land trades prior to demolition costs.
- **Discount to Replacement Cost:** The reuse of the concrete structure and parking facilitates delivery of high-rise residential at approximately \$480k per door; a \$100k – \$120k per door discount from comparable new high-rise product currently under construction.
- **Accelerated Timeline:** The adaptive re-use allows units to be delivered 18 – 20 months from the start of construction; approximately 8 – 12 months faster than new ground-up high-rise construction.
- **Embodied Carbon:** A full tear down and reconstruction of the site would result in an embodied carbon impact score approximately five times greater than the redevelopment plan.
- **Tax Revenue:** When complete, the project will increase tax revenue to the City of Charlotte by over 500% annually (approximately \$335K to \$1.7M) through property taxes alone.

## QUALITATIVE

- **Location:** Opportunity to program an entire city block in the best location in Uptown.
- **Physical Attributes:** The existing structure has a central elevator core with 90' wide floor plates, which are ideal for conversion without modifying the slab layout. The building also boasts 14'+ clear heights with a traditionally reinforced concrete structure, allowing for easier coring and MEP modifications where required.
- **Underground Parking:** Existing underground parking allows for an elevated pedestrian and multifamily experience compared to new ground-up product in Charlotte which typically has above-ground structured parking.
- **Occupancy:** As an owner-occupied building, the Tenant will vacate the building at one time allowing for redevelopment to commence immediately, versus any requirement to relocate or work around in place tenants.



# Neighborhood Aerial

All within a 5-minute walk:

## RESIDENTIAL

4,000+ existing units  
1,500+ units under construction

## OFFICE

6M+ SF of office  
40,000+ employees  
3 Fortune 500 Company HQs

## SPORTS & ENTERTAINMENT

### BANK OF AMERICA STADIUM

Carolina Panthers (NFL)  
Charlotte FC (MLS)  
40 annual sporting events and concerts  
1,500,000+ annual visitors

### TRUIST BASEBALL FIELD

Charlotte Knights (MLB)  
75 annual events  
68,000+ monthly visitors

## TOURISM & TRANSPORTATION

### HOTELS

3,700 rooms  
825,000+ annual stays

### CHARLOTTE CONVENTION CENTER

100+ annual events  
120,000+ monthly visitors

### TRANSPORTATION

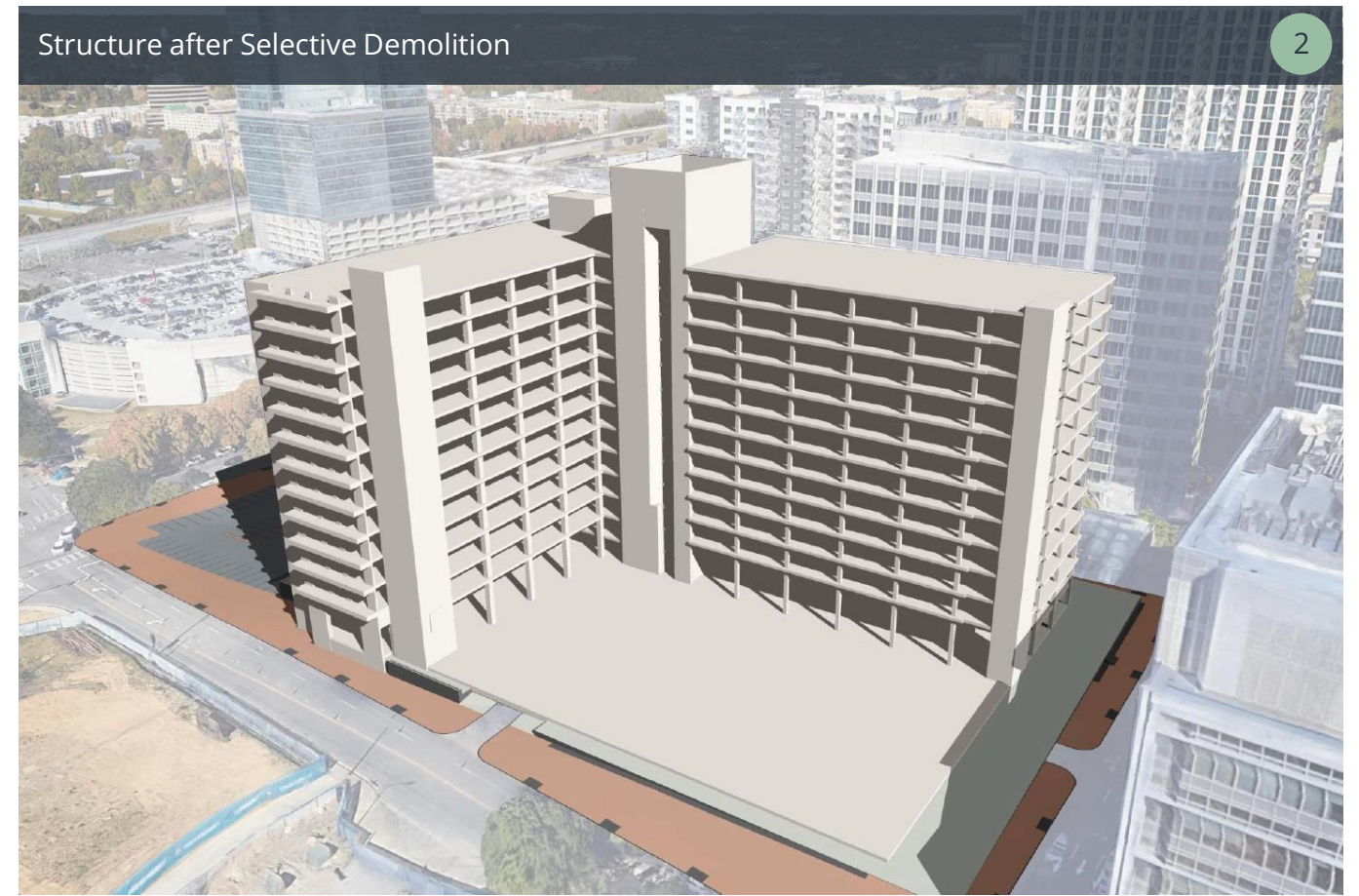
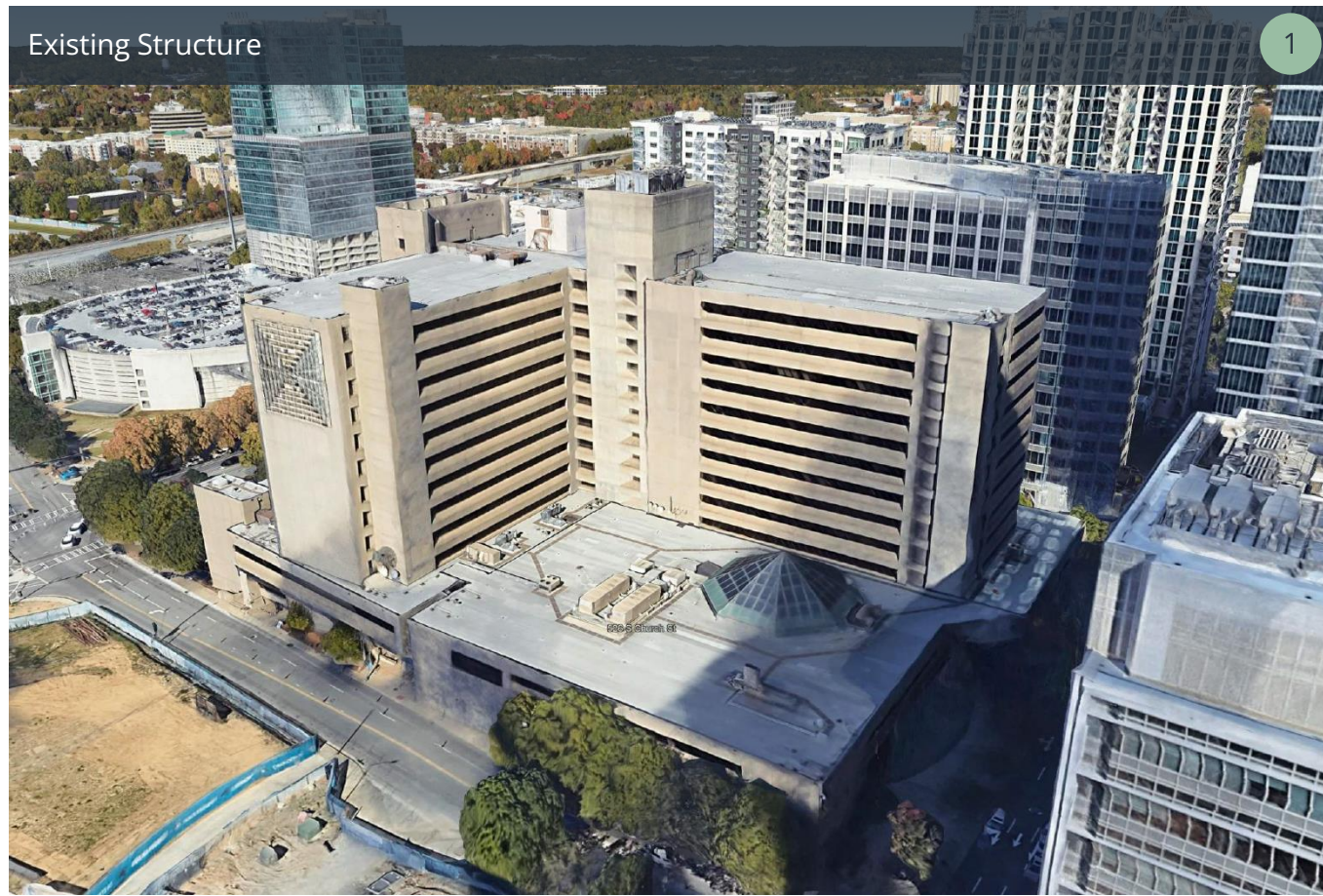
Greenway, vehicular and light rail access

## ARTS & CULTURE

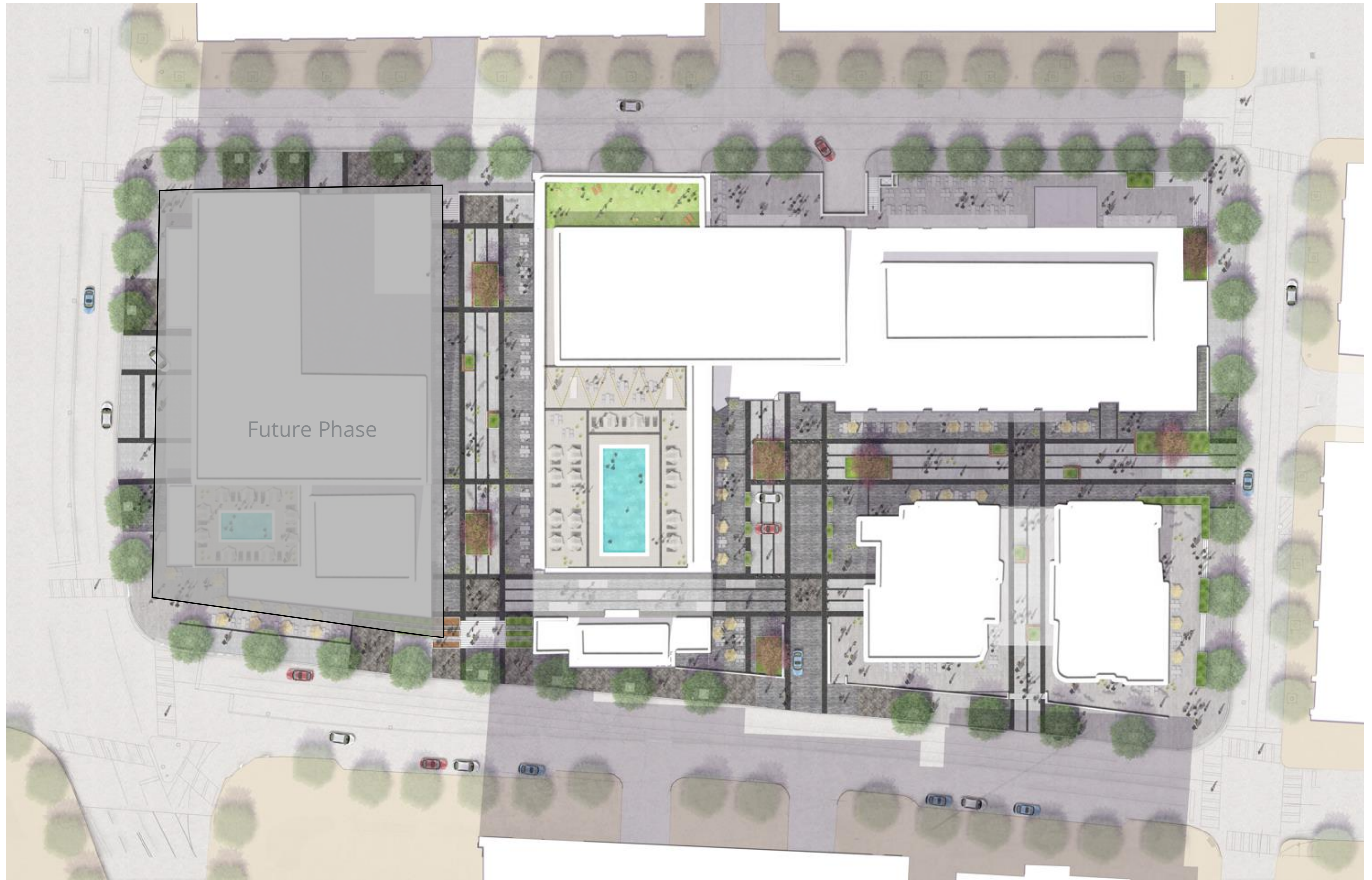
6 major art and culture event centers  
800+ annual events  
350,000+ monthly visitors



# Redevelopment Transformation



# Rendered Site Plan





# Conceptual Renderings

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Property Overview



# Conceptual Renderings

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Property Overview

# Conceptual Renderings

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# Conceptual Renderings

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Property Overview



# Conceptual Renderings

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Property Overview



# Conceptual Renderings

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# Conceptual Renderings

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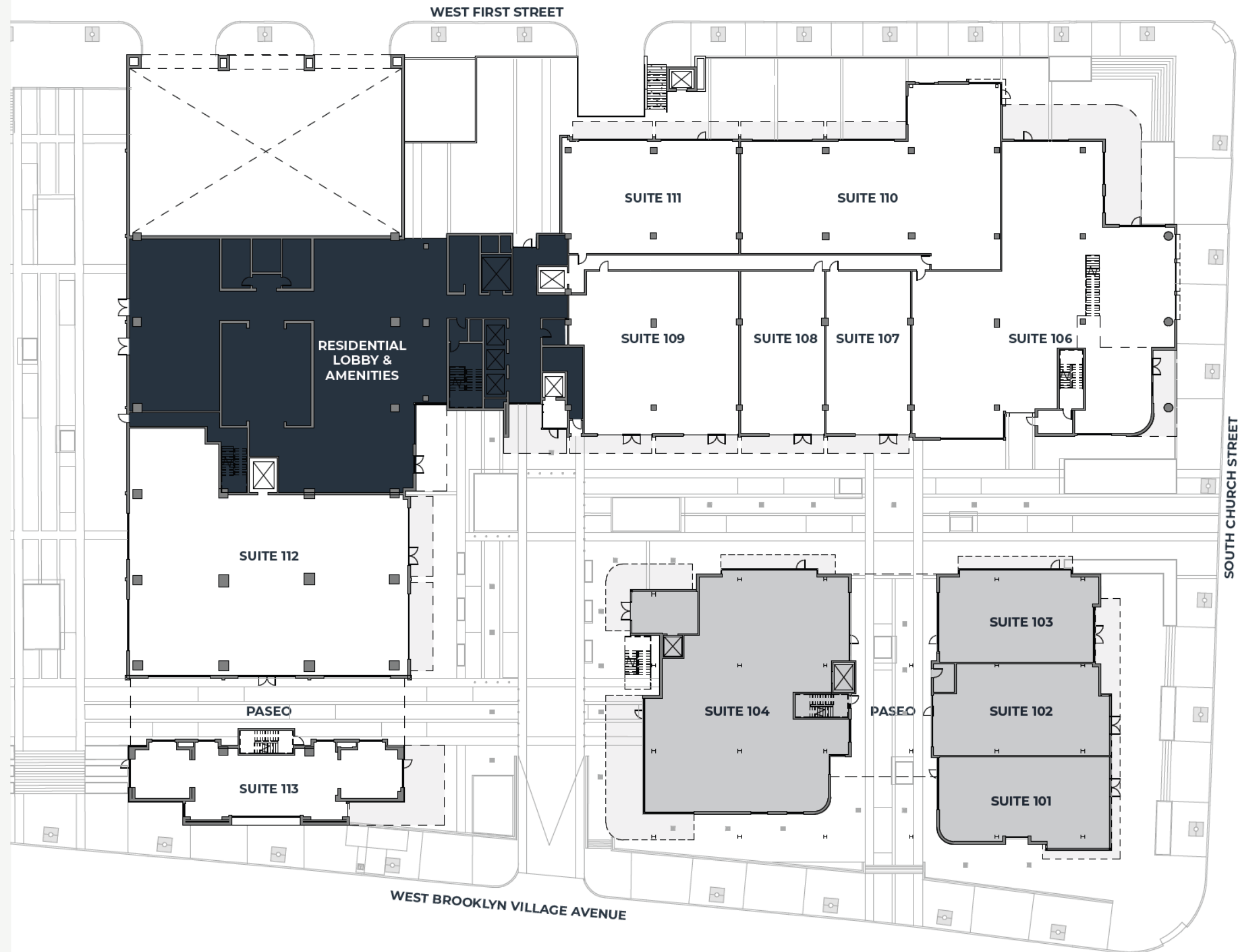


# Pro Forma Retail Site Plans

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## Ground Floor

<b>Suite 106</b>	6,841 SF
<b>Suite 107</b>	1,713 SF
<b>Suite 108</b>	1,713 SF
<b>Suite 109</b>	3,257 SF
<b>Suite 110</b>	4,511 SF
<b>Suite 111</b>	2,486 SF
<b>Suite 112</b>	7,130 SF
<b>Suite 113</b>	2,325 SF
<b>Total</b>	<b>30,024 SF</b>



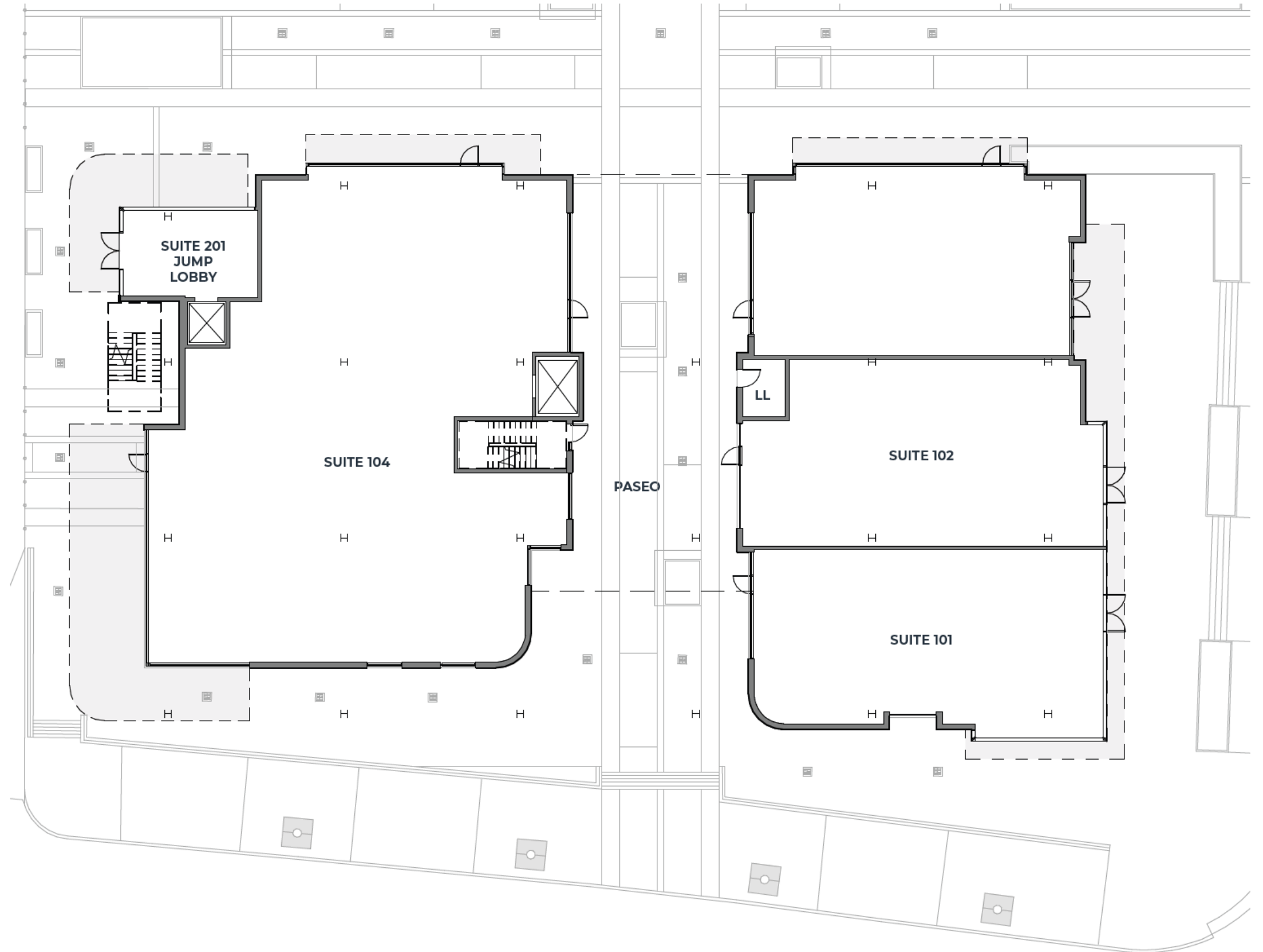


# Pro Forma Retail Site Plans

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## Marquee Bldg Ground Floor

<b>Suite 101</b>	1,910 SF
<b>Suite 102</b>	1,914 SF
<b>Suite 103</b>	1,832 SF
<b>Suite104</b>	5,176 SF
<b>Suite 201 LL</b>	354 SF
<b>Total</b>	11,186 SF



# Pro Forma Retail Site Plans

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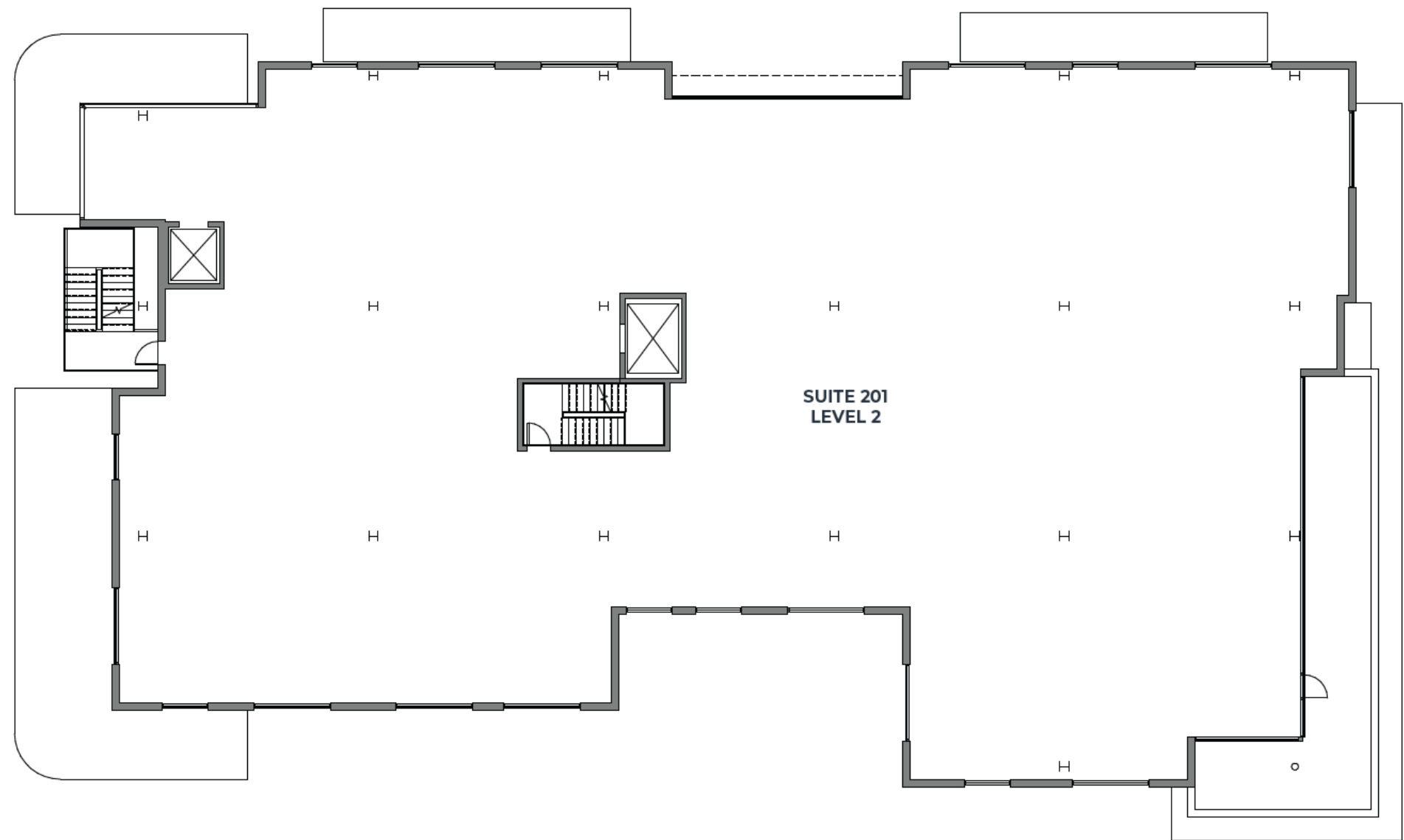
## Marquee Bldg Second Floor

### Suite 201

<b>First Floor JL</b>	354 SF
<b>Second Floor</b>	12,700 SF
<b>Third Floor</b>	2,855 SF

**Total** 15,609 SF

Suite 201 occupies space on first, second, and third floors



# Pro Forma Retail Site Plans

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## Marquee Bldg Third Floor

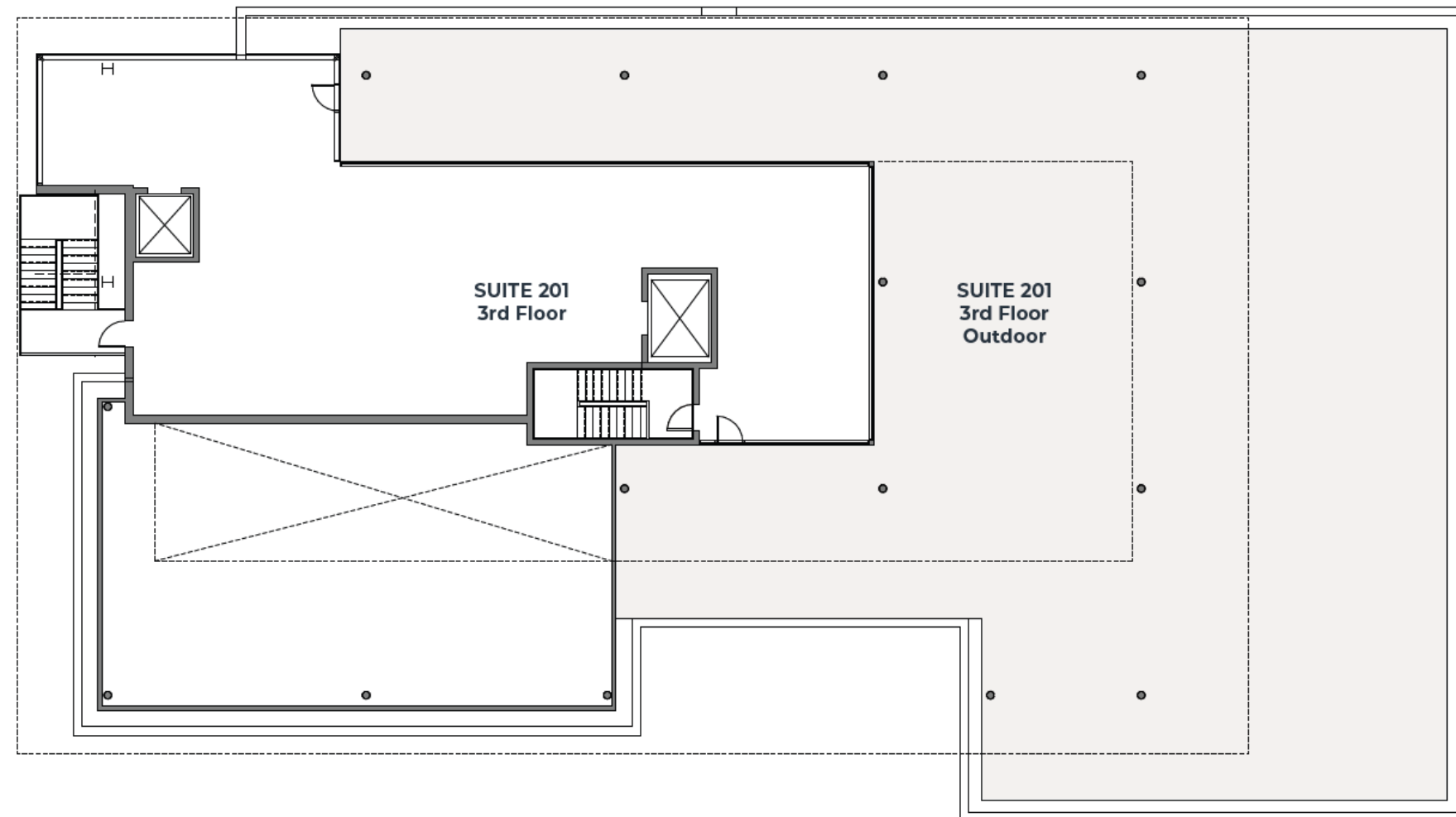
### Suite 201

<b>First Floor JL</b>	354 SF
<b>Second Floor</b>	12,700 SF
<b>Third Floor</b>	2,855 SF

**Total** 15,609 SF

Third Floor Outdoor 7,454 SF

Suite 201 occupies space on first, second, and third floors



# Pro Forma Multifamily Site Plans

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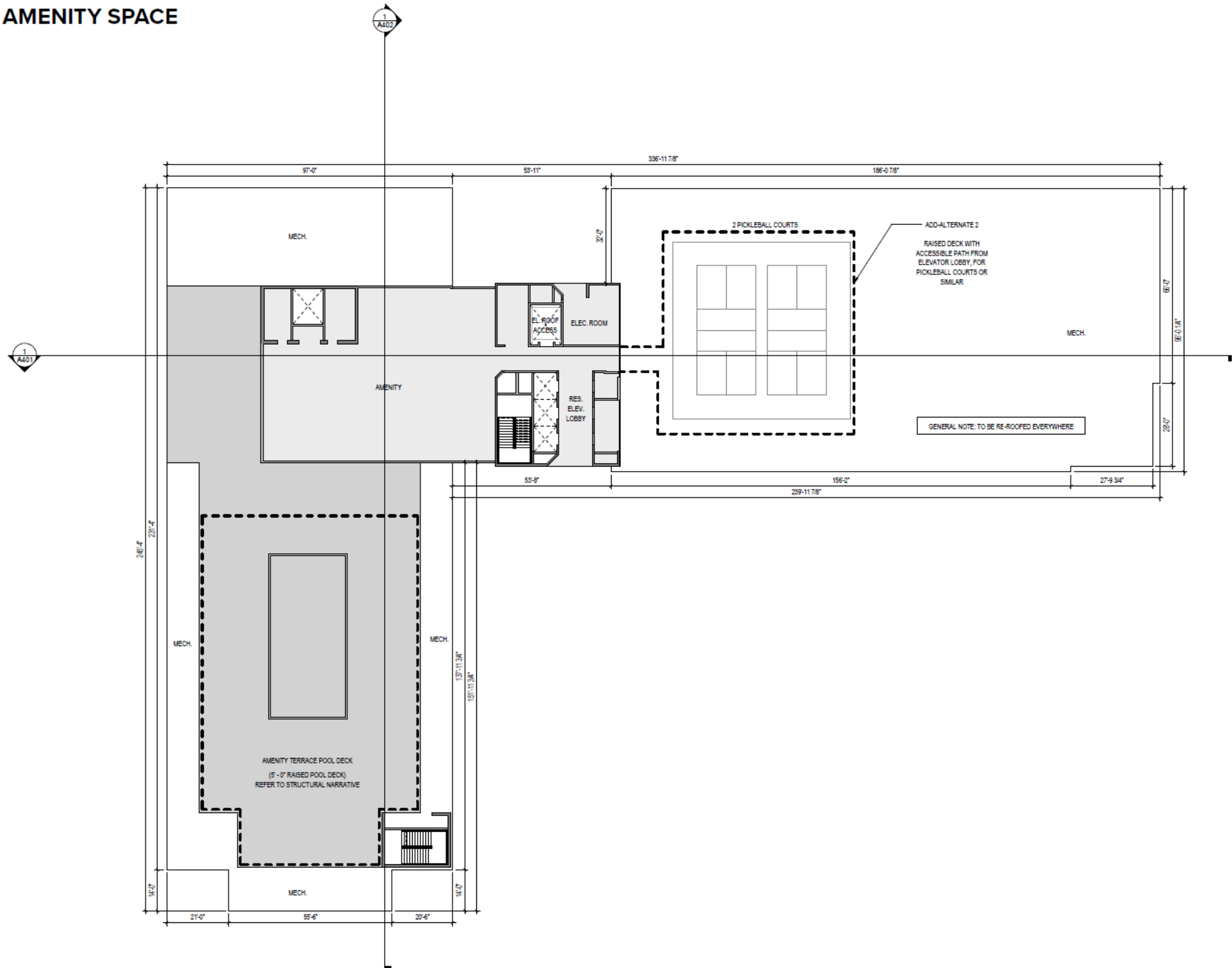
## LEVELS 3-13



# Pro Forma Multifamily Site Plans

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## ROOFTOP AMENITY SPACE



# Financial Overview

## DEVELOPMENT COST SUMMARY

Sources	Per Unit	PSF	Total
<b>Land Costs</b>			
Existing Asset Acquisition (At Va	\$ 78,125	\$ 77	\$ 35,000,000
Other Land Costs	\$ 1,194	\$ 1	\$ 535,000
<b>Total Land Costs</b>	<b>\$ 79,319</b>	<b>\$ 79</b>	<b>\$ 35,535,000</b>
<b>Hard Costs</b>			
Hard Costs	\$ 397,698	\$ 394	\$ 178,168,912
Tax Incentive Grant	\$ -	\$ -	\$ -
<b>Total Hard Costs</b>	<b>\$ 397,698</b>	<b>\$ 394</b>	<b>\$ 178,168,912</b>
<b>Soft Costs</b>			
Architect & Engineering	\$ 12,691	\$ 13	\$ 5,685,375
Retail Leasing	\$ 19,686	\$ 20	\$ 8,819,532
Permits, Bonds, and Fees	\$ 1,576	\$ 2	\$ 705,953
Utilities	\$ 3,433	\$ 3	\$ 1,538,161
Inspections and Testing	\$ 1,852	\$ 2	\$ 829,799
Marketing	\$ 1,527	\$ 2	\$ 684,101
Operating Expenses - Constructi	\$ 8,996	\$ 9	\$ 4,030,275
Development Fees	\$ 16,782	\$ 17	\$ 7,518,190
Financing Fees	\$ 6,124	\$ 6	\$ 2,743,468
<b>Total Soft Costs</b>	<b>\$ 72,667</b>	<b>\$ 72</b>	<b>\$ 32,554,854</b>
<b>Carry Costs</b>			
Operating Carry	\$ 303	\$ 0	\$ 135,563
Interest Carry	\$ 10,301	\$ 10	\$ 4,614,909
<b>Total Carry Costs</b>	<b>\$ 20,602</b>	<b>\$ 11</b>	<b>\$ 4,750,472</b>
<b>Total*</b>	<b>\$ 570,287</b>	<b>\$ 556</b>	<b>\$ 251,009,238</b>

\*Inclusive of multifamily and 55k sf of commercial space.

# Financial Overview

- **Incentives Analysis:** Based on the current economic environment residential projects today require a minimum 6.5% un-trended yield on costs to attract equity and debt investments required to capitalize a project. The Yield Scenario Summary provides an outline of the impact of rental rate and tax incentives based on that target yield.
- **Scenarios:**
  - Base Case: Represents the projects yield on cost based on current market rents in line with comparable multifamily product in Uptown Charlotte today.
  - Base Case w/ Incentives: Represents the total incentives required to achieve a projected 6.5% yield on cost with today's market rents.
  - Required Rent: Represents the required average rents necessary to achieve a projected 6.5% yield on cost without incentives.

## YEILD SCENARIO SUMMARY

	Market Rent		Market Rent + Incentives		Required Rent w/o Incentives	
Avg. Rent - Monthly Total	\$	2,584	\$	2,584	\$	3,220
Avg Rent - Per SF	\$	2.95	\$	2.95	\$	3.67
Effective Gross Income		17,323,441		17,323,441		20,718,539
Total Operating Expenses		4,216,830		4,216,830		4,423,066
Net Operating Income		13,106,611		13,106,611		16,295,473
Total Development Costs	\$	251,009,238		251,009,238		251,009,238
Tax Incentive Grants	\$	-	\$	(49,475,000)	\$	-
Total Costs (w/ Incentives)	\$	251,009,238	\$	201,534,238	\$	251,009,238
<b>Yield on Cost (w/o Tax Abatement)</b>		<b>5.22%</b>		<b>5.22%</b>		<b>6.49%</b>
<b>Yield on Cost (w/ Tax Abatement)</b>		<b>N/A</b>		<b>6.50%</b>		<b>N/A</b>

## PUBLIC PARTNERSHIP – TAX INCOME OUTLINE

- Prior to December 2022, Duke Energy paid \$0 in real estate taxes on the property as the property was tax exempt.
- Upon Asana Partners & MRP Realty purchasing the property in December of 2022, the property was assessed at \$38.4M. Based on current millage rates, the estimated annual tax revenue from the property will be \$336k prior to improvements.
- Based on analysis by a third-party real estate tax consultant, the projected assessed value of the project at stabilization is \$176.8M. Based on current millage rates, the estimated annual tax revenue from the property will be \$1.7M.
- Assuming a 3% annual increase in the assessed value, the 20-year projected real estate tax income from the property will be \$73.2M. Assuming a 7% discount rate, the total value of the real estate tax proceeds is \$27.9M.