





Project Catalyst: The E-Commerce Revolution

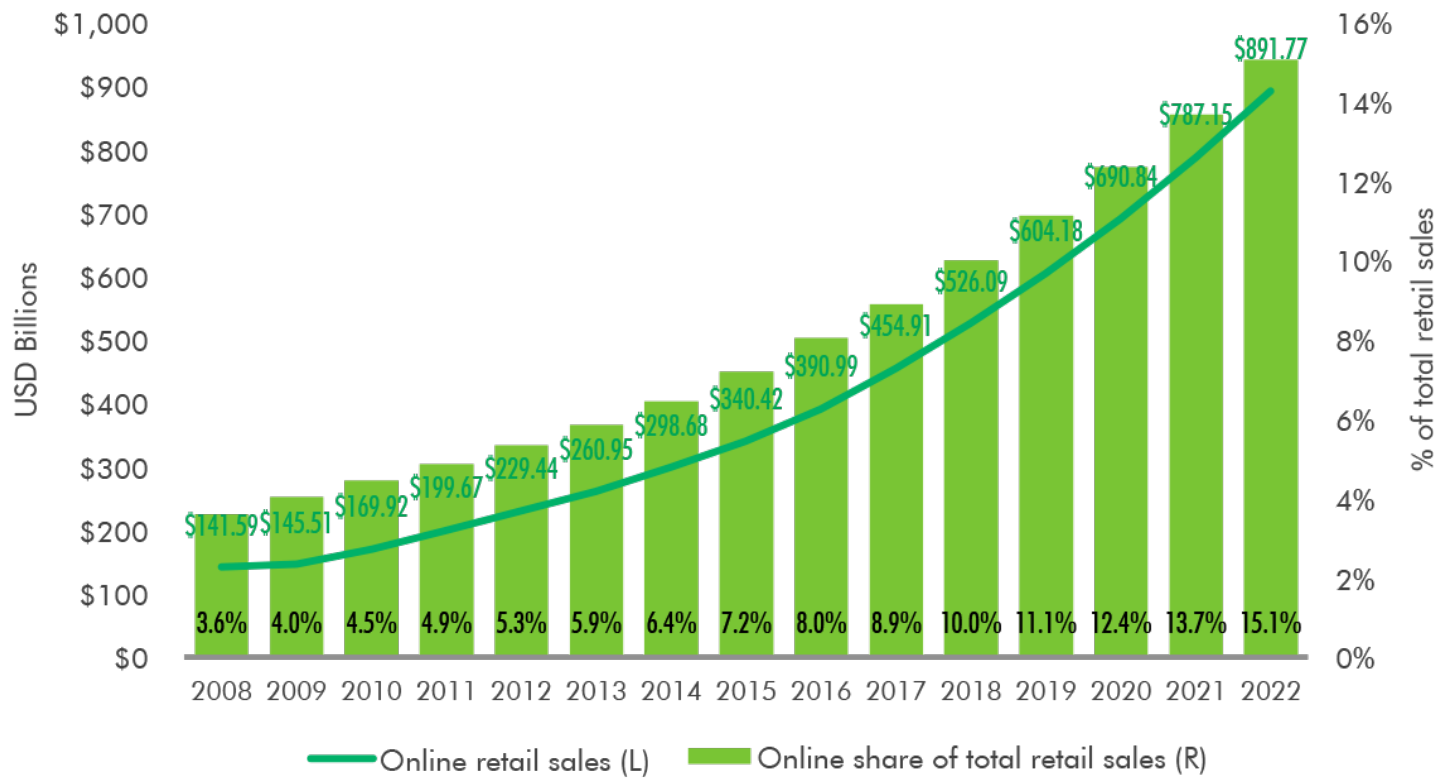


Figure 1: E-commerce Sales and Share of Total Retail

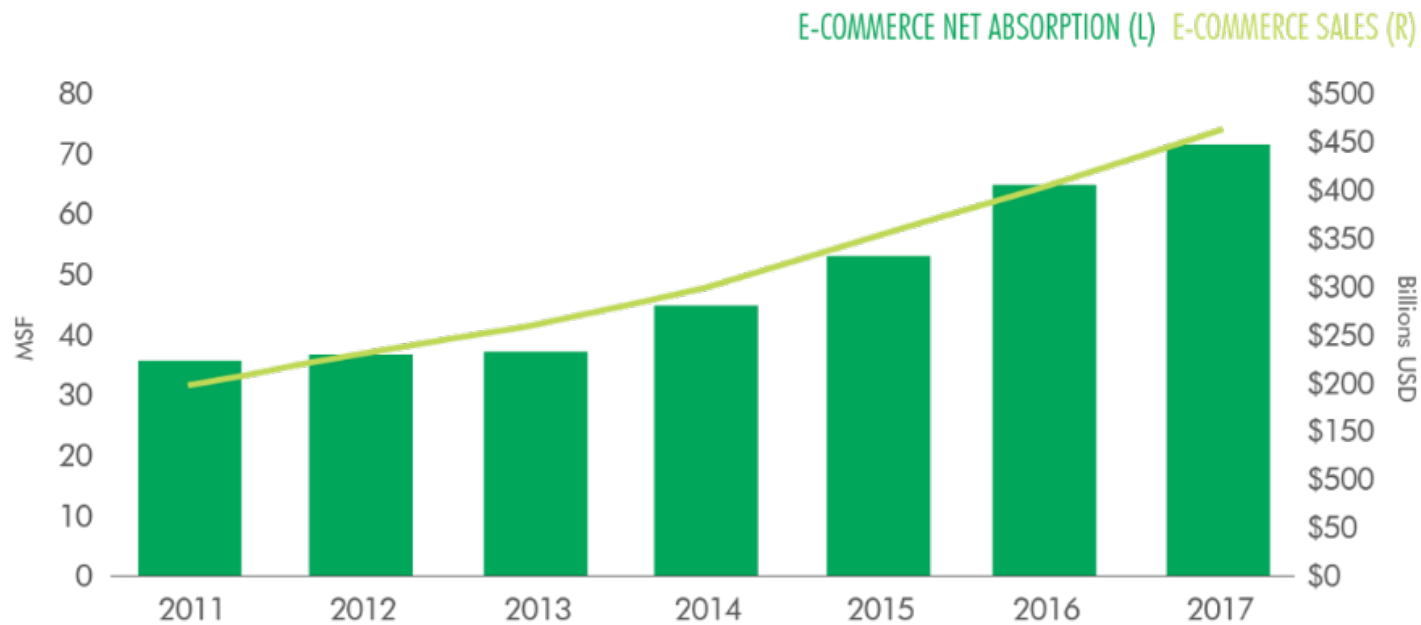


Figure 2: For each \$1B in E-commerce Sales, additional 1.25 MM SF of Industrial Demand

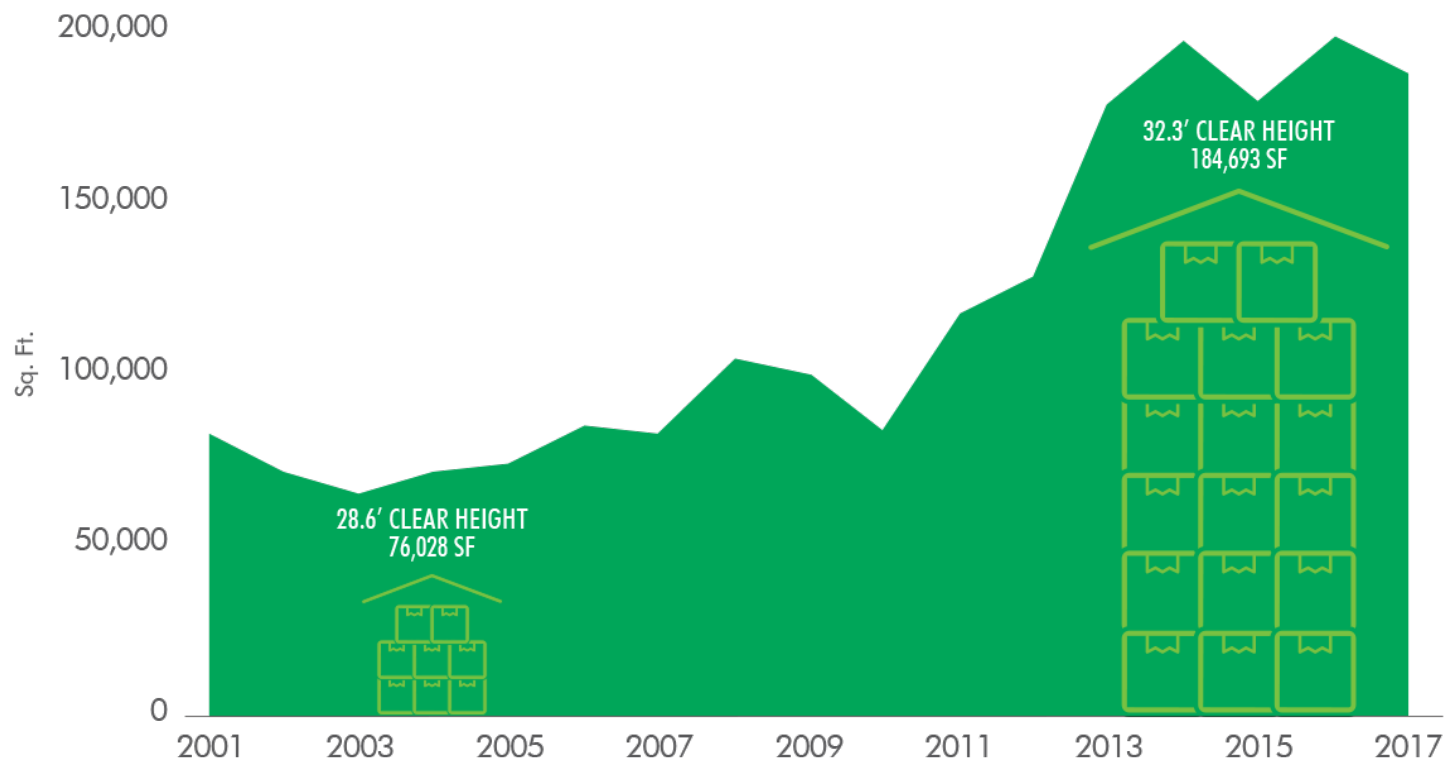


Figure 3: U.S. Average New Warehouse Building Size

E-Commerce
leaders roll
out next and
same day
delivery



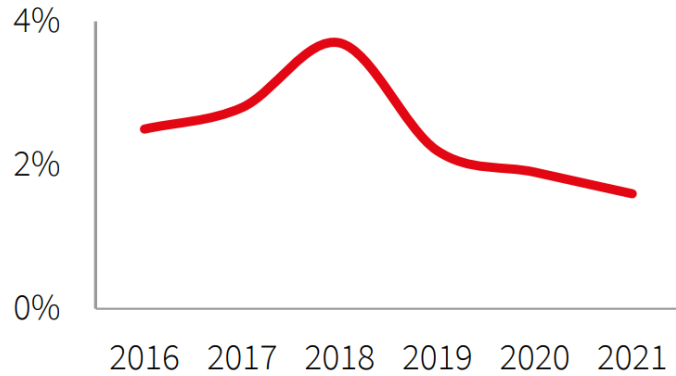
amazonPrime
FREE Same-Day Delivery



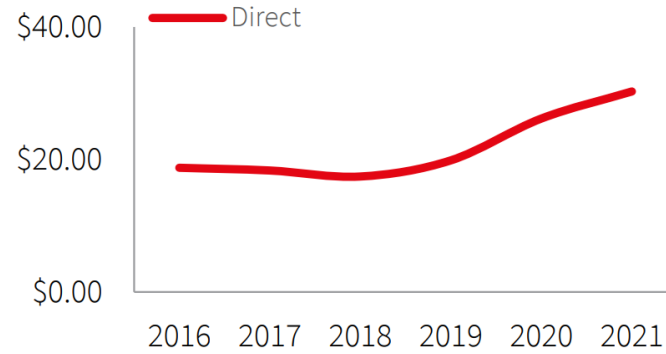
amazon.com/sameday

The advertisement features a light blue sky with a faint city skyline and a green ground. In the center, a brown cardboard box with the Amazon logo and a 'fragile' icon is shown. Below the box is a red ribbon banner with the URL 'amazon.com/sameday'.

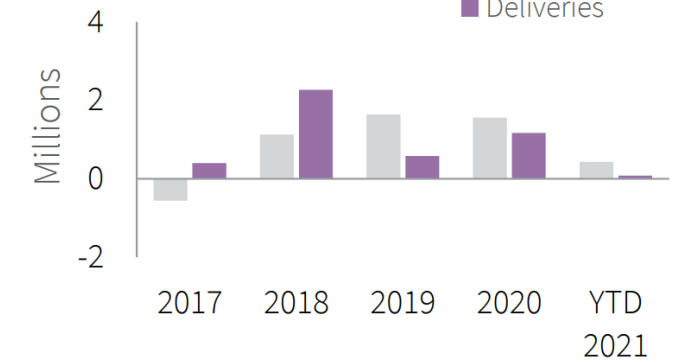
Total vacancy (%)



Average asking rent (\$ p.s.f.)



Supply and demand (s.f.)



Project Catalyst: Robust Market Conditions



Project Catalyst: Multi-Story Warehousing

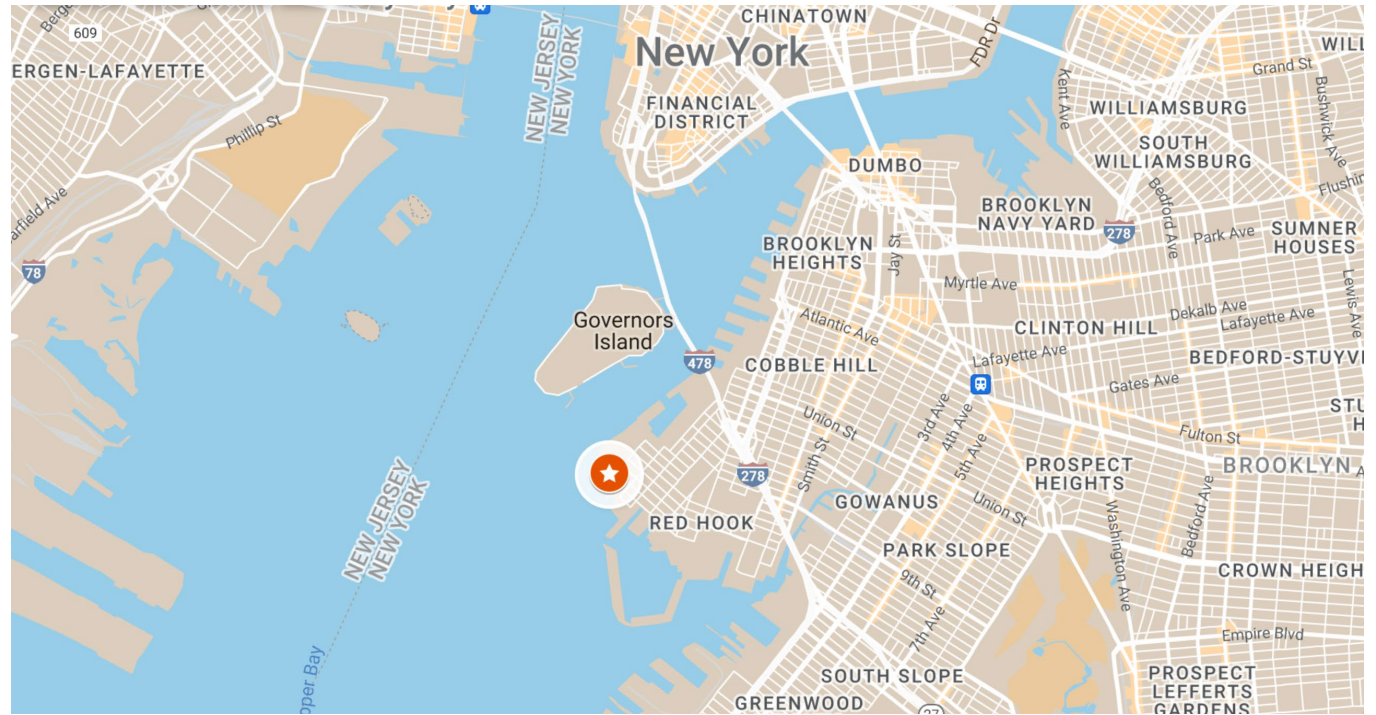
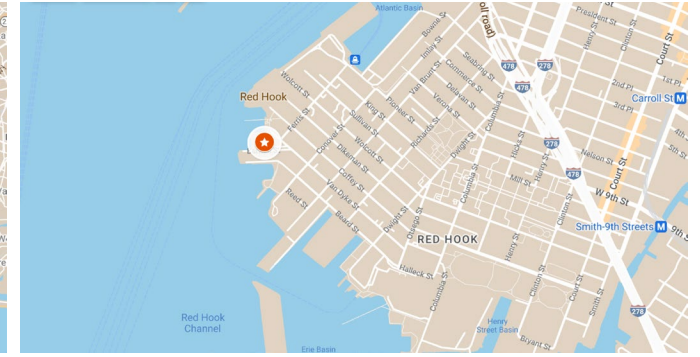
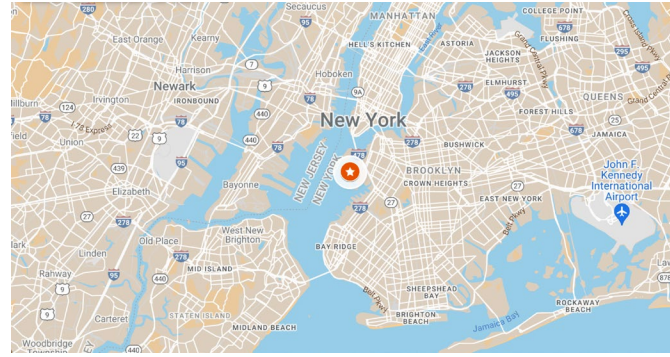
Multi-story
warehouses
more
common in
Asia





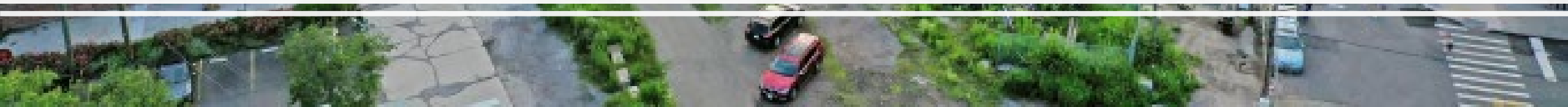
Multi-story warehousing beginning to
emerge in certain US Markets

185 Van Dyke Street, Brooklyn, New York





185 Van Dyke Street, Brooklyn, New York





Red Hook Coastal Resiliency Project

- Design complete by 2023
- Construction begins in 2024



Local developer's answer to flood protection: Build on stilts

Site Selection

- As of right, industrial (“M”) zoning. Rezoning plots for industrial use requires a near-impossible political consensus.





Site Selection



Zoning area large enough to meet needs of E-Commerce or 3PL end-user. Recent comps suggest 300,000 buildable SF ideal.



Lot area large enough to meet both building footprint and surface parking requirements of E-Commerce or 3PL end-user. Recent comps suggest 150,000 SF lot ideal.

Site Selection

- A major port nearby: Red Hook Terminal, able to handle any type or size cargo.
- Large highway interchange less than one mile away.
- Two major airports less than one hour away.





Site Selection

- Adjacent to several affluent residential neighborhoods including Carroll Gardens, Cobble Hill and Brooklyn Heights.
- Many of the consumers driving the growth of E-Commerce reside here.

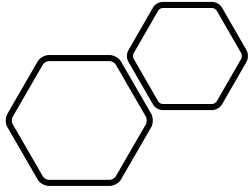
Why Red Hook vs. other markets?

- South Bronx and Maspeth, Queens are also strong sub-markets.
- Red Hook industrial zone smaller and more supply constrained (500 acres vs. 800 acres/each for south Bronx and Maspeth).
- Not surrounded by several affluent residential neighborhoods like Red Hook: Lower “last mile” delivery costs and easier to achieve same day delivery.



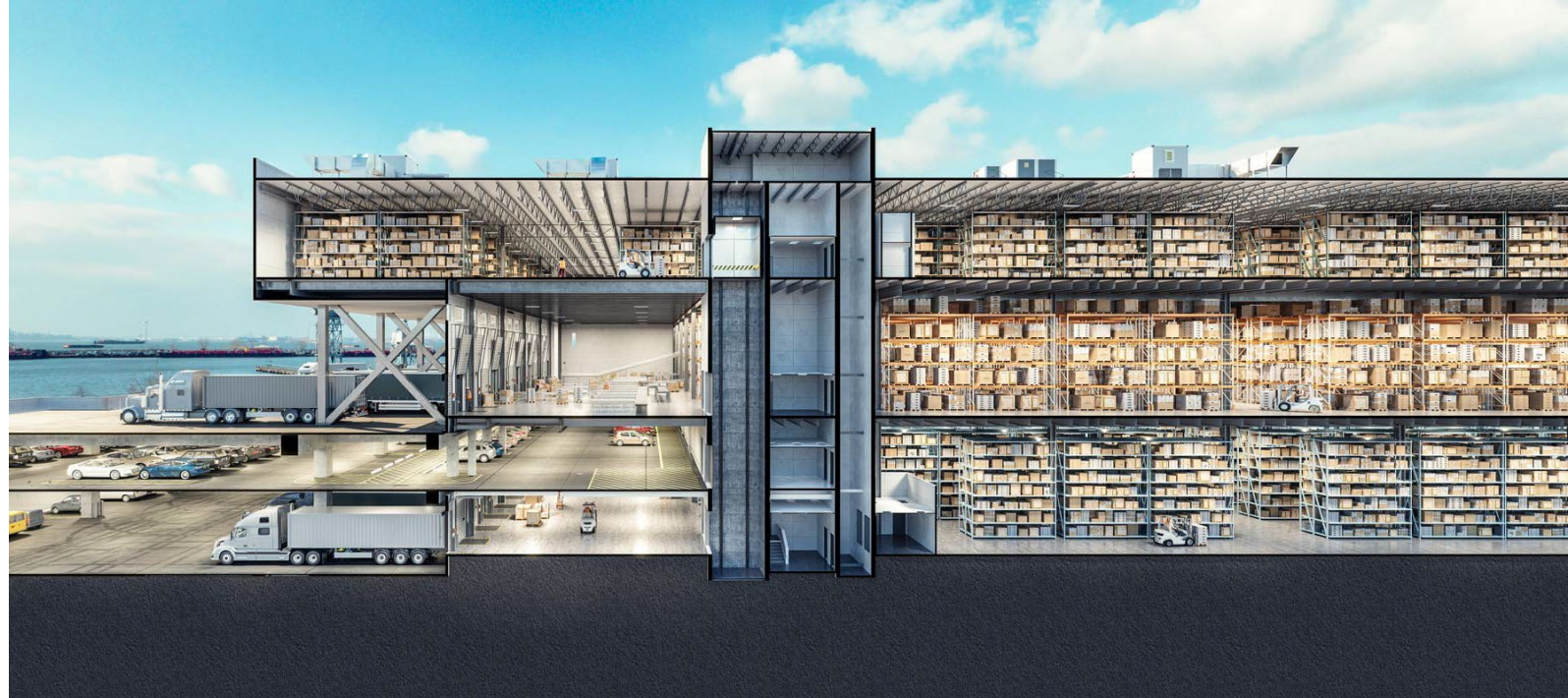


Design and Construction



Design and Construction

- Ample Loading Docks and Parking Spaces
- Deep Truck Courts
- 30' Clear Heights
- 80' x 80' Column Spacing





Design and Construction

“Future proofed” designs to accommodate robotic rovers for picking and drones for delivery



Sustainability

Financial Analysis

| | Gross SF | Loss Factor | Rentable SF | UNTRENDED | | TRENDED | |
|----------------------------|----------|-------------|-------------|-------------------|-----------|--------------------------|------------|
| | | | | 2022 (CLOSING) | | 2028 (FORWARD EXIT YEAR) | |
| Floor | | | | Total | \$RSF | Total | \$RSF |
| 1 | 111,797 | 5% | 106,207 | \$ 4,248,286.00 | \$ 40.00 | \$ 5,693,109.55 | \$ 53.60 |
| 2 | 111,797 | 5% | 106,207 | \$ 4,248,286.00 | \$ 40.00 | \$ 5,693,109.55 | \$ 53.60 |
| 3 | 111,797 | 5% | 106,207 | \$ 4,248,286.00 | \$ 40.00 | \$ 5,693,109.55 | \$ 53.60 |
| Reimbursements | | | | \$ - | \$ - | \$ 1,012,770.76 | \$ 3.18 |
| PGR | 335,391 | | 318,621 | \$ 12,744,858.00 | \$ 40.00 | \$ 17,079,328.65 | \$ 53.60 |
| Vacancy | | | 2.0% | \$ (254,897.16) | \$ (2.40) | \$ (341,586.57) | \$ (3.22) |
| EGR | | | | \$ 12,489,960.84 | \$ 39.20 | \$ 17,750,512.84 | \$ 55.71 |
| OpEx | | | | \$ (1,676,955.00) | \$ (5.00) | \$ (1,888,523.70) | \$ (5.63) |
| Management Fees | | | 3.0% | \$ (374,698.83) | \$ (1.18) | \$ (532,515.39) | \$ (1.67) |
| Real Estate Taxes | | | 25.0% | \$ (3,122,490.21) | \$ (9.80) | \$ (4,437,628.21) | \$ (13.93) |
| NOI | | | | \$ 7,315,816.80 | \$ 22.96 | \$ 10,891,845.54 | \$ 34.18 |
| Cap Rate | | | | 3.00% | | 3.60% | |
| Stabilized Market Value | | | | \$ 243,860,560.16 | \$ 765.36 | \$ 302,551,265.07 | \$ 949.56 |
| Profit Margin | | | | 30.0% | | | |
| Development Costs | | | | \$ 187,585,046.28 | \$ 588.74 | | |
| Yield on Cost | | | | 3.9% | | | |
| Capital Uses | | | | Gross SF | 335,391 | | |
| Land Price | | | | \$ 40,013,006.28 | \$ 119.30 | | |
| Hard Costs | | | | \$ 117,386,850.00 | \$ 350.00 | | |
| Soft Costs | | | | \$ 23,477,370.00 | \$ 70.00 | | |
| Closing Costs | | | | \$ 6,707,820.00 | \$ 20.00 | | |
| Total Costs | | | | \$ 187,585,046.28 | \$ 559.30 | | |
| Capital Sources | | | | | | | |
| Equity - Development | | | | \$ 65,654,766.20 | 35.0% | | |
| Debt Financing | | | | \$ 121,930,280.08 | 65.0% | | |
| | | | | \$ 187,585,046.28 | 100.0% | | |
| Loan % of Stabilized Value | | | | | 50.0% | | |

Financial Analysis

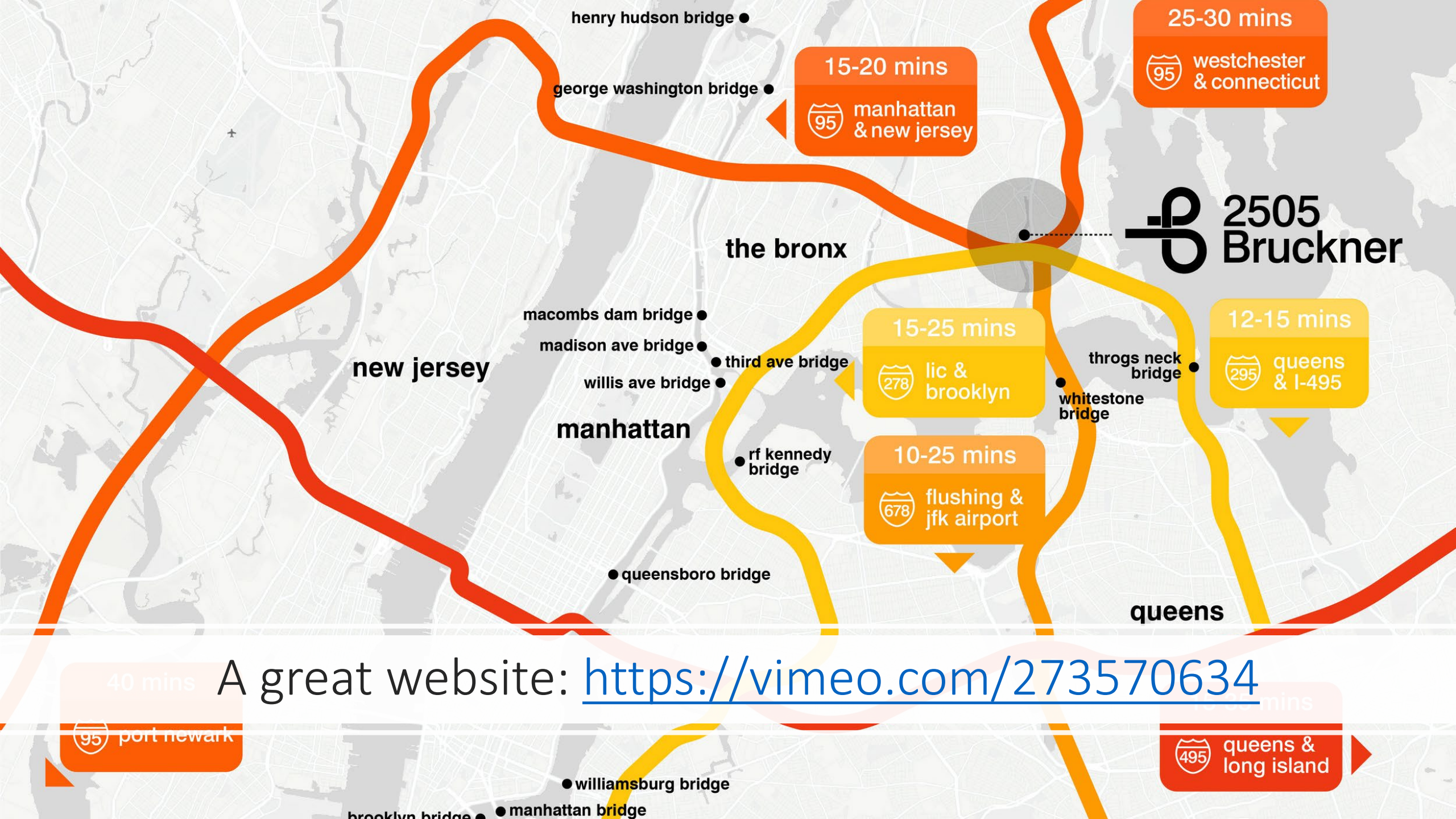
| Year Number | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 |
|----------------------------------|----------------------------|--------------------|-------------|--------------------------|------------------------|-------------------------|--------------------------|
| Year Ending | Dec-22 | Dec-23 | Dec-24 | Dec-25 | Dec-26 | Dec-27 | Dec-28 |
| | Closing | Development Period | | Stabilized Period -----> | | | |
| Rent Growth | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Expense Growth | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| COC - UNLEVERAGED | | | | 4.6% | 5.0% | 5.4% | 5.8% |
| COC - LEVERAGED | | | | 5.9% | 7.1% | 8.3% | 9.5% |
| UNLEVERAGED - YEAR 5 EXIT | | | | | | | |
| Uses at Closing | \$ (187,585,046.28) | | | | | | |
| Unleveraged cash flow | | \$ - | \$ - | \$ 8,630,659.40 | \$ 9,353,593.94 | \$ 10,112,675.22 | \$ 10,909,710.55 |
| Exit sale | | | | | | | \$ 302,551,265.07 |
| Cost of sale | 3.5% | | | | | | \$ (10,589,294.28) |
| Unleveraged cash flow | \$ (187,585,046.28) | \$ - | \$ - | \$ 8,630,659.40 | \$ 9,353,593.94 | \$ 10,112,675.22 | \$ 302,871,681.35 |
| UNLEVERAGED IRR | 10.3% | | | | | | |
| UNLEVERAGED MULTIPLE | 1.8x | | | | | | |
| LEVERAGED - YEAR 5 EXIT | | | | | | | |
| Uses at Closing | \$ (187,585,046.28) | | | | | | |
| Debt Financing | \$ 121,930,280.08 | | | | | | |
| Unleveraged cash flow | | \$ - | \$ - | \$ 8,630,659.40 | \$ 9,353,593.94 | \$ 10,112,675.22 | \$ 10,909,710.55 |
| Debt Service | | \$ - | \$ - | \$ (4,877,211.20) | \$ (4,877,211.20) | \$ (4,877,211.20) | \$ (4,877,211.20) |
| Exit sale | | | | | | | \$ 302,551,265.07 |
| Cost of sale | 3.5% | | | | | | \$ (10,589,294.28) |
| Debt Retirement | | | | | | | \$ (121,930,280.08) |
| Leveraged cash flow | \$ (65,654,766.20) | \$ - | \$ - | \$ 3,753,448.20 | \$ 4,476,382.74 | \$ 5,235,464.01 | \$ 176,064,190.07 |
| LEVERAGED IRR | 19.9% | | | | | | |
| LEVERAGED MULTIPLE | 2.9x | | | | | | |

Marketing 101: Know your customer





The right broker makes all the difference



25-30 mins
westchester & connecticut

15-20 mins
manhattan & new jersey

 2505 Bruckner

15-25 mins
lic & brooklyn

12-15 mins
queens & I-495

10-25 mins
flushing & jfk airport

40 mins
port newark

25 mins
queens & long island

A great website: <https://vimeo.com/273570634>



PR Problems

“The whole neighborhood is up in arms.”



The time to do this is now

- Amazon shares fell 14% on April 29th 2022 in response to disappointing earnings call.
- Poor results were chiefly due to soaring fuel and warehouse costs.
- Important to note project's success does not rely solely with Amazon.