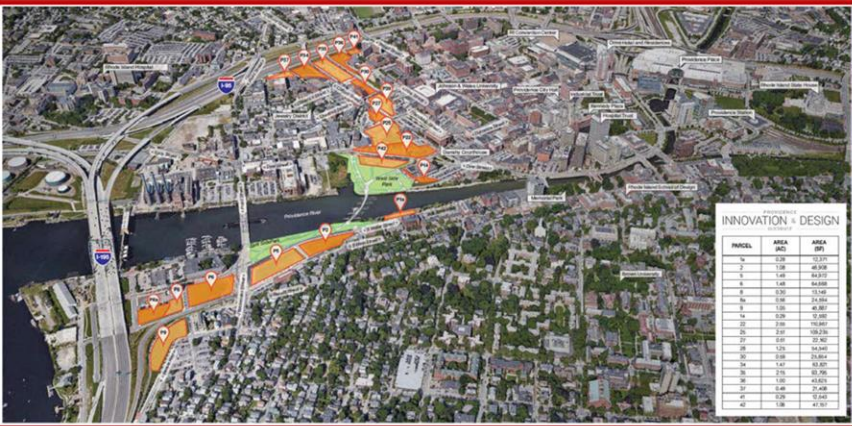


Public Presentation I-195 Commission Parcel 28 Proposal Comparison Matrix



RESGroup
REAL ESTATE SOLUTIONS

4/22/2019

Proposal Comparison

	DMG	Exeter	Pennrose	Post Road	Waldorf
GBA (SF Excl. Parking)	424,134	241,224	120,508	229,020*	137,087
Parking Area (SF)	15,366	15,500	Surface parking	40,200	84,763
Retail Area (SF)	23,348	22,700	6,997	6,250	18,705
Office Area (SF)	14,503	0	0	0	118,382
# Market-Rate Units	331	232	48	185	0
# Workforce Units	56	14	24	20	0
# Affordable Units	0	0	48	0	0
Construction Start mo.	12	12	21	6	8**
Purchase Price	\$1,450,000	\$2,000,000	\$800,000	\$1,000,000	\$1,593,245
Project Cost Per SF	\$351	\$320	\$356	\$301	\$397

* Excludes 12,280 SF for Johnson & Wales bookstore

** If adequate pre-leasing completed

Proposal Snapshot – DMG



Changes to Market Assumptions

Category	Developer	RESGroup
Soft Cost/SF	\$19.42	\$40.00
Studio rent/SF	\$5.00	\$3.50
Avg. Retail Rent (net)	\$35.00	\$22.00 ⁽¹⁾
Parking Rent	\$22.00	\$100.00

(1) Weighted Average of \$25 for retail and \$12.50 for commercial space

4/22/2019

Project Summary:

Gross Building Area: 424,134 SF;
 plus 15,366 SF for parking

Uses: 331 market-rate apt. units; 56 workforce; 23,348 SF retail; 14,503 SF commercial; 44 spaces for Zip cars or equivalent

Start construction: 12 months from selection

Purchase price: \$1.45m

Proposal Snapshot – DMG

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Diverse unit types from studios to family-sized <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Project timeline appears reasonable <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Large percentage of equity invested by owners <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Limited but representative development experience with high-rise residential rental buildings (primarily condo and student housing)	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Retail programming not described; driven by height bonus, not market• Studio market rents appear to be higher than market• 331 market-rate units may be challenging to absorb and stabilize given small submarket size and market demand <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• If subsidies are ultimately required, may delay project. <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Low investment returns may be difficult to attract financing• Unable to verify if proposed cost savings are achievable• Soft costs appear to be lower than comparables• Operating expenses may not reflect large amount of amenity space• Market rents for market-rate studio units appear high and may not be achievable <p><u>Developer Experience</u></p>
Weaknesses	
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Amount of retail is ambitious and may be difficult to absorb in the market• Concept for mezzanine commercial space is not clearly defined and faces challenging demand• Configuration of retail may make subdivision into smaller spaces difficult	

Proposal Snapshot – Exeter



Changes to Market Assumptions

Category	Developer	RESGroup
Apt Vacancy & Credit Loss	5.5%	7.0%

Project Summary:

Gross Building Area: 241,224 SF;
plus 15,500 SF for parking

Uses: 232 market rate apt. units; 14 workforce; 22,700 SF retail; 30 parking spaces

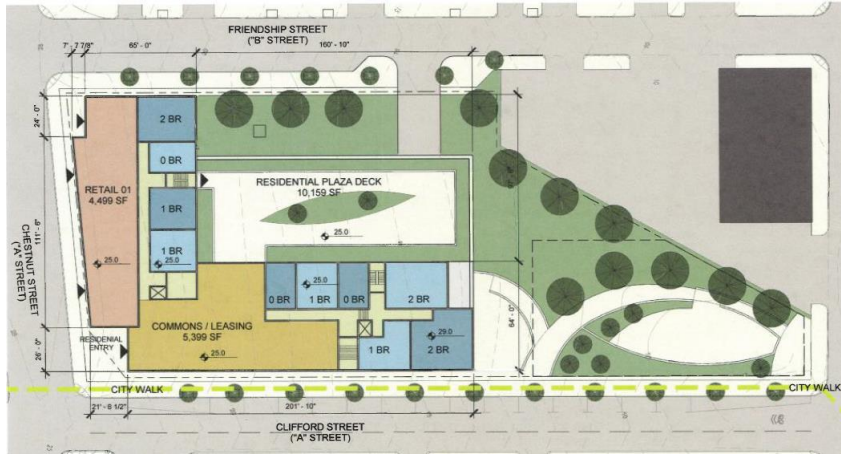
Start construction: 12 months from selection

Purchase price: \$2m

Proposal Snapshot – Exeter

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Diverse unit types for market rate, workforce and larger families, supported by market comparisons• Rents & absorption supportable by market• Programming intended to activate area• Flexibility to convert townhouses to more retail, if market demand <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Project timeline appears reasonable <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Thorough, realistic overall underwriting effort• Revenue & expense assumptions appear reasonable, offering a financially feasible project• Owners investing equity along with other partners <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Experience with over 100 projects of over 15m SF• Access to multiple sources of institutional capital• Proven track record with similar types of projects• Project principal has developed over \$600 million in properties	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Large amount of retail may result in vacancies until absorbed <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Refinements to design and retail programming may cause delay in predevelopment period <p><u>Financial Feasibility</u></p> <p><u>Developer Experience</u></p>

Proposal Snapshot – Pennrose



Changes to Market Assumptions

Category	Developer	RESGroup
Studio Rent/SF ⁽¹⁾	\$3.80	\$3.40
1 Bed Rent/SF ⁽¹⁾	\$3.11	\$2.70
2 Bed Rent/SF ⁽¹⁾	\$2.60	\$2.50

(1) Market-rate units

Project Summary:

Gross Building Area:

120,508 SF;

surface parking

Uses:

48 market-rate apt. units; 24
workforce; 48 affordable; 6,997
SF retail; 36 parking spaces

Start construction:

21 months from selection

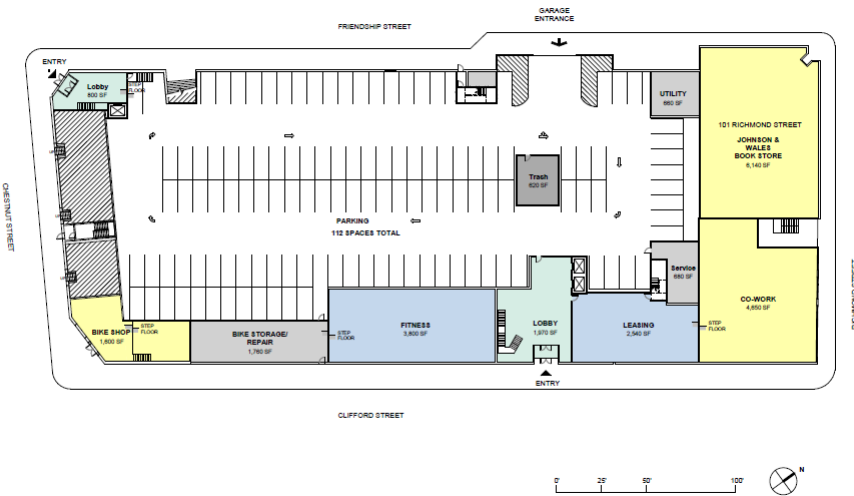
Purchase price:

\$800,000

Proposal Snapshot – Pennrose

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Small retail spaces designed to support local small businesses to enliven the area and provide opportunities• Small amount of retail space more easily absorbed the market• Strong demand for workforce and affordable units at a location with a range of employee incomes <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Minimal reliance on changes in market demand due to large amount of affordable housing units <p><u>Financial Feasibility</u></p> <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Extensive experience developing and managing affordable and mixed-income projects	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Minimal amenities provided• Projected rents for market-rate units appear high in light of limited amenity package <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• 9% LIHTC funding cannot be ready prior to 2020; possibly 2021; is a highly competitive funding source• Other public sources requested may not be available or approved <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• According to RI Housing, low-income housing subsidy requests may not all be approved for the amounts requested and may require some equity investment due to the inclusion of market-rate units• Lowest proposed land price <p><u>Developer Experience</u></p>

Proposal Snapshot – Post Road Residential



Changes to Market Assumptions

Category	Developer	RESGroup
Retail Rent/SF	\$0	\$25 ⁽²⁾
Op Ex/SF	\$5.79	\$7.79

(2) Retail space only; \$0 for co-working space

Project Summary:

Gross Building Area:

229,020 SF;

plus 40,200 SF for parking

Uses:

185 market rate apt. units; 20 workforce; 6,250 SF retail⁽¹⁾; 122 parking spaces

Start construction:

6 months from selection

Purchase price:

\$1m

(1) Excluding 12,280 SF for Johnson & Wales bookstore off site

Proposal Snapshot – Post Road Residential

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Rents and absorption schedule supported by the market <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Earliest construction start (month 6) which may be aggressive• Shortest construction schedule (25 months) <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Proposed capital structure and pro forma is supportable by underwriting and incentive structure• Debt financing appears to be reasonable <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Extensive experience developing urban in-fill rental apartments with retail throughout the region• Firm has extensive relationships and access to capital with high net-worth individuals and institutional sources	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• \$0 retail rent assumption overly conservative• Operating expenses appear lower than the comparables, potentially increasing need for subsidies <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• No Issues noted <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Operating expenses appear low compared to the comps <p><u>Developer Experience</u></p>

Proposal Snapshot – Waldorf/Marshall



Changes to Market Assumptions

Category	Developer	RESGroup
Project Cost/SF	\$397	\$450
Vacancy and Credit loss - office	5%	10%

Project Summary:

Gross Building Area:	137,087 SF for office and retail; plus 84,763 SF for parking
Uses:	101,640 SF office (rentable); 18,705 SF retail; 232 parking spaces
Start construction:	8 months from selection (if adequate pre-leasing complete)
Purchase price:	\$1.6m

Proposal Snapshot – Waldorf/Marshall

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• Operating assumptions appear generally reasonable <p><u>Project Readiness</u></p> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Debt financing assumptions appear reasonable <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Some prior experience in Providence/RI developing a few new properties or renovating buildings for office & medical uses. Some experience building residential/retail uses, one under construction in the I-195 District• Local developer with knowledge of Providence office market	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none">• No building amenities described• Little office absorption in financial district and downtown Providence over past 10 years• Slow office rent growth in past 10 years• Large amount of retail space may be difficult to absorb• Without anchor tenant, project will not be feasible <p><u>Project Readiness</u></p> <ul style="list-style-type: none">• Requires substantial preleasing in order to secure construction financing <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none">• Hard and soft costs for office building appear low, increasing potential need for additional subsidy• Securing equity and debt capital for a ground-up office project in Providence is challenging and not possible without an anchor tenant <p><u>Developer Experience</u></p> <ul style="list-style-type: none">• Limited ground-up development experience• Limited experience product type; only two office buildings (one is medical)