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EXECUTIVE SUMMARY

SUMMARY

Pioneer Development is pleased to present The Zephyr, a transformational development that will kickstart the redevelopment of Station Center.

The Zephyr is a mixed-use project consisting of a state-of-the-art life science office tower, an amenity-rich apartment building, and engaging ground-level retail space. The Class A office building will provide space for companies of all sizes, from Research Park startups needing more space to large corporations looking to relocate to take advantage of Utah's incredible quality of life.

The apartments, 40% of which will be held affordable, will provide space for a diversity of people and inject life into the neighborhood. The Zephyr's retail space will provide space for community-focused small business and University of Utah community health programming, providing essential services and invigorating the surrounding streets. Pioneer Development will build all of this space with a focus on sustainability, equity and inclusion, innovative and appropriate design, and providing the best tenant experience available in our region.

Pioneer Development looks forward to working with the University of Utah and the Salt Lake City Redevelopment Agency to transform Station Center into a diverse and vibrant transit-oriented innovation district that honors its past while embracing the future and serves as an economic powerhouse for the region.



KEY METRICS

Total Project Cost

\$165,918,847

Stabilized Value

\$211,955,293

Exit Value

\$245,757,094

Apartments

184

Retail SF

10,440

Life Science SF

207,240

Community Health SF

10,000

Unlevered IRR

9.11%

Levered IRR

22.26%

Equity Multiple

3.88

Affordable Apartments

40% of Units

Affordable Retail

30% of SF

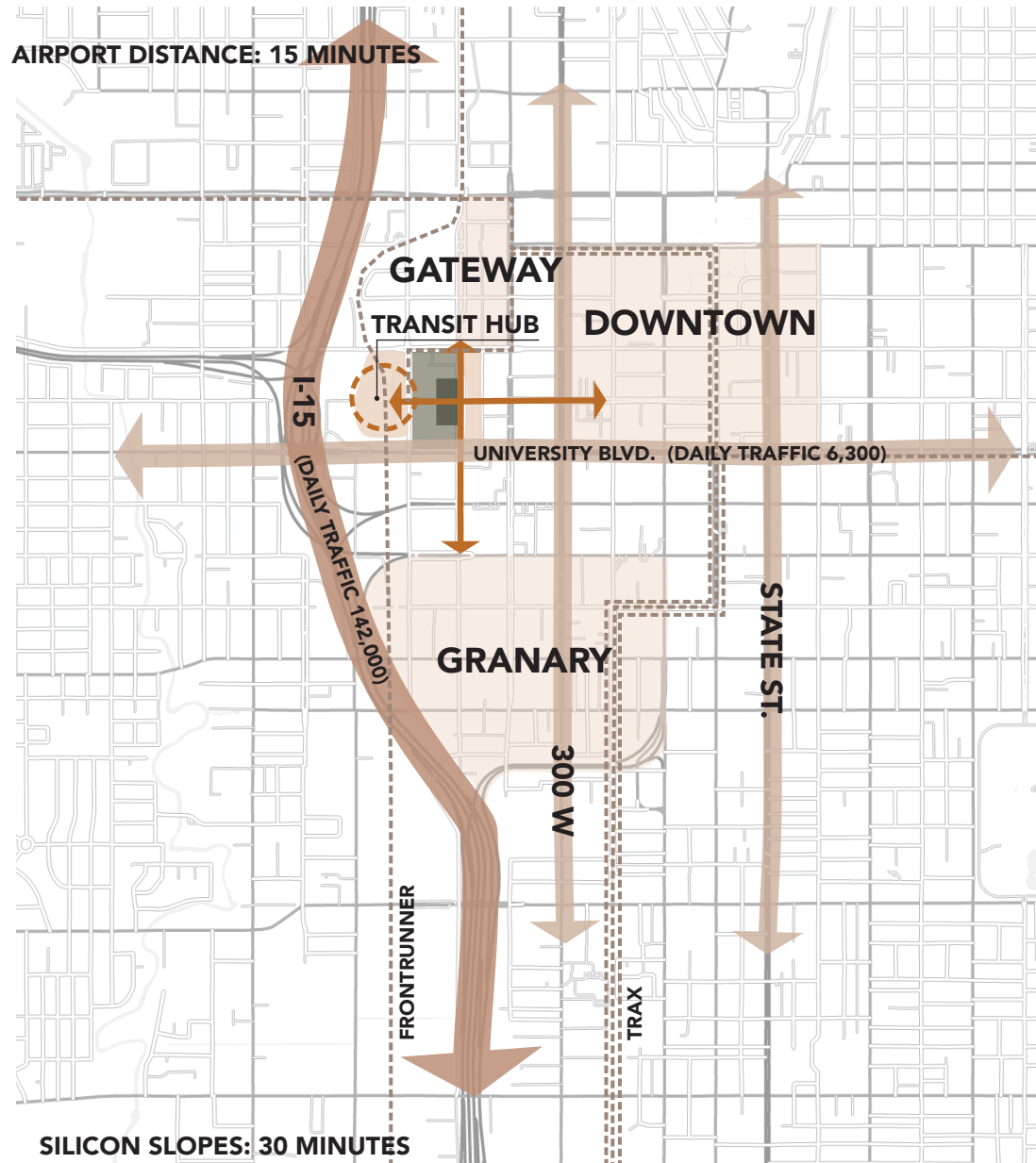
CONTEXT

STATION CENTER INNOVATION

The Station Center Innovation District has rich history and endless potential. In the late 1800s, this neighborhood was built around the railroad. Nearby buildings housed industry as well as Salt Lake City's premier passenger rail depot, the 1910 Rio Grande building, which still stands today. Sadly, the rise of the automobile and decades of suburban flight was not kind to this district; few original buildings remain. However, this rare vacant land in downtown Salt Lake City provides an unparalleled opportunity to create a new district; one that honors its past while also building the future. Pioneer Development is excited to partner with the Redevelopment Agency of Salt Lake City and University of Utah to build this Innovation District.



HISTORIC



LOCATION

The Station Center Innovation District provides convenient access to Downtown Salt Lake City, the surrounding region, and the world. The District lies on the west side of downtown, just a short walk to award-winning bars and restaurants and the best arts and culture Utah has to offer. The District offers the best transportation access of any land in Salt Lake City. The District is home to Salt Lake Central Station which provides frequent local, regional, and cross-country bus and rail transportation through UTA, Greyhound, and Amtrak. The District is bordered by freeway ramps giving quick access to I-15 and I-80. Lastly, the recently renovated Salt Lake International Airport is only a 15-minute light rail or car ride away.



CURRENT

VISION

DISTRICT VALUES



INNOVATION

The Zephyr will redefine Station Center. Its construction will mark a new chapter for this district, launching the University of Utah's Innovation District—a hub of life science and technology businesses, homes for people of all income levels, community-oriented retail, and health services. This new neighborhood will become an important economic and cultural asset to the region; The Zephyr will boldly start its redevelopment.



COMMUNITY

The Station Center Innovation District will be a lively, mixed-use urban neighborhood where a diversity of people live, work, and play. The District's land use mix will allow residents and employees to enjoy the amenities and community that Salt Lake City has to offer at all hours of the day. It will stand in stark contrast to its soulless suburban office park counterparts which offer only seas of parking lots.



ROOTS

The Zephyr celebrates the past. Pioneer Development chose to name this development on Site B The Zephyr, a nod to Amtrak's California Zephyr, to honor The District's railroad history. The Zephyr, and our concept at Site A, frames the historic 1910 Rio Grande Depot building by placing its shorter building along the Festival Street. This gives the Rio Grande Depot building visibility from Salt Lake Central Station and all along the Festival Street and ensures that it remains the most important historic and cultural asset in The District.



RESPONSIBILITY

Sustainability: The Zephyr features sustainable design. Following the Redevelopment Agency's Sustainability Policy, Pioneer Development has designed the Zephyr to be energy efficient and to use no fossil fuels for mechanical operations, though life science tenants will have access to natural gas for their work. The Zephyr will also be designed for LEED Gold certification net-zero energy operations, sourcing 100% of its electricity from renewables.

Affordability: The Zephyr provides significant community benefit, meeting and exceeding Redevelopment Agency requirements. The Zephyr will provide 20% of its apartments at rates affordable to households making 40% AMI and another 20% for those making 60% AMI. It will also hold 30% of its commercial space at 20% below market rents for small local businesses. Lastly, The Zephyr will dedicate around 10,000 square feet of street-level space for the University of Utah to operate community health programming.



LEED GOLD CERTIFIED

NET ZERO ELECTRICITY

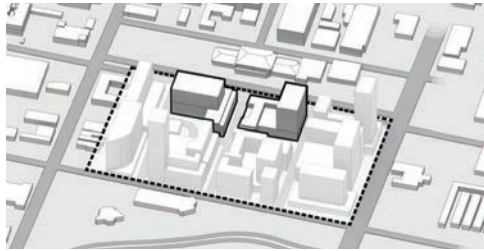
ALL ELECTRIC MECHANICAL SYSTEMS

40% AFFORDABLE APARTMENTS

30% BELOW MARKET RETAIL SPACE

10,000 SQFT COMMUNITY HEALTH SPACE

DISTRICT STRATEGY



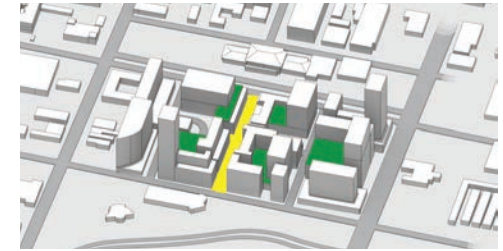
Site A (The Market) & Site B (The Zephyr)



Asset/Spine



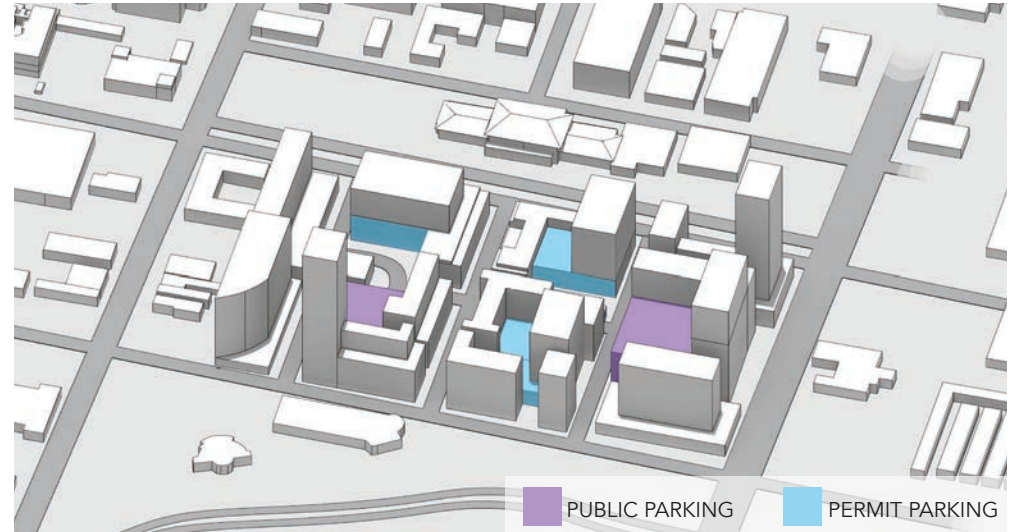
Main Transportation Network



Community-Oriented Center



Residential to Life Science Ratio



Parking Strategy

A 24-HOUR MIXED USE NEIGHBORHOOD

Station Center will be a diverse and healthy neighborhood with a mix of uses that allow people to enjoy it at all hours of the day. Based on discussions with University of Utah real estate staff about their vision and a dire need for more housing, Pioneer Development proposes dedicating around 60% of the district to office and 40% to housing, with ground-floor retail and community and health services sprinkled throughout, especially on the Festival Street.

TRANSIT ORIENTED DEVELOPMENT

The Station Center Innovation District is the best transit-oriented development site in the state. As such, it needs to offer a densely-built, pedestrian-friendly environment with a diverse mix of uses and limited car parking. The Zephyr, being the first redevelopment project in the District, will set the tone for development that follows. Its residences will inject the district with life, its life science office building will brand it as Salt Lake City's center of innovation, and its ground-level activation, combined with the Festival Street on 300 South, will provide a pedestrian-friendly environment.

DISTRICT WIDE PARKING STRATEGY

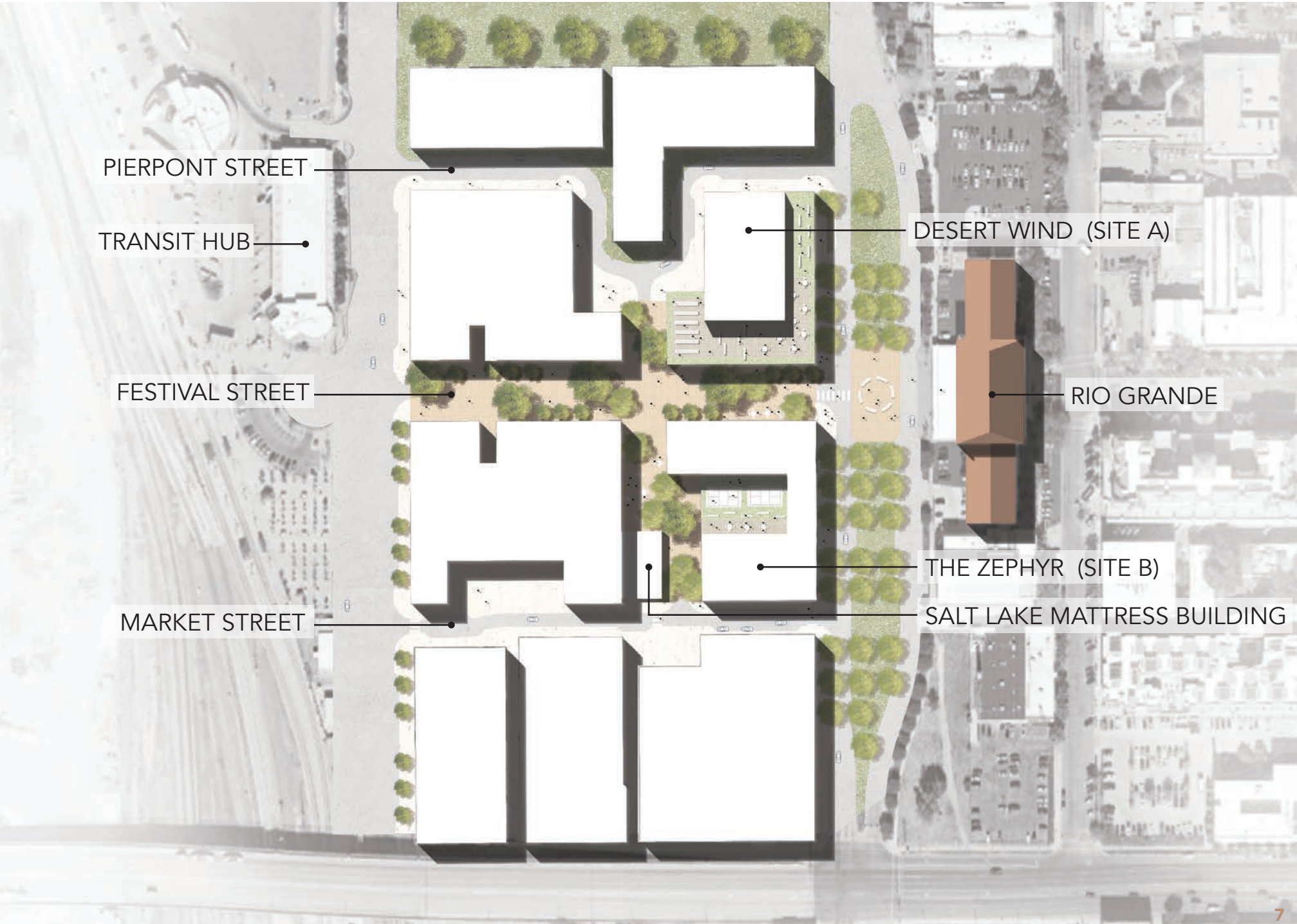
Given its strong transit access, Station Center Innovation District needs a master-planned public parking system. Our recommended district-wide parking strategy includes three phases:

1. Provide temporary parking lots on vacant parcels in the district during development
2. Build centrally-located and centrally-managed parking garages for shared and public use
3. Adapt parking garages to meet future transportation and land use needs

Pioneer Development proposes two types of garages: private permit garages for residents and tenants of adjoining buildings and public paid garages. Private garages should be managed by building owners and public garages should be managed by University of Utah Parking Services for efficiency and ease of use.

We recommend building an aggressive one parking space per thousand square feet for office and retail uses, and one parking space per apartment with the possibility of a little extra parking in public garages. Given our market research and consultation with parking experts at Kimley-Horn, Pioneer Development believes this is a successful strategy.

SITE PLAN

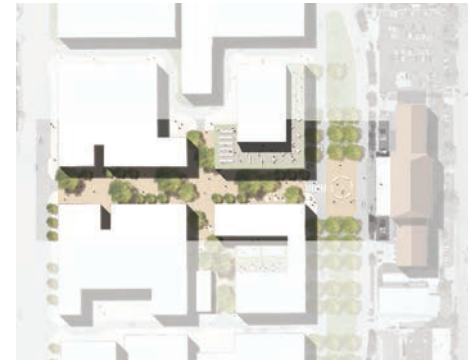


FESTIVAL STREET

With an activated streetscape and pedestrian-friendly design, the Festival Street at 300 South, along with a market in the historic Rio Grande Depot building, will be the heart of the Station Center Innovation District. Buildings along the street will include retail all along their 300 South frontage as well as balconies and rooftop decks. A year-round public market inside the Rio Grande will bring access to fresh, local produce to the district.

Combined, these active uses put eyes and life on the street at all hours of the day. The Festival Street will a Dutch woonerf design suggested by Loci urban design consultants—a shared street concept with aggressive traffic calming that prioritizes the pedestrian and cyclist while still accommodating cars, trucks, and delivery vehicles at slow speeds. Trees and green infrastructure will provide shade, heat island mitigation, and stormwater infiltration.

SITE LOCATION



VIEW LOOKING WEST DOWN FESTIVAL STREET



SITE A - DESERT WIND

Site A, on the north side of the Festival Street, should engage the Festival Street and Rio Grande Depot building as the Zephyr does. Pioneer Development's Site A concept, named "Desert Wind" after a historic service that stopped at this station, mirrors The Zephyr by including ground-level retail along the Festival Street, mid-rise residential above that, and flexible office and lab space nearby. Because Desert Wind's rooftops have more solar access than The Zephyr, its rooftops will feature plentiful community garden space to provide sustainable local produce.

Desert Wind's ground-level retail space will house a food hall similar to the Quincy Market in Boston, providing space for small-scale food and health & wellness entrepreneurs. Depot Hall will synergize with the indoor market planned for the Rio Grande building but differentiate itself by housing mostly prepared foods and service businesses—not an indoor farmers' market. The Desert Wind concept is not final and subject to change based on the leasing performance at The Zephyr and the use of the Rio Grande building.

SITE LOCATION



VIEW LOOKING EAST DOWN FESTIVAL STREET TO THE MARKET



SITE B - THE ZEPHYR

The Zephyr is a mixed-use development that sets the tone for future Station Center development to follow. The Zephyr consists of two buildings and one shared parking garage. The southern building is a 14-story life science office tower that offers unparalleled Class A office and lab for life science companies large or small. The northern building is a mixed-use midrise building that includes 184 apartments, 10,440 square feet of retail, and 10,000 square feet for community health services. Lastly, the shared parking garage provides 433 parking spaces, an appropriate amount of parking for this transit-oriented development site given recommendations from parking experts from Kimley-Horn consultants.

SALT LAKE MATTRESS BUILDING: The historic 1907 Salt Lake Mattress Co building is one of the last remaining buildings that showcase Station Center's original character. The Redevelopment Agency has made significant investments to preserve the building; Pioneer Development will work with the RDA to rehabilitate the building and put it back into use to serve the district for another 100 years.

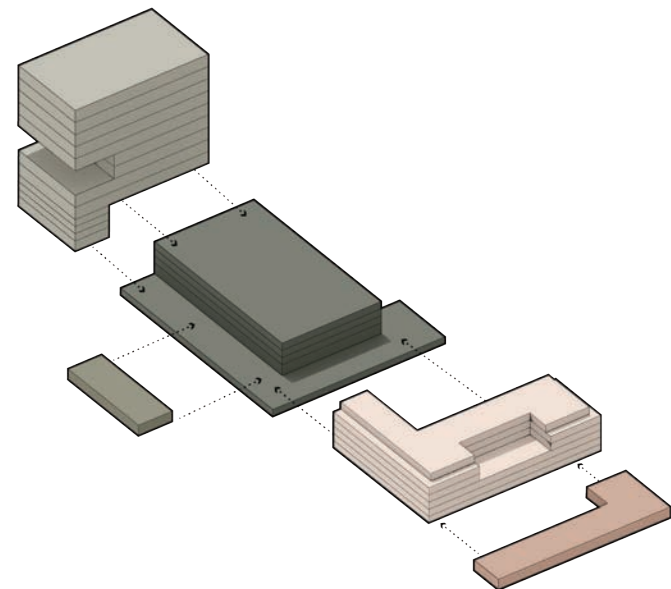
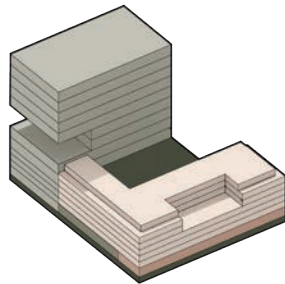
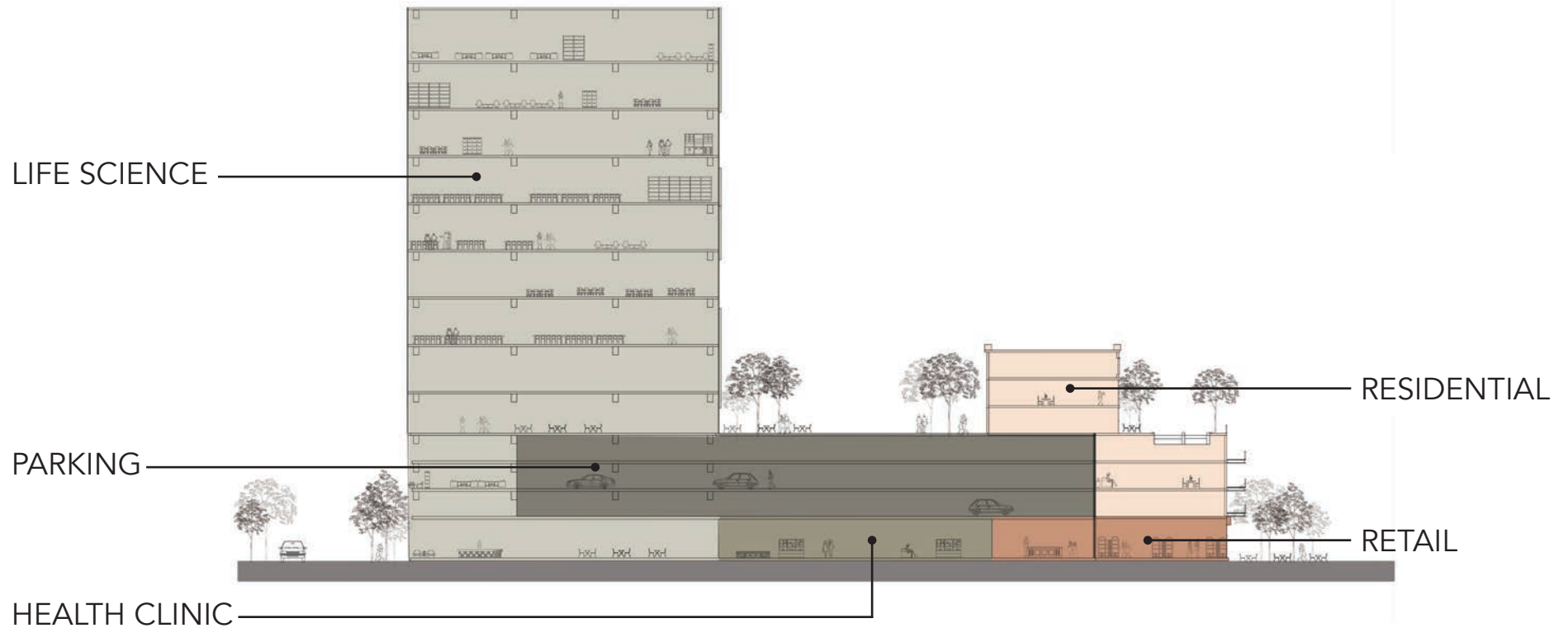
BIRD'S EYE VIEW LOOKING SOUTH WEST AT THE ZEPHYR



SITE LOCATION



CROSS SECTION + PULL APART DIAGRAMS



FLOOR 1

RETAIL

The Zephyr will use engaging retail storefronts to activate the 300 South Festival Street. Pioneer Development will seek out local tenants whose businesses will contribute to a lively Festival Street, such as bars and restaurants, art galleries and coffee shops, or event venues. In compliance with RDA guidelines, Pioneer Development will set aside 30% of its retail space to rent at 20% below market rents to underrepresented and locally-owned businesses or nonprofit organizations.

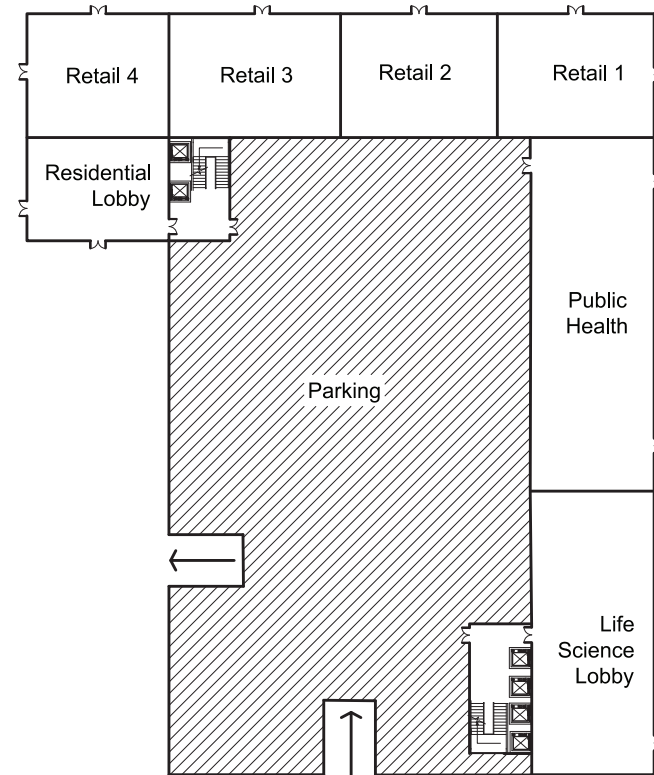
10,440 SF

**30% OF SF RENTED AT 20% BELOW
MARKET RATES**

COMMUNITY HEALTH

Community health services are a large part of the RDA and University of Utah's vision for the Station Center Innovation District; they will also be catalytic in improving the lives of those who have historically lived in this district. Pioneer Development spoke with representatives from the University of Utah and determined that the university may need 20k-30k square feet of space in the district for community health-related programming. The Zephyr will include 10,000 square feet of ground-level space for University of Utah community health programming. This programming will improve mental and physical health for those living in the district and provide greater health care access and affordability to Salt Lake City's West Side residents who have historically been underserved.

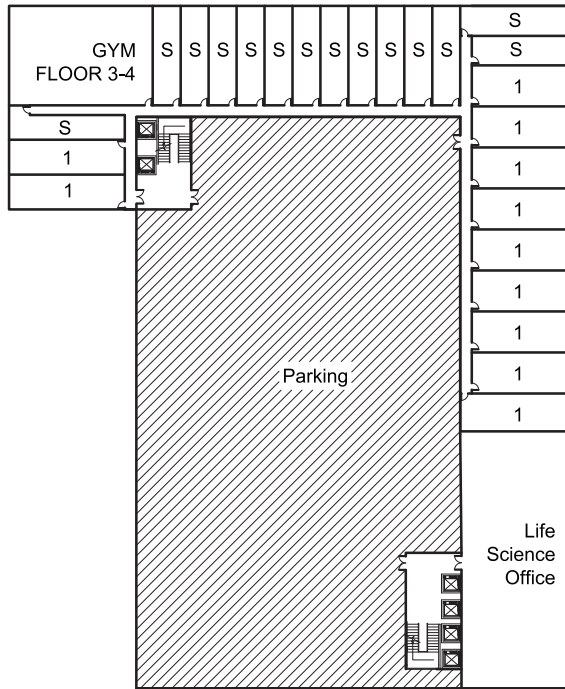
10,000 SF



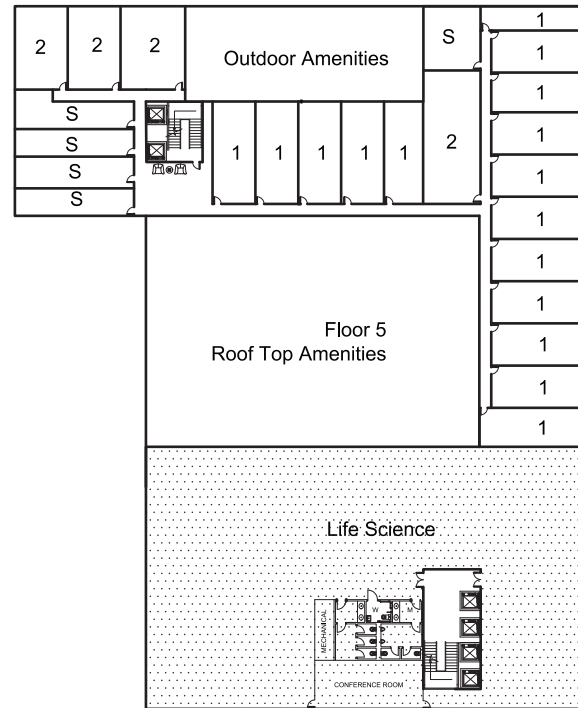
FLOORS 2-7

RESIDENTIAL

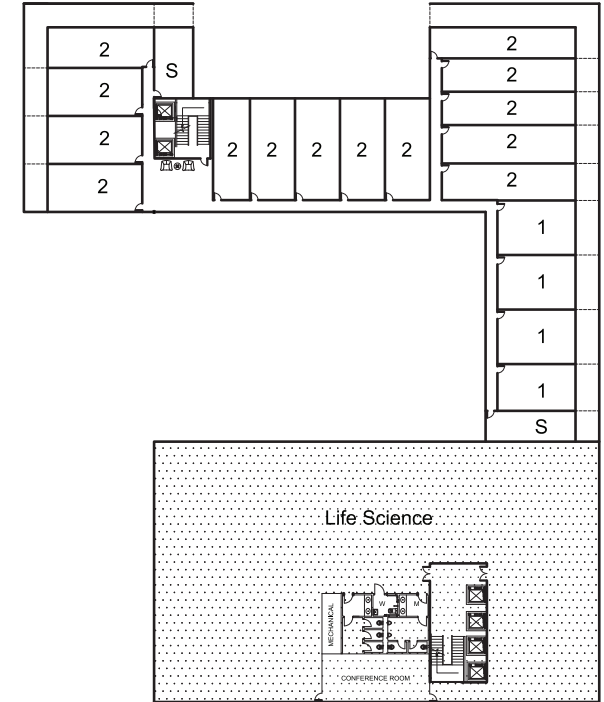
Floors 2-4



Floors 5-6

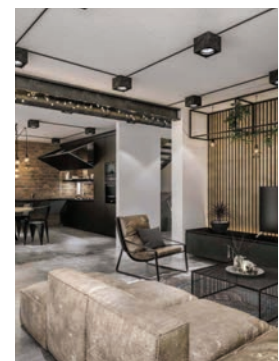


Floor 7



MIXED INCOME COMMUNITY

The Zephyr will include 184 apartments, available to people at a diversity of income levels. The unit mix includes 72 studio apartments, 90 one-bedroom apartments, and 22 two-bedroom apartments. Following RDA standards, 20% of the units will be held at affordable rents for households making 60% AMI with another 20% at "deeply affordable" rates for households making 40% AMI. Affordable and market-rate rents will be spread across unit sizes. Not only will this mix create a healthy and diverse community, but it will also qualify The Zephyr for LIHTC funding and RDA low-interest loans which can reduce financing costs and increase return on equity.



RESIDENTIAL

STUDIO
72 UNITS



1 BEDROOM
90 UNITS



2 BEDROOM
22 UNITS



RENTAL RATES

THE ZEPHYR

Studio	\$1,473.00
1Bed	\$1,719.67
2Bed	\$2,004.30

3.00% Expected Growth Rate

184 Total Apartments
20% Affordable at 40% AMI
20% Affordable at 60% AMI

FLOORS 4-14

LIFE SCIENCE

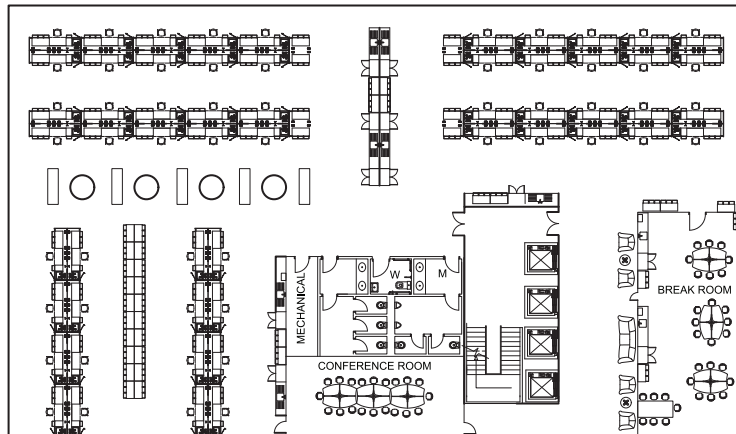
The Zephyr's life science tower is inspired by Class A offerings in Tier 1 and 2 markets while catering to the needs of Utah companies.

At our first presentation, the panel expressed concerns about the leasability of life science office with the prevalence of remote work. Our discussions with stakeholders from University of Utah Real Estate and Recursion confirmed that there is immediate real estate demand from smaller companies growing out of Research Park as well as large businesses which are looking to relocate to Salt Lake City. This is a growing industry in this region with tremendous potential.

Judges also expressed concerns with ventilating a high-rise life science building. Pioneer Development's research showed that high-rise life science office buildings can be ventilated properly as proven in districts like Kendall Square in Boston and Tech Square in Atlanta.

Given the market research, Pioneer Development proposes a 207,240 SF Class A high-rise life science office building and is confident that it will attract new businesses, premium rents, and the best and brightest talent graduating from local universities.

207,240 SF
14 STORIES



LIFE SCIENCE EXAMPLE FLOOR PLAN

UTAH'S LIFE SCIENCE INDUSTRY

2nd In the Nation for Medical Device Employment Concentration
\$13B Direct and Indirect GDP from the Industry
8% of Utah's Total GDP
1,100+ Companies
538 Life Science Patents in 2019
6th Per Capita VC Investment

LIFE SCIENCE LAB SPACE PRECEDENTS



LIFE SCIENCE LOBBY



AMENITIES

OFFICE

- Lobby with Building Receptionist
- Tall Ceilings
- High-Speed Google Fiber Internet
- Transit Arrival + Departure Screen
- Floor-to-Ceiling Windows
- Wellness Deck

RESIDENTIAL

- Rooftop Hot Tub and Deck
- Secured Mail Lockers
- Fitness Center
- Balconies
- Lounge and Co-Working Space
- Transit Arrival + Departure Screen

SHARED

- Rooftop Wellness Garden
- Rooftop Pickleball Courts
- Dog Park and Wash
- Recycling, Composting, and Trash
- Secured Bike Parking in Garage
- Electric Vehicle Charging Stations



SALT LAKE MATTRESS BUILDING

MATTRESS BUILDING ADAPTIVE REUSE

The 1907 Salt Lake Mattress Building is one of the few remaining contributing buildings in this district. As such, it deserves to remain and add character to the Station Center district. Pioneer Development will complete an adaptive reuse project on the Salt Lake Mattress Building so that it can continue to serve this district for another 100 years. We will build it out in a flexible and open way to meet a variety of needs. For now, it will serve as an amenity for Zephyr tenants providing conference and event space.

HISTORIC BUILDING



EVENT SPACE



RESTAURANT



VIEW LOOKING WEST FROM WOODBINE



COMPARABLES

CLASS A OFFICE



95 State
95 S State St.
Salt Lake City, UT

\$42.00 RSF



Wells Fargo Center
299 S Main St.
Salt Lake City, UT

\$34.00 RSF



222 Main
222 S Main St.
Salt Lake City, UT

\$41.50 RSF

CLASS A LIFE SCIENCE RENTAL RATES

Average Comparable	\$39.17	
Life Science Premium	\$7.83	(20.00%)
Life Science Rent	\$47.00	
Annual Rent Increase	3.00%	

THE ZEPHYR LIFE SCIENCE RENT SCHEDULE

2022	\$47.00	Pre-Construction
2023	\$48.41	Construction
2024	\$49.86	Construction
2025	\$51.36	Lease Up
2026	\$52.90	Lease up
2027	\$54.49	Lease up
2028	\$56.12	Operating
2029	\$57.80	Operating
2030	\$59.54	Operating
2031	\$61.32	Operating
2032	\$63.16	Operating

MULTIFAMILY



Pierpont Apartments By Urbana
315 W Pierpont Ave
Salt Lake City, UT

Studio	\$1,225.00
1 Bed	\$1,727.00
2 Bed	\$2,092.00



Milagro Apartments
241 W 200 S
Salt Lake City, UT

Studio	\$1,400.00
1 Bed	\$1,545.00
2 Bed	\$2,362.00



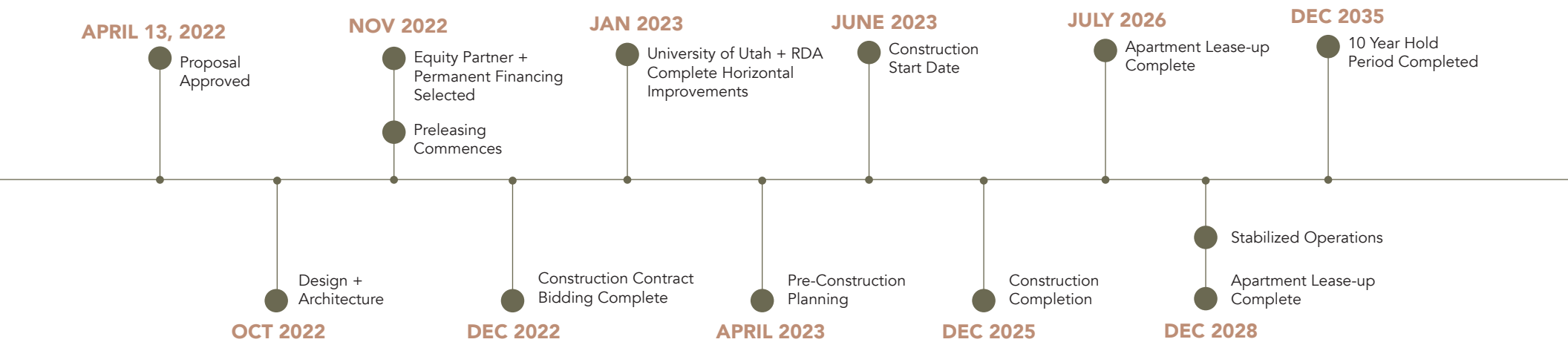
The Charli
828 S Richards St.
Salt Lake City, UT

Studio	\$1,794.00
1 Bed	\$1,887.00

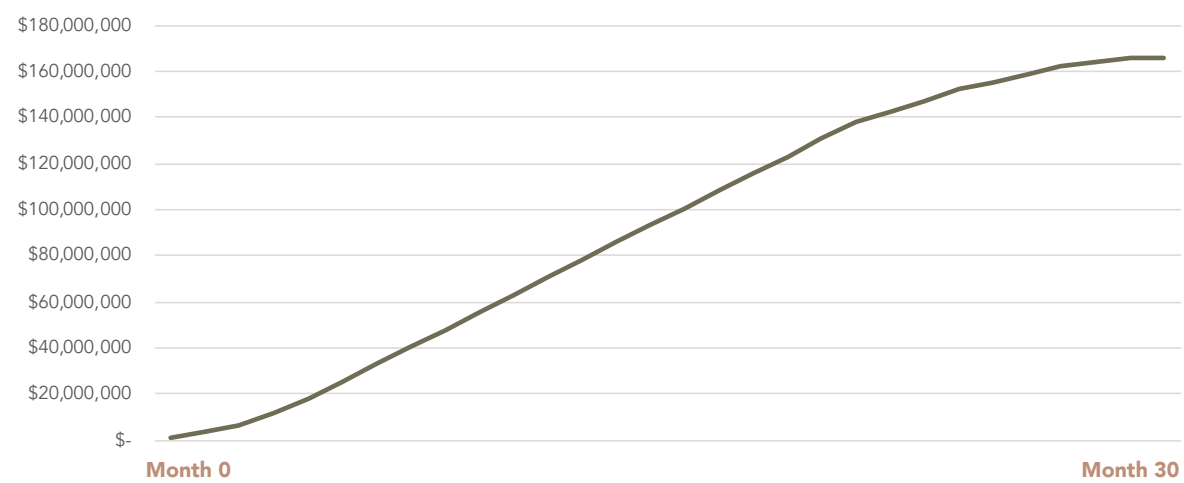
THE ZEPHYR MULTIFAMILY RENT ROLL

Unit Mix	Rental Rate	Units	Loss to Lease	Loss to Lease %
Studio	\$1,473.00	43		
1 Bed Room	\$1,719.67	54		
2 Bed Room	\$2,004.30	13		
60% AMI Studio	\$1,189.41	14	\$(283.59)	19%
60% AMI 1 Bed	\$1,189.41	18	\$(530.26)	31%
60% AMI 2 Bed	\$1,189.41	4	\$(814.89)	41%
40% AMI Studio	\$792.94	15	\$(680.06)	46%
40% AMI 1 Bed	\$792.94	18	\$(926.73)	54%
40% AMI 2 Bed	\$792.94	5	\$(1,211.36)	60%
Total Units		184		

CONSTRUCTION - TIMELINE



CONSTRUCTION COSTS S CURVE



EQUITY

EQUITY RETURNS HURDLES & SPLITS

Total Equity	\$53,417,818	100%
Limited Partner	\$48,076,036	90%
Sponsor	\$5,341,781	10%

EQUITY WATERFALL

Equity Hurdles	IRR Hurdles	Limited Partner Returns	Sponsor Returns
1	12%	90%	10%
2	16%	75%	25%
3	16%+	60%	40%

LIMITED PARTNER RETURNS

Distribution	\$158,345,307	(Lower due to tax credit amount)
Contributions	\$37,610,684	
Net Cashflow	\$119,734,622	
IRR	20.30%	
Equity Multiple	4.46	

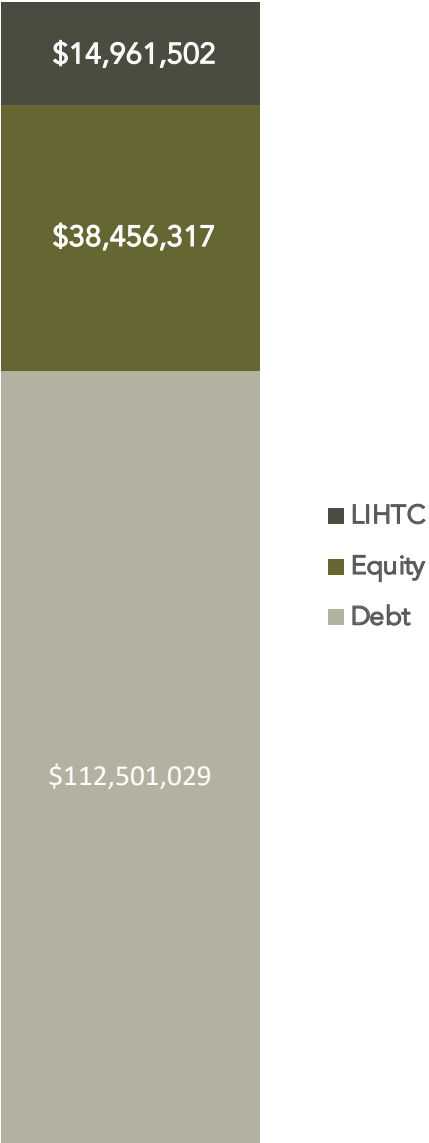
SPONSOR RETURNS

Distribution	\$53,123,723
Contributions	\$3,845,631
Net Cashflow	\$49,278,092
IRR	32.11%
Equity Multiple	13.81

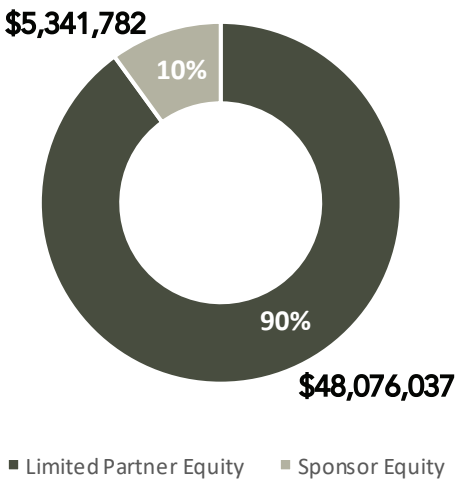
OPPORTUNITY ZONE

The Zephyr is located in an Opportunity Zone, an area designated by the Department of Housing and Urban Development as needing investment. To investors, this means there is significant opportunity to be forgiven of capital gains tax. Specifically, if investors hold their investment with The Zephyr for ten years, 15% of their deferred capital gains tax from prior real estate investments and all capital gains tax accrued at the sale of The Zephyr will be forgiven. This is an enticing incentive that will boost investor returns.

CAPITAL STACK



PARTNERSHIP EQUITY SPLIT



LOW INCOME HOUSING TAX CREDIT

LOW INCOME HOUSING TAX CREDIT

Because the Zephyr is offering holding 40% of its units at rates affordable to those making 60% or less of area median income, it qualifies for the Low Income Housing Tax Credit. Pioneer Development will apply for the “9% Tax Credit” through which the state government allocates tax credits valued at 70% of the total development costs for the affordable units. These tax credits typically can be sold to investors at \$.90 on the dollar for cash that Pioneer Development can use as equity for the development.

AFFORDABLE RFP REQUIREMENTS

AMI (Salt Lake County)	\$79,294	% of AMI	Affordable Rental Rate
RFP Affordable Requirement 1	20%	60%	\$1,189
RFP Affordable Requirement 2	20%	40%	\$792

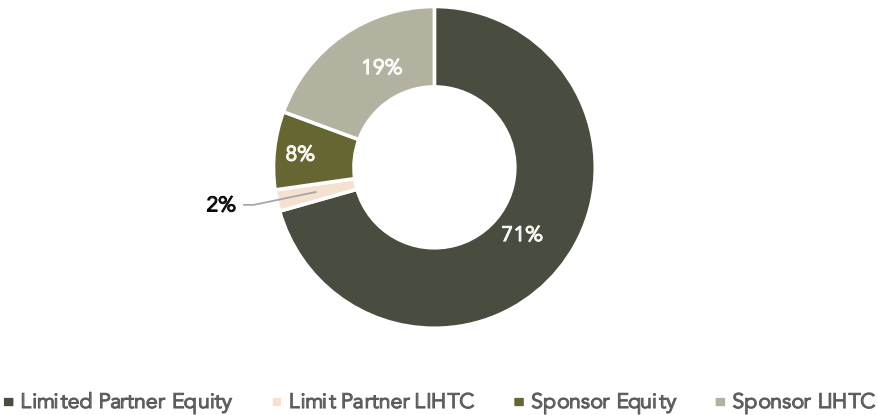
PERCENT OF AFFORDABLE UNITS 40%

Unit Mix	Units
Studio	29
1 Bedroom	36
2 Bedroom	9
Total Affordable Units	74
Total Units	184

LOW INCOME TAX CREDIT

Number of Affordable Units	74
Cost per Unit	\$246,865
Total Affordable Costs	\$18,268,012
70% of Costs	\$12,787,608
30% QCT Boost	\$3,836,282
Total LIHTC Amount	\$16,623,890
90% Tax Credit Value	\$14,961,501

LIHTC EQUITY APPLICATION



QUALIFIED CENSUS TRACT

In 2022, the Department of Housing and Urban Development designated the census tract that contains Station Center as a Qualified Census Tract. This designation grants all LIHTC-funded projects in these census tracts a 30% boost in their LIHTC amount. This means, if selected, 91% of the cost to develop affordable units at The Zephyr can be provided through tax credits.

SALT LAKE CITY REDEVELOPMENT AGENCY LOAN

Because the Zephyr will meet RDA affordable housing and sustainability requirements (and because it is in an RDA project area), it qualifies for a low-interest RDA loan. However, these loans are competitive and available only as gap financing—to close demonstrated gaps in the capital stack. Pioneer Development has not included this loan in its financial modeling but this may be a useful tool to use in financing The Zephyr.

DEBT

CONSTRUCTION LOAN TERMS

Construction Start Date	6/1/23
Construction Term	30 Months
Construction Loan Initial Draw	10 Months
Total Project Costs	\$165,918,847
Interest Reserve	\$3,547,905
Interest Rate	3.12%
Loan to Cost	67.50%

PERMANENT LOAN TERMS

Permanent Loan Start Date	12/31/25
Term	10
Start Month	31
Amortization Period	35 Years
Present Value Loan Amount	\$136,388,623
Interest Rate	3.38%
Loan to Value	74.00%

LAND LEASE TERMS

Land Lease Start Date	6/1/2023
Land Lease End Date	6/1/2122
Square Feet	61,856
Interest Rate	3.80%
Lease Rate	\$175
Term	99 Years

LIFE SCIENCE CONSTRUCTION COSTS

Land Lease	\$624,041
Hard Costs	\$95,534,019
Soft Costs	\$16,476,475
Project Soft Costs	\$6,178,204
Financing Costs	\$954,428
Fees & Contingency	\$9,343,843
Total	\$112,634,535
Cost per SF	\$543

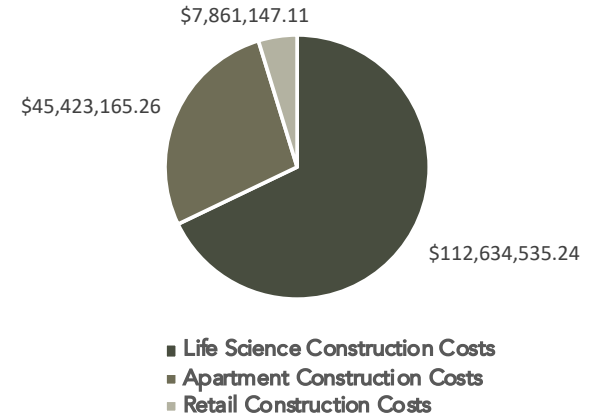
APARTMENT CONSTRUCTION COSTS

Land Lease	\$367,366
Hard Costs	\$34,938,036
Soft Costs	\$10,117,763
Project Soft Costs	\$3,660,317
Financing Costs	\$561,861
Fees & Contingency	\$5,895,584
Total	\$45,423,165
Cost per Unit	\$246,865

RETAIL CONSTRUCTION COSTS

Land Lease	\$61,549
Hard Costs	\$6,572,747
Soft Costs	\$1,226,851
Project Soft Costs	\$606,099
Financing Costs	\$94,135
Fees & Contingency	\$526,617
Total	\$7,861,147
Cost per SF	\$384

THE ZEPHYR CONSTRUCTION COST BY BUILDING USE



RDA TO PAY FOR THE DEVELOPMENT OF THE FESTIVAL STREET AND WOODBINE COURT AS PER RFP

LTV Breakdown	Construction Costs	Loan to Value Maximum	Loan to Value Amount	Total Construction Costs	
Life Science	\$106,287,786	70%	\$74,401,450	Loan LTV Total	\$165,918,847
Multifamily	\$39,808,733	65%	\$25,875,676	Required Equity	\$112,501,029
Retail	\$6,610,105	65%	\$4,296,568	LTV	\$53,417,818
Office	\$13,212,222	60%	\$7,927,333		32%
	\$165,918,847		\$112,501,029		

ABSORPTION + CAP RATE

LIFE SCIENCE

LEASE UP LIFE SCIENCE

Duration	Leasing Projection %	Leasing Projection SF
Pre Leased	50%	103,620
Monthly Absorption (Starting Month 6)	1.39%	2,878
Lease Up Completed Months 36		69,080.00

NEW TENANT LIFE SCIENCE LEASE OFFERINGS

Tenant Type	Life Science & Bio Technology
Free Rent	7 Months
Tenant Improvements	\$150.00 SF
Term	10+ Years

EXIT PLAN	Life Science (Office Class A)	Class A Multifamily	Retail
Adjusted SLC Cap Rates	5.80%	4.15%	5.73%
Revenue Weighted Average	4.34%	0.93%	0.15%
Current Weighted Average Cap Rate	5.43%		
Cap Rate Risk Premium	1%		
Permanent Financing Projected Cap Rate	6.43%		
Exit Cap Rate Premium	0.50%		
Exit Cap Rate	6.93%		
Year 11 Net Operating Income	\$17,024,678		
Projected Exit Value	\$245,757,094		
Permanent Loan Repayment	\$(132,245,068)		
Sales Commission	\$(2,457,570)		
Sales Costs	\$(245,757)		
Net Reversion Proceeds	\$110,808,697		

MULTIFAMILY

MULTIFAMILY LEASE UP

Duration	Occupancy Rate
Month 1	20%
Month 2	40%
Month 3	60%
Month 4	80%
Month 5	90%
Month 6	95%
Month 7	100%

NEW TENANT MULTIFAMILY LEASE OFFERINGS

Tenant Type	Multifamily
Rent Concession	1 Month

CAP RATES + EXIT STRATEGY

Permanent Financing Projected Cap Rate	6.43%
Projected Exit Cap Rate	6.93%

These cap rates are a weighted average based on revenue projections for each property type at The Zephyr. Cap rate baselines come from the 2021 Q4 CBRE cap rate report for Salt Lake City.

DEAL ECONOMY

Operating Cashflow at Stabilization	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
Gross Potential Rent											
Gross Potential Life Science Rent	\$ 3,024,888	\$ 7,751,973	\$ 10,064,471	\$ 11,762,323	\$ 12,159,006	\$ 12,554,622	\$ 12,963,033	\$ 13,384,650	\$ 13,819,896	\$ 14,269,211	\$ 14,733,047
Vacancy & Collection Loss (7%)	\$ (199,195)	\$ (506,267)	\$ (653,191)	\$ (794,340)	\$ (838,552)	\$ (863,709)	\$ (889,620)	\$ (916,309)	\$ (943,798)	\$ (972,112)	\$ (1,001,275)
Life Science Rent Concessions	\$ (2,840,516)	\$ (1,454,120)	\$ (1,053,121)	\$ (888,406)	\$ (12,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Potential Multifamily Rent	\$ 1,076,991	\$ 3,457,561	\$ 3,561,288	\$ 3,668,127	\$ 3,778,170	\$ 3,891,515	\$ 4,008,261	\$ 4,128,509	\$ 4,252,364	\$ 4,379,935	\$ 4,511,333
Vacancy & Collection Loss (4%)	\$ (65,885)	\$ (148,112)	\$ (152,556)	\$ (157,132)	\$ (161,846)	\$ (166,702)	\$ (171,703)	\$ (176,854)	\$ (182,159)	\$ (187,624)	\$ (193,253)
Multifamily Rent Concessions	\$ (64,035)	\$ (205,577)	\$ (211,745)	\$ (218,097)	\$ (224,640)	\$ (231,379)	\$ (238,321)	\$ (245,470)	\$ (252,834)	\$ (260,419)	\$ (268,232)
Retail Income (20% Vacancy)	\$ 179,082.17	\$ 368,909.28	\$ 379,976.55	\$ 391,375.85	\$ 403,117.13	\$ 415,210.64	\$ 427,666.96	\$ 440,496.97	\$ 453,711.88	\$ 467,323.23	\$ 481,342.93
Total Net Rental Income	\$ 1,111,330	\$ 9,264,368	\$ 11,935,123	\$ 13,763,849	\$ 15,102,354	\$ 15,599,559	\$ 16,099,318	\$ 16,615,023	\$ 17,147,180	\$ 17,696,314	\$ 18,262,963
Other Income											
Life Science CAM Reimbursements	\$ 818,850	\$ 1,933,092	\$ 2,369,094	\$ 2,649,017	\$ 2,740,367	\$ 2,810,815	\$ 2,883,082	\$ 2,957,216	\$ 3,033,266	\$ 3,111,280	\$ 3,191,309
Utility Income	\$ 10,408	\$ 21,292	\$ 21,869	\$ 22,463	\$ 23,072	\$ 23,697	\$ 24,339	\$ 24,999	\$ 25,676	\$ 26,372	\$ 27,086
IPS Rent	\$ 23,177	\$ 47,626	\$ 49,176	\$ 50,777	\$ 52,430	\$ 54,135	\$ 55,896	\$ 57,714	\$ 59,591	\$ 61,529	\$ 63,529
Multifamily Other Income	\$ 349,847	\$ 720,686	\$ 742,306	\$ 764,576	\$ 787,513	\$ 811,138	\$ 835,472	\$ 860,537	\$ 886,353	\$ 912,943	\$ 940,332
Total Other Income	\$ 1,202,282	\$ 2,722,696	\$ 3,182,446	\$ 3,486,832	\$ 3,603,381	\$ 3,699,786	\$ 3,798,791	\$ 3,900,466	\$ 4,004,886	\$ 4,112,123	\$ 4,222,256
Effective Gross Income	\$ 2,313,612	\$ 11,987,063	\$ 15,117,570	\$ 17,250,681	\$ 18,705,735	\$ 19,299,345	\$ 19,898,108	\$ 20,515,489	\$ 21,152,066	\$ 21,808,438	\$ 22,485,219
Operating Expenses											
Repairs & Maintenance	\$ (259,706)	\$ (532,398)	\$ (545,708)	\$ (559,350)	\$ (573,334)	\$ (587,667)	\$ (602,359)	\$ (617,418)	\$ (632,854)	\$ (648,675)	\$ (664,892)
Utilities	\$ (304,972)	\$ (625,193)	\$ (640,823)	\$ (656,843)	\$ (673,264)	\$ (690,096)	\$ (707,348)	\$ (725,032)	\$ (743,158)	\$ (761,737)	\$ (780,780)
Staffing & Payroll	\$ (351,945)	\$ (721,487)	\$ (739,525)	\$ (758,013)	\$ (776,963)	\$ (796,387)	\$ (816,297)	\$ (836,704)	\$ (857,622)	\$ (879,062)	\$ (901,039)
Property Taxes & Insurance	\$ (531,833)	\$ (1,090,258)	\$ (1,117,515)	\$ (1,145,452)	\$ (1,174,089)	\$ (1,203,441)	\$ (1,233,527)	\$ (1,264,365)	\$ (1,295,974)	\$ (1,328,374)	\$ (1,361,583)
Other Operating Expenses	\$ (310,236)	\$ (635,984)	\$ (651,883)	\$ (668,181)	\$ (684,885)	\$ (702,007)	\$ (719,557)	\$ (737,546)	\$ (755,985)	\$ (774,885)	\$ (794,257)
Reserves for Replacement	\$ (98,535)	\$ (201,998)	\$ (207,048)	\$ (212,224)	\$ (217,529)	\$ (222,968)	\$ (228,542)	\$ (234,255)	\$ (240,112)	\$ (246,115)	\$ (252,268)
Property Management (3.5% EGI)	\$ (71,004)	\$ (344,781)	\$ (428,728)	\$ (504,983)	\$ (561,185)	\$ (578,486)	\$ (595,841)	\$ (613,716)	\$ (632,127)	\$ (651,091)	\$ (670,624)
Land Lease	\$ (210,591)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (421,183)	\$ (35,099)
Total Operating Expenses	\$ (2,138,824)	\$ (4,573,281)	\$ (4,752,411)	\$ (4,926,229)	\$ (5,082,433)	\$ (5,202,235)	\$ (5,324,654)	\$ (5,450,220)	\$ (5,579,014)	\$ (5,711,121)	\$ (5,460,541)
Net Operating Income	\$ 174,788	\$ 7,413,782	\$ 10,365,158	\$ 12,324,452	\$ 13,623,302	\$ 14,097,109	\$ 14,573,455	\$ 15,065,269	\$ 15,573,052	\$ 16,097,317	\$ 17,024,679
Annual Debt Service	\$ (3,014,845)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)	\$ (7,235,627)
DSCR	0.06	1.02	1.43	1.70	1.88	1.95	2.01	2.08	2.15	2.22	2.22
Net Cashflow	\$ (2,840,056)	\$ 178,155	\$ 3,129,531	\$ 5,088,825	\$ 6,387,675	\$ 6,861,482	\$ 7,337,827	\$ 7,829,642	\$ 8,337,425	\$ 8,861,690	\$ 245,757,094
Reversion Value (6.92% Cap Rate)											
Principal Balance (Perm Loan)	\$ 135,674,575	\$ 133,690,531	\$ 133,598,049	\$ 133,502,396	\$ 133,403,465	\$ 133,301,143	\$ 133,195,313	\$ 133,085,856	\$ 132,972,647	\$ 132,845,068	\$ 110,808,698
Net Reversion Proceeds											
Cash on Cash	-5.32%	0.33%	5.86%	9.53%	11.96%	12.84%	13.74%	14.66%	15.61%	16.59%	16.59%
Equity Multiple											3.88
Unlevered IRR											9.11%
Levered IRR											22.26%
Key Metrics											
Life Science Income	\$ 51.36	\$ 52.90	\$ 54.49	\$ 56.12	\$ 57.80	\$ 59.54	\$ 61.32	\$ 63.16	\$ 65.06	\$ 67.01	\$ 69.02
Life Science Income Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Multifamily Income per Unit	\$ 5,853.21	\$ 18,791.09	\$ 19,354.83	\$ 19,935.47	\$ 20,533.53	\$ 21,149.54	\$ 21,784.03	\$ 22,437.55	\$ 23,110.67	\$ 23,803.99	\$ 24,518.11
Multifamily Income Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Operating Expense Growth Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

