

Science Square Phase 2

Genesis Development Group - #3

April 4, 2024



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I. INVESTMENT TEAM



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II. GENESIS DEVELOPMENT GROUP & SCIENCE SQUARE PHASE II

a. About Us

Genesis Development Group is a private real estate development company specializing in innovative spaces for the life sciences sector. We leverage our extensive experience across office, multifamily, and retail to develop state-of-the-art facilities that meet the unique needs of biotech and pharmaceutical organizations. Our focused expertise and personalized approach ensure that every project we undertake is executed with the highest standards of excellence and precision generating above-market returns internally and for our sponsors and partners.

b. Project Description

Project Name: Science Square Phase 2

Location: Atlanta, Georgia, United States

Project Description:

Science Square Phase 2 is a state-of-the-art life science real estate development project located in the heart of Atlanta's thriving biotech sector. The project aims to provide a collaborative environment for life science companies, research institutions, and startups.

The development will span over 400,000 gross square feet (GSF), offering a mix of laboratory, research, retail, and office spaces. The building's design will be highly customizable to cater to the specific needs of life science companies, including wet and dry laboratories, clean rooms, and high-tech office spaces.

Science Square's location is strategic as it is close to major research institutions and universities. This allows for easy collaboration and access to a pool of talented professionals in STEM fields. Phase 2 will build on the momentum for an Atlanta-based life science hub that was spearheaded by Trammell Crow and Georgia Tech's Science Square Phase 1. Science Square Phase 2 will be a public-private partnership between Genesis Development Group and The Georgia Institute of Technology.

The project is designed with sustainability in mind, incorporating green building practices and aiming for LEED certification. The development also includes amenities such as retail locations, common spaces, and conference rooms to provide a holistic work environment for tenants.

Science Square is set to be a landmark in Atlanta's life science real estate landscape, fostering innovation and growth in the sector. Science Square Phase 2's construction is scheduled for completion in Q3 2028 and to reach stabilization in 2030.

c. Critical Path Schedule of Development

Step 1: Inception of the idea - 4/15/24 - 4/30/24

- Ideation begins with Georgia Tech's RFP on April 15, 2024.
- Preliminary analysis of site requirements, leasing stipulations, and build specifications.
- Delineating the Developer Team's responsibilities.
- Stage 1 financing:
 - Determine initial Developer Equity required to refine the idea and perform feasibility analysis.

- Begin conversations with our network of financiers/lenders for Joint Venture Equity &/or “High-Risk” 3rd Party Equity.

Step 2: Refinement of Idea - 5/1/24 - 9/30/24

- Assess the site’s physical feasibility - topographical, geotechnical, environmental & zoning challenges/restrictions.
- Develop a preliminary design and a preliminary budget/proforma.
- Selected for RFP 07/2024 then in 16 months finalize closing.
- Beginning to coordinate with necessary parties:
 - General Contractor for construction.
 - Architect and civil engineers for blueprints and design.
 - Private Groups and banks for financing.
 - Public/private partnership incentives with Georgia Tech.

Step 3: Feasibility - 10/1/24 - 3/31/25

- Conduct formal market studies to estimate the applicable trends for supply/demand, absorption, rental rates, costs, sales prices & yield requirements.
- Continue building out the budget and proforma.
- Determine what “capital stack(s)” are feasible at what points in the development process.
 - With interest rates projected to decline and lending policies opening back up, we assume a 60/40 debt-to-equity split.
 - 1-month forward SOFR (5.31% today) at the date of financial closing on 1/36/2026 + 3.5% for the cost of debt - **SOFR + 3.5 basis points at 7.14.**
 - Private lenders will be a crucial component of financing to fill the capital stack in case of disinterest from traditional bank financing.
- Begin working with the neighborhood and other concerned groups.
- Begin preliminary processing of plans through government agencies.
- Demonstrate the financial, legal, and physical feasibility to all potential participants.

Step 4: Negotiation - 4/1/25 - 6/30/25

- MDA signed.
- Determine rent and or sales requirements.
- Pre-lease (most likely 60% or more), anchor tenants, pre-sale through Georgia Tech with the increasing demand for research space.
- Preliminary financing deals with all capital resources.
 - Debt, Equity, & Public Incentives/Public Private Partnerships.
- Finalize architectural/engineering design.
- General contractor selection and contract.
- Permits.

Step 5: Financing the Acquisition/Construction/Development - 7/1/25 - 9/30/25

- Close on stage 2 financing:
 - Developers Equity.
 - Joint venture.
 - 3rd Party Equity (high risk).
 - Government incentives and any potential creation of Public Private Partnership.
 - Limited Senior Bank or Non-bank debt.
 - Acquisition of any land or additional land.
 - Any horizontal construction.

Step 6: Formal Closing of Site Acquisition and Financing - 10/1/25 - 1/31/26

- Start stage 3 financing – Vertical:
 - Finalize Governmental Incentives.
 - If available obtain additional senior bank or non-bank debt.

- Lower risk common equity.
- Pre-lease and sales commitments.
- Agreements for build-to-suit or build-to-lease.
- Construction and Design contracts.
- Sign GMP.

Step 7: Construction - 2/1/2026 - 1/31/2028

- Formal Construction/Development Accounting.
- Maintain costs within budget.
- Change orders and management.
- Marketing.

Step 8: Formal Opening & Construction Completion/Tune-Ups 2/1/2028 - 8/1/2028

- Providing enough time from shell completion to the formal opening at the start of a new academic term 2028-2029.
- Operator and Property management company, finalizing the hiring and formal onboarding.
- Certificate of Occupancy.
- Tenant Move in.
- Formal opening at the start of the 2028-2029 academic term.

Step 9: Property, Facility, Asset Management across steps 9, 10, 11 2/1/2028 - 12/31/2031

- Property management across the building and coordinating with the operator/property management company to ensure tenants are satisfied and operations are legally, safely, and effectively conducted.
 - Maintain employment agreements and see to it that the staff's goals are met so they continue to pursue leases.
- Maintaining the asset and consistently updating pro forma with the shell complete and an understanding of market forces with leases signed.
- Ascertaining utilities and daily functions are operating smoothly.

Step 10: Stabilization - 12/31/2029 - 12/31/2031

- Reaches occupancy or revenue level when no additional capital is needed.
 - Development contingencies met.
 - No development risk.
 - Pay off high-risk debt with low-risk options.
- The project will reach peak value.
- Continue to pay off construction financing and look to longer-term refinancing options for post-stabilization.

Step 11: Sale and/or Refinancing - 12/31/2029 - 12/31/2031 (or indefinite)

- Depending on NOI and market/economic conditions, consider one of the following, with goals of refinancing and bolstering the balance sheet with a cash flow-generating asset:
 - Refinance for longer-term debt, retain ownership, strengthen the company's balance sheet, and collect recurring income;
 - Refinance for long-term debt and sell a portion of the stake, though retaining equity in the property and collecting passive income;
 - Consider forecasts for sales, sell the stabilized asset at a market premium, generating immediate ROI for the project with a projected exit cap rate of 5.5% (demonstrating increased demand for life sciences over Science Square's 5.9% exit cap rate) .
- To sell the newly developed property, it would at maximum take 6-24 months after stabilization, but with the market's demand as projected, we anticipate a sale one month after full stabilization.

III. KEY CONSIDERATIONS AND ASSUMPTIONS

There were several key assumptions used in our project's planning. First, we assume that the property will be leased from Georgia Tech as seen in Trammell Crow's Science Square development, which will likely be the case for our project as well given the desire to retain STEM talent from Georgia's institutions and keep them in-state instead of moving to California or Massachusetts. This was confirmed via Georgia Tech's Real Estate Development Team's professionals. We also are operating under the assumption that the land area available for our project is suitable for constructing a 13-story building with a typical parking deck size. Additionally, our development plan will seek to have the same footprint as Science Square with a (GSF) of 405,556. Furthermore, the net square rentable footage (NSRF) ratio will be around 90%, potentially reaching 92%, allowing for efficient utilization of available land. Finally, we assume the rental square footage will be approximately 365,000, providing ample space for research, development, and administrative activities.

Project Size	
Land Area (acres)	1
Gross Square Feet	405,556
NRSF Factor	90.0%
Net Rentable Square Feet	365,000

a. Project Dates

The important dates to consider for our timeline are as follows. We expect the land acquisition stage's completion with our formal financial closing on 1/31/26. Additionally, we're aiming to begin construction immediately following closing with no downtime and land hold period. We anticipate a construction period of 24 months following market comp's timeline for construction and factoring in roughly two months for two years of holiday seasons.

Project Dates		
Land Acquisition Date	1/31/2026	<u>End Date</u>
Period from Land Hold to Construction Start	0 months	1/31/2026
Construction Period	24 months	12/31/2027

b. Capitalization Assumptions

To finance the development, Genesis will utilize our and Georgia Tech's network of high-net-worth individuals for 95% partner equity contribution and procure separate traditional bank or private credit debt to fill the capital stack. As the GP, we will finance 5% of the project's equity. Given economic conditions and stricter lending practices, we have adjusted for a 60/40 equity-to-debt split. Our projected cost of debt involves the 1-month forward SOFR curve at January 2026 SOFR + 3.5% for the lender's spread totaling 7.14%.

Capitalization Assumptions			
	Portion of Project Costs	Interest Rate	Funding Order
Land Hold Period Capitalization:			
Bank Debt	60.00%	7.14%	2
Equity	40.00%	N/A	1
Construction Period Capitalization:			
Bank Debt	60.00%	7.14%	2
Equity	40.00%	N/A	1

Funding Amounts		
	Land Hold Period	Construction Period
Bank Debt	\$0	\$188,341,364
Equity	\$0	\$126,370,678
Total	\$0	\$314,712,042

c. Base Development Fee Assumptions

When determining our base development fee assumptions, we felt that a base development fee of ~\$4.5 million or 1.65% allowed us to both satisfy our investors and garner an adequate return. Even though the industry standard is closer to a \$5-6 million developer fee on a project this size, the \$4.5 million “pencils out” due to the way that we structured our waterfall. Given that our spread is over 200 basis points, we felt these assumptions to be acceptable.

Base Development Fee Assumptions	
Percentage Fee	1.65%
Calculate Fee on (type "X" to include):	
Land or Building Purchase	
Land Development and Site Work	X
Building Shell	X
Tenant Improvements: <i>Hard Costs</i>	x
Arch. & Eng. and Other Consultants	x
Legal, Marketing, Insurance, Taxes	x
Permits, Testing/Insp., Fees, Bonds	
Leasing Commissions	
Finance Fees	
Interest Expense / Loss to Breakeven	
Contingency	x
Furniture and Equipment	x
Result	
Project Costs used for Calculation	\$270,161,600
Base Development Fee	\$4,457,666

d. Economic Assumptions

The project will have 365,000 Rentable Sq feet. Based on recent rental activity in other life science communities, having a master lease with a top research university will both offer a stable inflow of talent and fill the building with activity. So, a 60% master prelease with Georgia Tech will fill the demand that the institution has for more lab space with its growing class sizes and research ventures. For the remaining 146,000 square feet, phased pre-leases and leases will be conducted with a mix of startups, established companies, and research groups. Pricing was estimated based on Costar pricing for similar lab spaces as Genesis Development’s but in a market that Atlanta will compete with--northeastern USA.

Comps	100 Binney St	50-60 Binney St	Alexandria Center for Life Science
Stories	10	10	17
Total Area RSF	431,500	532,395	418,639
% Leased	100%	100%	100%
Rent	\$65-79	\$56-68	\$64-78
Year Built	2018	2017	2013
Major Tenants	OrbitalTherapeutics, Facebook, Sigilon Therapeutics, TCR2 Therapeutics	Bluebirdbio, Inc	NYU Proteomics Laboratory Intra-Cellular Therapies Collectis Inc
Sale Price	\$ 713,228,000.00	\$782,232,000	Not Available
Cap Rate	3.60%	4.30%	Not Available
COD	\$ 485,000,000.00	Not Available	Not Available

Based on market research, supply, and demand for lab space in the Atlanta area will be at a premium in 2029 given increased demand projections for research space from Science Square Phase 1 and the Rowen Foundation helping to retain Georgia's STEM talent. The target rental rate will be \$70 per square foot for all tenants besides the master lease and spec suits. Georgia Tech's master lease will be at a rate of \$65 per square foot due to the Institute filling the majority of the building and going in as a partner in the deal. For the spec suite, a rate of \$85 will be charged for the increased costs of building out the space and a higher expected initial demand.

Lease Assumptions												
	Month Commence	Square Feet	Rental Rate (\$/sf)			Free Rent		Leasing Commissions (\$ amount)		Tenant Improvements (\$/sf)		Lease Commence
	Beginning w/ Month 1 *		Net Rent	Expense Stop	Gross Rent	months up front	Oper. Exp. Paid by	Third Party Broker	In-House Broker	Hard Costs	Soft Costs	
Lease #1 - GT Master	1	219,000	\$65.00	\$0.00	\$65.00	6	Landlord	\$8,791,056	\$4,395,528	\$150.00	\$0.00	Apr-2028
Lease #2 - Spec	4	29,200	\$85.00	\$0.00	\$85.00	3	Landlord	\$367,336	\$153,057	\$0.00	\$0.00	
Lease #3 Retail/Storage	7	29,200	\$70.00	\$0.00	\$70.00	3	Landlord	\$306,113	\$153,057	\$150.00	\$0.00	Jul-2028
Lease #4	10	29,200	\$70.00	\$0.00	\$70.00	3	Landlord	\$306,113	\$153,057	\$150.00	\$0.00	Oct-2028
Lease #5	14	29,200	\$70.00	\$0.00	\$70.00	3	Landlord	\$306,113	\$153,057	\$150.00	\$0.00	Feb-2029
Lease #6	20	29,200	\$70.00	\$0.00	\$70.00	3	Landlord	\$306,113	\$153,057	\$150.00	\$0.00	Aug-2029
Lease #7	0	0	\$0.00	\$0.00	\$0.00	3	Landlord	\$0	\$0	\$0.00	\$0.00	
Lease #8	0	0	\$0.00	\$0.00	\$0.00	0	Landlord	\$0	\$0	\$0.00	\$0.00	
Lease #9	0	0	\$0.00	\$0.00	\$0.00	0	Landlord	\$0	\$0	\$0.00	\$0.00	
Lease #10	0	0	\$0.00	\$0.00	\$0.00	0	Landlord	\$0	\$0	\$0.00	\$0.00	
Lease #11	0	0	\$0.00	\$0.00	\$0.00	0	Landlord	\$0	\$0	\$0.00	\$0.00	
Total		365,000	AVG Rent \$71.67					\$10,382,845	\$5,160,811	\$50,370,000	\$0	

e. Additional Assumptions - Parking, Stabilization, Lease-up

Lease-up is slightly aggressive based on supply and demand projections as well as the success of Science Square Phase 1. We believe leasing will be easier in 2028-2029 as universities continue to receive grants for life sciences, new projects in this submarket garner further support, and companies compete to lock in space in the prominent market that Atlanta possesses.

Dates for Lease-Up and Stabilization			
Lease-Up Date -	full lease-up	End of Month 43	7/31/2029
Stabilization Date -	full lease-up and end of free rent	End of Month 46	10/31/2029

Operating Expense Assumptions	
Operating Expenses on Vacant Space during Lease-Up (/s.f.)	\$15.00
Operating Expenses on Leased Space during Free Rent (/s.f.)	\$17.00

Other Income Assumptions		
Other Income - annual amount at full lease-up (e.g. Parking)	Parking Income	\$680,000

Parking Spaces	
	# of Spaces
Surface Lot(s)	0
Garage - Free-Standing:	
Above Grade	400
Below Grade	0
Total Parking Spaces	400
Total Parking Spaces per 1,000 Commercial N	1.1
GARAGE - Cost per Parking Space	\$30,000

Parking income is based on Collier research and local area rates of reserved and unreserved (hourly). We determined a conservative parking income of \$680,000. See appendix for additional details.

Type	Split	400	Price per mo.	total
Reserved	0.3	120	\$185	\$22,200
Unreserved	0.7	280	\$125	\$35,000
			Total per mo.	\$57,200
			Total per Year	\$686,400

f. Vacancy and Structural Reserve Assumptions

Each of the spaces will have the possibility of a brief vacancy, except for the master lease with Georgia Tech. With this being the case, we assumed a vacancy factor of 5% for non-built-out life science space and 4 % for the spec suite.

Vacancy and Structural Reserve Assumptions						
	Vacancy Factor		Structural Reserve Factor		Gross Rental Income - Forward 12 Months	
			%	or /sf	at Stabilization	at Sale
Lease #1 - GT Master	0.00%		0.00%	\$0.12	\$14,235,000	\$14,235,000
Lease #2 - Spec	4.00%		0.00%	\$0.12	\$2,482,000	\$2,482,000
Lease #3 Retail/Storage	5.00%		0.00%	\$0.12	\$2,044,000	\$2,044,000
Lease #4	5.00%		0.00%	\$0.12	\$2,044,000	\$2,044,000
Lease #5	5.00%		0.00%	\$0.12	\$2,044,000	\$2,044,000
Lease #6	5.00%		0.00%	\$0.12	\$2,044,000	\$2,044,000
Lease #7	5.00%		0.00%	\$0.12	\$0	\$0
Lease #8	0.00%		0.00%	\$0.00	\$0	\$0
Lease #9	0.00%		0.00%	\$0.00	\$0	\$0
Lease #10	0.00%		0.00%	\$0.00	\$0	\$0
Lease #11	0.00%		0.00%	\$0.00	\$0	\$0
Other Income Parking Inc	0.00%		5.00%		\$680,000	\$680,000

IV. PROJECT RETURNS

a. Cash Flow Statement

Sales Proceeds		
Stabilization Date	Month 46	Oct-2029
Sale Date	Month 47	Nov-2029
Commerical Sale Price		
Net Operating Income at Sale		\$25,205,591
Exit Capitalization Rate		5.50%
Gross Sale Price	\$1,130.01 /RSF	\$458,283,473
Gross Sales Proceeds - based on NOI	\$1,255.57 /RSF	\$458,283,473
Transfer Taxes	0.00%	\$0
Third Party Commission	0.50%	(\$2,291,417)
In-House Commission	0.00%	\$0
Legal / Miscellaneous Closing Costs	\$0	\$0
Net Sales Proceeds	\$1,249.29 /RSF	\$455,992,055
Project Cash Flow thru Sale *		\$12,256,631
Total Distributions Available		\$468,248,687

Returns Summary			
	CRM	IRR	Net Cash Flow
Deal - Unlevered	1.6	19.1%	\$180,888,127
Deal - Levered	1.9	20.6%	\$128,534,957
Equity Partner 1	1.8	18.0%	\$103,627,700
Developer Equity	2.1	24.8%	\$8,109,255
Developer Promote			\$16,798,002
Developer Equity + Promote	4.5	54.7%	\$24,907,257

Given the increase in demand for research space because of the Atlanta life science market's inception from Science Square Phase 1 and the Rowen Foundation, with \$25,205,591 in net operating income (NOI), we are assuming a 5.5% exit cap rate which amounts to a gross sale price of \$458,283,473 and net distributions of \$468,248,687 after commissions and cash flow through the sale of the project.

With construction projected to finish by year-end 2027, we assume a full lease-up and stabilization roughly 22 months later in October 2029. The projected NOI comprises \$1,288,450 in vacancy and structural reserve along with gross rental income of \$25,814,041 and parking income of \$680,000.

Science Square Phase 2 will garner satisfactory returns for our partners and investors. At a project IRR of 20.6% and with an 18% IRR for our equity partner, investors will reap the rewards by contributing to Atlanta's growth in this space and being one of the first key players in solidifying Georgia as a haven for life sciences. Through our 5% equity contribution, Genesis Development Group will garner 54.7% IRR through development fees and our promote. Although our returns reflect the risk that we will procure through leading this project, the waterfall structure, as indicated below in Section IV Subsection E, demonstrates a humble appreciation for our partners and investors with a majority of the distributions flowing to our sponsors.

At a yield on cost of 7.98% and exit cap rate of 5.5% in line with the market's demand, Genesis has projected a 2.48% developer's spread as indicated in Section IV. Subsection A.

b. Pre-Leasing Requirements

We are assuming that roughly 60% (219,00 sq ft) of our life sciences center will be pre-leased through Georgia Tech MDA, leaving 1 floor for spec and the remaining build to suit. We believe that reaching 60% occupancy via pre-leasing will allow us to secure the necessary debt and equity financing. We also believe that the 1-floor speculation will be occupied by other research universities, such as Morehouse and Emory, interested and looking for move-in-ready spaces to encourage talent from their programs to stay in Georgia instead of relocating to more active life science markets in California and Massachusetts.

- Sign long-term leases with an affiliate of GT such as GTF, GATV, GTRES.
- Lease 1 year at a time to BOR.
- Due Diligence – <https://www.usg.edu/policymanual/section9/C543/>
 - There is no appropriate space available on campus;
 - The program requires an off-campus site;
 - No other campus has appropriate space that may be used; or,
 - There are other extraordinary circumstances that require leasing.
- No subleasing.
- Pricing is based on research on Costar and below comps:

Comps	100 Binney St	50-60 Binney St	Alexandria Center for Life Sciences
Stories	10	10	17
Total Area RSF	431,500	532,395	418,639
% Leased	100%	100%	100%
Rent	\$65-79	\$56-68	\$64-78
Year Built	2018	2017	2013
Major Tenants	OrbitalTherapeutics, Facebook, Sigilon Therapeutics, TCR2 Therapeutics	Bluebirdbio, Inc	NYU Proteomics Laboratory Intra-Cellular Therapies Collectis Inc
Sale Price	\$ 713,228,000.00	\$782,232,000	Not Available
Cap Rate	3.60%	4.30%	Not Available
COD	\$ 485,000,000.00	Not Available	Not Available

Based on market research, supply, and demand for lab space in the Atlanta area we believe we can charge a premium in 2029.

- 62\$ - 75\$
- Spec Rate - Based on previous Science Square spec space rent rate of 75.00 we increase by 20% based on increase of construction cost. We think 85\$ sq. ft. will be fair price in 2029

c. Project Budget/Proforma

The sources of capital can be broken out between three categories: Equity Partnership, Developer's Equity, and Bank Debt.

Equity partnership = \$ 120,052,144

Developer = \$6,318,534

Bank Debt = \$188,341,364

To account for the increased construction costs from now until we would be going vertical, we applied a 20% increase to TCC's hard costs for Science Square Phase 1. We felt this to be a conservative approach, giving ourselves almost 5 basis points of buffer. When you look at the new office building construction

index, we have seen a 15.9% increase in costs from March of 2022 (TCC construction start) to present day. As you can see in the chart, costs have tapered off since the huge spike we saw in 2021 and 2022. This leaves us optimistic that things will stay relatively flat to the present day compared to recent years. See appendix for index chart.

d. Use Statement:

The below table outlines budget line items and use. As you can see there is a significant amount committed to the Building Shell (~57%) and Tenant Improvements (~16%).

Life Science Deal #1 Summary Budget		
Rentable Square Feet: 365,000		
	Total	Per RSF
Land Purchase	\$10,216,000	\$27.99
Land Development and Site Work	\$4,200,000	\$11.51
Building Shell	\$181,688,000	\$497.78
Tenant Improvements (Hard & Soft)	\$50,370,000	\$138.00
Arch. & Eng. and Other Consultants	\$8,760,000	\$24.00
Legal, Marketing, Insurance, Taxes	\$5,934,000	\$16.26
Permits, Testing/Inspection, Fees, Bonds	\$1,095,000	\$3.00
Leasing Commissions	\$15,543,656	\$42.59
Development Fee	\$4,457,666	\$12.21
Finance Fees	\$2,184,860	\$5.99
Interest / Loss to Breakeven	\$12,252,674	\$33.57
Contingency	\$17,169,600	\$47.04
Furniture and Equipment	\$2,040,000	\$5.59
Total Cost Budget	\$315,911,457	\$865.51
<i>Operating Budget</i>		
Rental Income	\$25,814,041	\$70.72
Other Income Parking Income	\$680,000	\$1.86
Vacancy	(\$1,244,650)	(\$3.41)
Structural Reserve	(\$43,800)	(\$0.12)
Operating Expenses	\$0	\$0.00
Net Operating Income	\$25,205,591	\$69.06
Project Yield	7.98%	
Developer's Spread	2.48%	

e. Detailed Project Costs

Our detailed project costs outlines the series of outflows from closing until November 2029. Initial costs include a land purchase of \$10,216,000. Land development and site work will be \$4,200,000 with much of the expense going out in February 2026. The cost to construct the shell is estimated at \$181,688,000 and will be completed between February 2026 and January 2028. The hard and soft tenant improvements total \$50,370,000 with significant costs outflowing in September 2026 and March 2027. Architect and engineering fees, as well as other consulting expenses are expected to be \$8,760,000. We also anticipate legal, marketing, insurance, and taxes to total \$5,934,000. Permits, testing/inspection, and other associated fees are \$1,095,000. Leasing commissions will be \$15,543,656. The development fee is \$4,457,666 and our finance fees are set at \$2,184,860. Interest or loss to break even will be \$17,169,600. We have also included a contingency of \$17,169,600 as well as a furniture and equipment estimated cost of \$2,040,000.

f. Proposed Equity Waterfall Structure

Below is our rationale regarding the distribution of the project's cash flow distributions after:

- We have paid off all current expenses, including debt service and approved developer fees;
- We have established reasonable reserves.

Tier 1 – the equity waterfall begins with the tier 1 distributions favoring the LP as indicated in the table below with 90% of returns prorated to the LP until their IRR equals 14%:

Level 1	Developer Promote	10.00%	5.26%	\$1,299,813
	Equity	90.00%	94.74%	\$23,396,632
	Until Partner IRR Equals	14.00%		

Tier 2 – after partner IRR equals 14%, tier 2 of the waterfall continues to favor the LP, though beginning to reward Genesis for continued success in the development until the sponsor's IRR equals 18%:

Level 2	Developer Promote	20.00%	15.79%	\$4,792,288
	Equity	80.00%	84.21%	\$25,558,867
	Until Partner IRR Equals	18.00%		

Tier 3 – the final tier awards the developer 30% return and the LP 70% as, at this point in the project's returns, we have assumed a significant amount of risk while rewarding our partner for financing the development. Here, while still fair to express appreciation for our partner's contributions, the waterfall reflects a favorable risk-reward for Genesis:

Level 3	Developer Promote	30.00%	26.32%	\$12,340,953
	Equity	70.00%	73.68%	\$3,247,619

There is often a 4th Tier with negotiated IRR &/or Cash-on Cash Hurdles.

g. Sensitivity Analysis

Cap Rate x Rent Rate Table

\$365,331,665.38	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%	6.25%	6.50%
\$65.06	\$527,708,888.89	\$499,934,736.84	\$474,938,000.00	\$452,321,904.76	\$431,761,818.18	\$412,989,565.22	\$395,781,666.67	\$379,950,400.00	\$365,336,923.08
\$66.06	\$535,820,000.00	\$507,618,947.37	\$482,238,000.00	\$459,274,285.71	\$438,398,181.82	\$419,337,391.30	\$401,865,000.00	\$385,790,400.00	\$370,952,307.69
\$67.06	\$543,931,111.11	\$515,303,157.89	\$489,538,000.00	\$466,226,666.67	\$445,034,545.45	\$425,685,217.39	\$407,948,333.33	\$391,630,400.00	\$376,567,692.31
\$68.06	\$552,042,222.22	\$522,987,368.42	\$496,838,000.00	\$473,179,047.62	\$451,670,909.09	\$432,033,043.48	\$414,031,666.67	\$397,470,400.00	\$382,183,076.92
\$69.06	\$560,153,333.33	\$530,671,578.95	\$504,138,000.00	\$480,131,428.57	\$458,307,272.73	\$438,380,869.57	\$420,115,000.00	\$403,310,400.00	\$387,798,461.54
\$70.06	\$568,264,444.44	\$538,355,789.47	\$511,438,000.00	\$487,083,809.52	\$464,943,636.36	\$444,728,695.65	\$426,198,333.33	\$409,150,400.00	\$393,413,846.15
\$71.06	\$576,375,555.56	\$546,040,000.00	\$518,738,000.00	\$494,036,190.48	\$471,580,000.00	\$451,076,521.74	\$432,281,666.67	\$414,990,400.00	\$399,029,230.77
\$72.06	\$584,486,666.67	\$553,724,210.53	\$526,038,000.00	\$500,988,571.43	\$478,216,363.64	\$457,424,347.83	\$438,365,000.00	\$420,830,400.00	\$404,644,615.38
\$73.06	\$592,597,777.78	\$561,408,421.05	\$533,338,000.00	\$507,940,952.38	\$484,852,727.27	\$463,772,173.91	\$444,448,333.33	\$426,670,400.00	\$410,260,000.00

	Sale Price	Cap Rate	Net Average Rent	NOI
Optimistic	\$ 592,597,777.78	4.50%	\$73.06	\$ 26,666,900.00
Assumed	\$ 458,307,272.73	5.50%	\$69.06	\$ 25,206,900.00
Pessimistic	\$ 365,336,923.08	6.50%	\$65.06	\$ 23,746,900.00

Optimistic

Returns Summary			
	CRM	IRR	Net Cash Flow
Deal - Unlevered	2.0	30.0%	\$315,467,935
Deal - Levered	2.3	27.0%	\$164,951,451
Equity Partner 1	1.8	18.0%	\$94,020,203
Developer Equity	3.7	45.9%	\$17,422,896
Developer Promote			\$53,508,352

Developer Equity + Promote	12.2	103.8%	\$70,931,248
-----------------------------------	-------------	---------------	---------------------

Pessimistic

Returns Summary			
	CRM	IRR	Net Cash Flow
Deal - Unlevered	1.3	10.0%	\$87,462,858
Deal - Levered	1.5	11.4%	\$57,437,719
Equity Partner 1	1.5	11.4%	\$54,565,833
Developer Equity	1.5	11.4%	\$2,871,886
Developer Promote			(\$0)
Developer Equity + Promote	1.5	11.4%	\$2,871,886

V. FINANCING, DEVELOPMENT, AND LEASING

We are confident in the likelihood of securing financing and successfully developing and leasing the life sciences project. First, the reputation and track record of our team involved in the project play a crucial role. Our team has a strong history of successful projects and relationships with financiers and tenants, which increases the likelihood of securing financing and leasing the property. Additionally, current and future market conditions and demand for life sciences facilities are positive. Favorable markets with high demand for such facilities can make financing and leasing easier. Furthermore, the financial feasibility of the project, including the projected returns on investment and risks involved, will influence the decision of financiers and potential tenants. Lastly, the regulatory environment and any potential challenges or obstacles in the development process have been considered.

Additionally, the team's experience in leasing property from GT and their understanding of the local market dynamics could further enhance the project's prospects. However, the team is constantly monitoring the market and conducting thorough due diligence and risk assessment to mitigate potential challenges and ensure the project's success.

VI. PROJECT BENEFITS

There are several positive benefits for this project outside of the lucrative returns for our limited partner, debt lender, and Genesis as indicated in Section IV. We believe Science Square Phase 2 will provide students and professionals significant opportunities in Georgia and offer justification to stay local to their alma maters (and potentially families). With the requirement for new research space, a risk-on group must take the lead in supporting Georgia Tech, Trammell Crow Company, and the Rowen Foundation in creating a life science market in Georgia. Specifically, Genesis has operated under the assumption that Science Square Phase 2 will:

- Provide a catalyst for the Life Science district and development of the west side.

- Offer employment opportunities for community potential 2,000+ mid-wages job.
- Meet unmet demand for commercial lab space and clean rooms.
- Enhance the 24/7 mixed-use community.
- Effectively utilize private sector capital allowing GT to invest elsewhere.


VII. APPENDIX

Distribution

Distributions			
Debt Repayment	Construction Period - Bank Debt	60.00%	\$189,546,379
Equity Preferred Return	Rate - Land Hold Period	10.00%	
	Rate - Construction Period	10.00%	
	Compounding	Annual	
	Equity Partner 1		\$47,301,463
	Developer		\$2,489,551
Equity Contributions/Repayment	Equity Partner 1	95.00%	\$120,046,354
	Developer	5.00%	\$6,318,229
Equity Remaining Cash Flow			
Does Developer Promote % (below) include return to Developer Equity?			
		Yes	Adjusted
Level 1	Developer Promote	10.00%	5.26%
	Equity	90.00%	94.74%
	Until Partner IRR Equals	14.00%	
Level 2	Developer Promote	20.00%	15.79%
	Equity	80.00%	84.21%
	Until Partner IRR Equals	18.00%	
Level 3	Developer Promote	30.00%	26.32%
	Equity	70.00%	73.68%
Total Distributions			
			\$436,338,147

Collier Parking Rates

<https://www.colliers.com/en/research/atlanta/2021-atlanta-parking-survey>



6	270 Peachtree	2	\$130	\$5	\$20
7	30 Allen Plaza	1.5	\$180	\$130	\$4 \$12
8	55 Allen Plaza	1	\$165	\$135	\$6 \$18
9	55 Marietta	1.5		\$115	\$5 \$11
10	Hurt Plaza	2	\$160	\$120	\$6 \$18
11	One Georgia Ctr.	3	\$120	\$90	\$6 \$18
12	250 Williams	1		\$150	\$9 \$12
13	SunTrust Plaza	1.5	\$165	\$125	\$8 \$25
14	Baltimore Row	0.5	\$120	\$100	\$3 \$18
15	BofA Plaza	1.1	\$180	\$148	\$8 \$24
16	Massey L&H	2.1	\$170	\$100	\$9 \$20

Index chart

Categories > Prices > Producer Price Indexes (PPI) > Industry Based > Construction

☆ **Producer Price Index by Industry: New Office Building Construction** (PCU236223236223)

DOWNLOAD

Observation:
Feb 2024, 205.106
(+ more)
Updated: Mar 14, 2024 7:56 AM CDT

Unit:
Index Jun 2006=100,
Not Seasonally Adjusted

Frequency:
Monthly

1Y | 5Y | 10Y | Max

2006-06-01 to 2024-02-01

EDIT GRAPH



<https://fred.stlouisfed.org/series/PCU236223236223>

Comps Data

100 Binney St

100 Binney St - Alexandria Center at Kendall Square

Alexandria Center at Kendall Square

Office - E Cambridge/Kendall Sq Submarket

Cambridge, MA 02142 - Website

432,932

SF RBA

1.25

AC Lot

2018

Built

22,383 - 67,811

Available SF

45,428

Max Contig SF

\$65 - 79

CoStar Est. Office Rent

★★★★★

100

Summary

Lease

Lease Analysis

Peers

Sale

Tenant

Analytics

Loan

Financials

Changes

Demographics

Public Record

Contacts

Images

Map

My Data

News

Sale >>

Sold Price

\$713,338,000 (\$2,353.48/SF)

Date

Apr 2022

Sale Type

Investment

Cap Rate

3.80%

Office Avail

67,811 SF

Building

Type

4 Star Office

Center

Alexandria Center at Kendall Square

Location

CRO

RBA

432,932 SF

Stories

18

Typical Floor

43,150 SF

Class

A

Construction

Steel

Year Built

2018

Comm. Start

Jun 2015

Tenancy

N/A

Owner Occup

No

CoStar Est. Rent

\$65 - 79 (Office) Ⓢ

Taxes

\$12.84/SF (2022)

Walk Score®

Walker's Paradise (96)

Transit Score®

Excellent Transit (81)

For Lease >>

Smallest Space

22,383 SF

Max Contiguous

45,428 SF

of Spaces

2

Vacant

67,811 SF

% Leased

100.0%

Rent

Withheld - CoStar Est. Rent \$65 - 79 (Office) Ⓢ

Space >>

Floor

Available

Jan 2015

P 2nd

Mar 2015

P 7th

Use

Office

Rent

Withheld

Services

NEGOT

Leasing Activity >>

Sign Date

Leased

Use

Rent

Services

Rent Type

Jan 2023

166,000 SF

Office

-

-

-

Mar 2023

136,700 SF

Office

-

-

-

Sep 2017

132,636 SF

Office

-

-

-

Aug 2017

44,125 SF

Office

-

-

-

Jun 2017

22,712 SF

Office

\$74.85

NNV

Effective

2 Other Lease Comps

Market Conditions >>

Vacancy Rates Ⓢ

Current

YOY Change

15.7%

↓

-0.7%

Subject Property

10.0%

↑

4.1%

Submarket 3-5 Star

11.9%

↑

3.1%

Tenants >>

Exp Date

SF Occupied

Market, Asking Rent Per Area Ⓢ

Nov 2032

302,700

\$81.37/SF

-

132,636

\$81.38/SF

Feb 2025

44,125

\$41.79/SF

Orion Therapeutics

Exp Date

SF Occupied

Market, Asking Rent Per Area Ⓢ

Nov 2032

302,700

\$81.37/SF

-

132,636

\$81.38/SF

Feb 2025

44,125

\$41.79/SF

Facebook

Exp Date

SF Occupied

Market, Asking Rent Per Area Ⓢ

-

132,636

\$81.38/SF

-

132,636

\$81.38/SF

-

132,636

\$81.38/SF

Siglin Therapeutics

Exp Date

SF Occupied

Market, Asking Rent Per Area Ⓢ

Feb 2025

44,125

\$41.79/SF

-

132,636

\$81.38/SF

-

132,636

\$81.38/SF

Images

Map

My Data

News

50-60 Binney St

50-60 Binney St - Alexandria Center at Kendall Square

Alexandria Center at Kendall Square
Office - E Cambridge/Kendall Sq Submarket
Cambridge, MA 02142 - Website

532,395 SF RBA 1.47 AC Lot 2017 Built 8,776 - 246,503 Available SF 30,220 Max Contig SF \$56 - 68 CoStar Est. Office Rent

Summary Lease Lease Analysis Peers Sale Tenant Analytics Loan Financials Changes Demographics Public Record Contacts Images Map My Data News

Sale >>

Sold Price \$182,232,000 (\$2,226.17/SF)
Date Dec 2021
Sale Type Investment

Building

Type 4 Star Office
Center Alexandria Center at Kendall Square
Location CRO

RBA 532,395 SF
Stories 16
Typical Floor 33,239 SF
Class A
Construction Steel

Year Built 2017
Const Start Feb 2015
Tenancy MAJ
Owner Occup No

ColStar Est. Rent \$56 - 68/sf (Office)

Walk Score® Walker's Paradise (95)
Transit Score® Excellent Transit (91)

Land

Land Area 1.47 AC
Bldg FAR 8.31
Zoning UA1

Tenants >>

Name	Exp Date	SF Occupied
Mutual (B) Inc.	Nov 2020	240,581
Lily Pk	-	2,500
En Me	Mar 2027	2,158

Source: CoStar Research

For Lease >>

Smallest Space 8,776 SF
Max Contiguous 30,220 SF
of Spaces 10

Vacant 100.0%
% Leased 100.0%
Rent Withheld - CoStar Est. Rent \$56 - 68 (Office)

Space >>

Floor	Available	Use	Rent	Services
P 1st	8,776 SF	Office	Withheld	NEGOT
P 2nd	26,954 SF	Office	Withheld	NEGOT
P 3rd	30,220 SF	Office	Withheld	NEGOT
P 4th	29,435 SF	Office	Withheld	NEGOT
P 5th	25,419 SF	Office	Withheld	NEGOT
P 6th	25,419 SF	Office	Withheld	NEGOT
P 7th	24,651 SF	Office	Withheld	NEGOT
P 8th	24,651 SF	Office	Withheld	NEGOT

2 Other Spaces

Leasing Activity >>

Sign Date	Leased	Use	Rent	Services	Rent Type
Apr 2019	240,581 SF	Office	\$56.95	NNN	Starting
Jan 2017	2,158 SF	Retail	\$35.00	-	Starting
Mar 2015	251,154 SF	Office	-	-	-

Market Conditions >>

Submarket	Vacancy Rates	Current	YOY Change
Submarket 3-4 Star	46.3%	↑	37.1%
Market Overall	12.0%	↑	4.1%
Market Overall	11.9%	↑	2.1%

Market Asking Rent Per Area

430 E 29th St

430 E 29th St

Alexandria Center for Life Science
Office - Gramercy Park Submarket
New York, NY 10016 - Website

418,639 SF RBA 1.55 AC Lot 2013 Built 18,120 Available SF 18,120 Max Contig SF \$64 - 78 CoStar Est. Office Rent

Summary Lease Lease Analysis Peers Sale Tenant Analytics Loan Financials Changes Demographics Public Record Contacts Images Map My Data News

Building

Type 4 Star Office
Center Alexandria Center for Life Science
Location CRO

RBA 418,639 SF
Stories 17
Typical Floor 26,312 SF
Class A
Construction Masonry

Year Built 2013
Const Start 2012
Tenancy MAJ
Owner Occup No

ColStar Est. Rent \$64 - 78/sf (Office)

Opportunity Zone Yes

Walk Score® Walker's Paradise (95)
Transit Score® Rider's Paradise (100)

Land

Land Area 1.55 AC
Bldg FAR 8.32
Zoning C6-2

Tenants >>

Name	Exp Date	SF Occupied
New York University Protonics Laboratory	-	130,589
Intra Cellular Therapeutics, Inc	Mar 2029	27,106
Celastix Inc	-	24,375
Black Diamond Therapeutics	-	18,120
Alexandria Launch Labs	-	15,960

6 Other Tenants
Source: CoStar Research

For Lease >>

Smallest Space 18,120 SF
Max Contiguous 18,120 SF
of Spaces 1

Vacant 0 SF
% Leased 100.0%
Rent Withheld - CoStar Est. Rent \$64 - 78 (Office)

Space >>

Floor	Available	Use	Rent	Services
P 15th	18,120 SF	Office	Withheld	NEGOT

Leasing Activity >>

Sign Date	Leased	Use	Rent	Services	Rent Type
Jan 2023	2,000 SF	Office	-	-	-
Jul 2022	26,000 SF	Office	-	-	-
Jun 2021	18,120 SF	Office	-	-	-
Sep 2020	30,406 SF	Medical	-	-	-
Sep 2020	6,000 SF	Office	-	-	-

14 Other Leases Comp

Market Conditions >>

Submarket	Vacancy Rates	Current	YOY Change
Submarket 3-4 Star	6.0%	↑	-1.3%
Market Overall	12.0%	↑	1.3%
Market Overall	14.2%	↑	1.2%

Market Asking Rent Per Area

Submarket Leasing Activity

1-month Term SOFR at 3.64% on January 6, 2026:

https://www.chathamfinancial.com/technology/us-forward-curves?utm_source=google&utm_medium=cpc&utm_campaign=wc_cs_chatham_rates_forward_curves&creative=659109736735&keyword=sifr%20forward%20curve&matchtype=b&network=g&device=c&gad_source=1&gclid=Cj0KCQjwncWvBhD_ARIsAEb2HW-tqBgUXBFOJ_F4FY5jHFBftHpJ0X6OCv5PoSYRw5ntRYzEk3GnY0aAkEsEALw_wcB

