

**City of Hollywood | Related Proposal
PRH 1301 S Ocean Drive, LLC**

Best and Final Offer

- Design:** If your firm is proposing any changes in use type, density, height or other elements of your firm’s physical development plan please provide revised massing or visual representations of design modifications, as well as a written summary of those modifications.

While we are currently not planning on any significant changes to the design of the proposed project, we have heard the commissioners’ concerns over height. Our current building is planned at 30 stories (365’ to the Roof). We have listed below 15 other projects within this neighborhood (Hollywood’s South Beach District) that have been developed over the last 48 years and you will see that our design fits the contextual relevance of the neighborhood and we have included a contextual graphical study for your reference.

#	Building	Floors	Height	Year	Distance from site
1	Hyde Beach House Hollywood	42	483	2019	1.20
2	The Diplomat Hotel	39	444	2002	0.90
3	Trump Hollywood	40	443	2009	0.60
4	Hyde Resort & Residences	40	436	2016	1.20
5	Ocean Palms	38	431	2006	0.80
	PRH 1301 S. Ocean Drive, LLC	30	365	2021	0.00
6	Diplomat Oceanfront Residences	28	323	2007	0.80
7	Quadomain Britannia Tower	27	311	1980	0.50
8	Quadomain Valencia Tower	27	311	1974	0.50
9	Quadomain Catania Tower	27	311	1978	0.50
10	Quadomain Grenoble Tower	27	311	1974	0.50
11	The Summit South	24	277	1982	0.20
12	The Summit North	24	277	1982	0.20
13	Apogee Beach	22	254	2013	1.20
14	Aquarius South	19	219	1973	0.60
15	Aquarius North	19	219	1973	0.60

Additionally, we wish to emphasize that our team specifically designed the proposed tower with the goal of reducing any adverse impacts on neighboring properties. The height of the building, which allows us to present a skinny, unobtrusive elevation to each of the neighboring properties, is a key element of that design goal. If we were to reduce the height, we would need to widen the building, and thus block neighboring views, in order to accommodate the same program and financial approach. We have been working hard on this project for four years, including carefully analyzing shadow studies and view corridors, and we truly believe that the proposed Tower is the right concept for this particular location.

- Financial Proposal:** If your firm elects to improve its financial offer to the City, please provide an updated development budget, project proforma and supporting financial feasibility. If your firm provides different options, please clearly delineate each option.

As a reminder, we have previously provided Two (2) Options to the evaluation committee as well as to the commission. Option 1 being a multifamily development and Option 2 being a Condominium. We have also listened to the District Commissioner whereby she believes the stronger use is for Condominium project and not for a Multifamily project. In the spirit of being a good partner, we will flip our offer as follows, Option 1 being the Condominium and Option 2 being a Multifamily project. In so doing, we will also increase our financial offer as follows with regards to the Condominium Offering.

*Related will offer the City approximately **\$35 Million in up-front consideration to the City, plus Annual Guaranteed Rent of \$400,000 per year for the life of the lease.** The consideration to the City would be payable as follows:*

- \$5.0 Million payable at lease execution (“Initial Payment”), AND*
- Development of the Public Improvements, at Related’s cost, during the condo pre-development/development period (estimated \$10 Million value), AND*
- Upon TCO issuance and unit closings, payment to the City of an amount (the “Closing Payment”) equal to 12.5% of total condominium sales, less the cost of the Public Improvements and the Initial Payment. Based on current estimates for the cost of the Public Improvements (\$10 Million) and estimated condominium sales of \$280 Million, the Closing Payment would be \$20.0 Million, for a total of \$35 Million in up front consideration to the City. AND*
- Annual Guaranteed Rent in the amount of \$400,000 per year for the life of the ground lease, for a total of approximately \$40 Million over the 99-year term*
- 30% participation rent on gross retail rental revenues received in connection with the retail portion of the development, for an estimated total of approximately \$44 Million in additional rent to the City over the term of the lease (conservatively assuming 3% annual increases; if 4% annual increases are instead assumed, total percentage rent equals more than \$89 Million).*

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f) 100% of all revenue derived from the Public Parking will go to the City. The parking Revenue for 158 public parking spaces is estimated to generate approximately \$414,000 per year and if you assume a 3% annual increase the total parking revenue over 99 years would equal \$243M. [see assumptions below]

Note that the above payments do not include the City's share of sales taxes and real estate taxes generated by the development, which we have estimated at approximately \$18 Million and \$1.02 Billion, respectively, over the term of the lease (assuming conservative annual increases of 3% -- if 4% annual increases were instead assumed, those tax revenues would be \$36 Million and \$2.06 Billion, respectively). Accordingly, total revenues to the City under the Condominium Offer are estimated to be between \$1.3 Billion (assuming 3% annual increases in retail sales and property values) and \$2.4 Billion (assuming 4% annual increases.) Also note that we believe that one way to ensure that the partnership can maximize the most dollars per square foot would be to provide lease extension options for the homeowners association, which we can further explore during lease negotiations (and does not condition this BAFO). We have attached a financial model for the Condominium Development Budget for your reference.

With regards to option 2; multifamily project – the offer remains the same but we would like to clarify the following:

a) 100% of all revenue derived from the Public Parking will go to the City. The parking Revenue for 158 public parking spaces is estimated to generate approximately \$414,000 per year and if you assume a 3% annual increase the total parking revenue over 99 years would equal \$243M. [see assumptions below]

City of Hollywood Public Parking Assumptions									
Day of the Week	Hourly Rate	Total Potential Hourly Revenue	Total Spaces	% Sold	Total Spaces Sold	Hours Sold	Rate	Day / Week	Year 1
Monday	1.50	\$36.00	158	35.0%	55	8.00	\$1.50	\$663.60	\$34,507
Tuesday	1.50	\$36.00	158	35.0%	55	8.00	\$1.50	\$663.60	\$34,507
Wednesday	1.50	\$36.00	158	35.0%	55	8.00	\$1.50	\$663.60	\$34,507
Thursday	1.50	\$36.00	158	35.0%	55	8.00	\$1.50	\$663.60	\$34,507
Friday	2.00	\$48.00	158	70.0%	111	8.00	\$2.00	\$1,769.60	\$92,019
Saturday	2.00	\$48.00	158	70.0%	111	8.00	\$2.00	\$1,769.60	\$92,019
Sunday	2.00	\$48.00	158	70.0%	111	8.00	\$2.00	\$1,769.60	\$92,019
	12.00	\$288.00	158		553			\$7,963.20	\$414,086

Source: <https://www.hollywoodfl.org/96/Parking>

3. **Public Amenities:** As part of your BAFO submission, please also include your firm’s summary breakdown of public amenities both in terms of size and estimated cost to develop (value) as follows.

We have attached a graphical description of the Public Benefits as outlined below.

Public Amenity Summary	Square Footage of public use areas or # of spaces	Estimated cost to develop public use areas
Community Center (20,000SqFt under Air + 3,100 SqFt Elevated Deck)	23,100 SqFt	\$5,000,000
Public Restaurant	5,000 SqFt	\$1,500,000
Harry Berry Park	22,000 SqFt	\$500,000
General public space / plaza areas / Greenspace for public use without cost to the public	58,430 SqFt	\$350,000
Broadwalk extension	9,600 SqFt	\$650,000
Public Parking	158 Spaces	\$2,000,000
Total		\$10,000,000

Note: The Square Footages and Cost estimates may vary upon input from the City and its workshops

4. **Deed Restriction:** As discussed in the meeting, the following deed restriction exists on the property. Please address how your proposal conforms to the restriction.

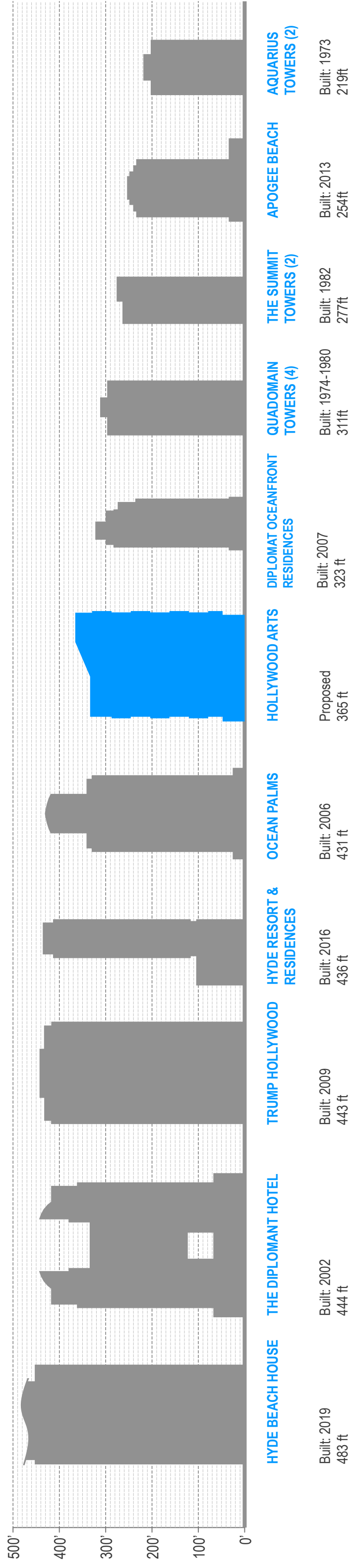
As already articulated by the City Attorney’s office at the Commission meeting, the project as proposed is compliant with the deed restriction. Additionally, we wish to emphasize that our proposal is designed to maximize public benefits and accomplishes the following public objectives: (1) the property remains under the City ownership at all times; (2) the prime, oceanfront portions of the property are improved for public access and use, (3) the City obtains the new Public Infrastructure, including the new community center, at no cost to the City, and (4) the development will generate substantial up-front payments, annual rental payments, and annual tax revenues for the City, for use by the City at its discretion.

5. **City Charter Provision:** As you are aware, the following City Charter requirements apply to this property. If your final proposal includes a fee simple ownership or any property conveyance (in any option proposed), please address how it conforms to the City Charter provision on property conveyance.

Our proposal does **NOT** include nor does it require any fee ownership or any other property conveyance.

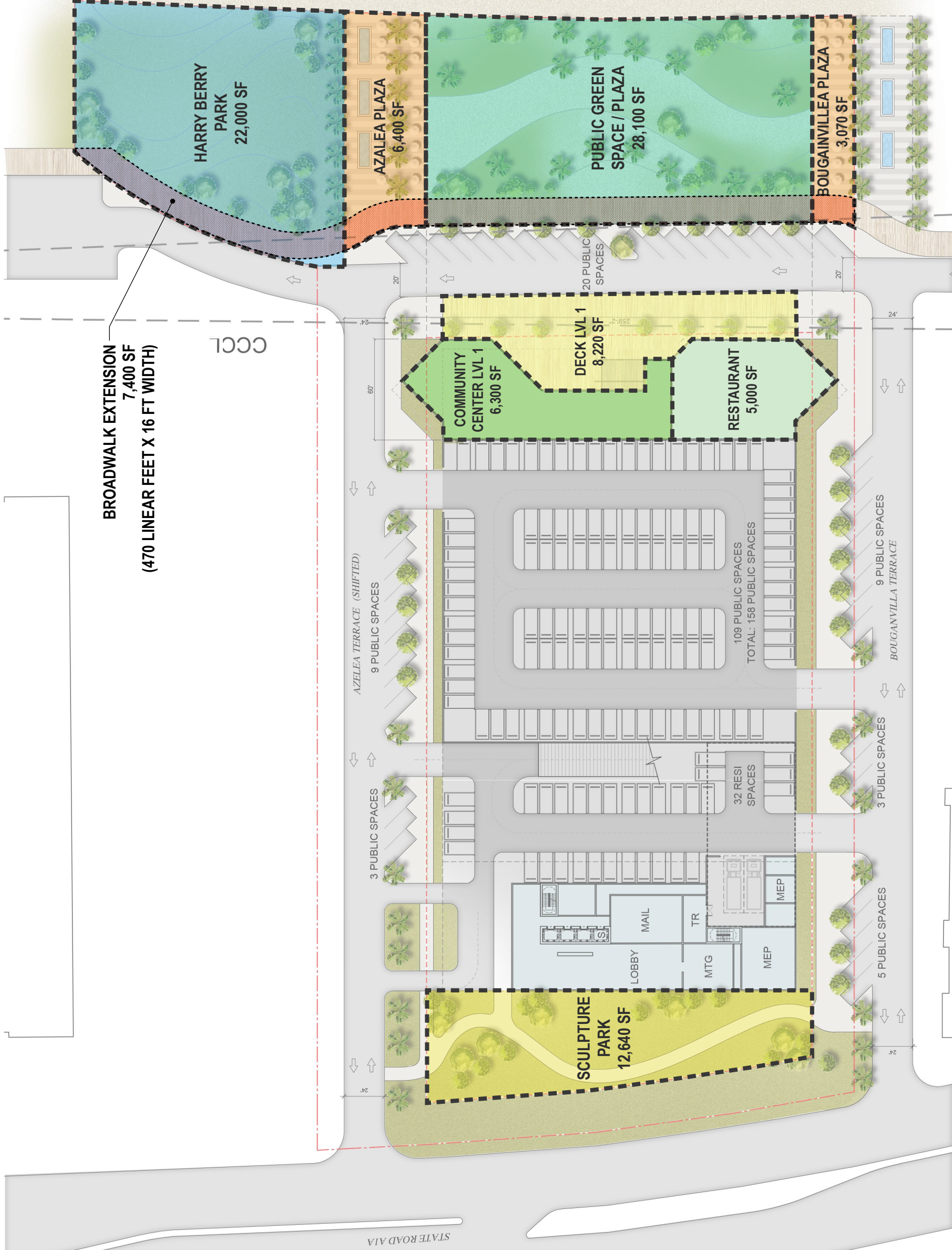
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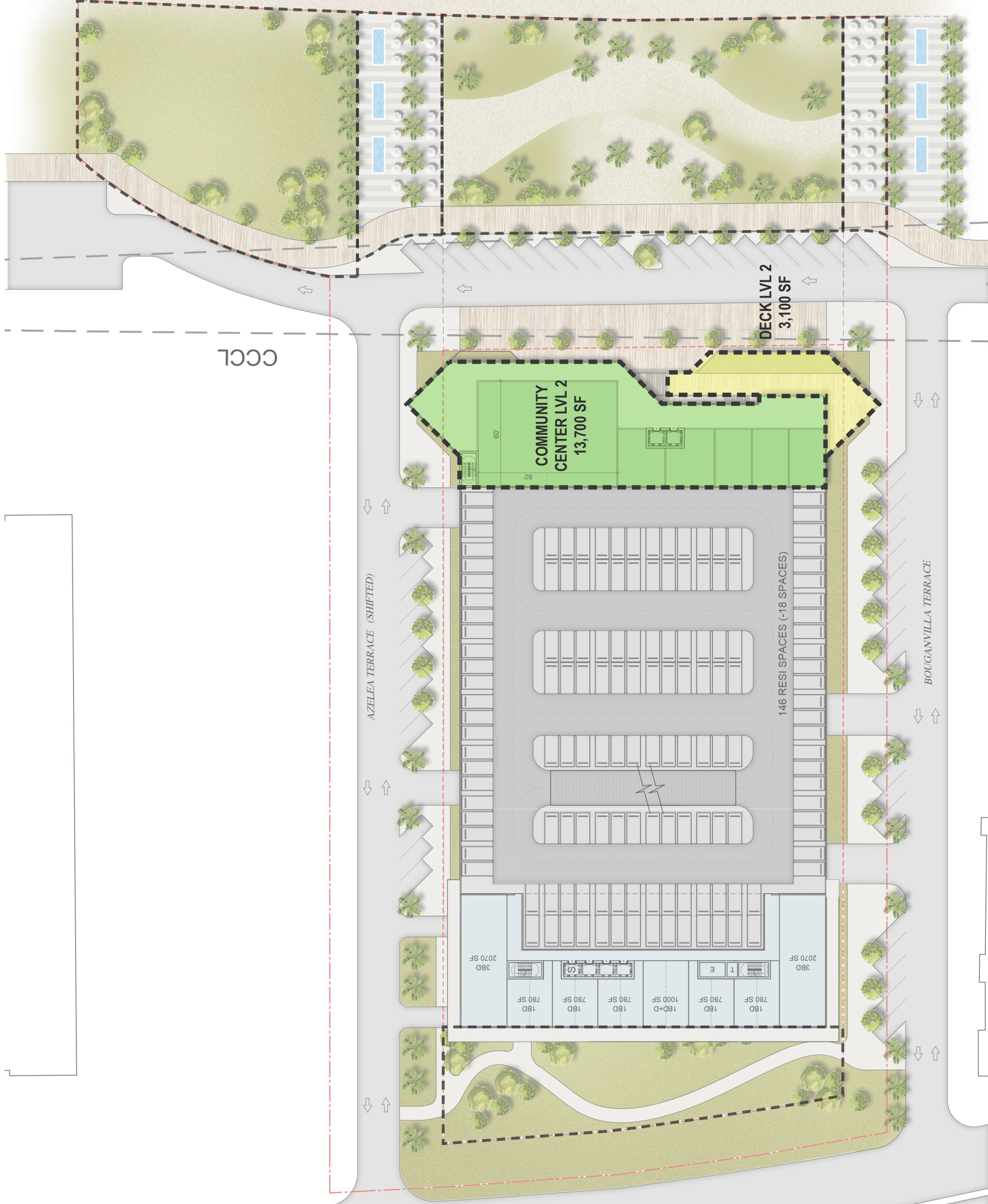
Contextual Graphical Study



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Public Benefit Graphic Description





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Condominium Development Budget

Icon Residences Hollywood | Base Case | Hollywood, FL | 300 units | 1/26/21

Investment Summary

CONDO DETAIL - Icon Residences Hollywood				
Acres	4.27	Total Units	300	
Site Area	186,001	Sellable Square Feet	374,600	
		Average Price Per Sq. Ft.	750	
		Average Sq Ft. Per Unit	1,249	
		Average Price Per Unit	936,500	
		Retail/Other Sq. Ft.	5,000	
		Average Price Per Sq. Ft.	-	
		Total Project Sq. Ft.	379,600	

DEBT ASSUMPTIONS		
	Land Loan	-
	Loan Amount/ \$Ft²	0.00
	Rate	7.50%
	Fee	1.00%
	Projected Term	0 months
	Construction Loan	75,687,919
	Loan Amount/ \$Ft²	199.39
	LIBOR + Rate	6.00%
	Fee	1.00%
	Projected Term	23 months
	%age of Costs	35.95%

DEVELOPMENT BUDGET AS OF 01/26/2021				
	Budget	\$/ Ft² [resj]	\$/ Unit	%age
REVENUES				
Residential Units				
1BR/1BA (78 units); Avg of 834 Ft²	48,810,000	750.00	625,769	17.37%
2BR/2BA (151 units); Avg of 1,244 Ft²	140,880,000	750.00	932,980	50.14%
3BR/3BA (71 units); Avg of 1,714 Ft²	91,260,000	750.00	1,285,352	32.48%
	-	-	-	0.00%
	-	-	-	0.00%
	-	-	-	0.00%
	-	-	-	0.00%
	-	-	-	0.00%
	-	-	-	0.00%
Other revenues		\$/ Ft² [other]	\$/ Unit [other]	%age
CU1	-	-	5,000	0.00%
Boat Slips	-	-	-	0.00%
F&B	-	-	-	0.00%
Surface Spaces	-	-	-	0.00%
Garage Spaces	-	-	-	0.00%
Parking Space Type #3	-	-	-	0.00%
TOTAL REVENUES	280,950,000	750.00	936,500	100.00%
LAND COSTS				
Land Cost	25,118,750	67.05	83,729	8.94%
Commercial Units	-	-	-	0.00%
Public Benefit Improvements	10,000,000	26.70	33,333	3.56%
Land Closing Costs	550,000	1.47	1,833	0.20%
TOTAL LAND COSTS	35,668,750	95.22	118,896	12.70%
CONSTRUCTION COSTS				
Construction Costs - Condo	106,665,000	284.74	355,550	37.97%
Construction Costs - Amenities/Retail	-	-	-	0.00%
Construction Costs - Landscape Deck	-	-	-	0.00%
Construction Cost - Owner Items/FF&E	-	-	-	0.00%
Construction Contingency	5,619,000	15.00	18,730	2.00%
TOTAL CONSTRUCTION COST	112,284,000	299.74	374,280	39.97%
OPERATING COSTS				
Architect/Design Fees	2,950,000	7.88	9,833	1.05%
Interior/Design Fees	1,100,000	2.94	3,667	0.39%
Engineering And Consultant Fees	1,350,000	3.60	4,500	0.48%
Municipal Fees	3,680,460	9.83	12,268	1.31%
Association Fees	700,000	1.87	2,333	0.25%
Condominium Turnover Cost	1,000,000	2.67	3,333	0.36%
Taxes	1,486,000	3.97	4,953	0.53%
Insurance	1,470,000	3.92	4,900	0.52%
Loan Costs/Title Insurance	2,003,642	5.35	6,679	0.71%
Int. Exp. - Loan & Bonded Deposits	3,917,585	10.46	13,059	1.39%
Undrawn Fee	262,000	0.70	873	0.09%
Legal Fees	650,000	1.74	2,167	0.23%
Administrative Expenses	2,283,333	6.10	7,611	0.81%
Marketing / Advertising	3,300,000	8.81	11,000	1.17%
Sales Admin. Expenses	1,500,000	4.00	5,000	0.53%
Sales Office	2,000,000	5.34	6,667	0.71%
Commissions	25,286,000	67.50	84,287	9.00%
Developer Overhead Allocation	4,846,994	12.94	16,157	1.73%
Project Contingency	2,810,000	7.50	9,367	1.00%
TOTAL OPERATING COSTS	62,596,014	167.10	208,653	22.28%
TOTAL COSTS	210,548,764	562.06	701,829	74.94%
PROFIT	70,401,236	187.94	234,671	25.06%

DEPOSITS		
	Used Deposits	Date Collected
Restricted Deposit (10.0%)	19,666,500	9/30/2022
Remaining Contract (10.0%)	19,666,500	9/30/2022
Ground Break (20.0%)	39,333,000	6/30/2023
Amenity Deck (0.0%)	-	1/31/2024
Top Off (0.0%)	-	10/31/2024
Total (40.0%)	78,666,000	
Max \$ Deposits to be Collected		112,380,000
%age Deposits Used		70%

SOURCES & USES	
PREDEV FINANCING	
Total Pre Development Uses	22,394,924
Pre Development Land Loan	-
Bonded Deposits	1,813,500
Excess 10% Deposits	19,666,500
Related	914,924
LP Investor	-
Investor II	-
Total Pre Development Sources	22,394,924

PROJECT FINANCING	
Sources	210,548,764
Construction Loan	35.95% 75,687,919
Mezzanine Loan	0.00% -
Bonded Deposits	9.34% 19,666,500
Excess 10% Deposits	28.02% 58,999,500
Deferred Costs	16.72% 35,194,845
Related	9.97% 21,000,000
LP Investor	0.00% -
Investor II	0.00% -
Total Sources	100.00% 210,548,764

PEAK EQUITY	
Total Peak Equity	21,000,000
Related	21,000,000
LP Investor	-
Investor II	-
Total Peak Equity	21,000,000
Break Even per Sq. Ft. [resj]	562.06

PROJECT SCHEDULE	MONTH	DATE
Project Start Date	0	12/31/2021
Land/L. Loan Closing Date	0	12/31/2021
Const. Loan Closing Date	18	6/30/2023
Construction Start Date	18	6/30/2023
Final Month of Construction	41	5/31/2025
Final Unit Closing	44	8/31/2025

COVERAGE RATIO CONDO ONLY		
Revenue	(210 units)	70.00% 196,665,000
Additional Revenues		0.00% -
Implied Revenue		196,665,000
Deposits		(78,666,000)
Deferred Costs (Excl. Land)		(1,000,000)
Deferred Land		(20,118,750)
Commissions		(17,699,850)
Net Cash Flow		79,180,400
Coverage Ratio		1.05

PROMOTE ASSUMPTIONS		
IRR from	To IRR	Promote
0.0%	8.00%	N/A
8.01%	1000.00%	100.00%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%
0.00%	0.00%	0.00%

	Unlevered	Levered
Project Level Unlevered Cash Flow	75,699,470	70,401,236
Project Level IRR	54.11%	61.91%
Project Level Equity Multiple	1.36x	4.35x
Net Profit as a %age to Gross Revenue	26.94%	25.06%
Yield on Cost		33.44%

