ANCHOR POINT

DUTCHMAN CAPITAL

Angelina Lugo | Mark Scarola | Taylor Klein | Tobias Kirkman | Pepper Lang

WHO ARE WE

Angelina Lugo is an MBA/MSRE student fulfilling responsibilities as an auditor in the life science sector and as an intern at G10 Law, working with the transactional group within the family office team. Angelina is passionate about people and enjoys significant challenges. In hopes of leveraging her experience in quality and compliance and completing the MSRE program, Angelina is seeking out opportunities to pivot into life science real estate and become a developer long-term. Angelina loves to run, garden, and, most of all, loves to go backpacking with her husband and two dogs.

Mark Scarola was the operations manager for an industrial-focused development company and currently interns with an affordable housing developer and a private equity development fund. He has prior experience in investor relations, capital raising, and asset management. Mark has spoken at City Council meetings as well as regional and national conferences and has met with politicians to facilitate development projects. His strong organizational skills help in coordinating projects, while he uses his background in social services to resolve conflict and advance mutually beneficial solutions.

Taylor Klein hails from Indiana where he received two undergraduate bachelor's degrees in 2013 from Indiana University in finance and entrepreneurship. For the past decade, he has worked in a finance capacity at large-scale construction companies and is currently an Associate Director of Finance & Accounting at Longfellow Real Estate Partners. Taylor intends to apply the MSRE educational experience to his goal of connecting forward-focused individuals by building a sustainable community that combines home, office, and leisure activities. Taylor fell in love with San Diego due to the abundance of outdoor sporting activities.

Tobias Kirkman grew up in Louisiana where he studied construction management at Louisiana State University. After college, Tobias moved to San Diego to pursue his career in project management. He is currently a member of NAIOP and participated in the Developing Leaders program for the last two years. Through the MSRE program, he has gained extensive knowledge of Argus modeling as well as real estate investments and finance. Tobias hopes to soon transition to an analytical role with a private equity real estate firm following graduation.

Pepper Lang has nearly 10 years of experience in the Navy. He currently is the VP of Strategic Development at Journal Center Corporation where he works in Asset Management. Pepper is passionate about serving communities by creating spaces that bring people together and encourage small business success. He wanted to pursue the MSRE program to bridge the gap between his soft skills acquired in the U.S. Military and the technical skills required for a successful career in commercial real estate. Pepper spends his free time taking his wife and kids on a variety of outdoor adventures, including camping and surfing.

EXECUTIVE SUMMARY

Anchor Point was carefully crafted with the aim of inspiring, empowering, and uniting the community it serves. Rooted in the principles of New Urbanism, our development prioritizes walkability, seamlessly integrating residential areas, shopping outlets, public spaces, and flex workspaces. Our emphasis on promoting a family-friendly environment makes Anchor Point a place that fosters health and well-being for its inhabitants and the surrounding community.

The Dutch Flats Parkway served as the perfect starting point for our design. Driven by our vision of creating a family-oriented and community-centric space, we focused on the central business district, creating a dynamic blend of cafes, restaurants, flexible office spaces, public areas, and residential living options to serve the surrounding multi-family residences. Anchor Point's ease of access between its living, working, and recreational areas promotes an outdoor-oriented community in the heart of America’s Finest City. Moreover, the availability of workforce housing units throughout the development ensures a diverse range of residential opportunities for San Diego's residents.

The residential spaces surrounding the Dutch Flats Parkway feature an inward-facing orientation that opens to our Bay-to-Bay Urban Path. This path connects Mission Bay to the north with San Diego Bay to the south, providing a walkable and bikeable family-friendly public space that seamlessly links our retail corridor with the surrounding community. This seamless pedestrian flow intersecting with our mixed-use corridor of Dutch Flats Parkway will further promote Anchor Point as the uniting factor for the Midway and Historic Old Town District.

At Dutchman Capital, we believe in designing streets that prioritize people over cars and cater to a variety of transportation modes, including walking, biking, public transit, and driving. Our plazas, squares, sidewalks, cafes, and porches provide daily opportunities for interaction and public life, ensuring that Anchor Point is a diverse and vibrant New Urbanist community that truly serves the needs of its residents.

With the Navy in mind, we have creatively uncovered a solution to meet theie needs while maintaining the feasibility of our master plan. Additionally, we have included key elements that the city has prioritized to assist in furthering the community plan for Anchor Point’s surrounding areas. Dutchman Capital has carefully crafted a plan that leverages the location of the subject property and maximizes its value, while serving the community’s need. With the realization of Anchor Point, the Midway District of San Diego will experience a significant transformation, becoming a thriving hub of activity. This visionary development project will breathe new life into the area, revitalizing its appeal and rejuvenating the neighborhood. Anchor Point's unique blend of amenities, community-centric design, and lively atmosphere will serve as a catalyst for the district's resurgence, propelling it into prominence as a premier focal point within the city of San Diego.

The Anchor Point development project goes beyond traditional urban planning. By combining New Urbanist principles with a strong focus on community engagement, walkability, and accessible public spaces, Anchor Point aims to create a vibrant and cohesive environment. With its distinct combination of residential, commercial, and recreational components, it will transform the Midway District into a thriving destination for residents and visitors alike. Anchor Point is poised to become a shining example of a family-oriented and community-centric space, setting new standards for future developments in San Diego and beyond.

SITE OVERVIEW

Background

On November 15, 2022, the US Navy began its search for a master developer with the goal of comparing private development alternatives for their Naval Information Warfare Systems Command (NAVWAR) facilities currently located at Naval Base Point Loma (NBPL) and its Old Town Campus (OTC) where they provide technical support, cyber security services, and maintain fleet readiness.

Through this partnership, the Navy seeks the development of new facilities to replace where they are currently housed due to their functional obsolescence and physical deterioration. Their primary requirements for this new site include modern, state-of-the-art facilities that satisfy the heightened security requirements. An added benefit of these new facilities would be the aid in recruiting and retaining world-class talent locally in San Diego.

The US Navy has proposed that a private developer rehab the existing facilities and provide ongoing maintenance in exchange for development rights to the rest of the land on site through a 99-year ground lease. The Navy has no expectation of ongoing ground rent for the portion of the property earmarked for private development, though it has expressed an interest in financial assistance associated with the relocation of NAVWAR facilities.

Site Specifics

The site is in the Midway – Pacific Highway Community, known more commonly as the Midway District and consists of two parcels of land. These two parcels are casually referred to as OTC 1 and OTC 2.

Figure 1

OTC 2, the subject property of this proposal, is the westernmost parcel labeled NBPL in Figure 1, while OTC 2 is the other NBPL-labeled parcel. The parcel is bordered by Midway Drive to the southwest, Sports Arena Boulevard to the northeast, and Enterprise Street to the southeast. To the northwest of the property are various retailers leading towards Rosecrans Street. There is also a nursery in the southeast corner of the block, which is not part of the subject property.

There was a discrepancy regarding the precise acreage of the two parcels, which was reconciled by viewing the assessor map. In this report, we will use the figures from the parcel map attached as Exhibit 1 and summarized below in Figure 2.

Source	OTC 1 Acreage	OTC 2 Acreage
Pre-Proposal Conference Slides	46.62	23.64
Environmental Impact Statement	48.70	21.80
SANDAG Parcel Map Tool	50.01	22.48

Figure 2

Site Assumptions

Zoning Analysis

The OTC site is federally owned land used presently for military purposes. While in most cases private development projects are subject to zoning regulations, these same restrictions do not apply in the case of government-owned land. Nevertheless, our program considered zoning regulations that might otherwise be applicable and used those regulations as guideposts. For example, OTC 2 is in the CO-3-1 commercial zone, intended to provide areas of employment with complementary retail and residential uses. We also consulted the San Diego Municipal Code to determine parking requirements for different use types included in the proposed development.

Environmental Agencies and Contamination

As part of the Pre-Proposal Conference, Rebecca Loomis, Senior NEPA Planner explained that given that this is a federally owned property, the California Environmental Quality Act (CEQA) does not apply; however, it is possible that CEQA may still come into play if the development involves a discretionary action by a California state or local public agency.

Contrarily, the National Environmental Policy Act (NEPA) does apply. To this end and in anticipation of working with a private developer, the US Navy commissioned a draft Environmental Impact Statement (EIS) in 2021. However, until a developer is selected and specific details about the development are decided upon, the EIS cannot be finalized.

Under CERCLA, the US Navy will accept responsibility for any existing environmental contamination; therefore, we are operating under the assumption that the site will be delivered without the need for additional remediation.

Seismicity

Due to the heightened local risk of experiencing catastrophic earthquakes, San Diego requires a geologic study be conducted for developments within 200 to 500 feet of a fault line and prohibits the construction of buildings for human occupancy within 50 feet on either side of the fault line. The Figure 3 map shows the closest fault lines running through the area, including the Rose Canyon fault that possesses the capability of experiencing an earthquake with a magnitude up to 6.8.

Figure 3

MARKET ANALYSIS

San Diego's bond with the military is deeply entrenched, predating the time when the region even bore its current name. During the throes of the Great Depression, the military infused a lifeline into the local economy, investing between $1.4 and $1.8 million in construction projects and employing 22% of the city's populace. This strategic partnership contributed substantially to San Diego's phenomenal growth during the 1940s, and the military continues to be a pivotal driver of the region's economic development to this day.

This enduring liaison has catalyzed San Diego's evolution into a major nexus for defense and aerospace technologies. The city houses some of the world's most significant military bases and boasts a flourishing sector dedicated to military-related research and development. Emblematic of this are the multiple military installations dotting the San Diego region, including the Marine Corps Air Station Miramar, Naval Base San Diego, Camp Pendleton, and the Naval Air Station North Island.

Naval Base San Diego, the U.S. Navy's principal base on the West Coast, stands as a testament to the city's military prominence. With 54 ships harbored and sprawling over 977 acres of land and 326 acres of water, the base is a strategic asset of immense scale and importance.

In 2019, the military sector of San Diego's economy directly injected $28.1 billion in spending, contributed $51 billion to the Gross Regional Product (GRP), and generated 354,000 jobs. Today, the military remains one of the top employers in San Diego, continuing its legacy of providing significant economic value to the region. The military's intertwined relationship with San Diego is not only historically significant but also a cornerstone of the region's present and future economic prosperity.

San Diego and Midway

San Diego, with its myriad attractions and resources, provides an unrivaled setting for the continuity of the NAVWAR facility. The major success of the NAVWAR revitalization project is not just a matter of municipal pride but a linchpin for the future economic expansion of San Diego. The city's strong economy stands on the foundation of four primary sectors: military, tourism, manufacturing, and international trade.

San Diego's population has exhibited a consistent annual growth rate of 0.7% over the past three years, reaching a remarkable total of over 3.3 million inhabitants. As per Figure 4, this is set to escalate to 3.6 million by 2035. A range of sectors, such as technology, healthcare, defense, and tourism, bolster the city's diverse and burgeoning economy. A consistently low unemployment rate, falling beneath the national average, hints at a robust job market within the city. San Diego serves as home to various ethnic backgrounds, including White, Hispanic, Latino, African American, Asian, and other races, contributing to its multicultural ambiance.

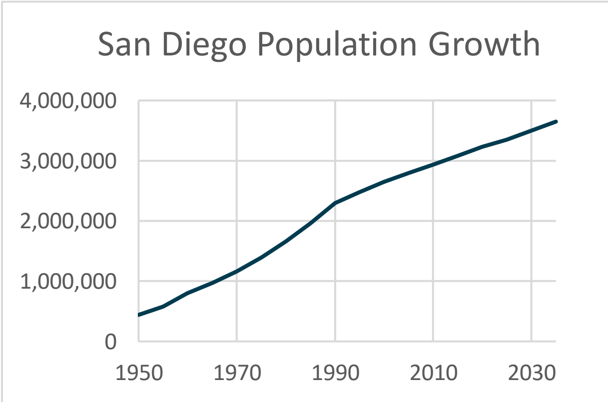


Figure 4

The city's real estate market has a history of steady appreciation, indicating that a well-executed development on the proposed site, NAVWAR OTC 2, could reap substantial benefits from this trend. The site's strategic location, less than 5 miles from San Diego's most sought-after regions, such as downtown, Little Italy, Mission Valley, and Sorrento Valley, and its proximity to San Diego International Airport, major interstates, and the Midway-Pacific Community Planning Area, further accentuate its attractiveness.

The Midway District, a vibrant blend of commercial, industrial, and residential segments, has seen significant growth and development, attracting businesses and residents alike with its central location and easy accessibility. The Midway District, predominantly middle-income, outpaces 42.6% of American neighborhoods in terms of income, a fact that could be influenced by NAVWAR's substantial average income of nearly $150,000. However, it is important to note that 48.2% of the children living in the Midway District fall below the federal poverty line, an unfortunate reality that exceeds 93.0% of U.S. neighborhoods.

The Midway District's working population primarily engages in executive, management, and professional occupations, accounting for 47.4% of employment. The second most significant occupational group comprises sales and service jobs, representing 20.7% of the employed residents. Additionally, a considerable proportion of the population is involved in manufacturing, laborer occupations, and clerical, assistant, and tech support roles. Despite the district's walkability, many residents still rely on their vehicles for work commutes. The neighborhood boasts one of the shortest commute times in America, with 45.2% of working residents spending under 15 minutes commuting one way to work.

In this district, most residents (67.3%) commute solo in private automobiles, while many also carpool or utilize public transportation. Over the past three years, the Midway District's population has grown by over 6%, increasing demand for housing, retail, and employment opportunities.

Given the progressive nature of NAVWAR operations, the facilities must be equipped to support innovative operations and conform to evolving security requirements. NAVWAR necessitates a state-of-the-art facility that remains competitive and proves adaptable, sustainable, and compatible with its expanding domain while minimizing its risk of security exposure. While NAVWAR's primary objective is to secure a new facility, the NAVWAR site presents an unprecedented opportunity for urban renewal and redevelopment.

Multifamily

The San Diego Association of Governments (SANDAG) estimates that the city needs to construct 171,000 new homes by 2029 to accommodate the swelling population. The NAVWAR site, a keystone in this endeavor, holds the potential to contribute to this housing demand significantly. As the revitalization project unfolds, the housing demand will only intensify.

San Diego, a hotbed for various multinational corporations and burgeoning startups, offers a plethora of employment opportunities. These opportunities, in turn, fuel the need for housing. However, housing affordability is a concern, as most of San Diego's population devotes more than 30% of their monthly earnings toward housing. The Midway District, has an average household income marginally above $64,000 with the majority of incomes concentrated between $30,000 and $60,000, mirrors this trend, amplifying the demand for affordable housing in the Midway District and San Diego County.

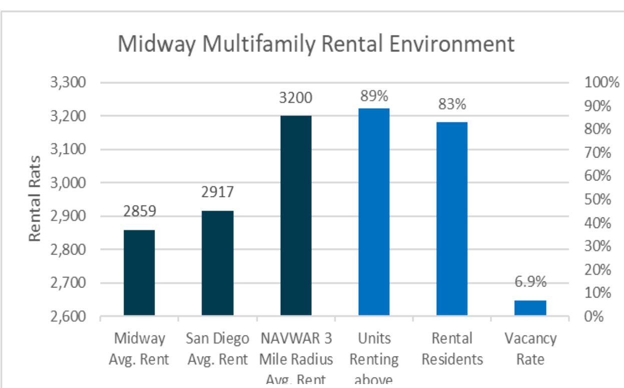


Figure 5

The metrics that make up the multifamily rental environment surrounding the NAVWAR development site can be seen in Figure 5. As seen in this figure, 83% of residents in the greater Midway neighborhood are renters. Of this 83%, 89% are paying over $2,000 in rent. If we look at the area more closely surrounding the subject property, this average rent surpasses $3,000. Furthermore, the 6.9% vacancy is lower than 56.1% of neighborhoods across the nation.

Anchor Point's primary objective aligns with the community's pressing housing needs. While a single development cannot completely resolve the affordability and housing crisis, Anchor Point aims to contribute significantly. More than half the development will comprise multifamily housing, totaling 3,440 units, with 860 units earmarked as affordable, workforce housing.

Given the robust demand for housing and the NAVWAR site's strategic location, residential development provides opportunities and benefits for end-users as well as regional communities and offers a high potential return on investment for investors. California's supportive legislative environment, illustrated by initiatives such as the Housing Crisis Act of 2019 and the lift of Title 42, streamlines the approval process for housing projects and accommodates a more significant population influx from underserved countries, respectively. These measures further heighten the demand for affordable housing.

Moreover, the development of the NAVWAR site presents an opportunity to integrate sustainable building practices and green technologies, aligning with rising consumer demand for environmentally conscious living options. Consequently, the NAVWAR site emerges as an enticing investment opportunity, boasting locational advantages, a burgeoning market for housing, robust economic growth, and a supportive regulatory landscape. This program allows developers to partner with NAVWAR to address San Diego's most pressing need for housing while increasing the opportunities expanding job markets, and revitalizing a missing piece of a neighborhood, all while potentially realizing substantial returns on investment.

Retail

Despite the escalating gas prices and inflation, the steady increase in San Diego's population, housing demand, and urban density bolstered the necessity for convenient, walkable retail options. It has been observed that in densely populated regions, mixed-use developments flourish. Rising fuel costs incentivize residents to shop near their homes, making local retail outlets increasingly indispensable. Employment rates and income levels are key determinants of retail demand.

The aftermath of the COVID-19 pandemic has witnessed a seismic shift in consumer behavior as people trade material goods for experiences. As reported by the National Retail Federation, the pandemic spurred unprecedented retail demand and accelerated innovation. However, three years following the COVID-19-induced shutdowns, retail sales are returning to their historical growth rates. Supply chain disruptions are easing, and consumers — who never entirely abandoned physical retail channels — are actively participating in traditional shopping events. In some respects, consumer behavior and the retail landscape appear unscathed by the pandemic. Moreover, even as inflation rises, retail remains vital; the nature and types of thriving retail stores merely adapt, for instance, by the emergence of discount stores. The key is to attract a diverse range of customers, with a particular emphasis on catering to the community's immediate needs.

The Midway District neighborhood in San Diego is predominantly middle-income, thus classifying it as a moderate-income neighborhood. In this locale, 47.4% of the working population is employed in executive, management, and professional occupations. The second most prevalent occupational group comprises sales and service jobs, accounting for 20.7% of the employed residents. Other residents are in manufacturing and laborer occupations (16.5%) and clerical, assistant, and tech support roles (15.5%). San Diego's unemployment rate, slightly over 3.5%, is below the national average and has decreased from the previous year's figure above 4%.

Based on a monthly triple net basis, the San Diego retail market hovers around $5 per square foot with an overall vacancy rate of 5.2%. In Q1 2023, the market recorded $153 million in sales volume across 16 centers and 1.1 million square feet, marking a 34% quarterly increase compared to Q4 2022. According to JLL, the outlook for the retail market appears promising, forecasting an increasing demand for retail, specifically in discount stores and lifestyle centers.

Anticipating the projected population growth in the Midway neighborhood and the revitalization program with NAVWAR, Anchor Point plans to allocate an appropriate amount of its site to a diverse tenant mix to cater to the diverse community it intends to attract. Our focus will be on tenants who can meet the current economic needs of the community while ensuring adaptability and flexibility to remain competitive and complement local neighbors. Integrating residential, commercial, and retail components is crucial to revitalizing underutilized or blighted areas, attracting investment, and rejuvenating the local economy.

Office

Recently, the office market has navigated turbulent waters, grappling with soaring vacancy rates. The COVID-19 pandemic catalyzed a mass exodus from traditional offices, prompting individuals to evade lengthy commutes and embrace a lifestyle that allowed them to "work from anywhere." Many found themselves operating from their dream vacation locales, underscoring the ascendance of remote work and work-life balance as significant post-pandemic priorities.

San Diego's office market is in flux, exhibiting variability across diverse sectors. The finance and insurance industries are reevaluating their workspace requirements, significantly downsizing their presence in the Downtown and Central submarkets, thereby contributing to the overall negative net absorption in Q1. However, suburban areas persist as a beacon of activity. The tech giants' pursuit of quality spaces accounted for 200,000 square feet of new tenancies during Q1. Gross leasing activity saw a 15% uptick over the previous quarter, totaling 1.3 million square feet, a testament to the market's resilience. Tech continues to reign supreme in gross leasing activity, accounting for half of the total volume. A notable trend is the repurposing of underperforming office buildings into lab and multi-family properties, counteracting rising vacancy rates, which only experienced a slight increase of 10 basis points in Q1 due to the conversion of 400,000 square feet of vacant space into lab facilities, predominantly in Del Mar Heights. This dynamic interplay of dwindling office supply and tech demand has enabled many office owners to sustain high asking rents.

The Old Town/Point Loma region has distinct market trends for Class A, B, and C office spaces. Despite their respective inventories and vacancy rates, no construction projects are in the pipeline. Class A offices have an inventory of 250,000 square feet, a negative absorption of slightly over 3,000 square feet, a total vacancy of 5.7%, and average asking prices of $4.00 per square foot. Class B offices have an inventory of 868,000 square feet, a negative absorption of slightly over 5,000 square feet, a total vacancy of 12.4%, and average asking prices of $2.90 per square foot. Class C offices have an inventory of 807,761 square feet, a negative absorption of slightly over 881 square feet, a total vacancy of 7.2%, and average asking prices of $2.33 per square foot.

The innovation sector faces significant challenges with layoffs and reduced funding. Although the unemployment rate has risen to 3.7%, it remains below the state rate of 4.2%. The quantum of office sublease space in Q1 set a record total of 2.9 million square feet, equating to 3.5% of the leasable office supply. Property owners adapt to these trends by offering creative concession packages and superior buildouts to secure higher occupancy levels.

To maintain competitiveness and align with market demand, the revitalization program will allocate 153,090 square feet to office space at an average price of $4.28 per square foot. In an effort to maintain flexibility and adaptability, Anchor Point is building adaptable spaces that can easily be converted to office space if the market demands it in the future. The primary objective for Anchor Point is to guarantee the space's adaptability and flexibility, enabling it to transform into innovative spaces that meet the community's evolving needs and be resilient during changes in market trends. These needs must be anticipated and satisfied, whether lab space, childcare space, data center space, or future partnership requirements between NAVWAR and their contracting partners.

Naming Anchor Point

Anchor Point was named for intentional reasons. Given the renowned fleet of ships associated with the US Navy, we deemed this name appropriate as a symbol consistent with the owners of the land. Moreover, the metaphor of an anchor resonated with our objective of providing a community that encourages families to establish long-term roots. Lastly, although of lesser significance, the name bears a resemblance to the neighboring community of Point Loma and provides integrated cohesiveness within the district.

Community Plan Design

New Urbanist Neighborhood

The Midway – Pacific Highway Community Plan. approved and adopted in 2018, thoroughly describes a vision for the community as one having several distinctive districts and villages, embracing a New Urbanist approach. New Urbanism strives to provide cities that prioritize walkability, foster a sense of community, and center around pedestrians. To accomplish this, New Urbanists like to promote mixed-use development and accommodate multimodal transportation including pedestrians, bicycles, transit, and automobiles. Such neighborhoods are frequently characterized by public plazas, sidewalks, cafes, and public art.

Frequently there is a Main Street or pedestrian mall where people roam freely, unencumbered by traffic. A common principle of these communities is that every residential, commercial, and recreational area the residents would visit is typically situated within a ten-minute walk from the town center.

Complete Streets

A key part of the plan for the neighborhood is the implementation of a Complete Streets program, which entails designing roads in such a way that make them safer for all users regardless of how they travel, including pedestrians, bicyclists, motorists, and transit riders. This approach makes use of sidewalks, bus lanes, bike lanes, frequent crosswalks, median islands, curb extensions, and narrower travel lanes. A majority of the Midway District is already within half a mile of an existing or planned transit stop, making walking and public transit an option, and putting the site in a Transit Priority Zone.

Districts and Villages

The city of San Diego envisions the Midway District as a center of economic activity or a sub-regional employment center that provides jobs within a proximity to residential and other commercial uses. The city also sees the area as having a complete multimodal mobility system, providing residents and visitors alike options to drive, walk, or ride a bike, train, or bus.

Figure 6

The broader Midway Area consists of 1324 acres which the Community breaks down into smaller villages and districts as outlined in Figure 6 to the left. These districts would be connected through a system of pedestrian and bicycle-friendly streets. Each district would have multiple uses, while still offering a primary area of focus.

By way of example, the Rosecrans District is intended to be a commercial area with both large and small retail. The Kurtz District would focus on employment oriented around military, institutional, office, research, and development uses, while also offering complimentary residential uses. The Lytton District would be primarily residential but also include some mixed-use commercial property.

Dutch Flats Urban Village

OTC 2 is located within what the city of San Diego has deemed the Dutch Flats Urban Village. It is intended to be an employment and residential focused village, offering flexible office space that would support the military and provide employment for local residents. Parks and public space along with pedestrian and bicycle friendly infrastructure will create a more walkable and transit-oriented community.

Although the site is not subject to zoning regulations, the Dutch Flats Urban Village falls within a Community Plan Implementation Overlay Zone that involves planned linear park space. These paths are intended to connect the various districts and neighborhoods within the larger Midway District.

Five Proposed Alternatives

In anticipation of developing the OTC 1 and OTC 2 sites, the US Navy had an EIS completed. In addition to assessing the environmental impact, this report summarized five alternative development proposals.

In all five alternatives, redevelopment of the site is proposed to occur over the course of thirty years, with the development of the new NAVWAR facilities being the priority.

Alternative One would not include any private development but would see the Navy simply redeveloping and upgrading the existing facilities to meet current codes and security requirements. The remaining alternatives include private development in either a low- or high-density format and either with or without the addition of a new transit center per Figure 7.

Development Options	Low Density	High Density
No Transit Center	Alternative 3	Alternative 2
Transit Center	Alternative 5	Alternative 4

Figure 7

The Navy has indicated their preference is Alternative Four: high density with the presence of a transit center. This alternative, illustrated below in Figure 8, would include the "reduced development requirement" for the actual NAVWAR facilities of 1,694,268 square feet of space, retail shopping, office space, two hotels, and residential development with a maximum height of 350 feet.

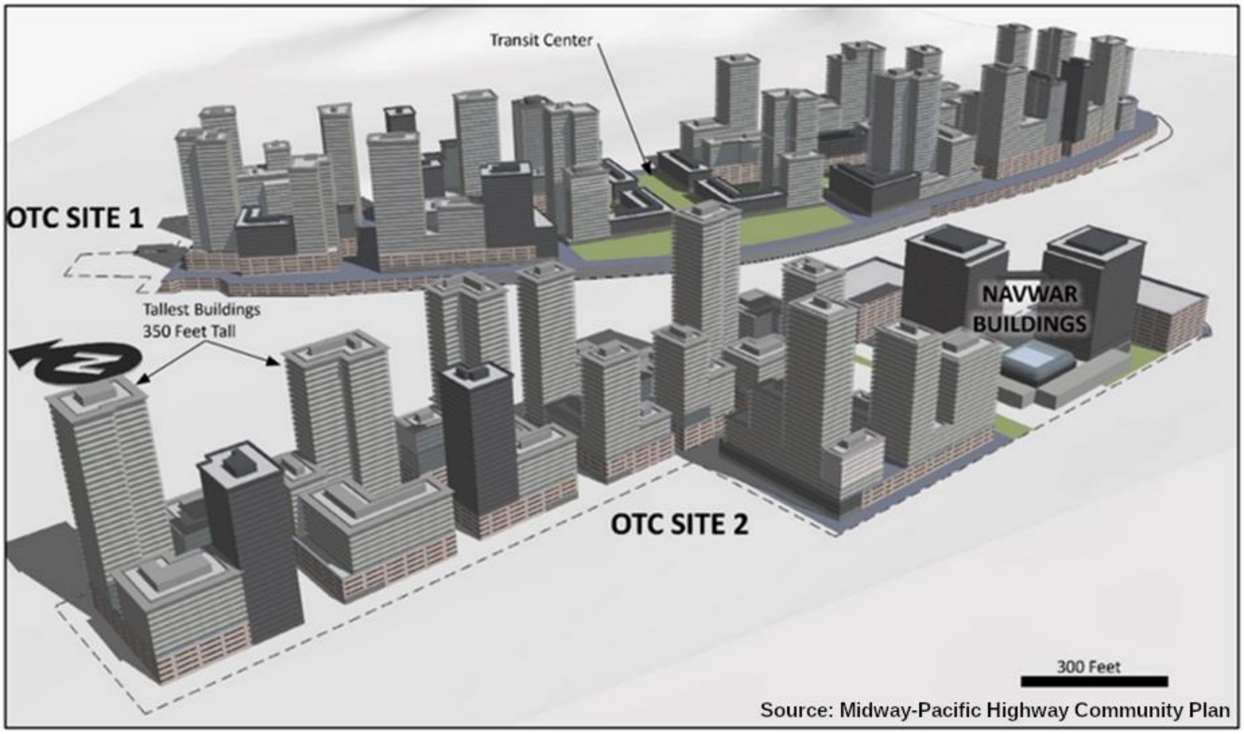


Figure 8

While using Alternative Four as a reference point, including in the determination of the percentage of different use types, Dutchman Capital conducted its own market research and used local knowledge of the community to guide in making appropriate adjustments. For example, we concluded that the Midway District may not be overly receptive to becoming a new neighborhood business district akin to downtown San Diego and that a lower-density project may be better received by the community. Still, a certain amount of development would be necessary to make the project feasible, as dictated by our financial analysis.

Anchor Point Proposed Development

Anchor Point Design

Dutchman Capital views the Anchor Point development as a pivotal opportunity for the Midway District of San Diego. In tandem with the nearby Sports Arena development, Anchor Point has the opportunity to reimagine, recreate, and rebrand the visual identity of this neighborhood. Through a meticulous design collaboration, we are pushing forward with a modern industrial approach to this development. We will incorporate elements of modern, glass dominant buildings with industrial aesthetics allowing for cohesion into the existing surrounding industrial real estate that is likely to remain. To coincide with this industrial aspect, Anchor Point will have exposed masonry as well as steel members. Our design will leverage open, green space to create a tranquil environment that our residents and patrons can enjoy while in a state-of-the-art commercial development. Please reference Exhibit 2 for a vision package inclusive of asset type samples and site renderings.

Overall Site Plan

As expanded upon below, the Dutch Flats Parkway (vertical road shown on the right of Figure 9) is the central point of our development. A pedestrian-friendly walking path (illustrated in brown) then connects the various buildings and amenities to create a sense of place and community, welcoming families. A larger image of the Site Plan is provided in Exhibit 3.

On our site we have intentionally mixed the texture of our buildings to avoid creating a towering community, while still providing an opportunity to increase density. Central to our development is a large open green space that includes a playground and water feature for visitors, but also for the family focused row home dwellings in the immediate surrounding area. Extending from this park is a meandering path that will provide an internal connection for all buildings throughout the development and outdoor amenities. This path provides a place of refuge for residents and visitors to capture a feel of suburbia in the midst of an urban center, a place to walk and feel at peace, and a place to escape from the hustle and chaos that accompanies city life.

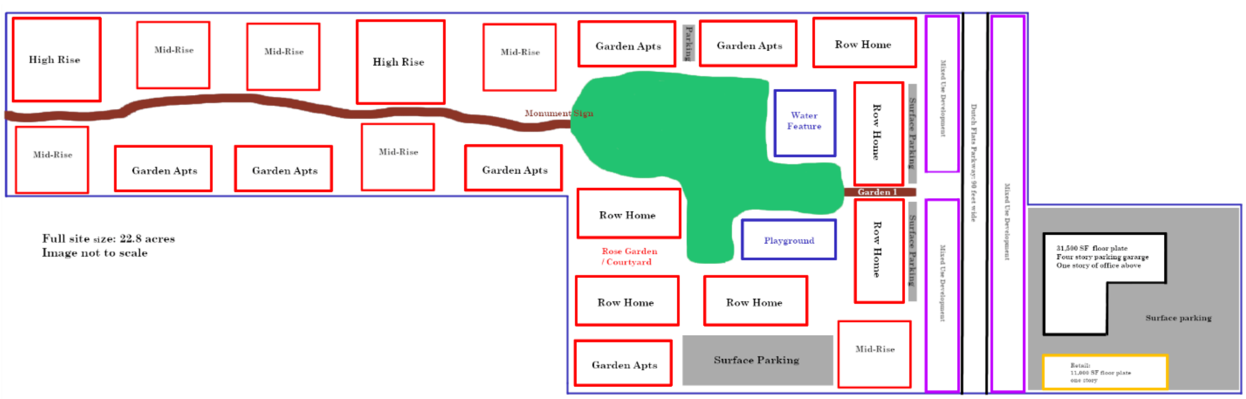


Figure 9

Multifamily

As previously mentioned, the Anchor Point development is heavily focused on multifamily. Throughout the four phases of development, Dutchman Capital will deliver 3,440 units to an underserved San Diego housing market. These units will be spread throughout two high rise towers, six mid-rise apartment complexes, six garden style apartment buildings, six row home style dwellings, and along the main corridor in our Dutch Flats mixed use assets. The variety of offerings included at Anchor Point ensures that there is a place for everyone to join, no matter the preference. In a further attempt to create an inclusive community, Dutchman Capital has earmarked 25% of the delivered units as affordable.

Affordable Housing

It is common knowledge that Southern California is in the midst of a housing crisis and thus the need for affordable housing is ever present in a city like San Diego. Beyond this moral imperative, there are political pressures and legal obligations that come into play when developing land.

Sports Arena

Approximately one mile from Anchor Point is Pechanga Arena, which locals refer to as the Sports Arena. These 48 acres owned by the city were offered to a developer via a ground level. It would be a mistake not to consider what has happened at Sports Arena when considering the OTC property.

In 2020, after considering several bids from private developers, the city of San Diego selected Midway Sport and Entertainment District. However, shortly thereafter the city learned their plan did not comply with the Surplus Land Act and began the bidding process anew. Upon restarting the bidding process, the city mandated that all plans must make at least 25% of the proposed housing units affordable.

According to the California Department of Housing and Community Development, the Surplus Land Act requires all local agencies to prioritize affordable home developers. As federally owned land, the Surplus Land Act may not apply, however, it reminds us of the importance of including affordable housing at Anchor Point.

Determining Affordability

The US Department of Housing and Urban Development (HUD) puts out an annual chart, included as Exhibit 4A, that includes what constitutes the area median income (AMI) for households of diverse sizes within San Diego County. In 2022, the AMI for a four-person household was $106,900. From here, various adjustments are made, and different income categories are established.

The income at a particular level and for a particular household size is then multiplied by 30%, based on HUD guidelines for how much household income should be spent on housing. See Exhibit 4B.

Application

Based on San Diego's mandate for the Sports Arena project, we wanted to assure that at a minimum, 25% of our residential units would be considered affordable. Upon determination of the affordable units we could feasibly deliver, the figures from Appendix 4B were then applied in setting the maximum rental limits for all units deemed affordable.

Waterfront Views

The Midway District is conveniently located around three bodies of water, Mission Bay to the north, the Pacific Ocean to the west, and San Diego Bay to the south. As such, several residential units, particularly those located on higher floors will have waterfront views. Two primary factors will determine which units have such views: zoning regulations and local topography.

When we combine the zoning and topography, the easiest views to obtain will be those of San Diego Bay, while views of Mission Bay will also be present. Based on the heights of buildings, the topography, and the zoning, over 10% of our residential units will have premium waterfront views. See Exhibit 5 for additional details and imagery.

Retail

The Anchor Point development includes just under 230k square feet of retail space with delivery strategically spread across all four phases. The majority of this retail will be located on the ground floor of the development's main corridor, Dutch Flats Parkway. Additional retail space will be included on the ground floor of our two high rise towers and six mid-rise apartment complexes. In phase 4, we have currently planned for one stand-alone retail building along the south perimeter of the subject property.

Dutchman Capital will look to anchor the retail space with a reputable, national grocer location, such as Whole Foods. To further push our vision of live-work-play, we are targeting retailers that will not only attract outside foot traffic but also allow our residents to stay close to home to meet their daily needs. Our tenant mix will include fast casual dining, work out studios, and fine dining with an appropriate allotment of space for today's most popular lifestyle brands. Our goal is not to create a shopping experience that will be embarked on every once and a while, but rather to offer a mix of tenants that patrons will visit more casually and consistently.

Office

Current market conditions have not allowed an abundance of focus to be placed on developing office space at Anchor Point; however, it is not completely absent. In Phase 1, Anchor Point will deliver approximately 150k square feet of office space along the Dutch Flats Parkway. This office will be intertwined with the Dutch Flats retail and residential inclusions to create the working aspect of the live-work-play theme we have emphasized and that individuals have become so enamored with in similar communities. As time progresses and market conditions change, the proposed Anchor Point development has been strategically thought out to remain adaptable and versatile to include additional office space shall the market support it.

Parkways

The city of San Diego would like to establish an urban path connecting the Coastal Zone (beginning at the Marine Corps Recruit Depot) to Mission Bay. This "Bay-to-Bay" linear park would serve as a multi-modal route of transportation connecting not only the bays, but also various districts, villages, parks, and public spaces within the Midway District. Along the envisioned route, new streets would be created where retail, park, and public spaces would converge, offering permanent and daytime residents alike a place to spend time, facilitating the creation of a true live-work-play environment.

Figure 10

Figure 10 shows the planned connections for the Bay-to-Bay Path as it cuts through OTC 2, hereafter referred to as Anchor Point. Item F is a proposed 1.5-acre joint-use facility at Dewey Elementary School. Item G would be a 3.7-acre neighborhood park with picnic areas, playgrounds, multi-purpose courts, and walkways. The green lines represent part of a 4.16-acre linear park, approximately 30 feet wide, that would include picnic areas, shade structures, plazas, a jogging trail and/or bike path, public restrooms, fitness stations, public art, and improved landscaping.

Two proposed streets would cut through Anchor Point. The northernmost proposed road would be the Charles Lingbergh Parkway connecting Kurtz Street to Midway Drive and to the proposed Dutch Flats Green (Item G). The southernmost proposed road would be known as Dutch Flats Parkway. This multi-modal parkway would be consistent with Complete Streets and designed around multi-modal transportation. The green line in Figure 11 shows how the Dutch Flats Parkway would connect to the larger Bay-to-Bay Urban Path.

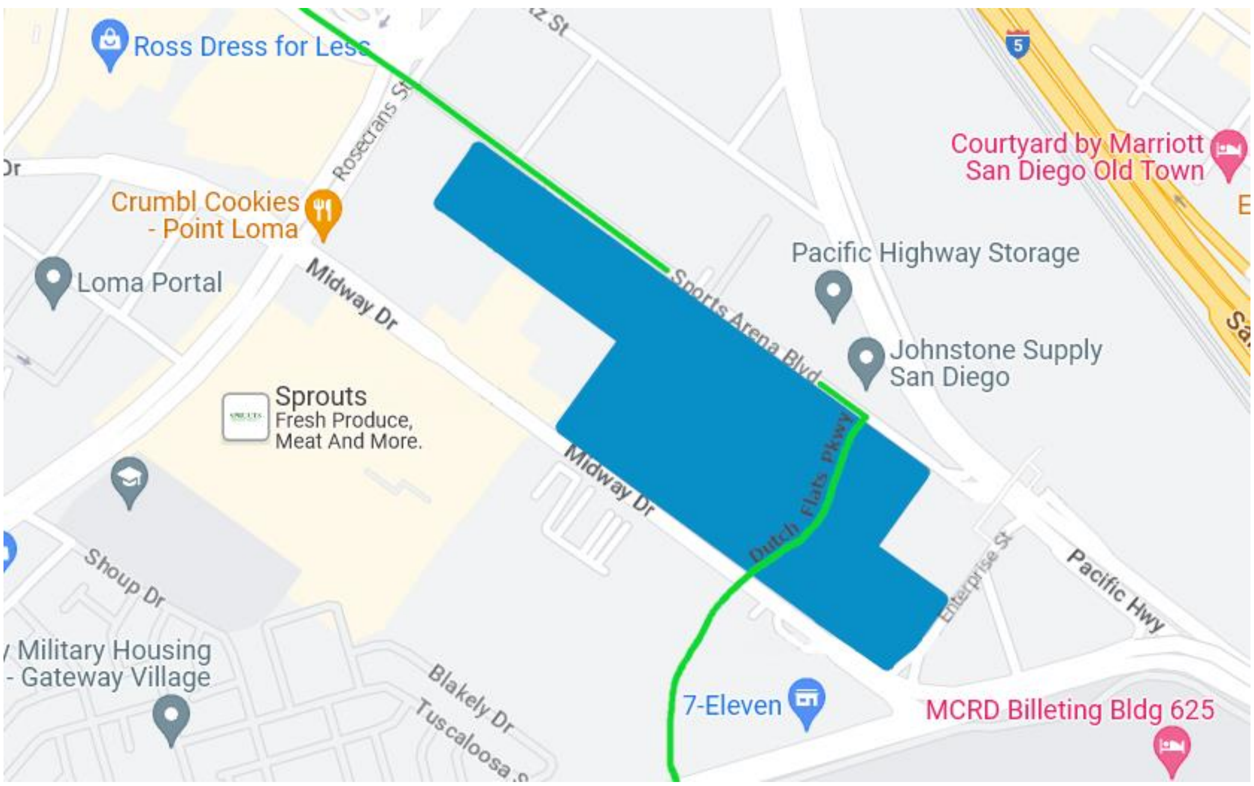


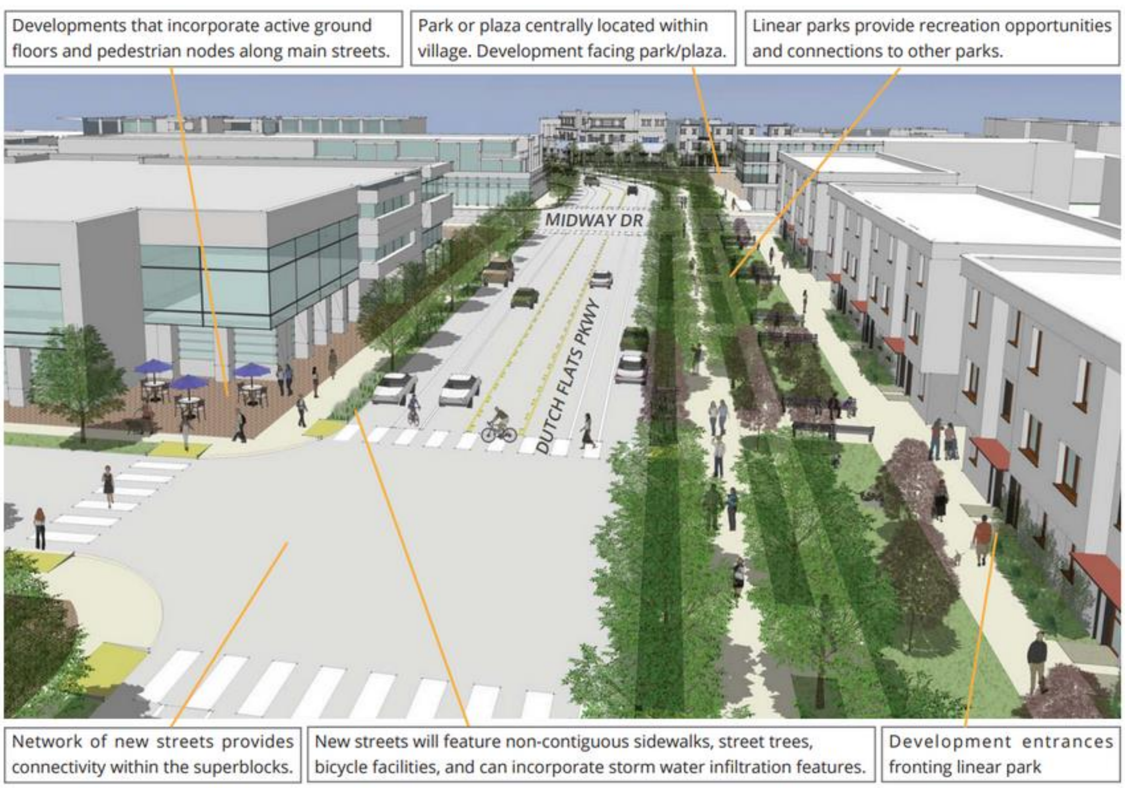
Figure 11

To effectuate its plans, the city would need to acquire portions of Anchor Point, which remains federally owned. While a legal case could be argued that taking the land would serve a public purpose such as where eminent domain might apply, there exists no established means to rectify a situation where two governmental bodies have different development goals.

Dutchman Capital would like to be good neighbors and avoid such a scenario that could potentially halt development for years and lead to an unnecessary legal battle. We also see the positive potential for a retail corridor along the proposed Dutch Flats Parkway. Therefore, we have included the Dutch Flats Parkway as part of our proposal. Currently, we have opted not to include the Charles Lindbergh Parkway due to its proximity to the first Parkway and its secondary status. If necessary to move the project forward, this could be reconsidered in the future.

Dutch Flats Parkway will be the central point of Anchor Point. This main corridor will connect Midway Drive and Sports Arena Boulevard, and provide permanent residents, local employers and employees, and visitors alike a place to congregate, shop, work, and live.

The buildings along Dutch Flats Parkway will be retail oriented on ground level, with a focus on places designed to attract people such as a coffee shop, bookstore, local art museum, community bank, salon, and/or cafe. Above the retail will be a combination of small office spaces and residential units. These office spaces will be designed with convertibility in mind, such that as market conditions continue to evolve and change, they may be made smaller or larger, or even converted into residential spaces as appropriate. Figure 12 is a rendering provided in the Community Plan.



Source: Midway - Pacific Highway Commnity Plan

Figure 12

Phasing

By relocating NAVWAR off-site, we remove five years from the Navy's original expected timeline. As such, Dutchman Capital has estimated the Anchor Point development to include a 25-year hold period, spread across four phases. Phase 1 consists of 1.3 million square feet of delivered space broken down as: 1M of residential, 150k of retail, and 150k of office. Not included in these figures is 600k+ of parking. Dutchman Capital feels it is important to establish the live-work-play identity early in the project to help draw attention and sustain momentum for the remaining two phases.

Upon completion and stabilization of Phase 1, Dutchman Capital is planning to sell the leasehold interest. This is estimated to happen in year 8. That same year Phase 2 of Anchor Point will commence. Comprised of an additional 600k square feet of residential space inclusive of 12k of retail along with 250k square feet of parking, Phase 2 further contributes to the live-work-play focus of our mixed used developments. The residential component here focuses on mid-rise apartments and luxury row homes concentrated around the Dutch Flats Parkway mixed-use amenities adding additional foot traffic to support Phase 1.

Phase 2 is considered to have a much smaller stabilization period of 3 years since the hyper-local amenities will have a strong identity in the city's landscape. After Phase 2 stabilization occurs in year 11, Dutchman Capital will seek a takeout debt option at a conservative 51% LTV. This value represents nothing more than the estimated balloon payment of Phase 2's outstanding construction loan. Our plan is to operate this asset with limited debt service while the successive, larger, Phase 3 construction starts.

Phase 3 carries a 4-year duration from start to finish and is comprised of all remaining 750k of residential space along with 56k of retail. There is also an additional 270k square feet of parking added in this phase which is set to stabilize in year 15.

The 4th and final phase is set for a perimeter retail space equal to 24k square feet and an additional 24k of square feet for parking. Phase 4 is also set to stabilize in year 15 whereby Dutchman Capital will seek to place permanent financing on the leasehold interest of Phase 2, 3, and 4 for 10 years before selling all remaining leasehold interests in year 25. Please see Figure 13 below for a representation of this phasing.

Year 1	**Year 8**	**Year 11**	**Year 13**	**Year 15**
Ph 1 Start	Ph 1 Sale			
	Ph 2 Start	Ph 2 Stblz		
		Ph 3 Start		Ph 3 Stblz
			Ph 4 Start	Ph 4 Stblz
Stablized SF	**1,937,119 sf**	**869,660 sf**		**1,115,535 sf**
			Total Stabilized SF	**3,922,314 sf**

Figure 13

This development's phasing is crucial to its success, both in terms of absorption ability as well as creating the environment for all aspects of the development to succeed. Another added benefit of phasing out a development this large and over this duration is the allowance to be flexible with asset types and uses. We are making conscious design decisions with adaptability and versatility in mind. Due to the absence of zoning regulations, this becomes much simpler to do. We have mixed-use high-rise buildings and mid-rise buildings earmarked for multifamily usage that could seamlessly become office buildings. Additionally, we have parking structures with adaptability in mind that could be converted to office buildings should the market demand more office space and allow for less dedicated parking on site. Conversely, should the market require the same parking needs but also demand more office space, these same parking structures in the future could become podium or wrapped parking to service additional office development. Taking these elements into consideration today, allows Anchor Point to be versatile in the future if changing market conditions demand it.

Key Partnerships

IQHQ – Research and Development District (RaDD)

Figure 14

IQHQ, a San Diego local real estate investment trust (REIT), soon plans to deliver a 1.7million square feet campus development to the market in downtown San Diego. The site is a waterfront property situated on North Harbor Drive. It has been a very high-profile development, yet no leasing momentum has been gained. IQHQ owns the interest in this site in the form of a ground lease as this land is also owned by the US Navy and currently houses the US Navy Headquarters as shown in Figure 14. A key component of our plan is to relocate NAVWAR to the RaDD facilities and place them in close proximity to the Navy HQ allowing for the creation of a campus environment.

Provided that the Navy has requested 1.69 million square feet of space, this aligns with the amount of vacant space coming available at RaDD on a much quicker timeline than a new development would require. This move seamlessly satisfies the Navy's requirement to not have any downtime of their NAVWAR facilities. Moving the NAVWAR facilities off-site saves the upfront development cost that would render this development unfeasible.

With the core & shell component near completion, building out the interiors specific to the US Navy's requirements would still need to occur. Dutchman Capital has assumed a cost of $200/SF for these improvements, which equates to $340 million in upfront sunk costs. While this is a steep discount from the $935 - $1,275 million estimated cost of a brand-new facility, Dutchman Capital will request the US Navy and/or IQHQ to assume the tenant improvement costs and treat the capital contributed as an equity investment within the financial proforma of Anchor Point. This means the US Navy will be treated as an equity partner and receive cash flow distributions in a pari passu manner until their initial investment is returned. Thereafter, the US Navy would also receive periodic cash flow distributions generated by the Anchor Point development as seen in the waterfall attached as Exhibit 6. Meanwhile, the US Navy and IQHQ will be responsible for on-going rental rates at market discount for the use of the space at RADD.

In turn, we are prepared to offer IQHQ an option on a land allotment on site OTC 1 equivalent to the land RaDD has been developed on. IQHQ gains the benefit of entirely absorbing its at-risk development with a low-risk, government-backed, long-term tenant. This would significantly decrease their property management needs, negate any lost revenue associated with absorption assumptions, and minimize TI costs and leasing commissions over the duration of their proforma. They also gain the advantage of not subjecting their next development to the zoning regulations of the city.

The financial impact of this key partnership to Dutchman Capital's proforma comes in the form of reduced construction costs and reduced capital outlay from other limited partners or debt holders. Quite significant!

Dutch Flats Parkway

The city of San Diego has expressed interest in acquiring land currently belonging to the US Navy in order to build the Dutch Flats Parkway. Rather than choosing to see this as land that we would need to give up, leading to the creation of two separate parcels of land available for private development, we have prepared an alternate proposal.

We plan to utilize a public-private partnership with the city of San Diego to develop Dutch Flats Parkway. Through this partnership, the city would provide the funding to construct the parkway necessary to implement their community plan for this area, allowing for the creation of a Main Street corridor to support the New Urbanist community and help offset critical infrastructure costs that drastically improve access to Anchor Point. It is hard to estimate the cost of this infrastructure; however, it is important to note the city of San Diego is planning to spend more than $2 billion from 2024 to 2028 strictly for streets, roads, and traffic signals. Dutchman Capital feels the city of San Diego already holds a key interest in the form of additional property, business, and sales tax revenues that will be generated from the activities that take place at Anchor Point. The development of this parkway would be managed by Dutchman Capital and their partners. The addition of Dutch Flats Parkway is critical to the success of Anchor Point as our site plan has been designed to turn Dutch Flats Parkway into a mixed-use oasis whereby residents can live, work, and shop in proximity.

OTC 1

As explained above, Anchor Point Development is proposing a partnership with the IQHQ REIT where they would obtain property at OTC 1 equivalent to size of the site that houses RaDD. The proposed transit center would be located at the northern end of the site due to its proximity to the existing Old Town Station allowing pedestrians to walk from one location to the other. If at some point in the future, the property just north of OTC 1 can be acquired, the new transit center could be merged with the Old Town Station providing one location for all services and users. After these developments are considered, over half of OTC 1 remains available for additional private development.

Environmental Impacts

Sea Level Rise

Being located on former tidal wetlands along with the property's proximity to the San Diego River, San Diego Bay, and Mission Bay, and its high-water table make the land susceptible to periodic flooding. Although the risk is low, this could lead to structural damage, safety risks for residents, and damage to infrastructure such as sewer mains, utility distribution, and potable water distribution. As seen to the right in Figure 15, a 100-year storm would put the area at risk of flooding, while inundation is much less likely.

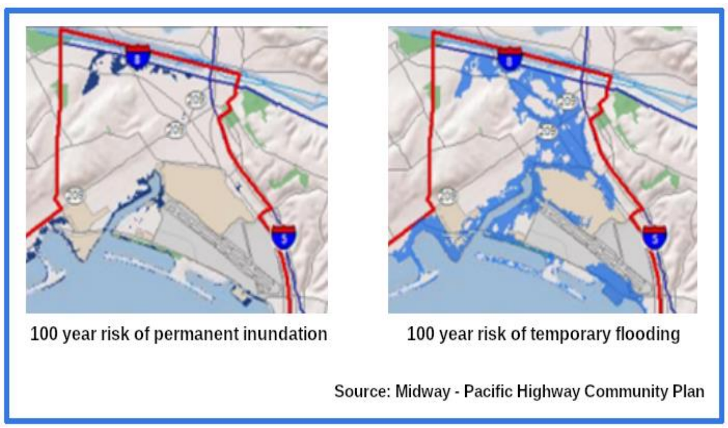


Figure 15

Liquefaction Risk

An extremely high-water table and the placement of artificial fill with minimal engineering controls, make the majority of the Midway District a considerable risk for liquefaction, putting structures at risk when the soil below loses strength in response to the added stress of supporting a building.

Noise Pollution

The General Plan indicates that noise levels at or below 70 dBA are compatible with mixed-use multifamily residential use if sound attenuation measures are included to reduce interior noise levels to 45 dBA. Similarly, mixed-use residential uses are permitted to have noise levels above 65 dBA within the San Diego International Airport Influence Area, in which Anchor Point resides. Given the existing noise levels shown in Figure 16, noise attenuation design is required.

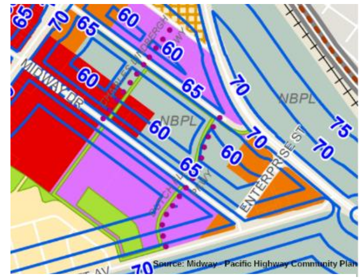


Figure 16

Other Impact Areas

In consultation with the Senior NEPA Planner, Rebecca Loomis, sixteen key environmental resources were identified. Each of these warrants additional attention as more development details are articulated.

For example, greater levels of development will add to the amount of traffic in an already high-traffic area. This can lead to longer commute times, increased air pollution, and additional pedestrian fatalities. Poor air quality stemming from nearby freeway traffic can create health problems for sensitive individuals including children, the elderly, and those with respiratory conditions. Socioeconomic factors are also important. While development is beneficial in generating new employment opportunities for residents, along with more tax revenue for the city and State, the Midway District is home to many lower-income families and people of color. Over time, the area may become less affordable leading to displacement and gentrification.

Additional Sustainability Measures

As a steward of the land, Dutchman Capital plans to implement several sustainable measures including green roofs, permeable surfaces, and a community-wide recycling program. Photovoltaics will be placed on top of parking structures that also provide shade for vehicles. Where appropriate, natural lighting and ventilation will be utilized to reduce the need for non-renewable power. Incorporating native, drought-resistant plants along with smart irrigation and greywater distribution systems will help to reduce outdoor water usage, while stormwater runoff management measures will be implemented to reduce pollution along local waterways. Trees along the walking trail, with an emphasis on using those recommended in the Community Plan will serve to minimize solar heat gain and in turn reduce the need for artificial cooling, while also providing a more comfortable experience for pedestrians.

With sustainable practices at the forefront, we are ensuring minimal impact on the environment. The many elements of the strategic plan we have designed for this development work in harmony to reduce energy consumption, promote renewable energy generation, and minimize water wastage. Through the implementation of sustainability measures, all Anchor Point buildings will satisfy the requirements to carry a LEED Gold certification.

Additionally, by developing a New Urbanist community that promotes Complete Streets, we can limit vehicle miles traveled by encouraging citizens to live, work, and play in the same area as well as use public transit more frequently. The city's Climate Action Plan is aimed at expanding bicycling, walking, and transit options, and the development of the Dutch Flats Parkway as a multi-modal transportation route will encourage this, as will the proximity to the new transit station being developed on OTC 1.

PROFORMA

The prospect of redeveloping the NAVWAR site, 70+ acres of real estate near San Diego's Downtown and beaches, presents a salivating opportunity for any master community developer.

We at Dutchman Capital realize this incredible opportunity is being provided by the US Navy, a massive employer of San Diego residents, a contributor to San Diego's economic base, and a protector of all US citizens, and have thus prioritized their interests ahead of the other key stakeholders by starting with the proposed Alternative #4 program details and applying them to our 22.8 acre site, reference Figure 17 below.

	Alt 4 Total	Site 2 Goal (31%)	Proposed Program	% of Goal
NAVWAR	1,700,000	534,286	1,700,000	318%
Office	2,000,000	628,571	153,090	24%
Res. Units	10,000	3,143	3,440	109%
Retail	434,000	136,400	227,830	167%

Figure 17

As previously mentioned, Dutchman Capital is submitting a development proposal for only the smaller of the two sites. In order to achieve the results shown in the table above the following site metrics were derived to optimize space and use types. Overall, we have calculated a total site utilization of 85%, yielding approximately 3.4 acres of open or green space with the potential to expand. Our overall building efficiency sits at approximately 86% (Figure 19); however, each building type carries a separate efficiency rating whereby carveouts for walkways and shared spaces could be addressed. As evidenced by Figure 18 below, there is an additional 3 acres of open space within the building area allotment to account for additional shared space in the form of building-specific amenities, parking, or contributing to the overall open space of the site.

	Size & Efficiency	
	Site Acreage	22.48
	SF per Acre	43,560
	Site SF	979,228.80
	Efficiency	85%
3.37 acre	**Open Space**	146,884.32
19.11 acre	**Buildable FA**	832,344.48

		Floor Area Available	Acres	Open Space	Floor Area Built
Multi-Family	50%	416,172.24	9.5540	124,320	291,852
Retail	30%	249,703.34	5.7324	(12,147)	261,850
Office	0%	-	-	-	-
MF Parking	5%	41,617.22	0.9554	3,778	87,780
Retail Parking	11%	91,557.89	2.1019	7,807	33,810
Office Parking	4%	33,293.78	0.7643	1,794	31,500
Shared Parking	0%	-	-	-	-
Totals	100%	832,344.48	19.11	125,552	706,792

Figure 18

	GFA	RFA	Efficiency
Multi-Family	2,779,776	2,382,444	85.71%
Retail	261,850	227,830	87.01%
Office	170,100	153,090	90.00%
Subtotal	3,211,726	2,763,364	86.04%
MF Parking	261,850	171,680	65.56%
Retail Parking	601,000	374,800	62.36%
Office Parking	296,100	200,800	67.81%
Shared Parking	-	-	-
Subtotal	1,158,950	747,280	64.48%

Figure 19

Land Residual Value

To find the highest and best use for the subject parcel, we set out to identify which use types would yield the highest Land Residual Value (LRV). LRV can be summarized as the total value that remains after construction, debt, and operating costs are removed from the expected stabilized revenue for any particular use type. Once the highest and best-use asset type is identified, the overall program should then be adjusted to exhaust the square footage based on the requirements or requests of the end user. Our conclusion, as listed in the table below, aims the development focus on residential and retail use types ahead of traditional commercial office.

One key factor to mention as part of our analysis was the incorporation of parking requirements. We did not attribute any additional revenue specific to parking. As such – there is a parking structure classified within the 'Office' use type and contributes in large part to an adverse LRV; however, our analysis still revealed a negative LRV for 'Office' when isolated.

Overall, our proposal yields 2,763,364 of revenue-generating space which produces an overall LRV of $136/SF as shown below in Figure 20.

Land Residual Value							
	Value SF	**Sub Dev Cost SF**	**Dev Costs SF**	**LRV SF**	**Total SF**	**Residual Land Value**	**% of LRV**
Multi-Family	804	656	496	159	2,382,444	379,513,955	86%
Retail	968	804	722	83	227,830	18,861,274	8%
Office	698	602	755	(152)	153,090	(23,308,942)	6%
				136	**2,763,364**	**375,066,287**	

Figure 20

Key Proforma Assumptions

Several key assumptions shown below in Figure 21 were made during our development analysis that factored in local market conditions for elements such as rents and construction costs, while also considering macroeconomic trends that are tied to debt costs. Since the bulk (86%) of our revenue-generating space is linked to multifamily units - the performance of our program is vastly skewed towards local multi-family economic factors, which in San Diego are strong against the other use types that were analyzed. While the market conditions for multi-family in San Diego have recently shown lower cap rate assumptions, we chose to offset this with our rental rate assumptions, which seemed a bit aggressive when viewed through the lens of an average San Diegan's monthly rent expense.

	Multi-Family	**Retail**	**Office**
Construction Costs/SF	$496	$722	$755
Timeline	3 Years	2.5 Years	2 Years
Rent/SF	$4.78	$4.94	$4.28
Operating Costs	30%	2%	15%
Going-In Cap Rate	5.00%	6.00%	6.25%
Weighted Avg Debt Cost	7.025%	7.675%	7.675%

Figure 21

Although not explicitly shown in the table, it is important to note that we assumed an LTV ratio of 65% for all asset types. This LTV aligns with recent debt market trends as financial institutions across the United States continue to grapple with FED rate hikes and subsequent banking failures. These facts also contributed to our assumed cost of debt, which is considerably higher when compared to financing costs experienced in today's volatile financial markets.

Proforma Performance

As expected, the overarching contributors to the economic success of the Anchor Point development are revenue and costs. As depicted earlier, we have assumed an aggressive rent schedule. To counterbalance this assumption, we have presumed higher going-in and exit cap rates and have assumed more conservative construction costs. This is in part- due to the added ESG measures that will help our buildings operate more efficiently than those built 10 years ago. Figure 22 below contains a list of assumptions made specific to the proforma in addition to the rent, construction, and operating cost assumptions presented earlier.

Key Stats			
Hold Period	25	Lease Term (yrs)	5
Vacancy	3%	Lease Commision	3%
Inflation	2%	TI Allow (SF)	$50
Rent Growth	2%	CapEx Reserve	1%
MF Rent Growth	4%	Const IO Rate	7%
DSCR	1.3	Refi LTV	51%

Figure 22

When all the projections are put together, the financial performance of Anchor Point as estimated by Dutchman Capital can achieve a 2.93 equity multiple. The all-in construction costs for the approximately 4 million square foot development equate to $1.64 billion with $876 million of this cost contributed by equity. Not included in either of these figures is the $340 million for tenant improvements contributed by the US Navy for the new NAVWAR building. With such a long lead time it is also important to point out the cap rate assumption for both sale years, 8 & 25, as well as the refinance valuations in years 11 & 15. Dutchman Capital feels there is a significant upside to these projections in the form of higher LTV ratios for long-term permanent financing as well as a potential for reduced cap rates in years 15 and 25. This can be seen below in Figure 23. Key elements of the proforma have been included as Exhibit 7.

Totals	Year	8	11	13	15	25
1,640,917,691	Total Construction Costs	182,809,085	207,027,267	98,485,520	-	-
876,203,221	All-In Equity	499,943,537	678,463,747	827,178,561	876,203,221	876,203,221
1,431,676,693	Unlevered Cash Flow	56,777,006	31,449,540	45,370,945	80,823,245	104,521,841
1,071,522,512	Levered Cash Flow	56,777,006	14,011,743	27,933,148	51,782,945	104,521,841
	Exit Cap	5.95%	6.25%	6.45%	6.65%	7.65%
	Sale Price	1,030,052,782				1,379,793,594
	Loan Proceeds		240,028,328		569,202,685	
	Loan Payoff	484,112,055	240,028,328		569,202,685	432,046,324
1,493,687,998	PROCEEDS	545,940,728	-		-	947,747,270

Equity Multiple **2.93**

Figure 23

This is wonderful opportunity for the US Navy to upgrade their facility, the city of San Diego to retain one of their strongest economic base employers, as well as the San Diego residents who find solace in the newest live-work-play community in America's Finest City!

Sensitivity Analysis and Risk Mitigation

We have designed our sensitivity analysis to account for the real return summary variations that arise due to market volatility over a significant development period. The project we are discussing involves a construction period of 14 years, spread over four phases. The complexity of the different asset classes in this project creates a chance that many of the factors influencing these classes could change by the increments listed. Nonetheless, we remain confident that the Multifamily asset class, which represents the majority of the square footage, will experience consistent demand, and therefore maintain competitive exit cap rates. Our retail corridor is poised to be a valuable addition to the surrounding aging retail sector and is expected to attract strong credit tenants. Additionally, we plan to capitalize on the hybrid work trends and the surrounding military contracting industry to create a robust submarket for our office suites.

We have specifically focused our sensitivity analysis on four key factors: Going-in Cap Rates, Cap Rate Expansion, Construction Costs, and Starting Rents. These can be seen below in Figures 24-27. By analyzing these factors, we can better anticipate and plan for any changes that may arise during the development period, thereby ensuring the success of the project.

Going-In Cap Rates are a key determining factor for our returns, especially our Land Residual Value (LRV) where a variance of 25-50 basis points in either direction can change our LRV by 35-40%, our Equity Multiple by 20 points and our IRR by 1-2%.

Mitigant: We have designed our project with a heavy concentration of multi-Family square footage to meet the housing demands of our city and mitigate risks. Our market research indicates that our going-in cap rate is consistent with our submarket.

	Going-In Cap				
	5.65%	5.40%	**5.15%**	4.90%	4.65%
Land Residual Value	216,342,561	294,067,977	**375,066,287**	473,312,304	577,389,655
Equity Multiple	2.74	2.83	**2.93**	3.03	3.15
IRR	13.22%	14%	**14.54%**	15.79%	16.82%

Figure 24

Cap Rate Expansion is a variable that affects every development, but especially one of this magnitude and schedule. An exit cap rate fluctuation of 25-50 basis points in either direction could vary our Equity Multiple by 30-35 points and our IRR by 1.3 – 2.1%. The exit Cap Rates and valuations of a longer-term development are vulnerable to the cost of debt determined by the Federal Reserve.

Mitigant: Dutchman Capital has taken careful consideration to underwriting this project with a conservative cap rate expansion of 0.1% yearly, forecasting an exit cap of 5.95 in year 8 when we look to sell Phase 1 and 7.65 in year 25. Provided that recent multi-family sales traded between 3-4% in 2022 and

Anchor Point is comprised of 86% rentable multifamily space, we feel confident that this is a fair assumption.

Cap Rate Expansion					
	0.150%	0.125%	**0.10%**	0.075%	0.05%
Land Residual Value			**375,066,287**		
Equity Multiple	2.63	2.77	**2.93**	3.11	3.32
IRR	13.25%	14.03%	**14.54%**	15.73%	16.67%

Figure 25

Construction Cost is a key determining factor of investment returns. The construction industry has recently faced unprecedented material cost increases due to supply chain problems, increased labor costs, and inflation. Construction cost variances by 5-10% in either direction of current market prices could change our LRV by 30 – 40%, our Equity Multiple by 50 basis points and our IRR by over 3%.

Mitigant: Dutchman Capital will enter a stipulated sum or guaranteed maximum price contract with general contractors in order to fix the project cost and mitigate this risk. Additionally, Dutchman will utilize a design-build approach to contract trade partners as early as possible, maximize the efficiency of construction scheduling, and leverage trade partners expertise in value engineering exercises.

Construction Costs					
	110%	105%	**529**	95%	90%
Land Residual Value	228,664,496	301,790,817	**375,066,287**	448,043,459	521,169,781
Equity Multiple	2.53	2.72	**2.93**	3.16	3.41
IRR	11.84%	13.27%	**14.54%**	16.58%	18.49%

Figure 26

Starting Rents across our mixed-use development are another strong decisive element of returns and LRV. A fluctuation of 5-10% in either direction can result in a 30-50% change in LRV, 40 basis points in Equity Multiple, and 3% in IRR.

Mitigant: We factored rents to reflect appropriate market rate rents and considered a rent escalation below the allowable yearly amounts stipulated by the State of California. Dutchman Capital has closely monitored the Old Town and Midway District submarkets and all indicators are that San Diego is undersupplied by thousands of units. We are confident in our rent projections and in our ability to capture the rental market demand with the delivery of Anchor Point.

Starting Rent/sf (All Types)					
	90%	95%	**0.00**	105%	110%
Land Residual Value	191,172,782	283,044,364	**375,066,287**	466,789,316	558,661,494
Equity Multiple	2.49	2.71	**2.93**	3.15	3.37
IRR	11.53%	13.19%	**14.54%**	16.50%	18.12%

Figure 27

The success of the Anchor Point mixed-use development project is dependent on several key factors, including going-in cap rates, cap rate expansion, construction costs, and starting rents. Through our sensitivity analysis, we have identified the potential risks associated with each of these factors and have developed mitigating strategies to ensure the success of the project. With a heavy concentration on the Multifamily asset class, a conservative cap rate expansion forecast, careful cost management, and factoring in appropriate market-rate rents, we are confident that the development will meet the demands of the San Diego market and generate strong returns for our investors. The sensitivity analysis provides us with a roadmap to manage risks and maximize returns, and we are excited to move forward with the development of Anchor Point.

Capital Stack

Dutchman Capital is operating as the general partner (GP) in this development. As the general partner, Dutchman Capital will be responsible for contributing 10% of the equity invested throughout the life of the project. Currently, that 10% is estimated to be just under $90 million. Dutchman Capital will leverage prior existing relationships as well as our repeated success and reputation as a developer to raise the remaining 90% of equity that represents approximately $789 million. Dutchman is seeking capital partners that understand and are comfortable with the long horizon that comes with a development of this magnitude. We expect large contributions from institutional capital partners such as pension funds, life insurance companies, the city of San Diego, etc. This capital stack can be seen to the right in Figure 28.

Original Capital Structure		
	%	$Amount
Equity		876,203,221
Investor	90%	788,582,899
Sponsor	10%	87,620,322

Figure 28

Waterfall Structure

Dutchman is prepared to propose a creative waterfall structure that meets all partners' needs. When discussing partners as it relates to the waterfall, this includes the US Navy. As we have discussed the Navy's responsibility to cover their own cost of TI, we found a creative solution to make the Navy whole for this expense.

As laid out above, the capital stack will include a contribution of 10% from Dutchman Capital, and 90% from our limited partners (LP). Against the norm, we will also be treating the Navy's contribution as equity invested in the development. The structure we are proposing will return the Navy's capital in Tier 1 before any operating cash flows are distributed to Dutchman or the LPs. Once the Navy's capital has been returned, they will be considered to hold a 5% equity stake in Anchor Point.

Tier 2 of our waterfall carries the industry standard 8% preferred returned distributed per the adjusted capital stack shown to the right in Figure 29, before reaching Tier 3 where the GP and LP contributions will be returned pari passu per the original capital stack above in Figure 28.

Adjusted Capital Structure		
	%	$Amount
Equity		1,128,582,899
LP Investor	65%	788,582,899
Navy Investor	28%	340,000,000
Sponsor	7%	87,620,322

Figure 29

The distribution of proceeds will be handled across four distinct tiers. Tier 1 will match tier 3 of the cash flow distributions until the capital contribution of the GP and LP have been returned in full. Tier 2 will distribute the proceeds to satisfy any unpaid preferred returns before reaching Tier 3 where proceeds will be distributed 70% to the LP, 5% to the Navy, and promoting the GP to 25% until the LP reaches an IRR of 15%. The final tier of the waterfall is only reached when the LP surpasses the 15% IRR hurdle, at which point all remaining funds are distributed 50% to LP, 5% to the Navy, and 45% to the GP. The full waterfall structure can be seen in Exhibit 6.

Conclusion

San Diego presents itself as an unparalleled location for NAVWAR to maintain its operations for many compelling reasons. First and foremost, San Diego offers an appealing climate throughout the year, accompanied by a scenic 50-mile stretch of coastline, making it a coveted place to reside and work. In addition to its natural allure, San Diego is the backdrop to a diverse, flourishing economy, underscored by pioneering industries such as life sciences, genomics, biotechnology, telecommunications, Smart City technology, software, and electronics. The city is regarded as a leading location for life sciences and biosciences. Its sophisticated industries substantially contribute to the economy, generating billions of dollars and providing lucrative employment opportunities.

San Diego's reputation for housing a substantial military presence is globally recognized, holding the top rank in terms of military and defense asset concentration. This environment naturally aligns with NAVWAR's operations, fostering the potential for collaboration with other defense entities. The city's spirit of innovation is undeniable, with San Diego consistently ranked among the most inventive cities worldwide. This is reflected in its numerous patent-intensive sectors, which include the sports and active lifestyle industries, as well as San Diego solidifying itself as a top 3 life science cluster in the country.

Global connectivity is another advantage San Diego offers, with direct flight connections to significant international destinations such as Tokyo, London, and Shanghai. Furthermore, the city is a hub for exceptional educational opportunities, boasting institutions like the University of California San Diego (UCSD), consistently ranked amongst the top public universities nationally and globally.

San Diego's efficient transportation infrastructure is renowned, with the city offering the lowest average commute times compared to its peers. It has earned recognition as a smart city and is considered a favorable startup breeding ground. The vibrant tourism sector further enhances the city's appeal, drawing in millions of visitors annually and significantly contributing to job creation.

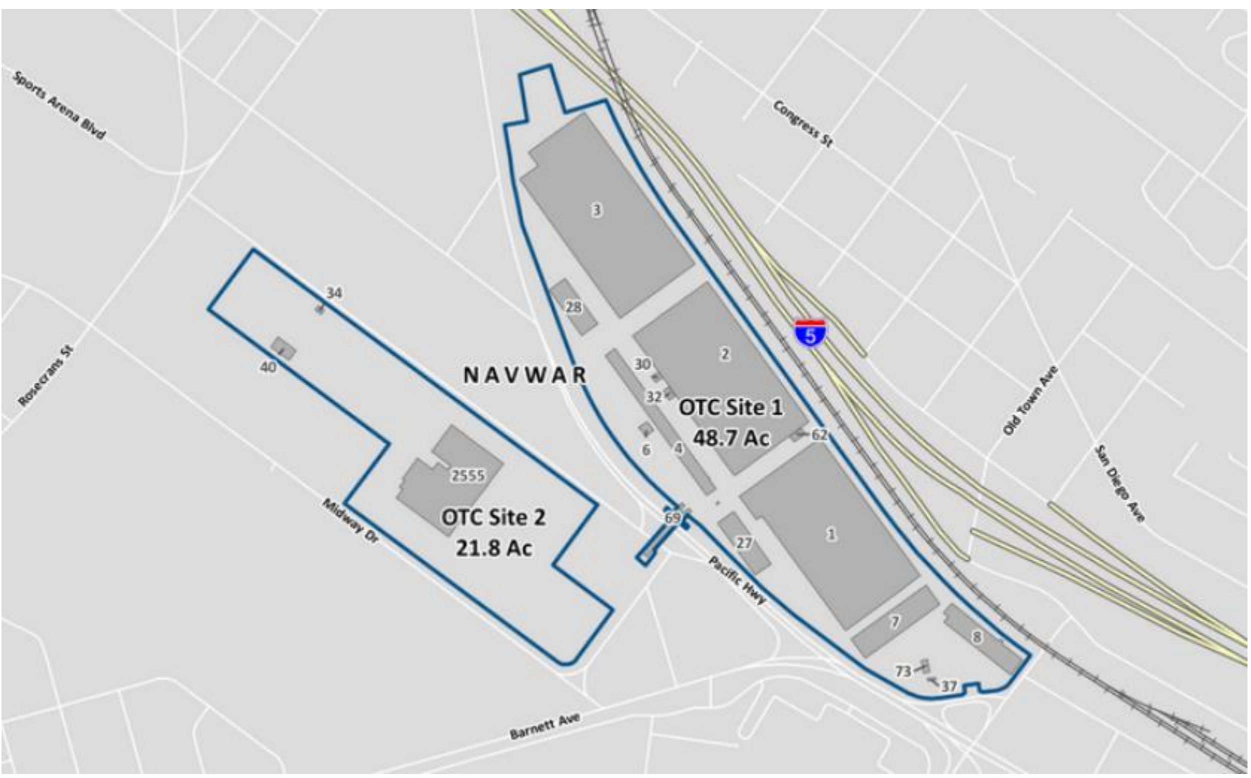
The city's demographic makeup is a mosaic of cultures and languages from around the globe, and it houses an array of educational institutions, both public and private, in addition to esteemed research institutes. This fosters a robust, knowledge-oriented community.

Considering all these elements, NAVWAR's continued presence in San Diego would grant it access to a dynamic and innovative ecosystem, a highly skilled workforce, robust military support, a conducive business environment, and a superior quality of life for its personnel.

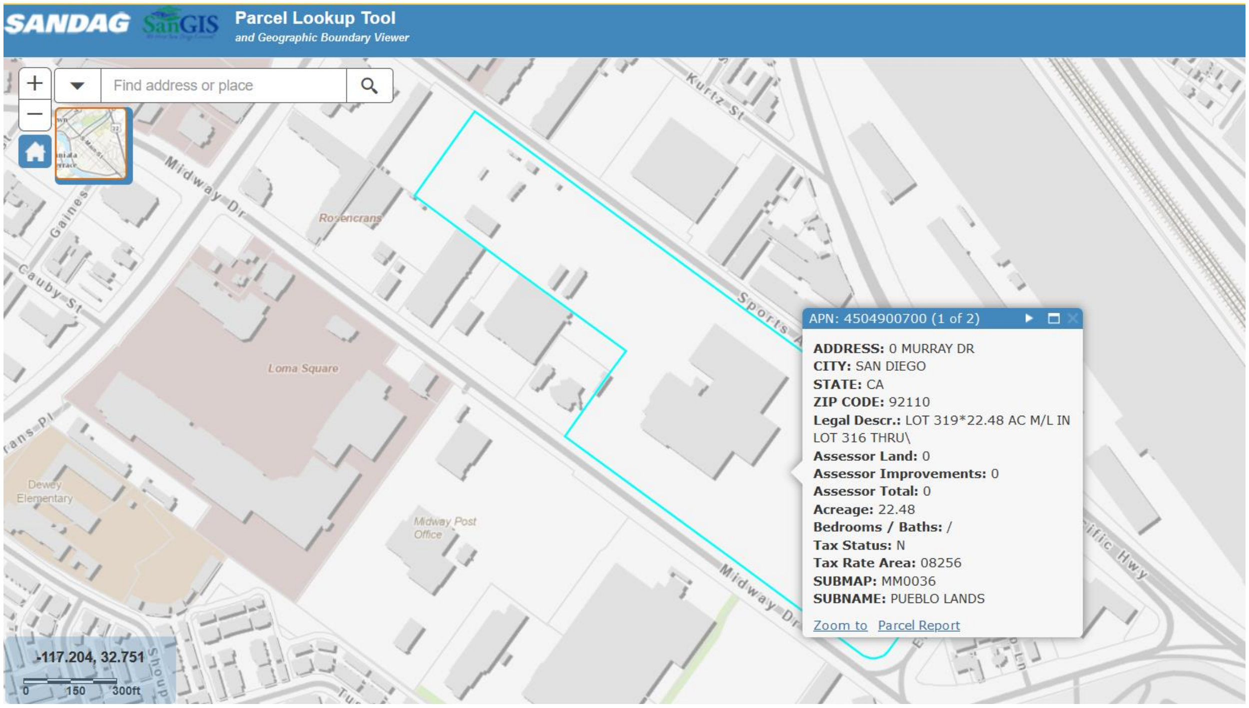
Dutchman Capital has carefully crafted the plan for the Anchor Point development and is excited to deliver it to the San Diego market. We believe that this development entices NAVWAR’s continued presence in this region while also addressing the needs of the markets and its citizens. Anchor Point will serve as the necessary catalyst to revitalize the Midway District as Dutchman Capital makes a conscious decision to enter a long-term, dedicated partnership with both the US Navy and the community.

Exhibit 1 – Acreage Discrepancy

Source: Pre-Proposal Conference Slides



Source: Environmental Impact Statement



Source: SANDAG's Parcel Lookup Tool

Source	OTC 1 Acreage	OTC 2 Acreage
Pre-Proposal Conference Slides	46.62	23.64
Environmental Impact Statement	48.7	21.80
SANDAG Parcel Map Tool	50.01	22.48

Exhibit 2 – Vision Package

Site Rendering: Aerial view from parkway

Site Rendering: Aerial view from high-rise

Site Rendering: Dutch Flats Parkway

Site Rendering: Walking Path

High Rise Residential Mixed-Use Tower

Mid-Rise Residential Mixed-Use Building

Garden Style Apartment

Row Home

Dutch Flat Parkway Mixed Use Sample

Stand Alone Retail Sample

Exhibit 3 – Site Plan

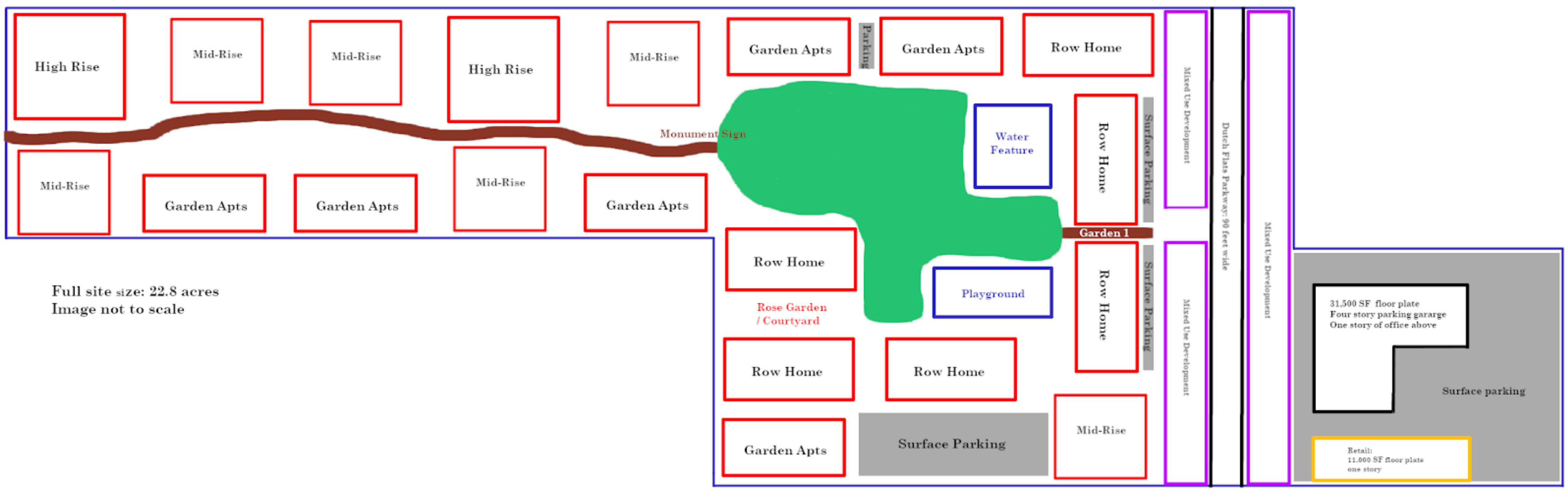


Exhibit 4A- Area Median Income Chart

SAN DIEGO HOUSING COMMISSION INCOME AND RENT CALCULATIONS

U.S. Department of Housing and Urban Development 2022 SAN DIEGO MEDIAN INCOME: $106,900

Note: The table contains income limits for 2022 extremely low, very low and low income, as adjusted for family size and other factors adopted and amended from time to time by the U.S. Department of Housing and Urban Development (HUD). HUD adjusted San Diego Very Low Income limits for a "high housing cost area" factor.

Family Size	Unit Size	Extremely Low Income 30% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	TCAC*[3]	35% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	TCAC*[3]	40% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	TCAC*[3]
ONE	STUDIO	$27,350	$684	$683	$31,900	$798	$797	$36,450	$911	$911
TWO	1-BR	$31,250	$781	$732	$36,450	$911	$854	$41,650	$1,041	$976
THREE	2-BR	$35,150	$879	$878	$41,000	$1,025	$1,024	$46,850	$1,171	$1,171
FOUR	3-BR	$39,050	$976	$1,015	$45,550	$1,139	$1,184	$52,050	$1,301	$1,353
FIVE	4-BR	$42,200	$1,055	$1,132	$49,200	$1,230	$1,321	$56,250	$1,406	$1,510
SIX	5-BR	$45,300	$1,133	$1,249	$52,850	$1,321	$1,457	$60,400	$1,510	$1,666
SEVEN	6-BR	$48,450	$1,211		$56,500	$1,413		$64,550	$1,614	
EIGHT		$51,550			$60,150			$68,750		

Family Size	Unit Size	Very Low Income 50% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	TCAC*[3]	"Low HOME"[3]	60% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	TCAC*[3]	65% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	"High HOME"[3]
ONE	STUDIO	$45,550	$1,139	$1,138	$1,138	$54,660	$1,367	$1,366	$59,200	$1,480	$1,460
TWO	1-BR	$52,050	$1,301	$1,220	$1,220	$62,460	$1,562	$1,464	$67,650	$1,691	$1,566
THREE	2-BR	$58,550	$1,464	$1,463	$1,463	$70,260	$1,757	$1,756	$76,100	$1,903	$1,881
FOUR	3-BR	$65,050	$1,626	$1,691	$1,691	$78,060	$1,952	$2,030	$84,550	$2,114	$2,165
FIVE	4-BR	$70,300	$1,758	$1,887	$1,887	$84,360	$2,109	$2,265	$91,300	$2,283	$2,395
SIX	5-BR	$75,500	$1,888	$2,082	$2,082	$90,600	$2,265	$2,499	$98,100	$2,453	$2,624
SEVEN	6-BR	$80,700	$2,018		$2,276	$96,840	$2,421		$104,850	$2,621	$2,853
EIGHT		$85,900				$103,080			$111,600		

Family Size	Unit Size	70% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	Low Income 80% AMI (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]	100% Area Median Income (No HUD adjustment) ANNUAL INCOME[1]	GROSS RENT[2]	110% AMI (No HUD adjustment) ANNUAL INCOME[1]	GROSS RENT[2]	120% (Adjusted by HUD) ANNUAL INCOME[1]	GROSS RENT[2]
ONE	STUDIO	$63,750	$1,594	$72,900	$1,823	$74,850	$1,871	$82,300	$2,058	$89,800	$2,245
TWO	1-BR	$72,850	$1,821	$83,300	$2,083	$85,500	$2,138	$94,100	$2,353	$102,650	$2,566
THREE	2-BR	$81,950	$2,049	$93,700	$2,343	$96,200	$2,405	$105,850	$2,646	$115,450	$2,886
FOUR	3-BR	$91,050	$2,276	$104,100	$2,603	$106,900	$2,673	$117,600	$2,940	$128,300	$3,208
FIVE	4-BR	$98,350	$2,459	$112,450	$2,811	$115,450	$2,886	$127,000	$3,175	$138,550	$3,464
SIX	5-BR	$105,600	$2,640	$120,800	$3,020	$124,000	$3,100	$136,400	$3,410	$148,850	$3,721
SEVEN	6-BR	$112,900	$2,823	$129,100	$3,228	$132,550	$3,314	$145,800	$3,645	$159,100	$3,978
EIGHT		$120,200		$137,450		$141,100		$155,250		$169,350	

* TCAC = Tax Credit Allocation Committee

1. Annual Income = Gross annual income adjusted by family size for Area Median Income (AMI) level. May contain additional adjustments as determined annually by HUD.
2. Gross rent minus utility allowance = maximum cash rent. See the "San Diego Housing Commission Utility Allowance Schedule" to calculate the utility allowance based on the project's actual utility mix.
3. For projects with multiple funding sources, use the lowest rents applicable and/or apply HUDs MTSP "Hold Harmless" policy. "Low HOME" and "High HOME" rents effective June 15, 2022

Note: Due to the Housing and Economic Recovery Act of 2008 the data presented in this chart may not be applicable to projects financed with Section 42 Low Income Housing Tax Credits (LIHTC) or section 142 tax exempt private equity bonds (MTSP). If you believe your affordable housing project is affected by this change and have questions regarding Rent & Income limits, please contact Irma Betancourt at irmab@sdhc.org.

This general income and rental rate information is derived from the U.S. Department of Housing and Urban Development very low income figures effective April 18, 2022. HOME Rents effective June 15, 2022.

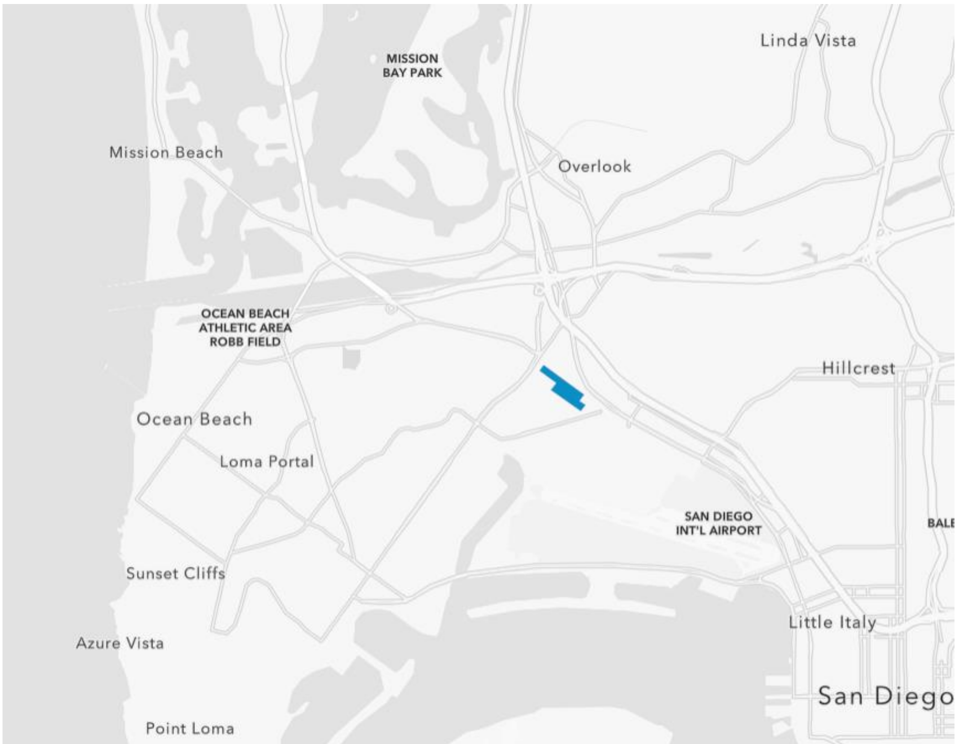
Revised:06/24/2022:ib

Source: US Department of Housing and Urban Development

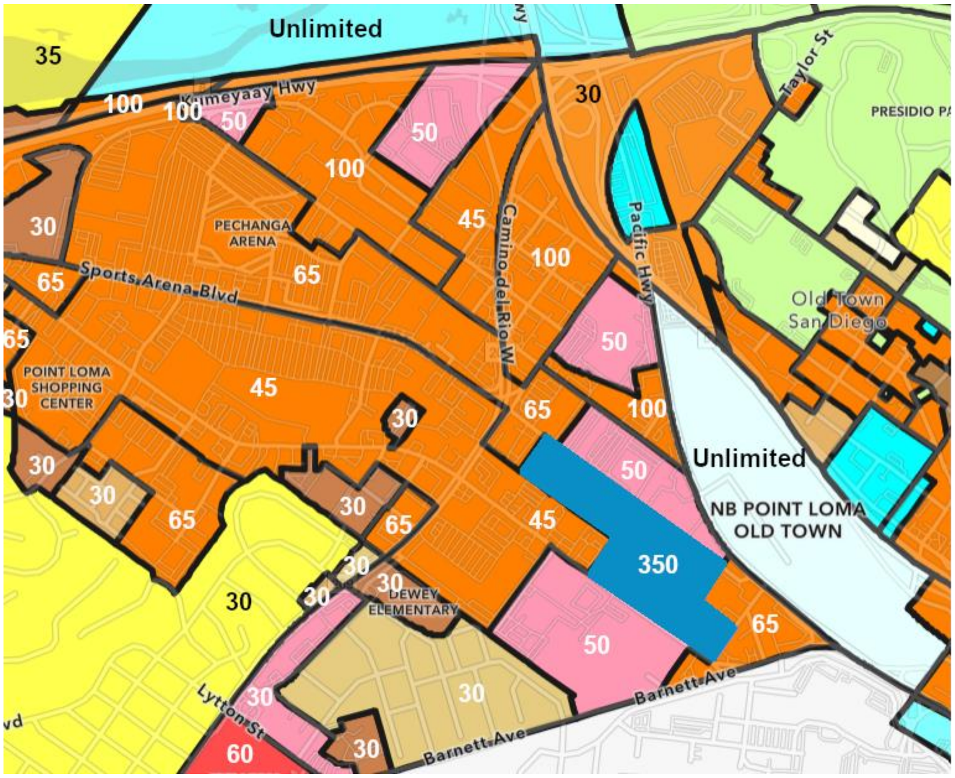
Exhibit 4B- Allowable Rent Chart

Studio	**Extremely Low Income**	**Very Low Income**	**Low Income**	**Median Income**	**Above Moderate Income**
Percent of AMI	30%	50%	80%	100%	120%
Household Income	$27,350	$45,550	$72,900	$74,850	$89,800
Housing Allocation	30%	30%	30%	30%	30%
Maximum Allowable Rent	$683.75	$1,138.75	$1,822.50	$1,871.25	$2,245.00
One-Bedroom	**Extremely Low Income**	**Very Low Income**	**Low Income**	**Median Income**	**Above Moderate Income**
Percent of AMI	30%	50%	80%	100%	120%
Household Income	$31,250	$52,050	$83,300	$85,500	$102,650
Housing Allocation	30%	30%	30%	30%	30%
Maximum Allowable Rent	$781.25	$1,301.25	$2,082.50	$2,137.50	$2,566.25
Two-Bedroom	**Extremely Low Income**	**Very Low Income**	**Low Income**	**Median Income**	**Above Moderate Income**
Percent of AMI	30%	50%	80%	100%	120%
Household Income	$35,150	$58,550	$93,700	$96,200	$115,450
Housing Allocation	30%	30%	30%	30%	30%
Maximum Allowable Rent	$878.75	$1,463.75	$2,342.50	$2,405.00	$2,886.25
Three-Bedroom	**Extremely Low Income**	**Very Low Income**	**Low Income**	**Median Income**	**Above Moderate Income**
Percent of AMI	30%	50%	80%	100%	120%
Household Income	$39,050	$65,050	$104,100	$106,900	$128,300
Housing Allocation	30%	30%	30%	30%	30%
Maximum Allowable Rent	$976.25	$1,626.25	$2,602.50	$2,672.50	$3,207.50

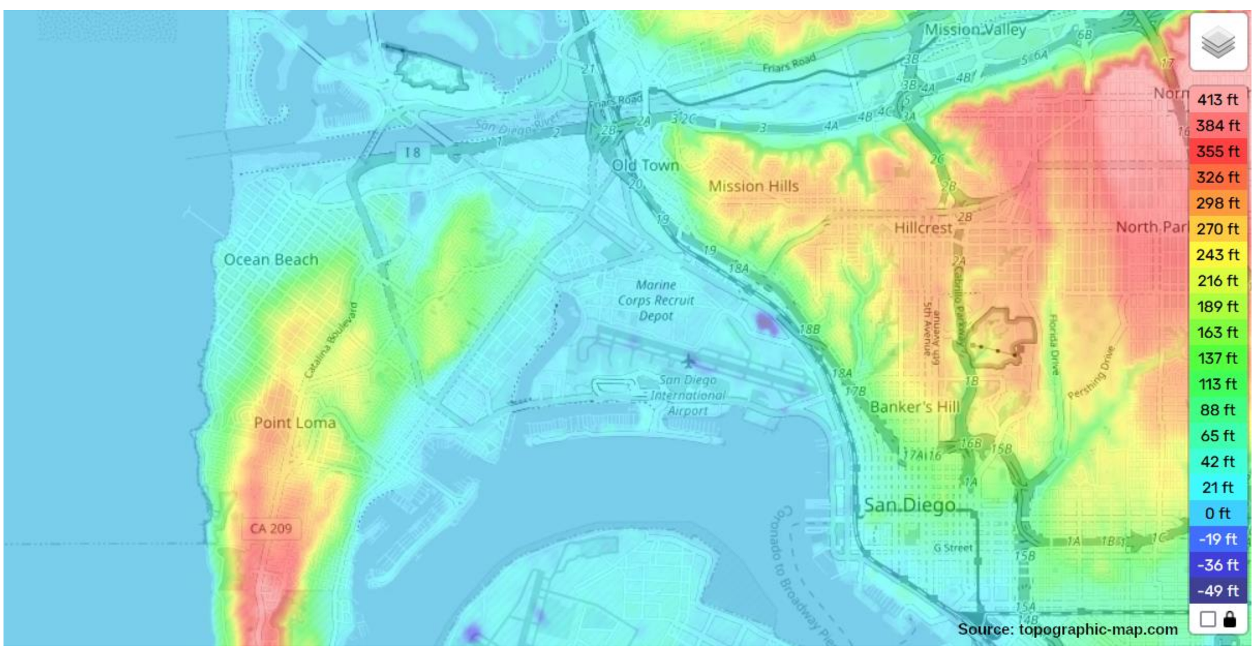
Exhibit 5 - Waterfront Views



Proximity of Anchor Point Village to Mission Bay, the Pacific Ocean, and San Diego Bay.



Height limits based upon zoning regulations.



Topography map showing higher elevations towards the west along the Point Loma peninsula.

Lighter sections depict the directions where waterfront views could be obtained. Zoning is responsible for most view restrictions to the east and north, while elevation restricts views looking southwest.

Exhibit 6 – Waterfall

Original Capital Structure

	%	$Amount	IRR	Equity Multiple
Equity		876,203,221	**14.54%**	**2.93**
Investor	90%	788,582,899	**8.56%**	**2.30**
Sponsor	**10%**	87,620,322	**13.21%**	**3.95**

Adjusted Capital Structure

	%	$Amount	IRR	Equity Multiple
Equity		1,216,203,221	**14.54%**	**2.11**
LP Investor	65%	788,582,899	**8.56%**	**2.30**
Navy Investor	28%	**340,000,000**	**1.69%**	**1.20**
Sponsor	7%	87,620,322	**13.21%**	**3.95**

Distribution of Operating Cash Flow

Tier 1 Return Navy Equity	
Distribution to LP	0%
Distribution to Navy	100%
Distribution to Sponsor	0%
Tier 2 Preferred Return	**8.0%**
Distribution to LP	76%
Distribution to Navy	5%
Distribution to Sponsor	19%
Tier 3 Return of Capital	
Distribution to LP	90%
Distribution to Navy	0%
Distribution to Sponsor	10%

Distribution of Net Sale Proceeds

Tier 1: Return unreturned Contribution	
Distribution to LP	90%
Distribution to Navy	0%
Distribution to Sponsor	10%
Tier 2: Unpaid Pref	
Distribution to LP	76%
Distribution to Navy	5%
Distribution to Sponsor	19%
Tier 3: 1st Hurdle Rate	**15%**
Distribution to LP	**70%**
Distribution to Navy	5%
Distribution to Sponsor	25%
Tier 4: Remaining CF	
Distribution to LP	50%
Distribution to Navy	1%
Distribution to Sponsor	**49%**

Income Pro Forma

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Initial Outlay	1	(54,832,016)	(61,946,223)	(119,534,931)	(68,957,403)	(58,533,074)	(32,134,615)	(32,134,615)	(71,870,661)	(81,195,555)	(15,932,712)
Operating CFs		**-**	**-**	**-**	**19,874,747**	**32,771,470**	**39,210,845**	**54,293,802**	**56,777,006**	**-**	**23,390,834**
Sale Proceeds		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**545,940,728**	**-**	**-**
Net CF	(1)	(54,832,016)	(61,946,223)	(119,534,931)	(49,082,656)	(25,761,604)	7,076,230	22,159,187	530,847,073	(81,195,555)	7,458,122

Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
(81,391,942)	(91,952,180)	(56,762,634)	(26,292,949)	(22,731,711)	-	-	-	-	-	-
14,011,743	**15,350,169**	**27,933,148**	**51,076,619**	**51,782,945**	**55,735,295**	**57,902,893**	**60,086,857**	**62,283,647**	**64,489,327**	**66,699,535**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(67,380,199)	(76,602,011)	(28,829,486)	24,783,670	29,051,234	55,735,295	57,902,893	60,086,857	62,283,647	64,489,327	66,699,535

Year 22	Year 23	Year 24	Year 25
-	-	-	-
68,909,448	**71,113,750**	**73,306,590**	**104,521,841**
-	**-**	**-**	**947,747,270**
68,909,448	71,113,750	73,306,590	1,052,269,111

Total Cash Flow

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
LP CF	1	(49,348,814)	(55,751,601)	(107,581,438)	(62,061,663)	(52,679,766)	(28,921,153)	(28,921,153)	420,369,568	(73,076,000)	(14,339,441)
Navy CF	(340,000,000)	-	-	-	19,874,747	32,771,470	39,210,845	54,293,802	59,076,865	-	23,390,834
Sponsor CF	1	(5,483,202)	(6,194,622)	(11,953,493)	(6,895,740)	(5,853,307)	(3,213,461)	(3,213,461)	51,400,640	(8,119,556)	(1,593,271)

Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
(73,252,748)	(82,756,962)	(51,086,371)	(23,663,654)	15,008,815	42,535,872	44,190,132	45,856,882	47,533,421	49,216,744	50,903,523
14,011,743	15,350,169	27,933,148	51,076,619	7,633,284	2,786,765	2,895,145	3,004,343	3,114,182	3,224,466	3,334,977
(8,139,194)	(9,195,218)	(5,676,263)	(2,629,295)	6,409,135	10,412,658	10,817,616	11,225,632	11,636,044	12,048,116	12,461,035

Year 22	Year 23	Year 24	Year 25
52,590,077	54,272,349	55,945,873	847,743,985
3,445,472	3,555,688	3,665,329	33,800,471
12,873,899	13,285,714	13,695,388	170,724,654

Exhibit 7 – Proforma

Multi-Family				Units	Affordable	RSA	Share	Avg Rent
	Program Floor Area Goal							
Bldg Area Goal	50%	416,172 sf						
High Rise	43,560 sf	1. ac		1,330	463	848,250	35.72%	$ 4.82
Mid Rise	130,680 sf	3. ac		1,127	345	774,600	32.62%	$ 4.72
Row Homes	65,340 sf	1.5 ac		147	0	176,400	7.43%	$ 4.79
Garden Style	52,272 sf	1.2 ac		161	52	116,850	4.92%	$ 4.37
Dutch Flats Pkwy MF (Mixed)	170,100 sf	3.9 ac		675	0	458,550	19.31%	$ 4.93
Parking	33,810 sf	.78 ac		2,208				
				3,440	**860**	**2,374,650**		**$ 4.78**
Open Space	124,320 sf	2.85 ac						
Dead Space	7,794 sf	**GSA**	2,779,776					
Affordable %	25%	**RFA**	2,382,444					
Avg Unit Size	690	**Structures**	22					
Tot. Potential Rent	$ 11,398,663	**Efficiency**	85.43%					

	LTV	Rate	WACC
Debt	65%	6.50%	4.225%
Equity	35%	8.00%	2.800%
Total			7.025%

Type	Units	Subtotal
Studio	282	
1 Person (Very Low)	-	
1 Person (Low)	675	*957*
1 br / 1 ba	822	*822*
2 br / 1 ba	726	*726*
2 br / 2 ba	557	
4 Person Low	-	
4 Person Moderate	185	*742*
3 br / 2.5 ba	193	*193*
Total	**3,440**	

Parking	Need	Ratio	
High Rise	998	75%	
Mid Rise	564	50%	
Row Home	147	100%	
Garden Style	161	100%	
Dutch Flats Mixed	338	50%	
Total	**2,208**	**2,343**	*Total Built*

Retail			
	Program Floor Area Goal		
Bldg Area Goal	30%	249,703 sf	
Dutch Flats Pky	170,100 sf	3.9 ac	
Stand-Alone	62,500 sf	1.43 ac	
Perimeter	29,250 sf	.67 ac	
Open Space	-12,147 sf	**GSA**	261,850 sf
Dead Space	4,230	**RFA**	227,830 sf
Tot. Potential Rent	1,124,987	**Efficiency**	87.01%

	Units	Rentable SF	Share	Avg Rent
Small	60	78,000	34.88%	$ 5.25
Mid	26	52,000	23.26%	$ 5.00
Large	8	53,600	23.97%	$ 4.75
Huge	1	40,000	17.89%	$ 4.50
	95	**223,600**		**$ 4.94**

SF per Unit Type			
Small	1,300 sf	*Large*	6,700 sf
Mid	2,000 sf	*Huge*	40,000 sf

	LTV	Rate	WACC
Debt	65%	7.50%	4.875%
Equity	35%	8.00%	2.800%
Total			7.675%

Parking	Need	Spaces / 1k sf	
Dutch Flats Mixed	484	3.55	
Stand Alone	288	4.60	
Perimeter	130	4.43	
Total	**902**	**1,073**	*Total Built*

Office				
	Program Floor Area Goal			
Bldg Area Goal		0%	sf	
Dutchman Pky		170,100 sf	3.9 ac	
South Point		sf	. ac	
Open Space		-	**GSA**	170,100 sf
Dead Space		8,090 sf	**RFA**	153,090 sf
Tot. Potential Rent	$	655,120	**Efficiency**	90.00%

	LTV	Rate	WACC
Debt	65%	7.50%	4.875%
Equity	35%	8.00%	2.800%
Total			7.675%

	Units	Rentable SF	Share	Avg Rent
Small	6	30,000	21%	$ 4.50
Mid	6	45,000	31%	$ 4.40
Large	3	30,000	21%	$ 4.25
Huge	2	40,000	28%	$ 4.00
	17	**145,000**		**$ 4.28**

SF per Unit Type			
Small	5,000 sf	*Large*	10,000 sf
Mid	7,500 sf	*Huge*	20,000 sf

Parking	Need	Spaces / 1k sf	
Dutch Flats Mixed	460	3	
Stand Alone	600	5	
Total	**1,060**	**1,255**	*Total Built*

Totals	Year	0	1	2	3	4	5	6	7	8	9	10
1	*Land*	1										
1,222,720,741	*Multifamily*		99,258,719	101,243,894	174,709,361	72,869,401	37,642,501			157,707,747	160,861,901	
151,198,220	*Retail*		13,455,064	13,724,166	27,997,298	14,278,622	14,564,194			4,259,160	4,344,343	
81,773,789	*Office*		13,095,456	13,357,365	27,249,024	13,897,002	14,174,942					
135,997,409	*Parking*		9,476,520	9,666,050	34,979,130	10,025,627	6,779,805			15,357,906	15,665,064	
49,227,531	*Dev Manager Fee*		4,184,096	4,267,778	8,193,860	3,435,175	2,262,725			5,484,273	5,593,958	
1,640,917,691	Period Construction Costs	1	139,469,855	142,259,252	273,128,673	114,505,828	75,424,168	-	-	182,809,085	186,465,266	-
	Debt Share of Costs		90,655,406	92,468,514	177,533,638	74,428,788	49,025,709	-	-	118,825,905	121,202,423	-
	Equity Share of Costs		48,814,449	49,790,738	95,595,036	40,077,040	26,398,459	-	-	63,983,180	65,262,843	-
	Capitalized Interest Expense		6,017,567	12,155,485	23,939,895	28,880,364	32,134,615	32,134,615	32,134,615	7,887,481	15,932,712	15,932,712
876,203,221	*All-In Equity*		54,832,016	116,778,239	236,313,170	305,270,573	363,803,647	395,938,262	428,072,877	499,943,537	581,139,092	597,071,804
	Cumulative Loan Balance		90,655,406	183,123,920	360,657,557	435,086,345	484,112,055	484,112,055	484,112,055	118,825,905	240,028,328	240,028,328
	Cumulative Square Footage Delivered											
	Multifamily					655,434	804,627	1,034,262	1,034,262	1,034,262		604,395
	Retail					68,040	68,040	136,080	136,080	136,080		12,500
	Office					76,545	76,545	153,090	153,090	153,090		
	Absorption											
	Multifamily					75%	85%	80%	100%	100%		75%
	Retail					45%	60%	65%	80%	100%		50%
	Office					45%	60%	65%	80%	100%		
	Potential Gross Income											
	Multifamily					31,747,001	45,936,652	57,796,257	75,135,134	78,140,539		37,042,018
	Retail					1,925,286	2,618,389	5,786,639	7,264,457	9,262,183		442,588
	Office					1,877,089	2,552,841	5,641,779	7,082,603	9,030,318		-
	Vacancy											
	Multifamily								3%	3%		-
	Retail								-	3%		-
	Office								-	3%		
	Estimated Gross Income											
2,359,165,521	*Multifamily*					31,747,001	45,936,652	57,796,257	72,881,080	75,796,323		37,042,018
123,065,336	*Retail*					1,925,286	2,618,389	5,786,639	7,264,457	8,984,318		442,588
25,913,720	*Office*					1,877,089	2,552,841	5,641,779	7,082,603	8,759,409		-
	Operating Expenses											
989,929,019	*Multifamily*					10,107,051	14,916,993	19,143,521	24,622,780	26,119,845		13,280,592
37,308,525	*Retail*					612,939	850,268	1,916,675	2,454,288	3,096,047		130,173
8,706,662	*Office*					597,595	828,983	1,868,694	2,392,848	3,018,542		-
	NOI											
1,369,236,501	*Multifamily*					21,639,950	31,019,659	38,652,735	48,258,300	49,676,478		23,761,426
85,756,811	*Retail*					1,312,347	1,768,120	3,869,964	4,810,170	5,888,271		312,415
17,207,058	*Office*					1,279,495	1,723,858	3,773,085	4,689,754	5,740,867		-
1,472,200,371	NOI					24,231,791	34,511,638	46,295,784	57,758,224	61,305,615		24,073,841
	Capital Costs											
	Leasing Commissions (Retail)					300,460	100,153	467,382	200,307	267,076		61,332
	Leasing Commissions (Office)					292,939	97,646	455,682	195,292	260,390		-
	Tenant Improvements (Retail)					1,657,095	563,412	2,681,843	1,172,349	1,594,394		380,936
	Tenant Improvements (Office)					1,864,232	633,839	3,017,074	1,318,892	1,793,693		-
	CapEx Reserve					242,318	345,116	462,958	577,582	613,056		240,738
1,431,676,693	Unlevered Cash Flow					19,874,747	32,771,470	39,210,845	54,293,802	56,777,006		23,390,834
	Debt Service											
	Debt Service											
1,071,522,512	Levered Cash Flow					19,874,747	32,771,470	39,210,845	54,293,802	56,777,006		23,390,834
	Capital Events											
	Exit Cap	5.15%	5.25%	5.35%	5.45%	5.55%	5.65%	5.75%	5.85%	5.95%	6.05%	6.15%
	Sale Price									1,030,052,782		
	Loan Proceeds											
	Loan Payoff									484,112,055		
1,493,687,998	PROCEEDS									545,940,728		

Totals	Year	11	12	13	14	15	16	17	18	19	20
1	*Land*										
1,222,720,741	*Multifamily*	166,657,104	169,990,246	81,779,867							
151,198,220	*Retail*	20,194,710	20,598,604	8,802,999	8,979,059						
81,773,789	*Office*										
135,997,409	*Parking*	13,964,635	14,243,928	4,948,088	890,656						
49,227,531	*Dev Manager Fee*	6,210,818	6,335,034	2,954,566	305,249						
1,640,917,691	Period Construction Costs	207,027,267	211,167,812	98,485,520	10,174,964	-	-	-	-	-	-
	Debt Share of Costs	134,567,723	137,259,078	64,015,588	6,613,726	-	-	-	-	-	-
	Equity Share of Costs	72,459,543	73,908,734	34,469,932	3,561,237	-	-	-	-	-	-
	Capitalized Interest Expense	8,932,399	18,043,446	22,292,702	22,731,711	22,731,711					
876,203,221	*All-In Equity*	678,463,747	770,415,927	827,178,561	853,471,509	876,203,221	876,203,221	876,203,221	876,203,221	876,203,221	876,203,221
	Cumulative Loan Balance	134,567,723	271,826,801	335,842,389	342,456,116						
	Cumulative Square Footage Delivered										
	Multifamily	604,395	604,395	922,383	1,348,182	1,348,182	1,348,182	1,348,182	1,348,182	1,348,182	1,348,182
	Retail	12,500	12,500	68,350	68,350	91,750	91,750	91,750	91,750	91,750	91,750
	Office										
	Absorption										
	Multifamily	100%	100%	88%	84%	100%	100%	100%	100%	100%	100%
	Retail	100%	100%	88%	100%	100%	100%	100%	100%	100%	100%
	Office										
	Potential Gross Income										
	Multifamily	51,364,932	53,419,529	74,611,624	108,261,410	134,037,936	139,399,454	144,975,432	150,774,449	156,805,427	163,077,644
	Retail	902,879	920,937	4,520,028	5,239,123	7,173,421	7,316,890	7,463,227	7,612,492	7,764,742	7,920,037
	Office	-	-	-	-	-	-	-	-	-	-
	Vacancy										
	Multifamily	3%	3%	0%	0%	3%	3%	3%	3%	3%	3%
	Retail	3%	3%	0%	3%	3%	3%	3%	3%	3%	3%
	Office										
	Estimated Gross Income										
2,359,165,521	*Multifamily*	49,823,984	51,816,943	74,611,624	108,261,410	130,016,798	135,217,470	140,626,169	146,251,216	152,101,264	158,185,315
123,065,336	*Retail*	875,793	893,309	4,520,028	5,081,949	6,958,219	7,097,383	7,239,331	7,384,117	7,531,800	7,682,436
25,913,720	*Office*	-	-	-	-	-	-	-	-	-	-
	Operating Expenses										
989,929,019	*Multifamily*	18,220,547	19,328,357	28,387,674	42,014,303	51,466,321	54,595,474	57,914,878	61,436,103	65,171,418	69,133,840
37,308,525	*Retail*	257,586	262,738	1,329,420	1,494,691	2,046,535	2,087,466	2,129,215	2,171,799	2,215,235	2,259,540
8,706,662	*Office*	-	-	-	-	-	-	-	-	-	-
	NOI										
1,369,236,501	*Multifamily*	31,603,436	32,488,586	46,223,950	66,247,107	78,550,477	80,621,997	82,711,291	84,815,113	86,929,846	89,051,475
85,756,811	*Retail*	618,207	630,571	3,190,608	3,587,258	4,911,684	5,009,917	5,110,116	5,212,318	5,316,564	5,422,896
17,207,058	*Office*	-	-	-	-	-	-	-	-	-	-
1,472,200,371	NOI	32,221,643	33,119,157	49,414,558	69,834,365	83,462,161	85,631,914	87,821,406	90,027,431	92,246,411	94,474,370
	Capital Costs										
	Leasing Commissions (Retail)	61,332	-	467,579	80,488	229,629		-	-	-	-
	Leasing Commissions (Office)	-	-	-	-	-		-	-	-	-
	Tenant Improvements (Retail)	388,554	-	3,081,888	541,118	1,574,666		-	-	-	-
	Tenant Improvements (Office)	-	-	-	-	-		-	-	-	-
	CapEx Reserve	322,216	331,192	494,146	698,344	834,622	856,319	878,214	900,274	922,464	944,744
1,431,676,693	Unlevered Cash Flow	31,449,540	32,787,965	45,370,945	68,514,416	80,823,245	84,775,595	86,943,192	89,127,157	91,323,947	93,529,627
	Debt Service										
	Debt Service	17,437,797	17,437,797	17,437,797	17,437,797	29,040,299	29,040,299	29,040,299	29,040,299	29,040,299	29,040,299
1,071,522,512	Levered Cash Flow	14,011,743	15,350,169	27,933,148	51,076,619	51,782,945	55,735,295	57,902,893	60,086,857	62,283,647	64,489,327
	Capital Events										
	Exit Cap	6.25%	6.35%	6.45%	6.55%	6.65%	6.75%	6.85%	6.95%	7.05%	7.15%
	Sale Price										
	Loan Proceeds	240,028,328				569,202,685					
	Loan Payoff	240,028,328				569,202,685					
1,493,687,998	PROCEEDS	-				-					

ANCHOR POINT

Totals	Year	21	22	23	24	25
1	*Land*					
1,222,720,741	*Multifamily*					
151,198,220	*Retail*					
81,773,789	*Office*					
135,997,409	*Parking*					
49,227,531	*Dev Manager Fee*					
1,640,917,691	Period Construction Costs	-	-	-	-	-
	Debt Share of Costs	-	-	-	-	-
	Equity Share of Costs	-	-	-	-	-
	Capitalized Interest Expense					
876,203,221	*All-In Equity*	876,203,221	876,203,221	876,203,221	876,203,221	876,203,221
	Cumulative Loan Balance					
	Cumulative Square Footage Delivered					
	Multifamily	1,348,182	1,348,182	1,348,182	1,348,182	1,348,182
	Retail	91,750	91,750	91,750	91,750	91,750
	Office					
	Absorption					
	Multifamily	100%	100%	100%	100%	100%
	Retail	100%	100%	100%	100%	100%
	Office					
	Potential Gross Income					
	Multifamily	169,600,750	176,384,780	183,440,171	190,777,778	198,408,889
	Retail	8,078,437	8,240,006	8,404,806	8,572,902	8,744,360
	Office	-	-	-	-	-
	Vacancy					
	Multifamily	3%	3%	3%	3%	3%
	Retail	3%	3%	3%	3%	3%
	Office					
	Estimated Gross Income					
2,359,165,521	*Multifamily*	164,512,728	171,093,237	177,936,966	185,054,445	192,456,623
123,065,336	*Retail*	7,836,084	7,992,806	8,152,662	8,315,715	8,482,030
25,913,720	*Office*	-	-	-	-	-
	Operating Expenses					
989,929,019	*Multifamily*	73,337,178	77,796,078	82,526,080	87,543,665	92,866,320
37,308,525	*Retail*	2,304,731	2,350,825	2,397,842	2,445,799	2,494,715
8,706,662	*Office*	-	-	-	-	-
	NOI					
1,369,236,501	*Multifamily*	91,175,550	93,297,159	95,410,886	97,510,779	99,590,302
85,756,811	*Retail*	5,531,354	5,641,981	5,754,820	5,869,917	5,987,315
17,207,058	*Office*	-	-	-	-	-
1,472,200,371	NOI	96,706,903	98,939,139	101,165,707	103,380,696	105,577,617
	Capital Costs					
	Leasing Commissions (Retail)	-	-	-	-	-
	Leasing Commissions (Office)	-	-	-	-	-
	Tenant Improvements (Retail)	-	-	-	-	-
	Tenant Improvements (Office)	-	-	-	-	-
	CapEx Reserve	967,069	989,391	1,011,657	1,033,807	1,055,776
1,431,676,693	Unlevered Cash Flow	95,739,834	97,949,748	100,154,050	102,346,889	104,521,841
	Debt Service					
	Debt Service	29,040,299	29,040,299	29,040,299	29,040,299	
1,071,522,512	Levered Cash Flow	66,699,535	68,909,448	71,113,750	73,306,590	104,521,841
	Capital Events					
	Exit Cap	7.25%	7.35%	7.45%	7.55%	7.65%
	Sale Price					1,379,793,594
	Loan Proceeds					
	Loan Payoff					432,046,324
1,493,687,998	PROCEEDS					947,747,270

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