



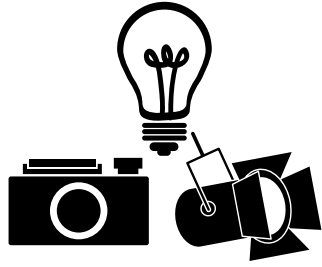
the Drive-in
PRODUCER SPACE FOR VISIONARIES

unfold
DEVELOPMENT

**CENTER FOR
REAL ESTATE**

PORTLAND STATE UNIVERSITY

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A DEVELOPMENT PLAN BY:

COREY CABRERA
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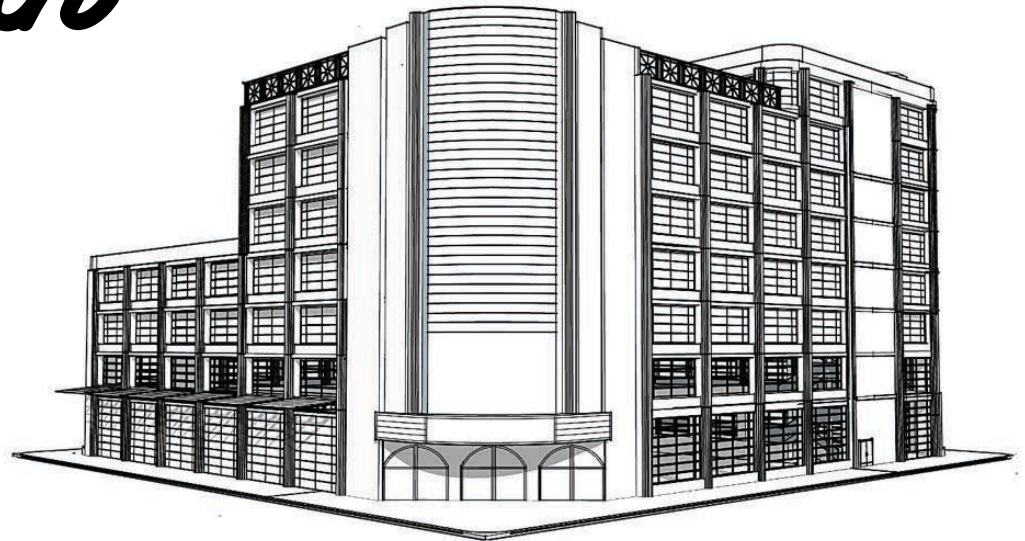
the Drive-in

PRODUCER SPACE FOR VISIONARIES



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INTRODUCTION

The Master of Real Estate Development (MRED) program at Portland State University is jointly offered through PSU's nationally-ranked School of Business and renowned College of Urban & Public Affairs. It offers practical, interdisciplinary, outcome-oriented expertise in commercial real estate. Each year teams are challenged to produce a comprehensive development plan for a pre-selected site in the Portland area and present it to an audience of regional real estate professionals. For the Summer 2019 cohort of MRED graduates, NAIOP has chosen a 1.25-block site owned by Menashe properties at SE Sixth Avenue and Hawthorne Boulevard as one of three sites to be developed.

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THANK YOU.

We offer our gratitude to Justin Dennett, Jerry Johnson, and Gerry Mildner for their guidance as well as allowing us to unfold this project.

We would also like to thank the following professionals who have shared their expertise, zeal, and resources:

Jordan Menashe | *Principal, Menashe Properties*

Lauren Menashe | *VP, Development, Menashe Properties*

Ben Hufford | *Principal, Design Department PDX*

Troy Doss | *Senior Planner, Central City Team*

Kyle Anderson | *Vice President, LMC Construction*

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Ashley Heichelbech | *Broker, Commercial Realty Advisors NW*

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Ryan AO | *CEO, AO Productions*

Chris Farrington | *Co-Founder, Voxity Video Production*

Katie Scardino | *CEO, Aberdeen Row Productions*



EXECUTIVE SUMMARY.

MEET YOU AT THE DRIVE-IN

Consisting of retail, industrial office, production space and a one-of-a-kind tenant amenity rooftop cinema space, the Drive-in experience metaphorically hints to the production process with space for collaboration, creation & illustration. Say goodbye to one-size-fits-all creative office space that has inundated Portland for the past five years. The Drive-in caters to a missing niche of visionary tenants with unprecedented design and shiny owner returns. Take a seat and relax.

This is the Drive-in.

STRATEGY AND FEASIBILITY

- Long-term hold
- Large equity contribution allowing for cheaper debt
- Stress-tested to ensure above a 10% cash-on-cash return even with adverse market conditions or increased lending rates

REVENUE IN PROPORTION TO NRA

- Industrial Office + Retail: 72%
- Parking (Floors 1 & 2): 26%
- The Pantry (Food Carts): 2%



Total Development Costs

\$77,157,448

Stabilized NOI (year 2)

\$5,505,089

Stabilized Value (@ 6% cap)

\$91,751,490

Cash Flow After Debt Service (year 10)

\$4,281,420

7.13%

YIELD ON COST

13.69%

CASH-ON-CASH

YR 10

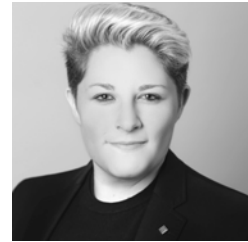
17.96%

CASH-ON-CASH

YR 20



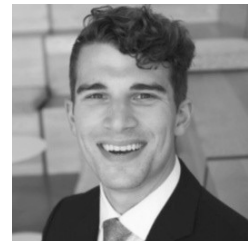
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Concept + Brand Lead



CLAYTON CROWHURST
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JACOB PAVLIK
Market Research Lead



JARROD HOWARD
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SPENCER STEGMANN
Planning Lead

WHO WE ARE.



a values-driven urban development firm
committed to carrying stories forward
through the art of **unfolding**.

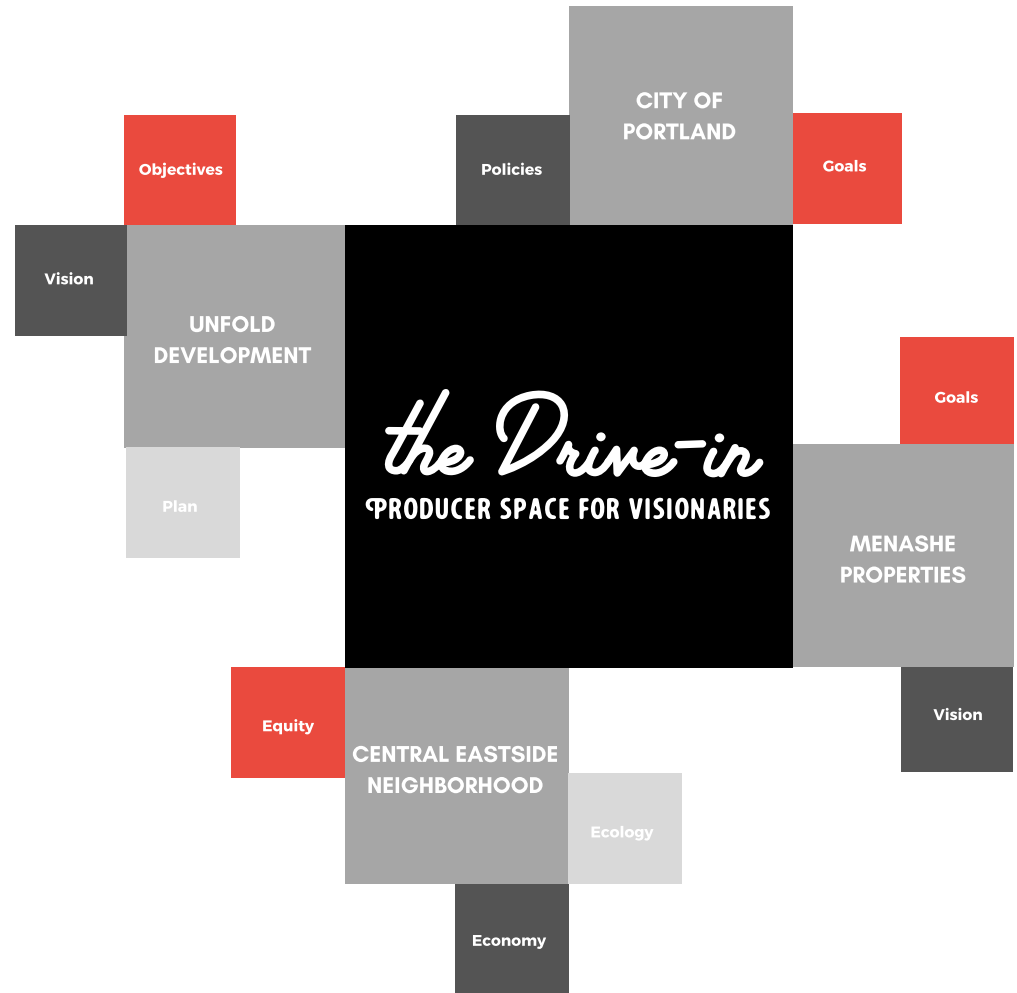
PORTLAND, OR



At Unfold Development, our approach is reflected in the definition of unfold: *"to cause to evolve gradually; to lead or conduct (something) through a succession of states or changes each of which is preparatory for the next."*

We treat each stage of the development process with fierce potential and management for our stakeholders. We leverage our team's wide range of experience to deliver projects that will unfold the potential of a block, district, and community.

We aim to create lasting value while working with both Menashe Properties and the City of Portland to spark Central Eastside synergy with the following development proposal of the Drive-in.



OWNER MISSION STATEMENT

"To enable our tenants, clients, and employees to quickly realize their full potential in the Real Estate industry. We provide sound business advice through innovation, experience, creativity, and leadership. We act with integrity and fairness with our customers, employees, and community. Our goal being to create interesting and engaging spaces to aid in not only our own employees and company development, but to all of our clients and tenants as well."

LONG-TERM OWNERSHIP

As investors, Menashe Properties is a long-term owner. The company holds their assets in order to ensure quality management and tenant retention. The family's legacy thrives on their ability to maintain and control assets in perpetuity.

RESPECTING + EMPOWERING TENANTS

Tenants are the backbone of any real estate asset. When their businesses succeed and they are happy in their space, everybody wins. This is a key component of Menashe Properties' mission. Beyond offering best in class amenities, they respect their tenants' autonomy and ability to succeed in business.

QUALITY ASSET FOR CENTRAL EASTSIDE

The Central Eastside is an iconic neighborhood in Portland, and it is on the rise. With the Drive-In, the firm would provide not only iconic, industrial office space for local makers and producers; but they would enhance a neighborhood on the rise.

INTEGRITY + FAIRNESS

When doing business in the Portland real estate community, Menashe Properties knows the need to treat their fellow stakeholders and development partners with respect. Be it a construction contractor, broker, architect, or financial entity: Menashe Properties maintains relationships for the long-run.

MENASHE PROPERTIES.



MENASHE
PROPERTIES



THE CENTRAL EASTSIDE

The vitality of the Central Eastside is key to the state, region, and City of Portland. The SE Quadrant Plan is an element of the broader Central City 2035 (CC2035) Plan, which updates the 1988 Central City Plan and includes new guiding policies, updated land use and urban design plans, and more detailed plans for the Central Eastside. Policies for growth management, economic development, and sustainable development helped guide our company's development process and reinforce citywide goals in the context of the site's development.

GROWTH

The SE Quadrant is projected to grow by 2,500 households and 9,000 jobs by 2035, for a total of 3,500 households and 26,000 jobs.

NEW INDUSTRIAL USERS

A cadre of “doers and makers” is establishing new workspaces in this district alongside longstanding manufacturers, creating synergy among old and new industrial operations.

CENTRAL LOCATION

The district's proximity to downtown, industrial, institutional, cultural, and other urban amenities makes it attractive to new and established businesses.

IMPROVED ACCESS

With the completion of the new transit bridge and associated infrastructure improvements, the inner transportation circle around the Willamette River will be complete.

THE CITY OF PORTLAND.



INNOVATION

New development indicates the SE Quadrant is poised to become a major contributor to the Central City as a center for innovation and exchange.

DIVERSE NEEDS

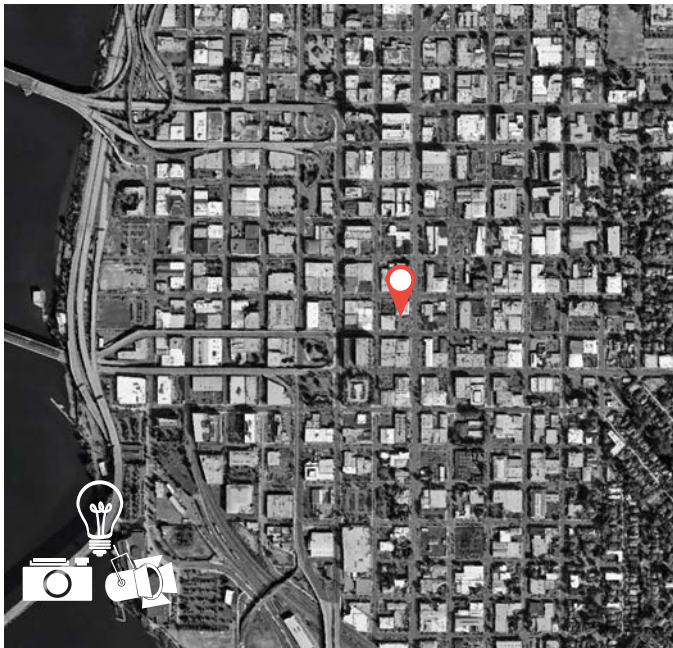
The challenge will be to protect traditional industries that serve the region while creating new spaces for emerging industries and prototypes – as well as defining new places for residents, workers and visitors to enjoy.



THE SITE.

"The unique industrial character of the Central Eastside exists largely because the area has been preserved as an industrial sanctuary."

-- SE QUADRANT PLAN 2035



The Drive-in is situated between 6th and 7th Avenues on southeast Hawthorne Boulevard in Portland's Central Eastside neighborhood. It is five blocks northwest of Ladd's Addition, one of the city's finest neighborhoods known for its large craftsman-style homes and tree-lined streets. The surrounding properties are primarily single-story industrial warehouses, although some properties were used for manufacturing until the rents eclipsed the ability of those tenants to pay. Since then, the Central Eastside Industrial District has become a booming neighborhood for the Portland creative community. Awash with restaurants, bars, and stores, it is a hot-spot desired by many companies wanting to attract millennial talent to work at their companies.



HISTORY

The site has been owned by the Menashe family since 1993, before which it was under a slew of different owners. The quarter block site north of Madison Street has been used for parking and a drive-through coffee kiosk. The full-block is comprised of four buildings, some of which are connected on the interior. The properties on the Hawthorne side of the site were built in 1926, and the two properties on the Madison side were built in 1928 (Madison and 6th) and 1937 (Madison and 7th). Tenants of the property have primarily been related to the furniture industry, most recently NW Office Liquidators, which sells used office furniture. Fieldwork Architecture has occupied the building on the opposite side of Hawthorne since 2015.



LOCATION

The site is located near a myriad of transportation options, including the 2, 6, 14, 15, and 70 bus lines, the Portland Streetcar, and the Hawthorne Bridge. Given the ideal location in Portland's Central City, it is the perfect spot to attract talent from the westside and eastside residential neighborhoods. The Portland City Council passed the Central Eastside Industrial Council's request for an Enhanced Services District (ESD), which became effective on July 1, 2019. The plan addresses cleanliness, safety, parking, and economic vitality in ways that will improve the experience of business, residents, and visitors of the area. Since the Drive-in is located within the ESD, it will benefit from increased services throughout the neighborhood.

SLIM AMENITIES

In close proximity to the Drive-in are a few amenities, such as Eastside Distilling, Lucky Labrador Brew Pub, Coava Coffee Roasters, and White Owl Social Club. Bustling transportation infrastructure limits the ease of pedestrian connectivity to amenities slightly further away, such as the food cart pod "Hawthorne Asylum" at 11th and Hawthorne and Water Avenue Commerce Center at Water Avenue and Taylor.

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PLANNING CONTEXT

- i. Zoning
- ii. Eco-Roof Standards
- iii. Urban Design Framework




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ZONING.

The zoning and entitlement process for the Drive-in has advantages and disadvantages. One advantage of the site is that there is no design overlay which makes the entitlement process more efficient and less expensive. One limiting factor of the zoning is that it is IG1 (small lot general industrial), which means that traditional office tenants—often the ones with the deepest pockets—are prohibited from being tenants within the zone. Another advantage for this site is the office overlay which allows for a maximum of 3:1 Floor-to-Area Ratio (FAR) dedicated to industrial office uses. A 4:1 FAR is possible under the current zoning, although the requirements were too onerous to warrant that approach. Unlimited by height and unencumbered by parking considerations within the industrial office-FAR, the Drive-in was built 8 stories high with legacy-defining views.

RETAIL + TRADITIONAL OFFICE	INDUSTRIAL OFFICE	SELF STORAGE	INDUSTRIAL USES	PARKING
Up to 5,000 SF per site/ownership. No increases permitted	3:1 MAX FAR; OR:	Permitted with no height or FAR limit	Manufacturing + Production: No FAR/height limit	Accessory parking is allowed outright
	4:1 MAX FAR; if: at least 5,000 square feet of total ground floor is in Manufacturing/PPr oduction Warehouse & Freight, Industrial Service; each space on ground floor and at least 5,000 SF; 20-foot floor to ceiling; one loading door or entrance; or sites < 20,000 SF up to 60,000 SF can be in Ind. Office.		Warehouse + Freight: No FAR/height limit	You can charge a fee for accessory parking, defined associated with a specified use.
			Industrial Service: No FAR/height limit	Growth parking allowed with no required Central City Parking review.
			Offices accessory to primary industrial use (1-4 above) are considered the same use classification as the primary industrial use, which as HQ offices. No FAR/height limit	Preservation Parking can be operated as accessory or commercial parking at all times.

IG1 General Industrial

Limited uses:
Retail: 5,000 SF per site
Industrial Office: 3:1 FAR



ECO-ROOF STANDARDS.

IG1

General Industrial

In IG1 zones, new buildings with a net building area of 20,000 square feet or more require an eco-roof

1. The eco-roofs, including required firebreaks between eco-roof areas, must cover 100 percent of the building roof area, except that up to 40 percent of the building roof area can be covered with a combination of the following:

- a. Mechanical equipment, housing for mechanical equipment, and required access to, or clearance from, mechanical equipment;
- b. Areas used for fire evacuation routes;
- c. Stairwell and elevator enclosures;
- d. Skylights;
- e. Solar panels;

- f. Wind turbines;
- g. Equipment, such as pipes and pre-filtering equipment, used for capturing or directing rainwater to a rainwater harvesting system; or
- h. Uncovered common outdoor areas. Common outdoor areas must be accessible through a shared entrance.

2. The eco-roof must be approved by the Bureau of Environmental Services as meeting the Stormwater Management Manual's Eco-roof Facility Design Criteria.



URBAN DESIGN FRAMEWORK.

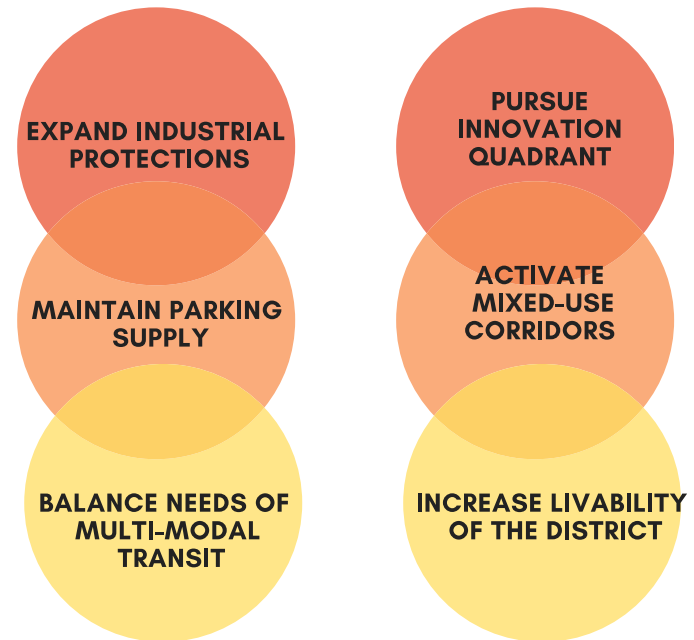
By identifying the Central City 2035 policies and urban design goals, the Drive-in strives to be part of a successful Central Eastside that leverages its ability to create synergistic exchanges and innovation.

SPECIFIC GOALS

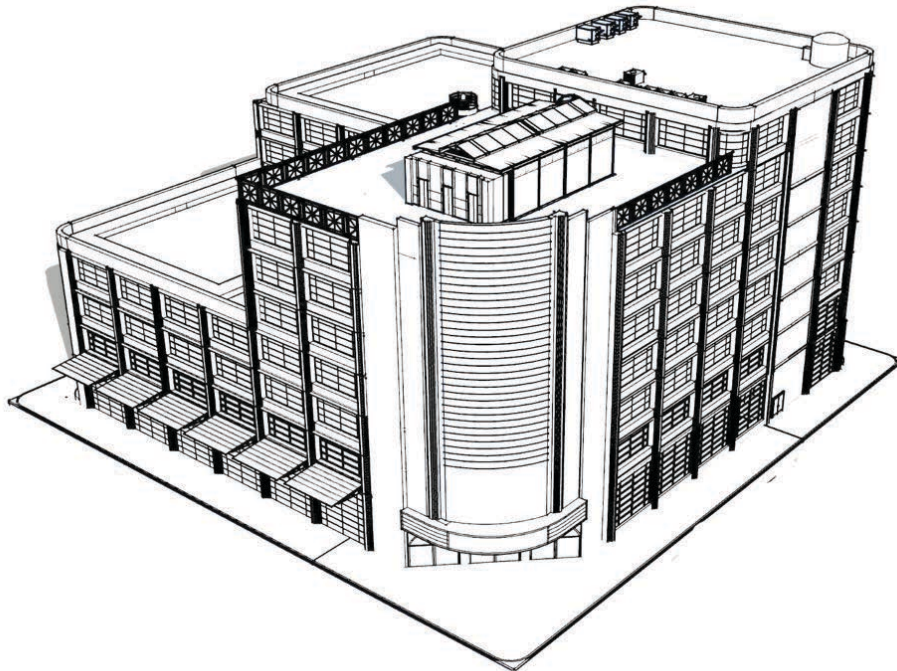
1. Strengthen Place & Historic Character.

Be a part of the development of diverse, high-density districts that feature spaces that facilitate social interaction and nod to historically significant layers of the Central Eastside.

2035 SE QUADRANT PLAN HIGHLIGHTS



SOURCE: Central City 2035 SE Quadrant Plan, 2015



The following Development Proposal of the Drive-in reflects the three goals from the SE Quadrant Plan. First, it strengthens place and history by bringing in architectural elements that mirror and unfold stories of the past. Second, it highlights the Willamette River with views from all rooftop decks as well as some office suites. Third, it connects tenants and the surrounding community with ground floor retail options that activate SE Madison Street and Seventh Avenue.



2. Highlight the Willamette River.

Highlight the river as Portland's defining feature by framing it with a well-designed built environment, celebrating views to the larger surrounding landscape, improving east-west access and orientation, and encouraging a range of river-supportive uses.

3. Integrate Open Spaces & Ground Floor Retail.

The Central Eastside has long been park and retail deficient, lacking places that employees can grab and enjoy lunch or after work drinks. Enhance the pedestrian landscape to integrate more welcoming and livable open space.

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MARKET RESEARCH

- i. Demographics
- ii. Employment Synergy
- iii. Market Conditions
- iv. Market Comparables
- v. Parking




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DEMOGRAPHICS.

Portland has long been lauded as a hot spot for domestic migration. The cost of living, relative to Seattle, San Francisco, and Los Angeles, is reasonable and the quality of life easily surpasses other top metropolitan areas. A well-educated workforce and major tech, fashion, and healthcare employers draws a diverse range of people and businesses to the area. While the region as a whole is attractive to a variety of residents and businesses, the Central Eastside has historically played a dominant role in the employment of creative and production industries.

Within 1 mile:

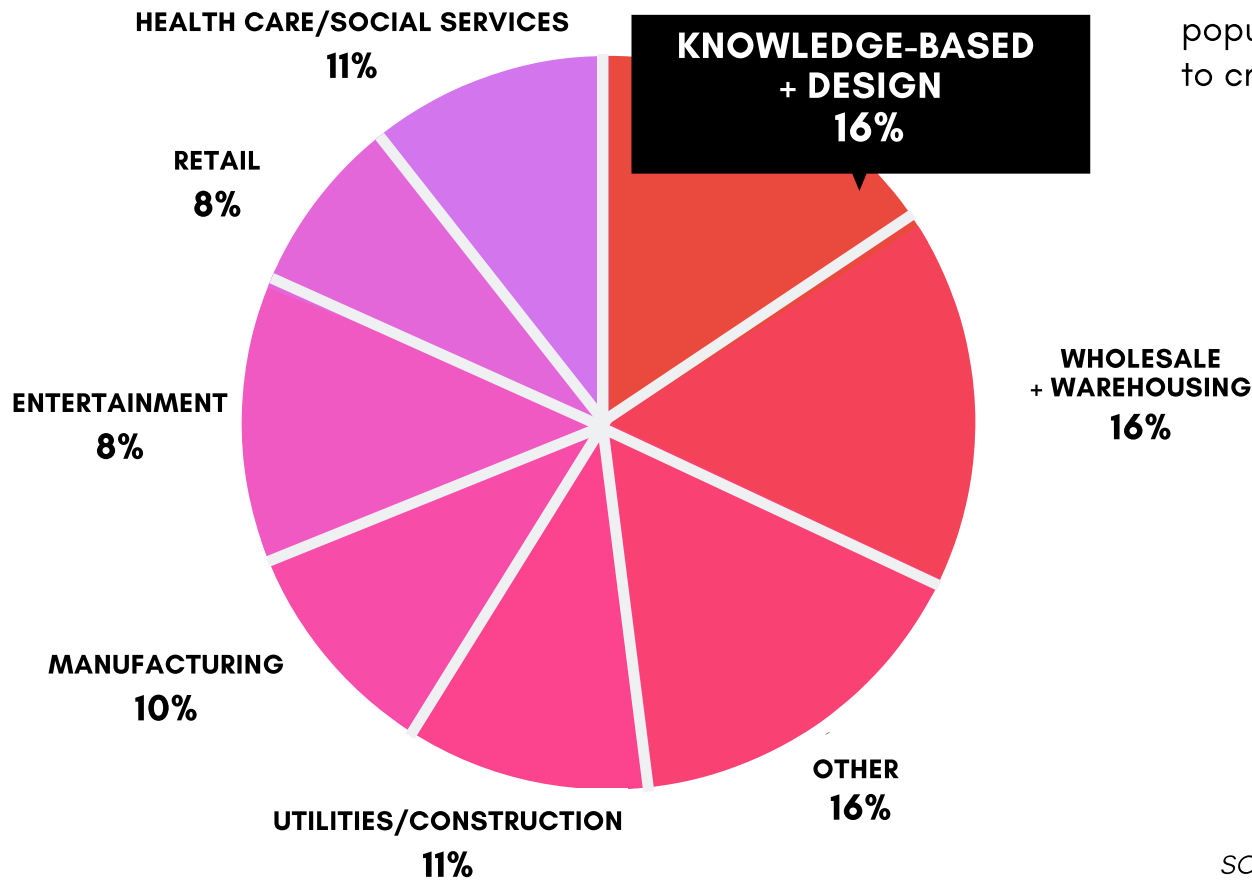
- 58,000 jobs
- 1985: average birth year of worker
- 20,000 residents



EMPLOYMENT SYNERGY.



Tenants of the Drive-In will appreciate the connection their building fosters within the contemporary context of producers and makers. With a significant portion of the Central Eastside businesses fitting under the umbrella of design and knowledge-based sectors, the district is likely to become more popular with these users that are hoping to create an effective community.



- 16% Jobs in Knowledge-Based + Design
- 2nd Most Jobs in Portland (after downtown core)
- 1,000+ businesses

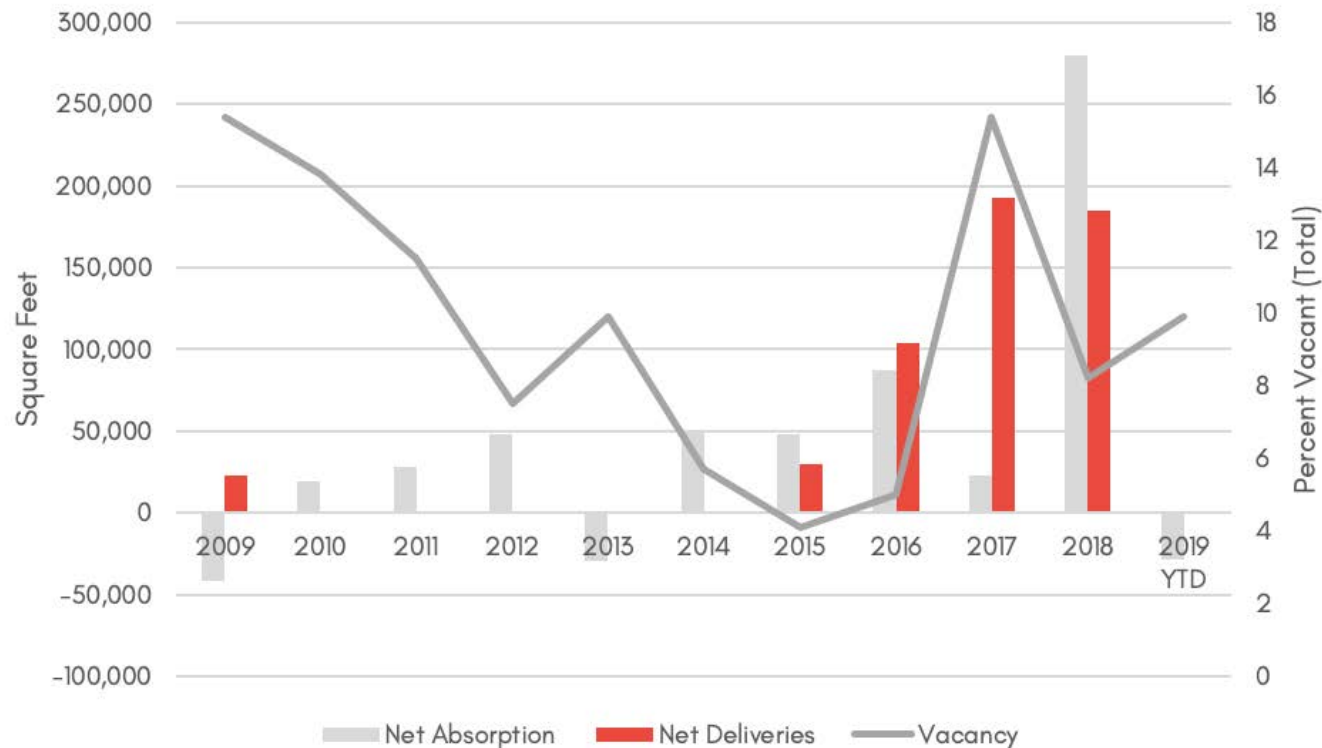
SOURCE: Central City 2035 SE Quadrant Plan, 2015

MARKET CONDITIONS.

The Portland market has been incredibly healthy since rebounding from the Great Recession. Rents across all asset types have grown tremendously. Absent large headquarter offices, though, the market is missing critical mass to command the sort of rates and absorption that Seattle and San Francisco have experienced. **At the top of all commercial real estate minds in Portland, particularly around the close-in Eastside is the abundance of new supply.** While many older office properties in the downtown core are repositioned with amenities to the nines, many close-in submarkets, including Northwest/Slabtown, N Williams Corridor, the Pearl District, and the Central Eastside became ideal targets for building new construction. With land prices lower than other markets and returns continuing to climb, Portland became an attractive investment option for national and international capital funds.

SOURCE: Colliers International

Central Eastside Absorption, New Supply, and Vacancy

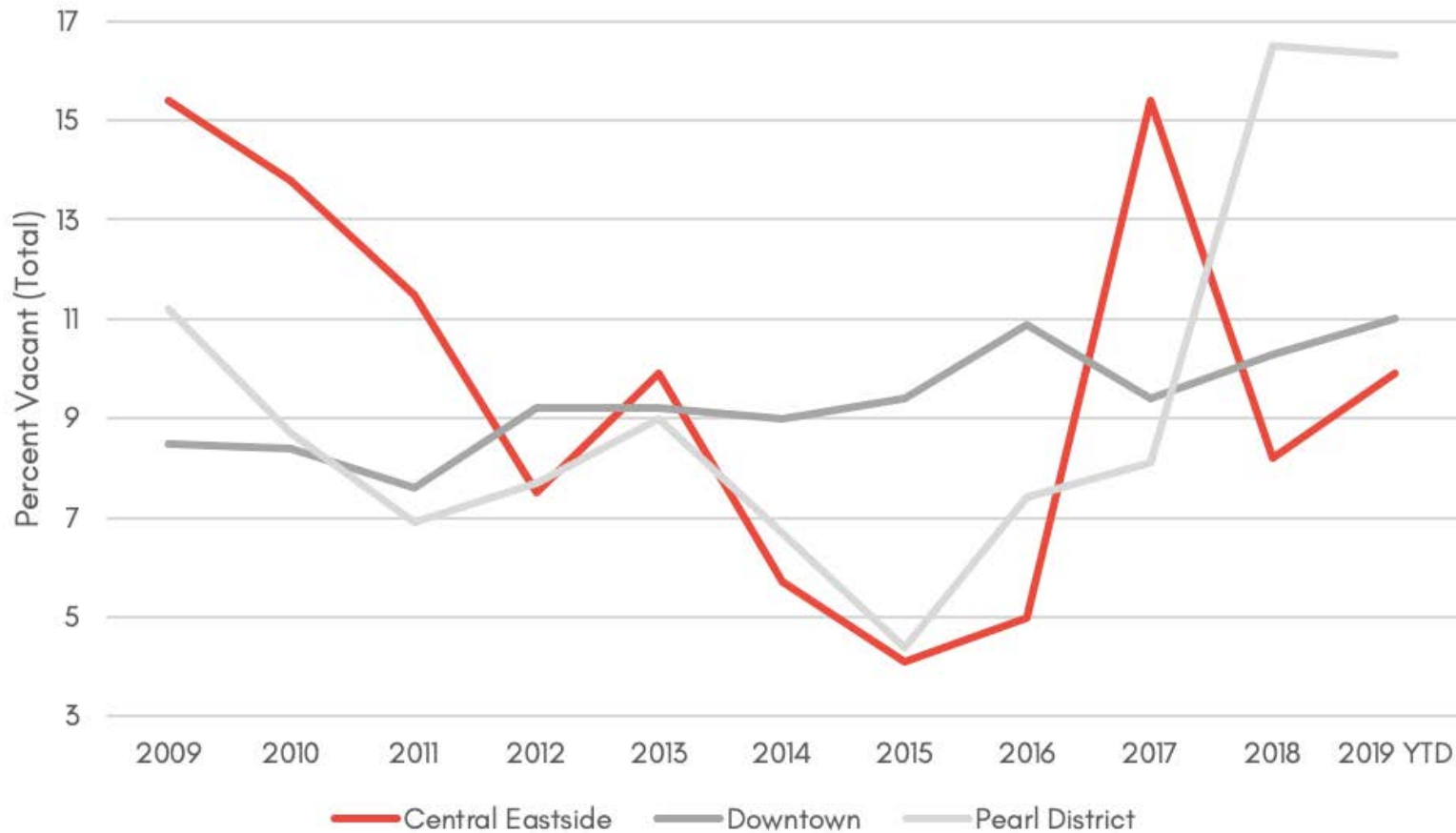


VACANCY.

The story of vacancy in the Central Eastside is developing as it catches up to other markets in terms of supply. The stability of major tenants leasing space for long periods of time in downtown lends itself to relatively few major shifts in vacancy rates. On the positive side, **the Central Eastside has gone from over 15.4 percent vacancy in 2009 to 9.9 percent in 2019.** This decrease outpaced both downtown and the Pearl District's drops in total vacancy following the Great Recession. A geographical advantage the Central Eastside has over the Pearl District is accessibility. One criticism of several new developments in the Pearl District is that they are isolated from other office properties and neighborhood amenities. Even when in the Central Eastside, which is dotted by many desirable amenities throughout, spots across the river in downtown are easy to get to on foot or by transit.

Vacancy Comparison

SOURCE: Colliers International

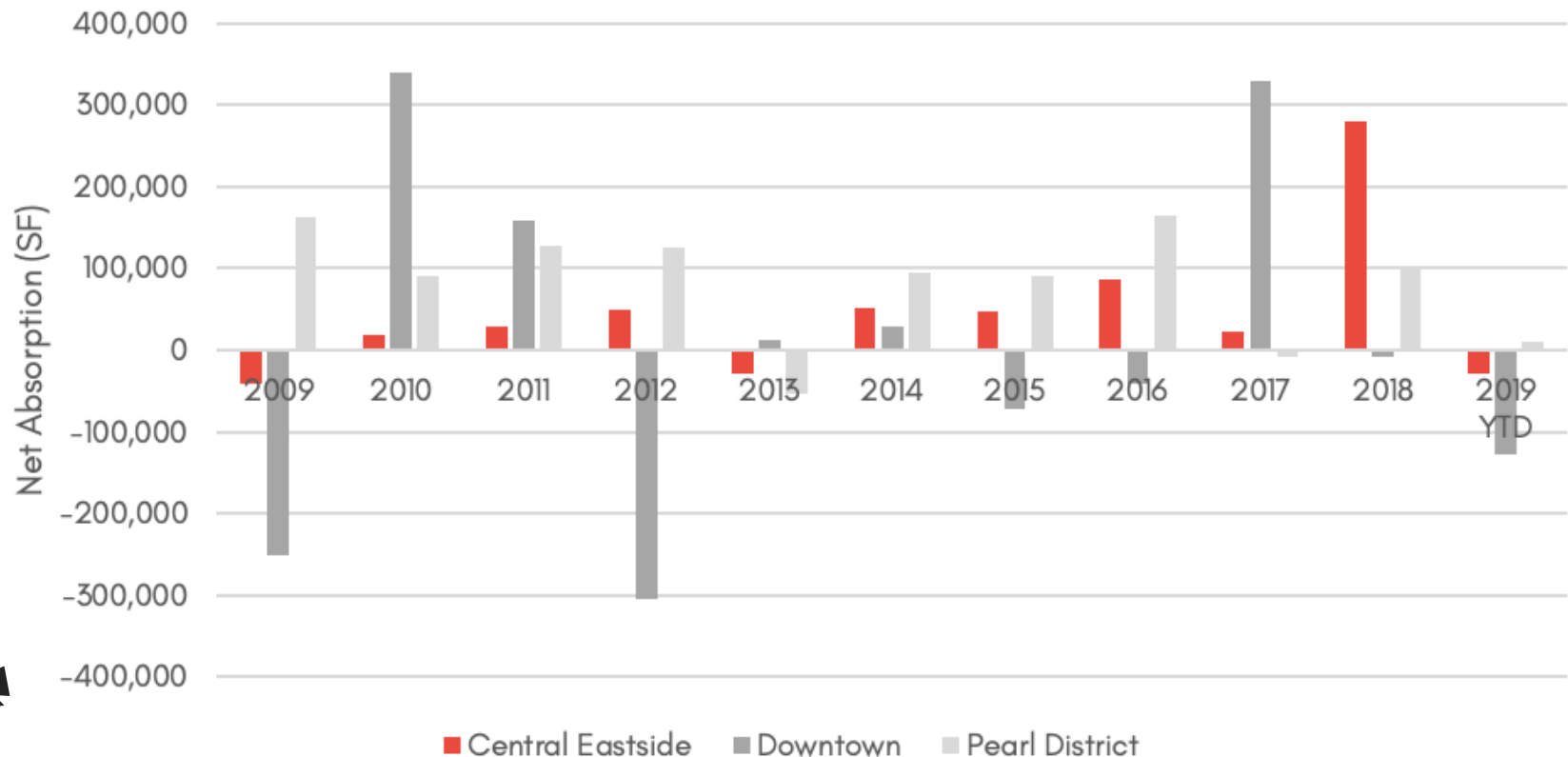


NET ABSORPTION.

The flip-side of the building boom and consistently high ranking for cranes in the sky is oversupply. Absorption has not kept pace with new supply. With an annual average of 79,000 SF of new supply across the river in downtown since 2009 but only 6,000 SF of net absorption over the same period annually. There is significant space on the market that will require significant out of market investment to stabilize. **To the benefit of all properties in the Central Eastside, it outperforms other close-in submarkets.** Over the same period, the average annual net absorption was **44,000 SF** after **49,000 SF** of new supply. With the net absorption is still negative, this area of the market is comparatively much healthier.

SOURCE: Colliers International

Net Absorption Comparison



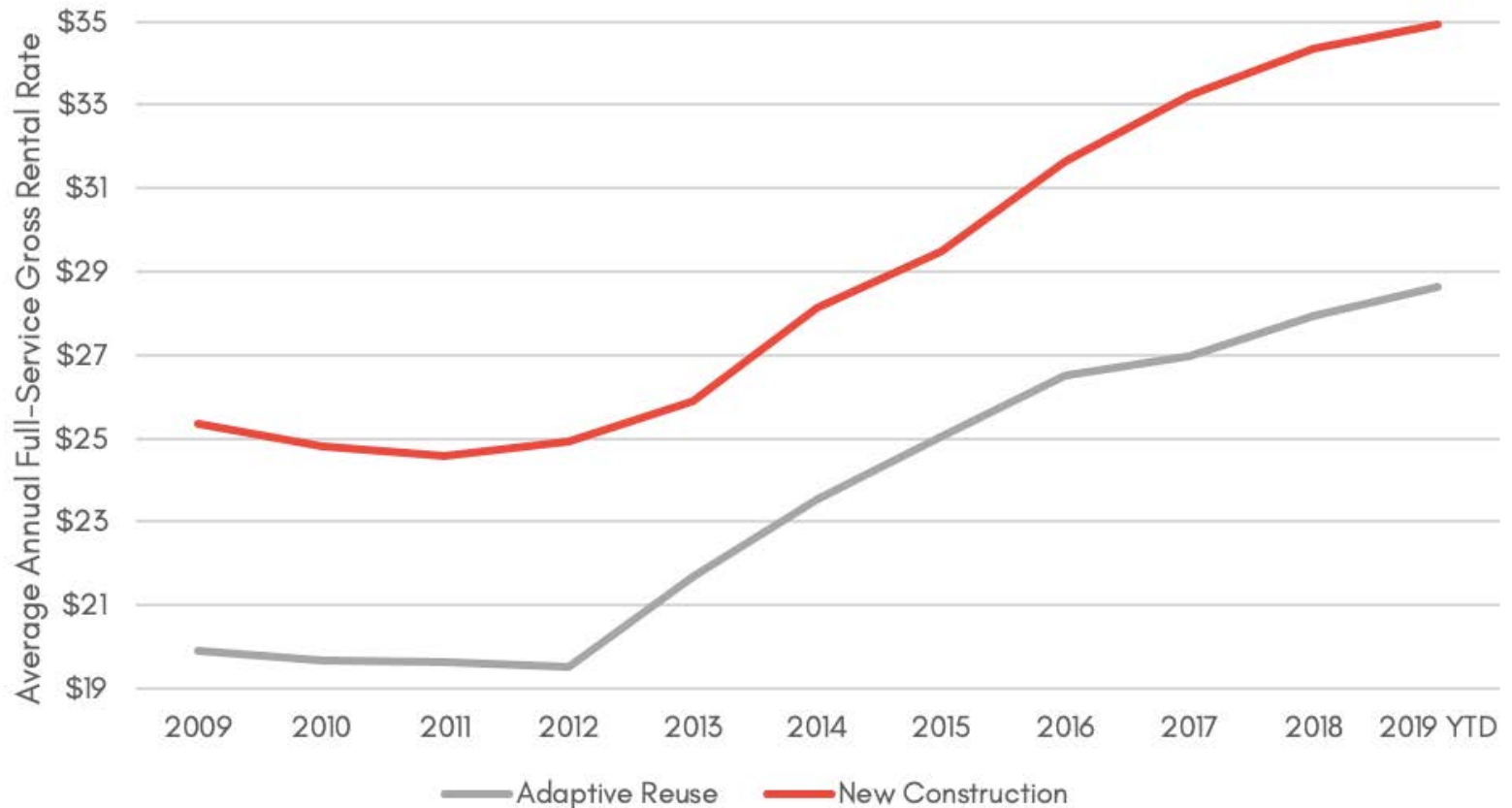
RENT.



Because of the unique nature of how the Central Eastside developed, the typical distinction between Class A and Class B properties is not commonly referenced. Rather, new construction and adaptive reuse are the *de facto* property classes. Product built new is more efficient and has the luxury of being designed contemporaneously with industry trends. The upside to adaptive reuse is the creative energy that certain companies appreciate providing their employees. However, the historical draw of these properties does not show to be valued as much as the flexibility and quality of new construction properties.

SOURCE: Colliers International

Rent Difference between Central Eastside Product Types



MARKET COMPARABLES.

1. CLAY CREATIVE *New Construction*

ZONING	SF	STORIES
IG1 WITH OFFICE	72,000	5

Located one block south of Hawthorne Blvd., Clay Creative is a five-story project with ground floor retail and underground parking. The floors are open with high ceilings and the neighboring properties are mostly single-story, allowing for views in all directions.



SOURCE: Killian Pacific

2. CLAY PAVILION *New Construction*

ZONING	SF	STORIES
IG1 WITH OFFICE	78,000	2

The project has heavy timber, high ceilings, authentic, timeless design and generous windows. Large floorplates and long column-free spans maximize tenant flexibility. In order to ensure that no desk was left in the shadows, two central atriums bring ample natural daylight into every corner of the space.



SOURCE: Killian Pacific

MARKET COMPARABLES.

3. 7 STARK *New Construction*

ZONING	SF	STORIES
IG1 WITH OFFICE	80,000	8

7 Southeast Stark is a 10-story, 80,000 SF building in the Central Eastside Industrial District of Portland Oregon, situated between the Interstate and Union Pacific railroad tracks. The building elevates 4 levels of steel framed industrial office over 5.5 levels of post-tensioned concrete framed parking and ground floor retail.



SOURCE: Works Architecture

4. DISTRICT OFFICE *New Construction*

ZONING	SF	STORIES
EX	72,000	6

Located on a half-block site, the development includes a level of underground parking, ground floor retail and five floors of office space. Cross-Laminated Timber (CLT) floors and glulam timber framing are located on the office floors, with post-tensioned concrete serving as the foundation levels. The exterior includes brick cladding, fiberglass windows and aluminum storefront doors.



SOURCE: Andersen Construction

MARKET COMPARABLES.

5. 5 MLK *New Construction*

ZONING	SF	STORIES
EX	120,000	17

5 MLK is a mixed-use, 17-story building with 220 apartment units, 120,000 SF of office space and 15,000 SF of retail space. The property anticipates a LEED Gold certification. 5 MLK will provide well-designed apartments with a diverse mix of unit types and floorplans; flexible office floorplates; and amenities tailored to both apartment and office users.



SOURCE: Gerding Edlen

6. Glass Lab *Adaptive Reuse*

ZONING	SF	STORIES
IG1 WITH OFFICE	46,000	2

Formerly home to a glass factory, this vintage industrial building is being transformed into a community-oriented creative hub for the next generation of creators and innovators. The building has 46,000 SF of inspiring, creative space with suites averaging 2,000 - 3,000 SF. The project will have exposed concrete, beautiful old growth timber beams and tongue and groove wood floors.



SOURCE: GlassPDX.com

MARKET COMPARABLES.

7. Custom Blocks *Adaptive Reuse*

ZONING	SF	STORIES
IG1 WITH OFFICE	70,000	2

The airy space is complete with expansive windows, exposed trusses, concrete walls, and a rooftop terrace. A restored stamping machine stands tall in the main office space as a nod to the sites manufacturing roots. The mix of 1930-50s industrial buildings that make up the Custom Blocks were occupied by Custom Stamping and Manufacturing Co.



SOURCE: S/JEA

8. Dairy Building *Adaptive Reuse*

ZONING	SF	STORIES
IG1 WITH OFFICE	46,000	1

This space is a 65,000 SF conversion of industrial space into light industrial and creative office uses. The Dairy building offers an exposed bow truss roof, lots of skylights, and more parking than any other project in SE Portland. With the opening of the Portland-Milwaukie Max line and the Tilikum Crossing pedestrian bridge, the Dairy Building connects Portland's core with the dynamic Eastside.



SOURCE: Intrinsic Ventures

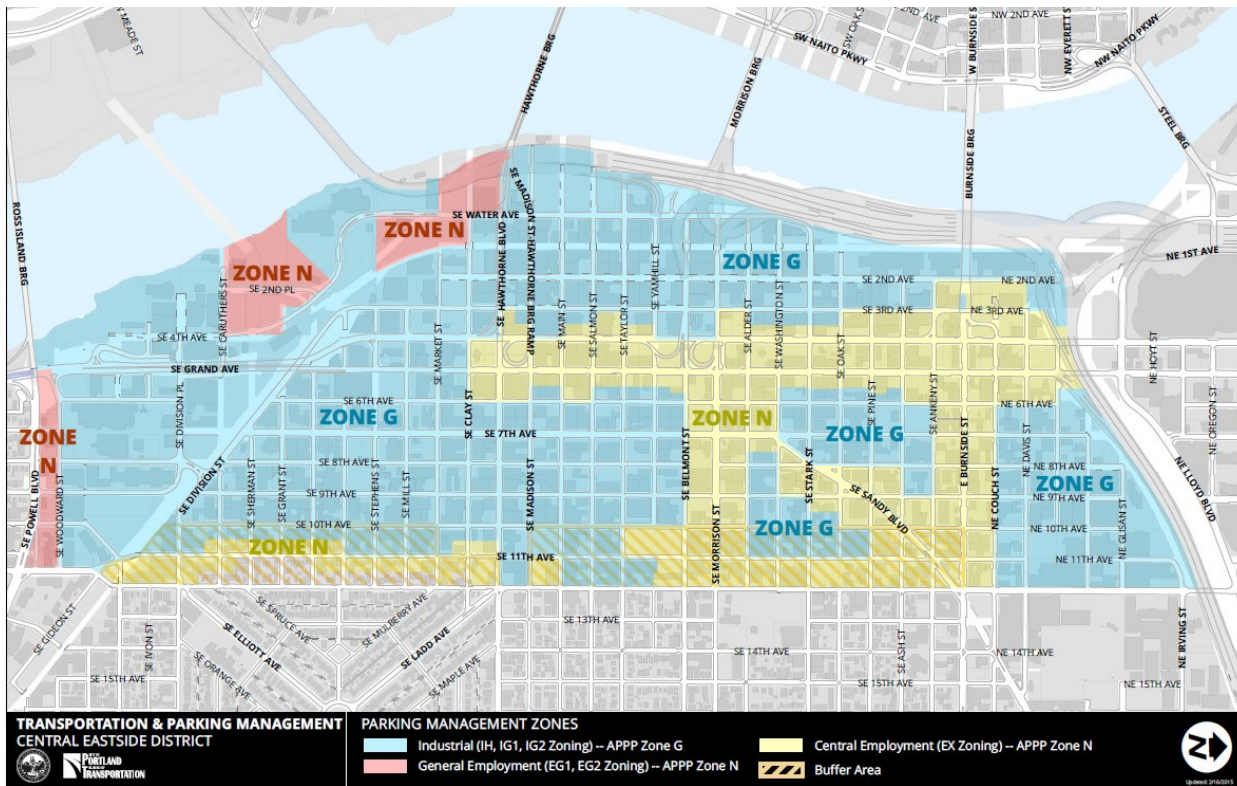
LEASE COMPARABLES.

The Drive-in is a unique property in a submarket of other unique properties. Because of the eccentricities that each property provides, finding appropriate lease comps was a challenge. What they provide, however, is an idea of **how much tenants are willing to pay in order to locate in creative and productive space in the Central Eastside**. Because of the jaw-dropping views that tenants located on the east side of the building will have, they will be willing to pay premium prices for their suites, while tenants on the west side inner block will likely receive a discount that the NW corner (views of downtown) and SW corner (views of South Waterfront) will make up for.

TENANT NAME	PROPERTY	SIGNED QUARTER	SIZE (SF)	TERM (YR)	RATE (NNN)	CONCESSIONS (TI/ABATEMENT)
SLABTOWN CREATIVE	Luxury Bread Building	2Q18	471	1	38.21 (GROSS)	--
SAXX	Custom Blocks	2Q19	2,700	5	31.50	\$75/4 free
SMITH & CROWN	Fair-Haired Dumbell	2Q18	4,000	3	32.00	\$25/2 free
R/WEST	Slate	2Q17	9,100	5	28	\$40/4 free
LAUNDRY SERVICES	Clay Creative	2Q18	18,000	8	34.00	\$90/0 free
IDL WORLDWIDE	Clay Pavilion	2Q18	10,500	8	32.50	\$85/3 free

PARKING.

Given the rise of demand for parking in the Central Eastside and insufficient supply, building structured parking is a tenant amenity and community benefit. The Drive-In provides **1.5 stalls per 1,000 SF** of rentable space, which will propel the desirability of the building for many tenants. One of the biggest obstacles buildings face in the Central Eastside is parking. Since this project provides **194 stalls**, companies will no longer be deterred from relocating to this rapidly developing submarket from other West Coast markets and other submarkets around Portland.



BIKE PARKING - A MUST HAVE

Given Portland's high bike commute patterns, sufficient space has been allocated for indoor bike parking. According to a study by the Portland Bureau of Transportation, as of 2017, 6.3% of Portland commuters go by bike. This is the highest percentage of bike commuters for a large American city and means that approximately 22,647 workers in Portland choose to bicycle. The percentage of bikers is higher on the Central Eastside given its flatter landscape and bike lane allocation.

SOURCE: Portland Bureau of Transportation

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DEVELOPMENT PROPOSAL

- i. Development Concept
- ii. Development Program
- iii. Design





the Drive-in
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"THE DRIVE-IN"

The "Drive-in" in its full form produces the visions of your life, your company, and your future.

the Drive-in

COLLABORATE.

CREATE.

ILLUSTRATE.

the visions of your life.



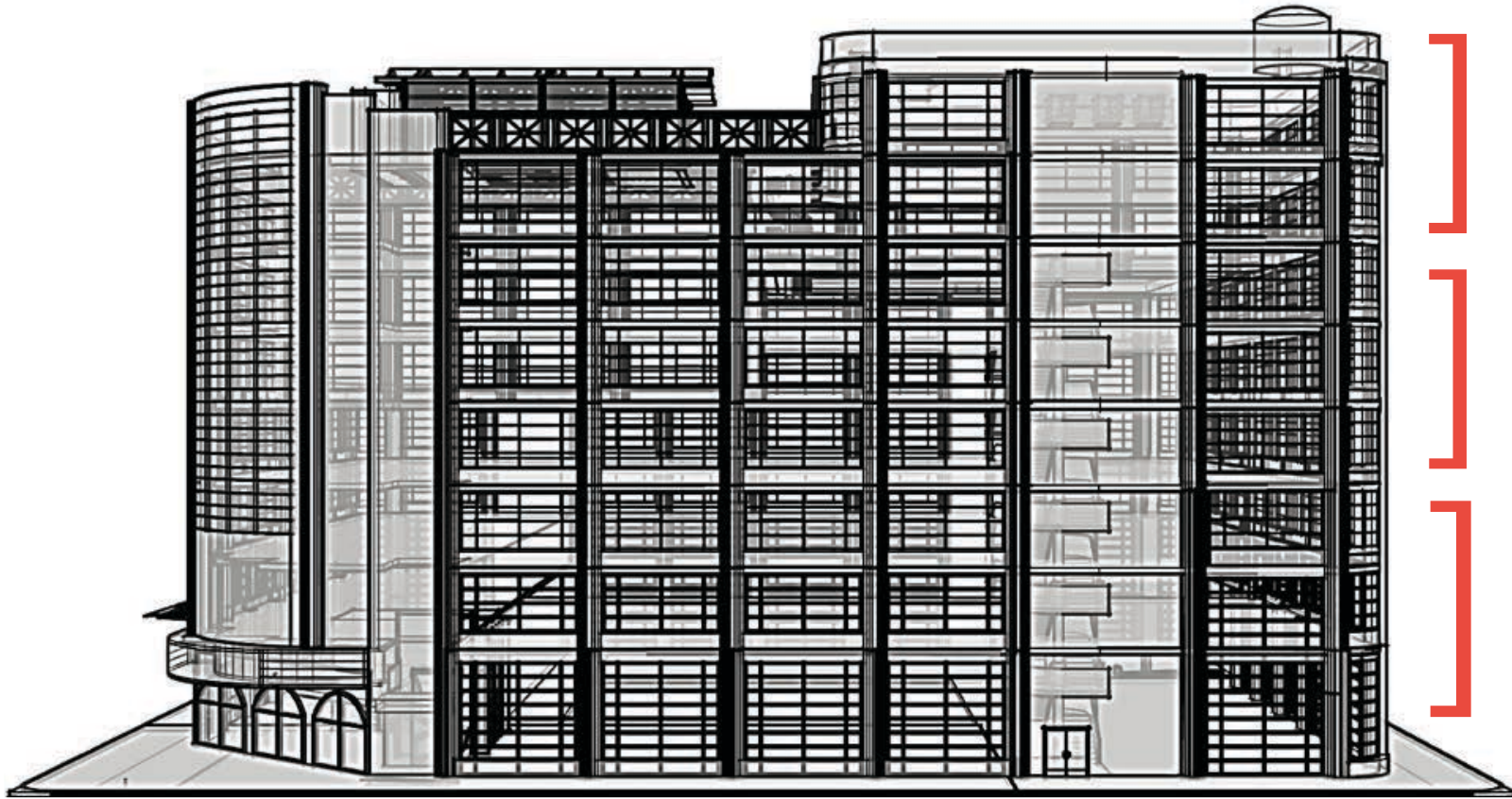
Consisting of retail, industrial office, and production space, the Drive-in experience metaphorically hints to the production process with space for collaboration, creation and illustration. Visionary tenants step onto 7th Avenue to pick up a latte from the local coffee roaster that blends with other producer tenants in the newly activated retail corridor. Parking (194 stalls) serves the property and community, alleviating considerable burden placed against on-street parking.

Entering the Drive-in, tenants on the third floor have smaller options to make costs manageable with flexible lease terms. Floors 1-3 boast "collaboration" floors with industrial office as well as production space that serves as both an amenity and source of revenue with its shared equipment "PLAYGROUND" studios and membership. More established companies that require more space will be drawn to the upper "creation" floors, where visions start to truly become realities.

Views of Mt. Hood are abundant on all east-facing suites. Downtown is clearly visible starting on the third floor from the north-facing and northwest-corner units. South waterfront views are visible starting on the third floor from the south-facing and southwest-corner units. The fifth and seventh floors both have eco-roofs and the seventh floor has a one-of-a-kind tenant amenity in the form of a rooftop cinema viewing space.

Adaptable to the season, the space can hold a film screen, a stage for musicians, or an exhibition space for artists and photographers. In sum, fruits of labor are celebrated in the form of "illustration." Tenants and community members come together to support and cheers to the production process with the Drive-in's eighth floor rooftop bar and outdoor space with 360 degree views of Mt. Hood, downtown, and South Waterfront. Be a part of the spark that ignites The Vision District. Bring your idea. Bring your drive.

The Drive-in produces the visions of your life.



ILLUSTRATE. 

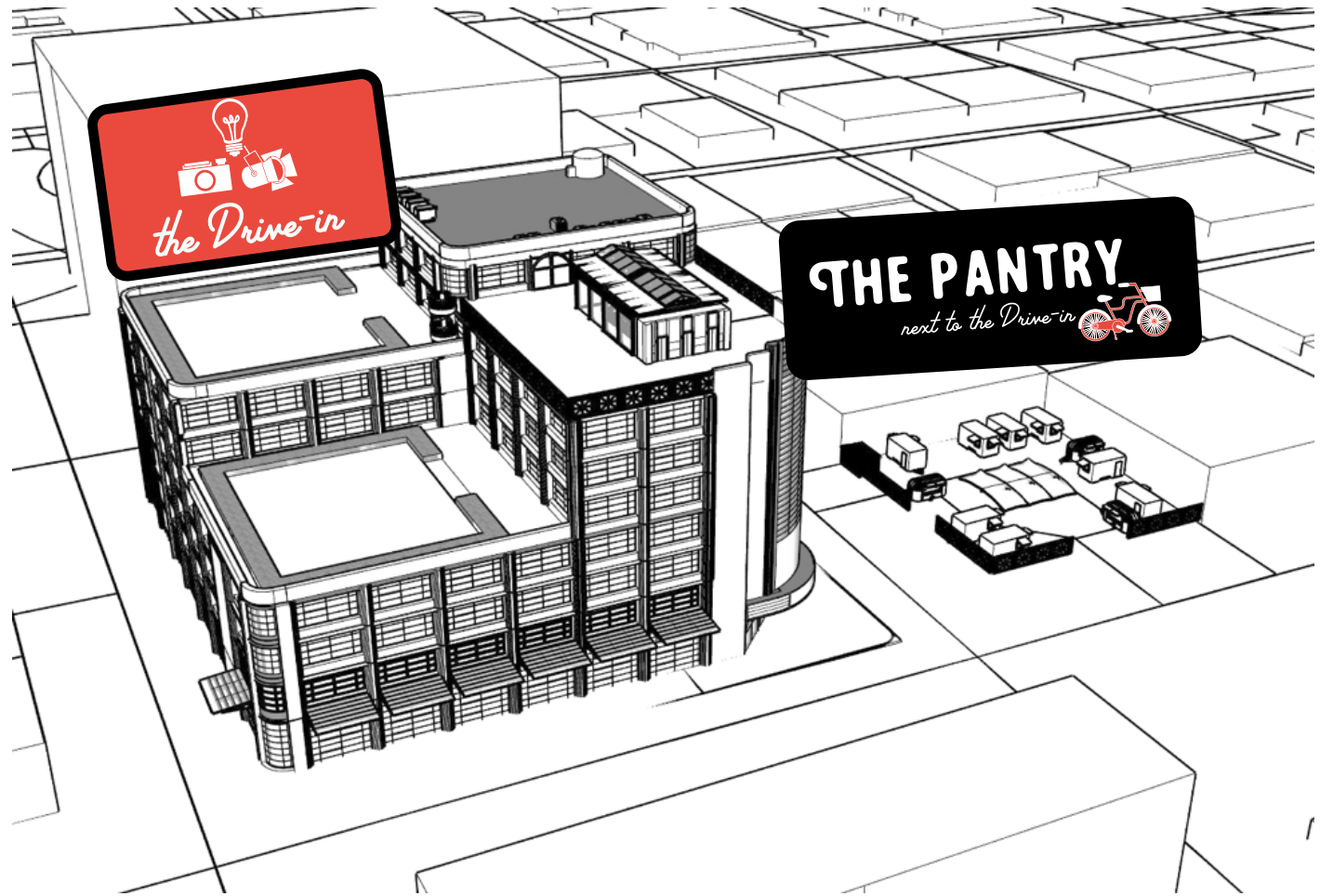
CREATE. 

COLLABORATE. 

The Drive-in Section Cut



PROGRAM.





PROGRAM.



FLOOR 8

FLOOR 7

FLOOR 6

FLOOR 5

FLOOR 4

FLOOR 3

FLOORS 1-2

INDUSTRIAL OFFICE	COMMON AREA	MISC.	ECO-ROOF	TOTAL (SF)
9,000 SF	1,000 SF 2,000 SF	1,000 SF RETAIL	7,000 SF	20,000
16,000 SF	4,000 SF 3,000 SF		7,000 SF	30,000
21,000 SF	9,000 SF			30,000
25,000 SF	5,000 SF 3,000 SF		7,000 SF	40,000
30,000 SF	10,000 SF			40,000
19,000 SF	6,000 SF	15,000 SF PRODUCTION		40,000
	8,000 SF	68,000 SF PARKING 4,000 SF RETAIL		80,000

■ = OUTDOOR COMMON AREA

PROGRAM.

THE PANTRY

next to the Drive-in



CARTS

**PARKING
SPACES**

COMMON USE

COMMON AREA

STALLS

SF

12

4,808 SF

8

3,000 SF

1

1,000 SF

1

1,392 SF

22 STALLS

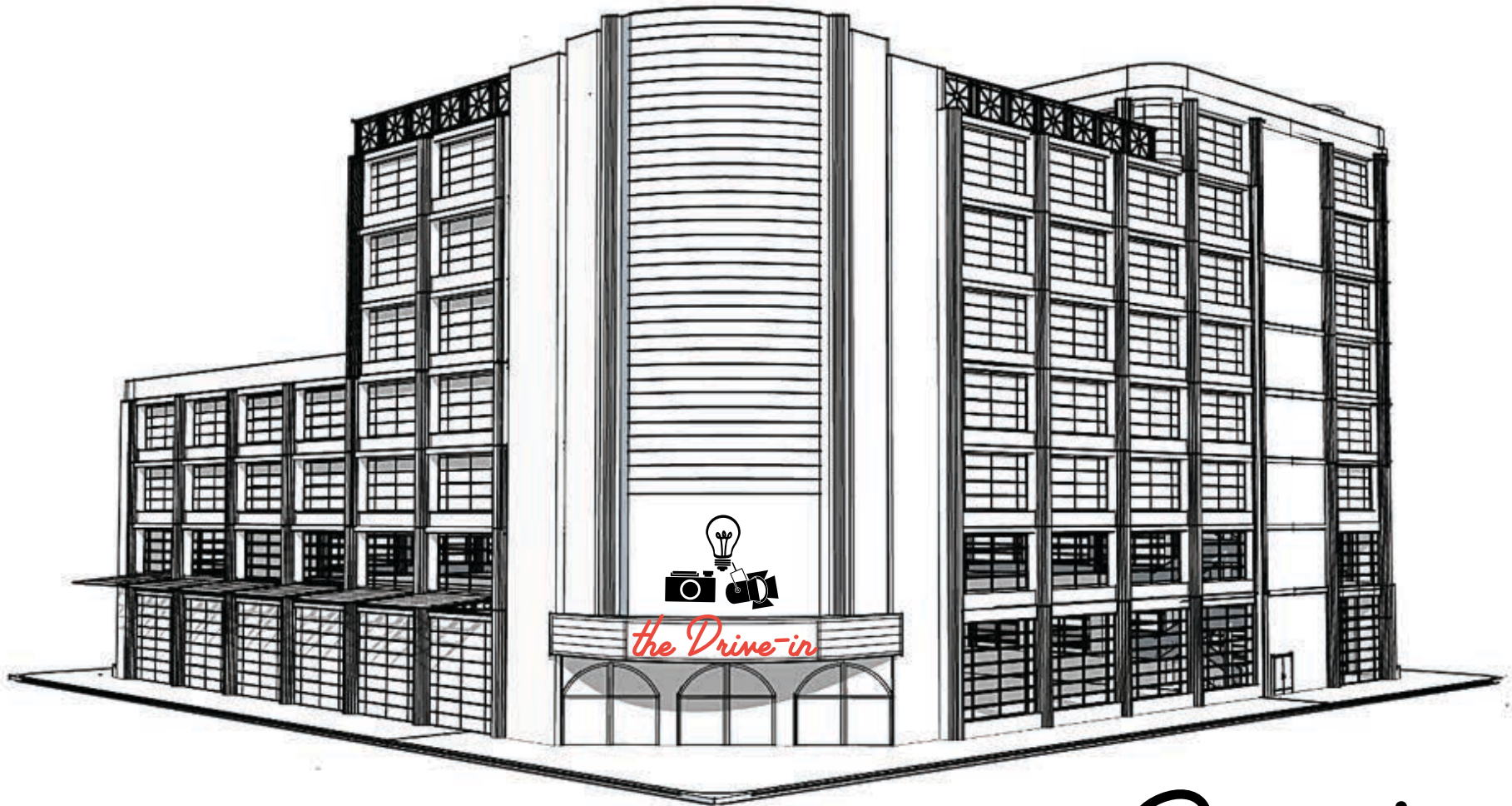
10,000 SF

FOOD POD/NRA: 4,608 SF

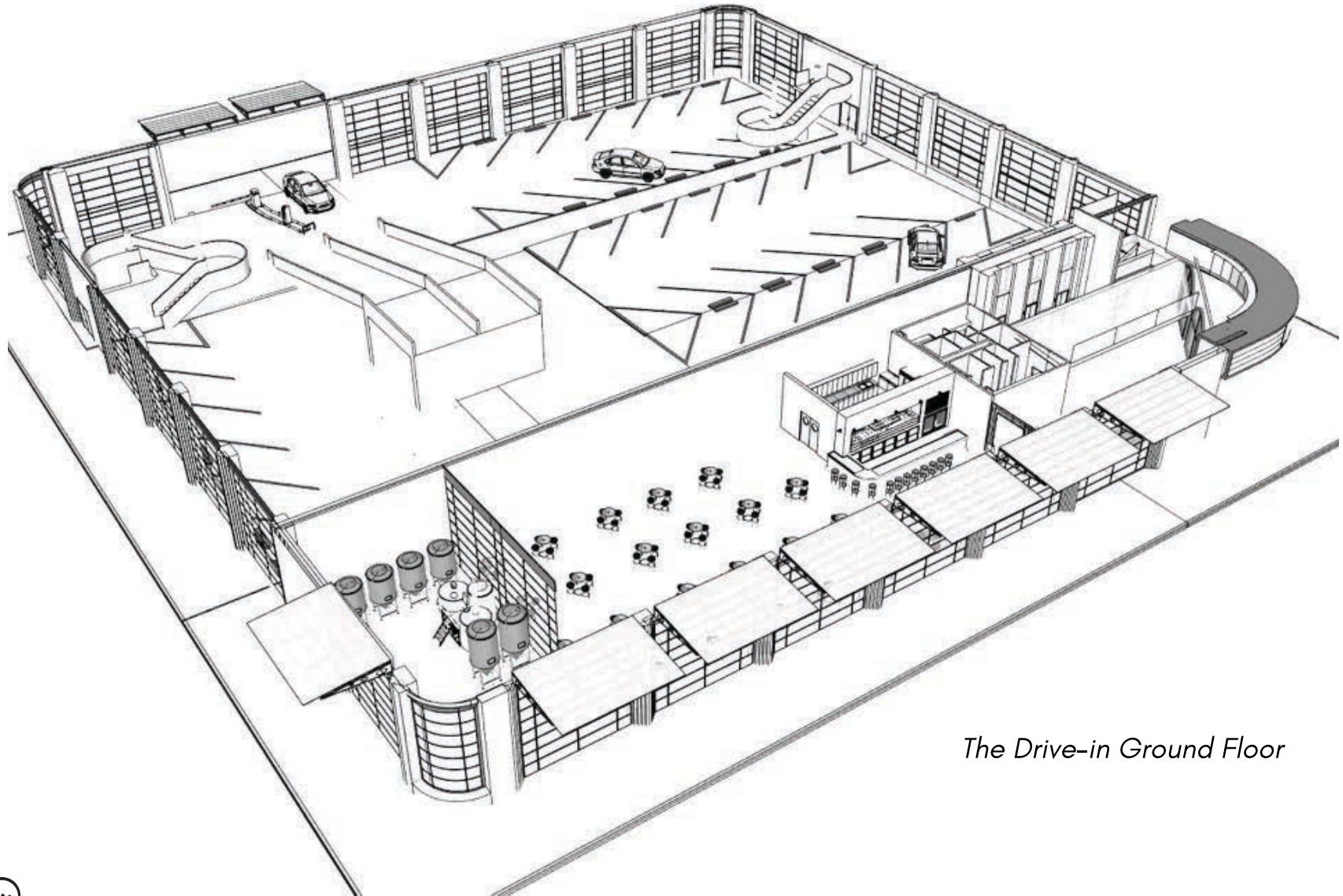
COMMON/PARKING: 5,392 SF



DESIGN.

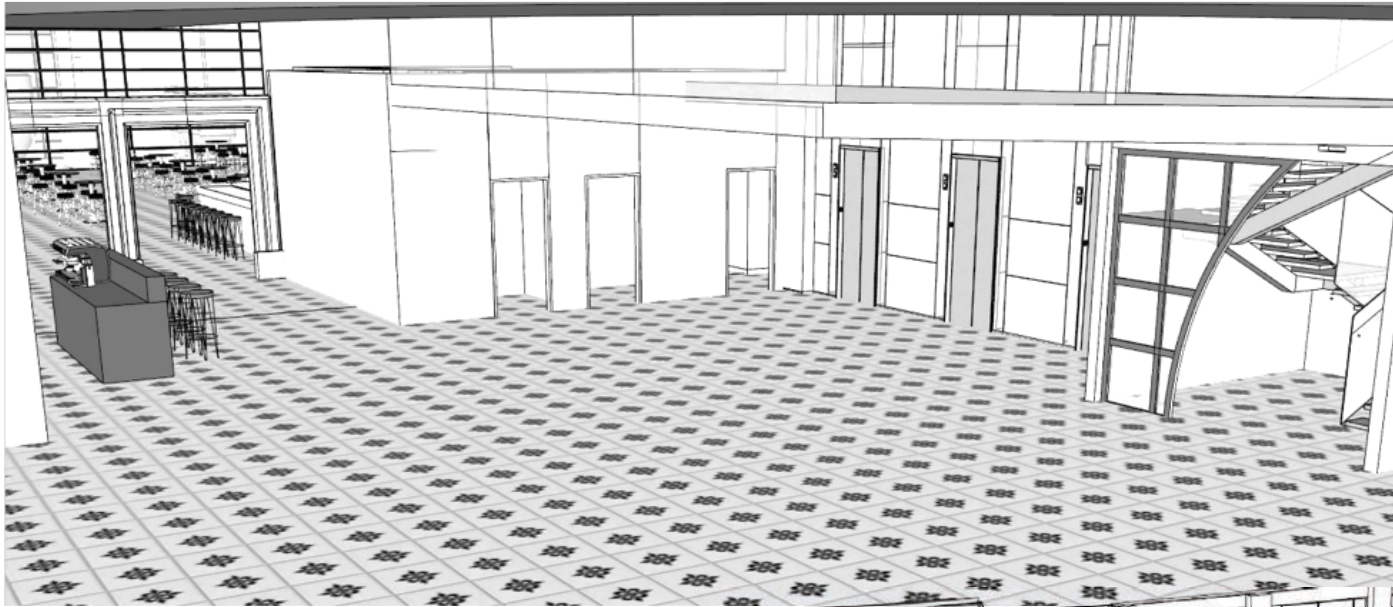


the Drive-in



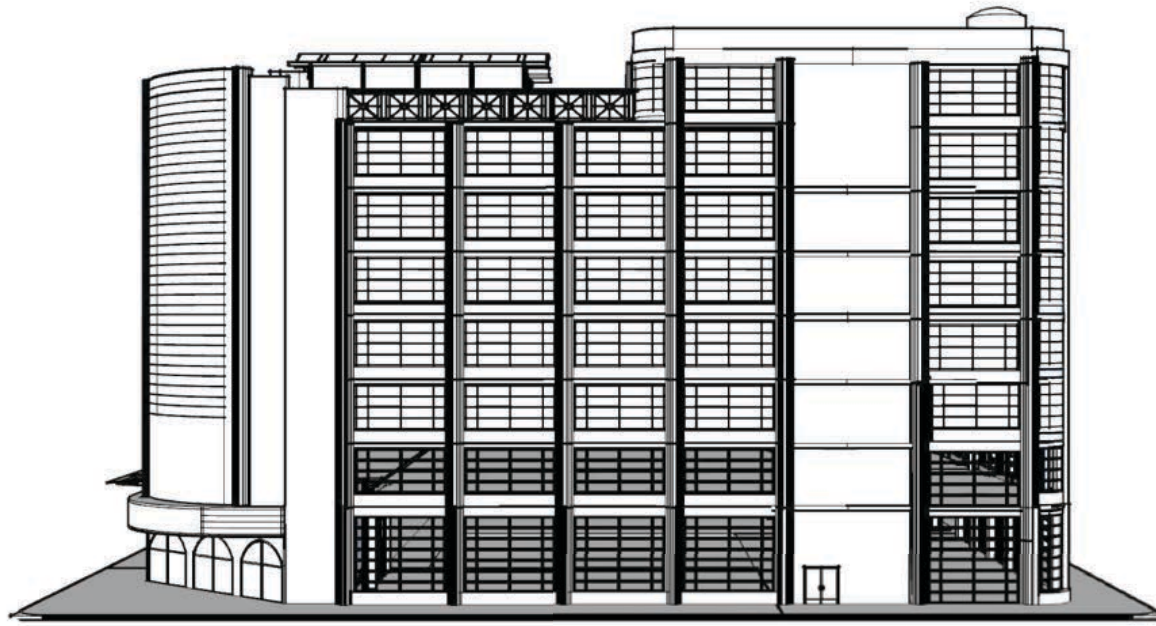
The Drive-in Ground Floor



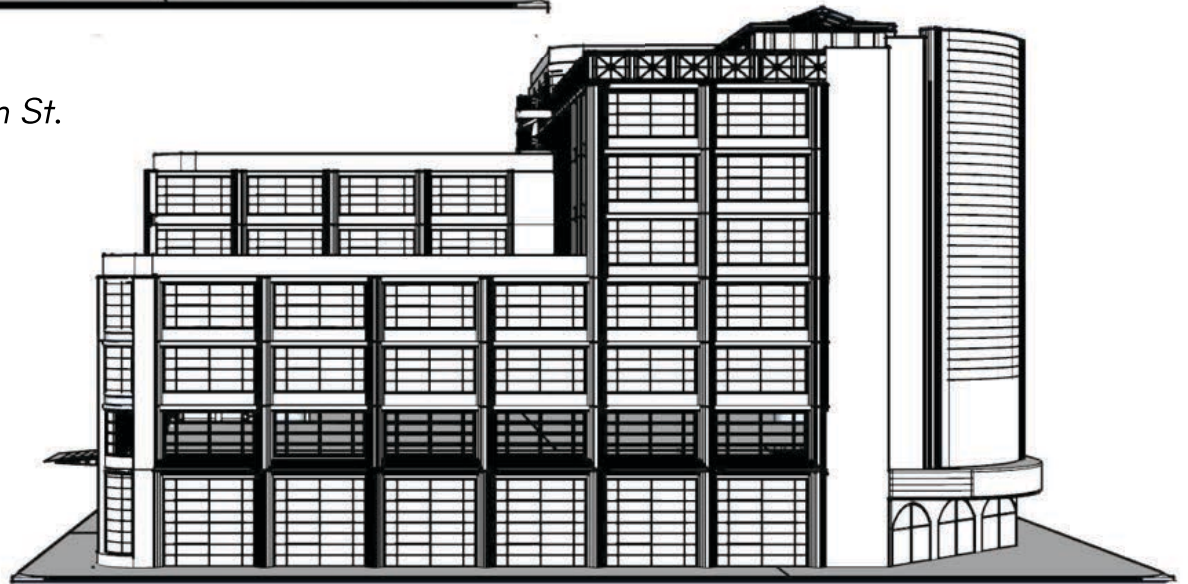


The Drive-in Lobby





The Drive-in Elevation Facing SE Madison St.

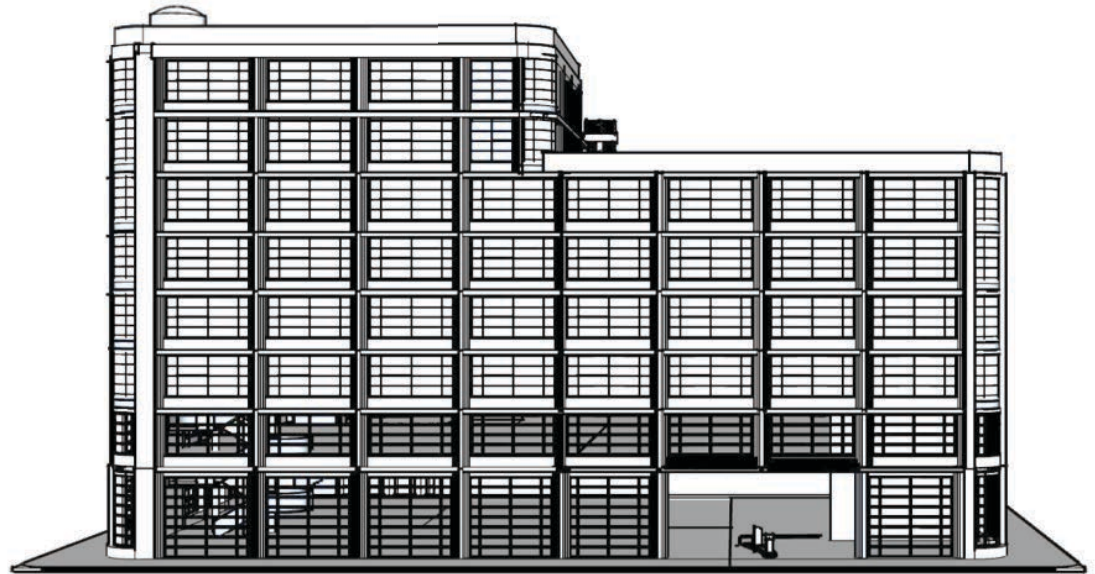


The Drive-in Elevation Facing SE 7th Ave



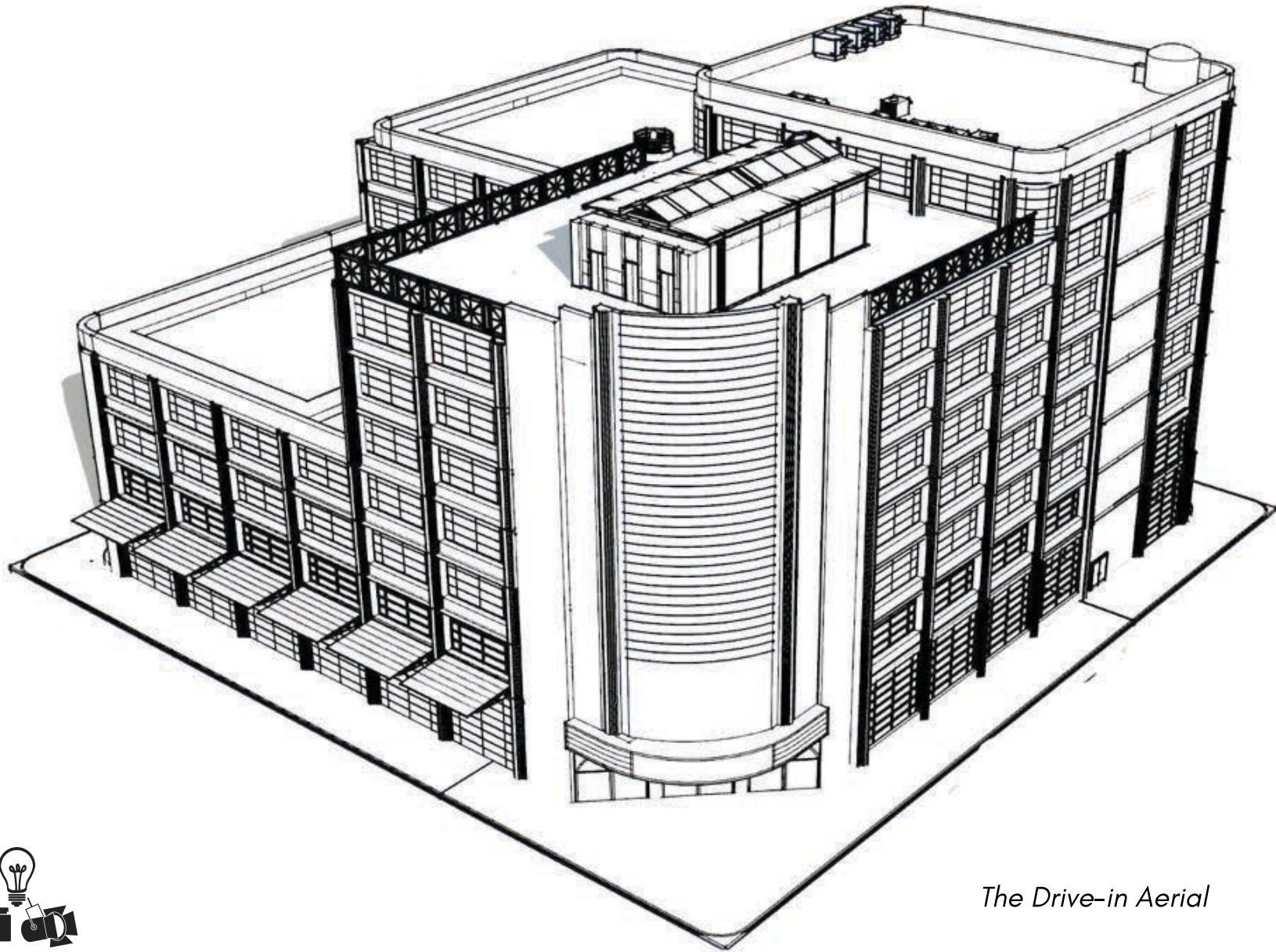


The Drive-in Elevation Facing SE 6th Ave.



The Drive-in Elevation Facing SE Hawthorne Blvd.





The Drive-in Aerial

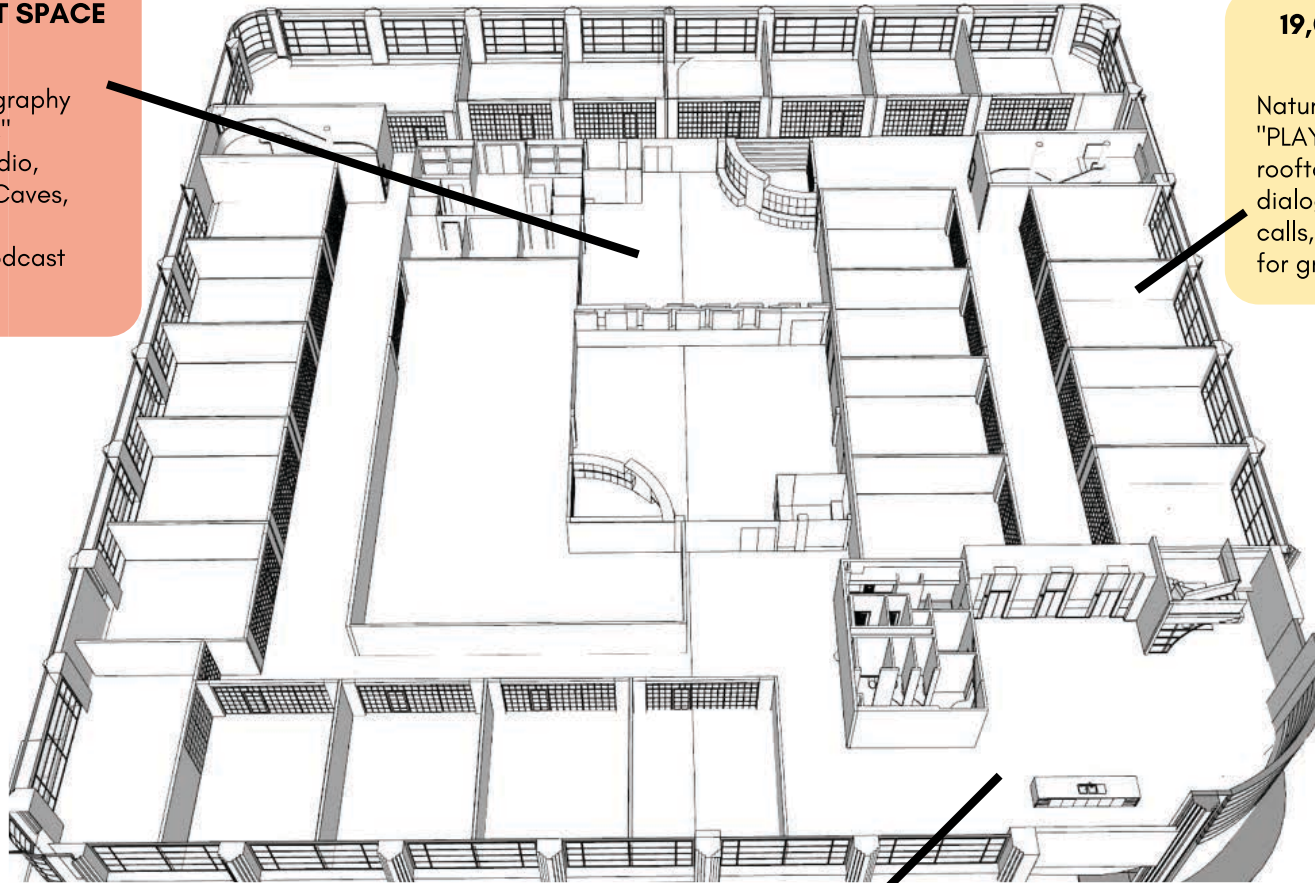


"THE PLAYGROUND"
15,000 SF OF SHARED
EQUIPMENT SPACE

Sound Editing Booths, Photography "White-Rooms," Recording Studio, Video Studio Caves, Green Screen Cyclorama, Podcast Corners.

19,000 SF INDUSTRIAL
OFFICE SPACE

Natural light, access to the "PLAYGROUND" Membership, rooftop spaces, private dialogue rooms for phone calls, vision boards with tables for group meetings.



THE FUEL CORNER

Community kitchen, beer & wine kegs brought in daily from ground floor retail producers, food provided monthly from The Pantry across the street.



COLLABORATE. 
The Drive-in Floor 3 Layout Concept

COLLABORATE.

The Drive-in Floor 3

"PLAYGROUND"

Membership Concept

BRING YOUR DRIVE.

CONNECTIONS

Becoming a "driver" of the Drive-in's PLAYGROUND means membership to a dynamic community of video and photo creatives, artists, designers, and entrepreneurs. It means events, Drive-in showings, and workshops, which provide opportunities for networking and continued education. It is an inclusive and passionately contagious environment.

VISUALS

Whether you're a production company, a photographer, or a marketing agency, the PLAYGROUND's studio coves are available for still photography and motion video shoots. It has both white cyclorama and green screen options. Additional bookings of the lounge are available and perfect for portrait and product photography.

VIBES

Are you a record label? Podcaster? Music video producer? Brand strategist looking to enhance you or your client's vibes? The PLAYGROUND's recording and sound rooms are ideal for recording voiceovers, news content, audio books, podcasts, music, Mixer, headphones, microphone, and audio interface available for use. Get your voice out there.

SAVINGS

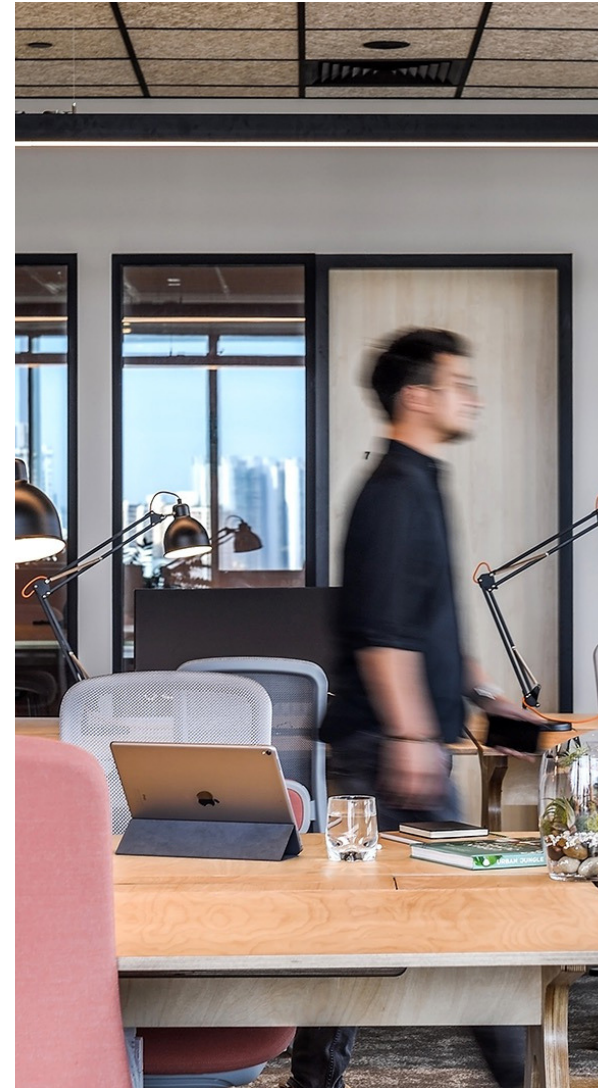
On average, photo and video creatives as well as other agencies spend thousands of dollars on studio space in addition to equipment they never use 24/7. Shed the monthly fees while also gaining access to a network of like-minded visionaries. Collaborate, create, then illustrate your vision on the Drive-in's community rooftop cinema space.





COLLABORATE. 

The Drive-in Floor 3 Visual Aesthetic Concepts



COLLABORATE. 

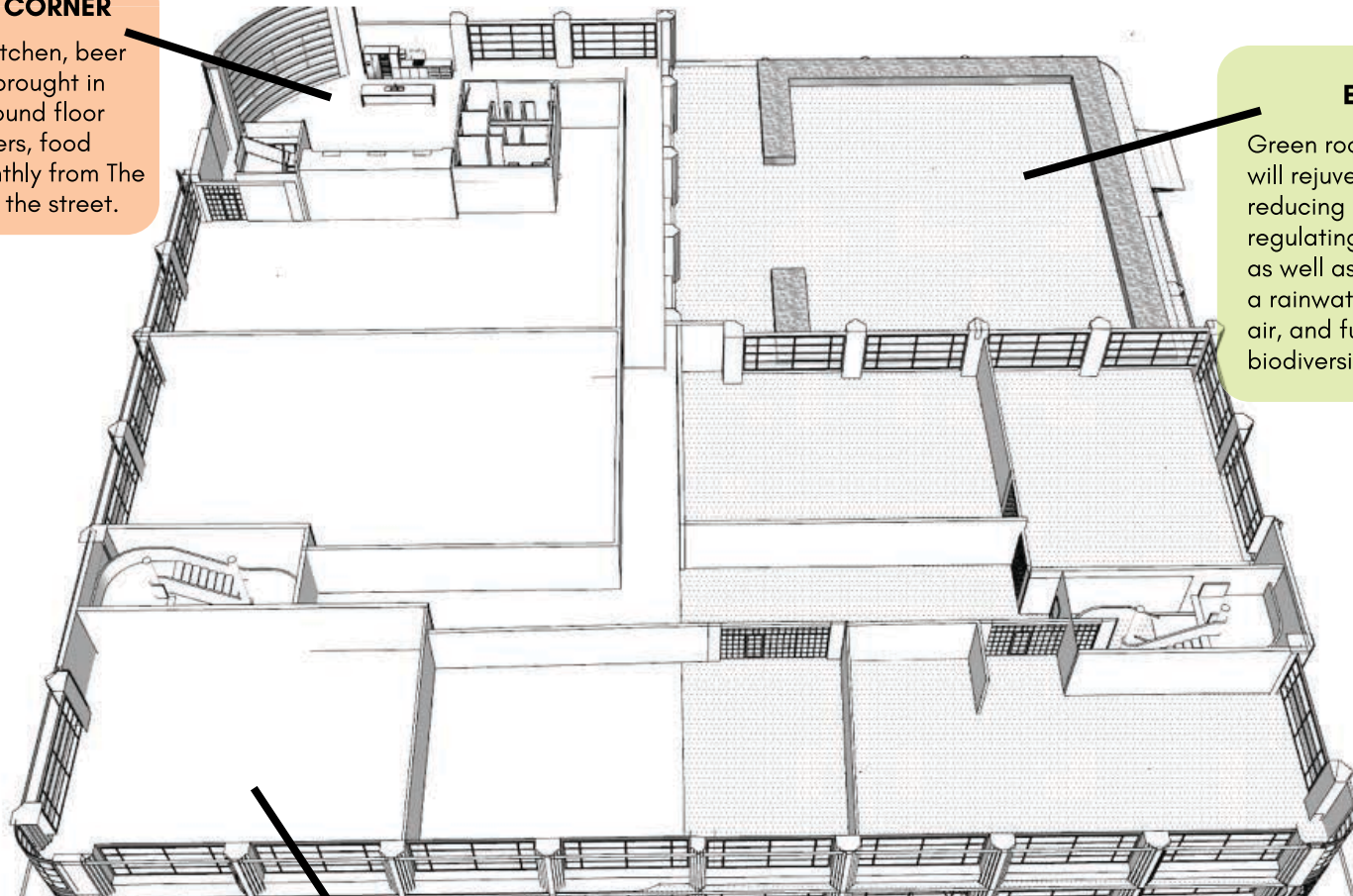
The Drive-in Floor 3 Visual Aesthetic Concepts

THE FUEL CORNER

Community kitchen, beer & wine kegs brought in daily from ground floor retail producers, food provided monthly from The Pantry across the street.

ECO-ROOF

Green roofs on floors 5 and 8 will rejuvenate tenants by reducing ambient temperature, regulating indoor temperature as well as save energy, provide a rainwater buffer, purify the air, and further encourage biodiversity in Portland.



25,000 SF INDUSTRIAL OFFICE SPACE

Natural light, city views, access to the "PLAYGROUND" Membership, rooftop spaces, private dialogue rooms for phone calls, vision boards with tables for group meetings.



CREATE. 

The Drive-in Floor 5 Layout Concept



CREATE. 

The Drive-in Floor 5 Visual Aesthetic Concepts

Rendering of Mt. Hood Views and Rooftop Experience
(Render: Sarut Choothian)





the Drive-in
PRODUCER SPACE FOR VISIONARIES



ILLUSTRATE. 

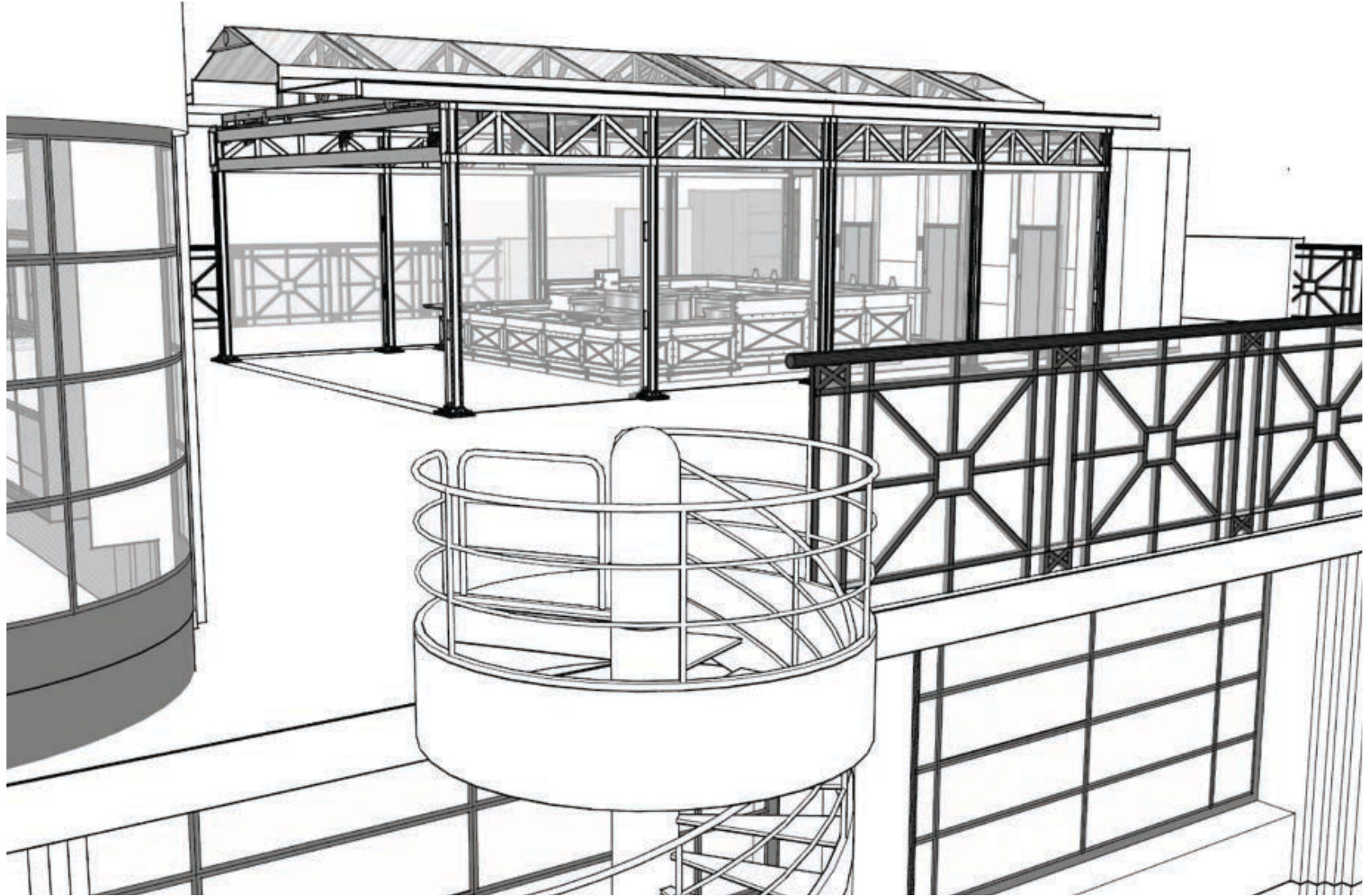
*The Drive-in Floor 7 Community Rooftop
Cinema Visual Aesthetic Concepts*

Rendering of Bird's Eye View of The Drive-in with the Portland skyline behind it (Render: Sarut Choothian)

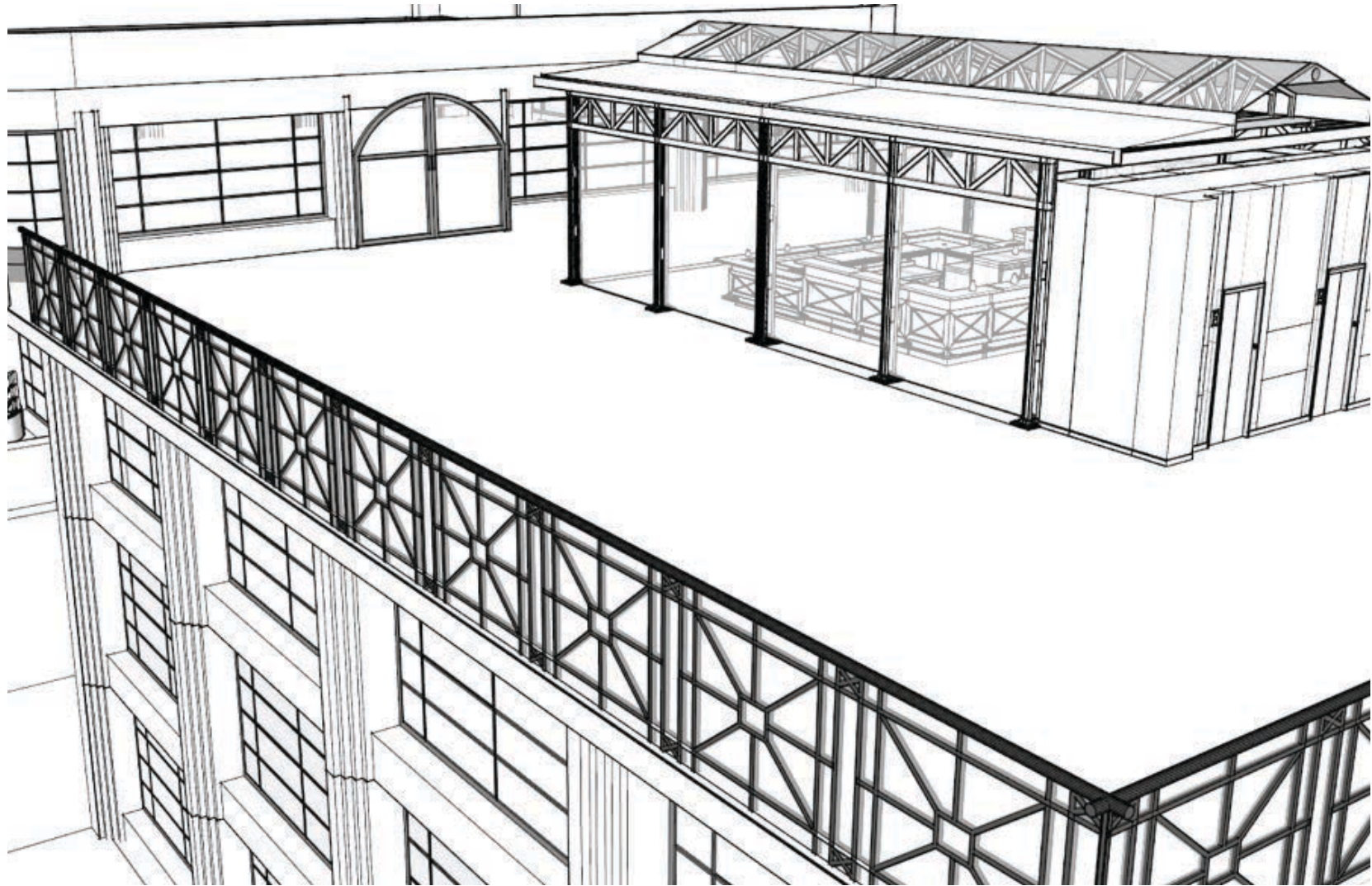




the Drive-in
PRODUCER SPACE FOR VISIONARIES



The Drive-in Stairwell from the Rooftop Bar to the Community Rooftop Cinema



The Drive-in Floor 8 Rooftop Bar



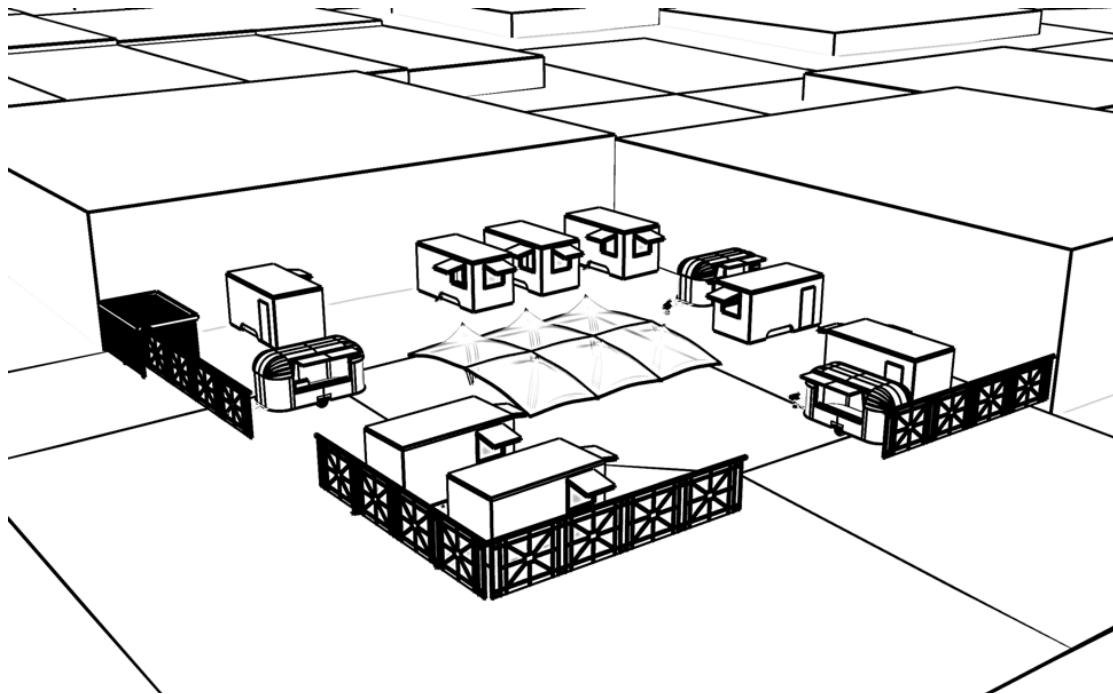
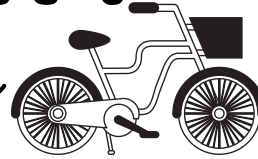
ILLUSTRATE. 

*The Drive-in Floor 8 Rooftop Bar
Visual Aesthetic Concepts*

the Drive-in
PRODUCER SPACE FOR VISIONARIES

THE PANTRY

next to the Drive-in

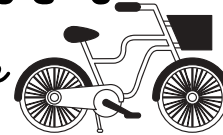


The Pantry food cart pod on the quarter block site located at the corner of 7th & Madison is a true amenity to the project as well as the general public. The recent decline in foodcart space in the central eastside and across Portland in general, and the accompanying public outcry at the loss of these spaces, has illustrated a real need for this use. Not only would the 12 food carts on this site serve the workers and other daytime users of the Drive-in but they would provide a great lunch and dinner spot for an area that is relatively devoid of other eateries, especially for folks waiting to see a movie at our rooftop cinema. Not only will this site be an excellent amenity for the project currently it will fit in with the longer term greenloop plan for 7th Avenue, with an increase in pedestrian and bike traffic bringing customers in at increasing rates. Additionally, for the low cost per square feet and minimal site work this use creates excellent revenue and pays for itself in 5 years or less.



THE PANTRY

next to the Drive-in



*The Pantry Food Cart Pod
"Concessions" on
adjacent quarter block*



TENANT PROFILE.

FLOOR 1: RETAIL

- Brew Dr. Kombucha
- Labrewatory
- Division Wines
- Underwood Wines
- Coava Coffee Roasters

This retail space is 4,000 SF and could be used by up to two different tenants. In order to activate the ground floor, the hope is to attract a food or beverage tenant.

FLOOR 2: NONE (MEZZANINE)

FLOOR 3: INDUSTRIAL OFFICE

- AO Productions
- Aberdeen Row Productions
- 4G Clinical: Med Tech

[small-scale photographers, videographers, ad agencies, music producers]

This floor has a collaborative layout with 15,000 SF of common area that can be utilized by members for production space with a coworking-style structure. The suites will be approximately 700 SF and leased on flexible terms to allow for active growth and assure maximum possible occupancy.

FLOOR 4: INDUSTRIAL OFFICE

- Uncorked Production Agency
- Murmur Creative
- Rooftop Cinema Club

This floor will be for more established companies that require slightly larger space. This floor is also a good fit for tenants on floor 3 that expand and require more room to flourish.



TENANT PROFILE.

FLOOR 5: INDUSTRIAL OFFICE

- Dot Dot Dash This floor will mirror the 4th.
- Mathis Potenio
- Laika

FLOOR 6: INDUSTRIAL OFFICE

- RGA This floor will mirror the 4th.
- R/West
- Swift Agency

FLOOR 7: INDUSTRIAL OFFICE

- Fish Marketing This floor will be for more exclusive tenants who want to have easier access to the rooftop amenities and Willamette River.
- Watson Creative
- Marmoset
- Roundhouse

FLOOR 7: COMMON AREA

Outdoor common area on floor 7 will be used for events hosted by tenants, like Rooftop Cinema Club.

FLOOR 8: INDUSTRIAL OFFICE

- Gensler One tenant will occupy this quarter block-sized section of the building and have nearly unobstructed 360-degree views.
- Yessler

FLOOR 8: ROOFTOP

- Shine Distillery One tenant will occupy this 1,000 square foot rooftop retail space that has views of Mt. Hood.



TENANT HIGHLIGHT .



Watch Rooftop Cinema
Club's Reel
HERE

As a company, Rooftop Cinema Club stands for social cinema. When Unfold Development approached the company, the Community Manager, Maria, stated "We currently have five locations across the US, three of them are partnerships with hotel venues and two are entirely operated by us; [we're looking] to expand our brand." Since they hope to express their brand in test markets before choosing a final venue after a couple of years, the company was interested in a potential partnership. Rooftop Cinema Club would occupy one of the third floor 700 SF office spaces and assist with rooftop cinema experiences at the Drive-in's community rooftop for a tenant concession. They'd provide headphones, deck chairs, cozy blankets, iconic movies, and snacks. Tenants and friends could enjoy the experience and also request to illustrate their own visions that have become reality at the Drive-in -- all on screen. As Rooftop Cinema Club says: Join the Movement!



LETTER OF INTENT #1.

TENANT: MEDIUM-SIZED VIDEO PRODUCTION FIRM BASED IN PORTLAND FLOOR 3 OR 4

AO Productions, a local commercial video production company in Portland, OR, confirmed intent on signing a five year lease for 700 SF space at the Drive-in for \$28/SF. Ryan AO, CEO at AO, was drawn to the shared equipment space since his firm typically has to rent out studios and Airbnbs for a much higher cost per month. The production company works with large brand name clients like Nike, McDonalds, and Fitbit, as well as smaller more "maker" types of clients like wine production and software companies.



BELONG TO SOMEWHERE.

August 17, 2019

Melissa Meagher
Unfold Development
RE: The Drive-in - AO Productions Lease

AO Productions has been contacted and shown interest in the following space in The Drive-in:

SIZE: Approximately 700 square feet

USE: Industrial Office Space / "Producer Space"

TERM: Five years expiring 1/21/2024

RENTAL: \$28.00/SF with 3% annual increases

BASIS: Triple Net

RENT COMMENCEMENT: The earlier of One hundred and Twenty (120) days after possession date or the first day of business.

POSSESSION DATE: The later of: (i) the date Landlord delivers possession to Tenant with all Landlord Work complete; or (ii) the date on which Tenant receives all necessary building permits for its construction and/or signage. Tenant will submit plans to the building department within ninety (90) days of full lease execution.

This letter of Agreement is in response to Unfold's development plan for the Drive-in and shall signify our intent to enter into a hypothetical lease based on the terms set out herein.

Sincerely,

Ryan AO
AO Productions

*Legal Disclaimer: This is not a real legal contract.

UNFOLD DEVELOPMENT
PORTLAND, OR

LETTER OF INTENT #2.

TENANT: START-UP PRODUCTION FIRM RELOCATING FROM LOS ANGELES, CA FLOOR 3

Aberdeen Row Productions confirmed intent on signing a three year lease for 700 SF space at the Drive-in for \$26/SF. Katie Scardino, CEO at Aberdeen Row Productions, is looking to relocate from Los Angeles to Portland where studio space is much cheaper. Her firm's goals are to make pop-up films and showcase them with large audiences, so the rooftop film screen amenity was a huge draw. In her meeting with Unfold she said, "The ability to share film teasers with other tenants as well as the neighborhood would be extremely helpful for a small firm like mine."



BELONG TO SOMEWHERE.

August 17, 2019

Melissa Meagher
Unfold Development
RE: The Drive-in - Aberdeen Row Productions Lease

Aberdeen Row Productions has been contacted and shown interest in the following space in The Drive-in:

SIZE: Approximately 700 square feet

USE: Industrial Office Space / "Producer Space"

TERM: Three years expiring 1/21/2022

RENTAL: \$26.00/SF with 3% annual increases

BASIS: Triple Net

RENT COMMENCEMENT: The earlier of One hundred and Twenty (120) days after possession date or the first day of business.

POSSESSION DATE: The later of: (i) the date Landlord delivers possession to Tenant with all Landlord Work complete; or (ii) the date on which Tenant receives all necessary building permits for its construction and/or signage. Tenant will submit plans to the building department within ninety (90) days of full lease execution.

This letter of Agreement is in response to Unfold's development plan for the Drive-in and shall signify our intent to enter into a hypothetical lease based on the terms set out herein.

Sincerely,

Katie Scardino
Aberdeen Row Productions

*Legal Disclaimer: This is not a real legal contract.

UNFOLD DEVELOPMENT
PORTLAND, OR

LETTER OF INTENT #3.

TENANT: NORTHEAST PORTLAND DISTILLERY HOPING TO EXPAND TO SECOND SE LOCATION FLOOR: 8 - ROOFTOP

Shine Distillery confirmed intent on signing a three year lease for 1,000 SF rooftop retail space at the Drive-in for \$28/SF. Jonathan Poteet, co-founder of NE Portland's new Shine Distillery, is always looking for more ways to expand the Shine Distillery brand in Portland. The rooftop space would be a perfect spot to share its signature cocktails with the Drive-in tenants and the Southeast community.



BELONG TO SOMEWHERE.

August 20, 2019

Melissa Meagher
Unfold Development
RE: The Drive-in - Shine Distillery Lease

Shine Distillery has been contacted and shown interest in the following space in The Drive-in:

SIZE: Approximately 1,000 Square Feet

USE: Rooftop bar retail space

TERM: Three years expiring 1/21/2022

RENTAL: \$28.00/SF with 3% annual increases

BASIS: Triple Net

RENT COMMENCEMENT: The earlier of One hundred and Twenty (120) days after possession date or the first day of business.

POSSESSION DATE: The later of: (i) the date Landlord delivers possession to Tenant with all Landlord Work complete; or (ii) the date on which Tenant receives all necessary building permits for its construction and/or signage. Tenant will submit plans to the building department within ninety (90) days of full lease execution.

This letter of Agreement is in response to Unfold's development plan for the Drive-in and shall signify our intent to enter into a hypothetical lease based on the terms set out herein.

Sincerely,

Jonathan Poteet
Shine Distillery

*Legal Disclaimer: This is not a real legal contract.

UNFOLD DEVELOPMENT
PORTLAND, OR

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FINANCIAL PLAN

- i. Financial Summary
- ii. Income + Expenses
- iii. Rent Roll + Leasing Assumptions
- iv. Deal Structure Details
- v. Development Timeline
- vi. Alternative Scenarios
- vii. Stress Testing

** See Appendix for full pro forma*

FINANCIAL SUMMARY.

The redevelopment financing plan described herein is driven by several considerations, including the Menashe family's long-term vision for the property as well as the reality of the current market for office assets located in the close-in Southeast submarket. The development plan was formulated to balance the family's desire to create a truly unique project with the necessity of a conservative capitalization due to the overall project size, amount of new industrial office supply being delivered in the close-in Southeast market, and the cyclical nature of the regional economy.

The following financial plan covers the basic inputs and outputs of the Drive-in project. One of the key differences for this model is the creation of sufficient returns, not through a quick stabilization period and reversion to another owner, but a long-term hold of the project. The share of uses is almost evenly divided between debt and equity as is typical of projects undertaken by the family. While this rather large equity stake may limit short term returns it significantly reduces overall risk, maximizes net cash flow after debt service and increases the risk-adjusted returns over the lifetime of the project.

INCOME.

Three main tenant classes are modeled for this project, with lease rates detailed below. Leases will include a 3% annual rate increase across all tenants, with lease rates readjusted to market at tenant turnover.

INDUSTRIAL OFFICE

Lease rates are assumed highest for the industrial office tenants based on comparable projects discussed in this report. These rates start at \$26 triple-net for small scale office tenants on the 3rd floor. These will be three-year leases and tenants will share many common elements. Tenants on upper floors are expected to occupy larger floor plates with rates ranging from \$30 to \$36 triple-net five-year leases in space which generally has attractive view corridors to the north, east and south.

OTHER INCOME

Parking will be a large revenue generator for this project with a monthly rate of \$200 for reserved stalls, with daytime parking priority given to tenants. Additionally, daily, weekend, and hourly parking will be available to the public in the structure. The "Pantry" food cart pod located on the adjacent quarter block will also receive revenue from food cart tenants at \$600 per month/per stall.

PAY-PER-MEMBERSHIP PRODUCTION SPACE: "THE PLAYGROUND"

All tenants will have access to the shared production spaces on the 3rd floor through a monthly membership fee of \$500. This membership fee will allow reservable access privileges to these spaces as well as use of the media production equipment provided therein.

RETAIL

Four retail tenants on the ground floor and one rooftop retail tenant will pay \$28 triple-net.

LEASE RATES	
Industrial Office: Floor 3 & 4*	\$26 - \$28
Industrial Office: Floor 5 & 6*	\$32 - \$34
Industrial Office: Floor 7 & 8*	\$35 - \$36
Retail: Ground floor*	\$28
Retail: Rooftop*	\$28
Production [^]	\$500
"Pantry" Food Carts [^]	\$600
Parking: per month	\$200
Parking: hourly	\$4

*NNN rates based on location in building (amenity space/floor)
[^] = per-month membership rate

OPERATIONS	
Gross Potential Rents	\$7,331,054
Vacancy	\$549,829
Net Rental Income	\$6,781,225
Total Operating Expenses	\$1,276,136
NOI Stabilized (year 2)	\$5,505,089

EXPENSES.

Expense data was generated from comparable larger scale industrial office projects and is projected at \$9.25 per net rentable SF totaling to \$1,238,967 in year one, upon stabilization.

LEASING ASSUMPTIONS.

Given market conditions and industry standards, we have utilized the following assumption for Tenant Improvements (TI's), Leasing Commissions (LC's), free rent, and expected down time. With access to Argus, we were able to calculate these turnover costs and plug them directly into our cashflow report. Initial TI's are assumed to be \$80-\$90 per square foot for industrial office tenants; new and renewal leases on second generation space are between \$10-\$30 per square foot. Leasing commissions for retail space are 6 percent per lease year for new leases and 3 percent per lease year for renewal leases. Industrial Office space leasing commissions are 7.5 percent for new leases and 3.75 percent for renew.

NET RENTABLE AREA (NRA)	
Main (Ind. Office & Retail)	125000
Parking	68000
"Pantry" Food Carts	4,608
SF Costs Per NRA*	
Office & Retail	\$451
Parking	\$289
Pantry Food Carts	\$169
% of SF by NRA	
Office & Retail	71.00%
Parking	25.28%
Pantry Food Carts	1.71%

*Soft costs assigned by % of SF by NRA

FINANCING.

LONG-TERM HOLD

The long-term hold strategy of the owners significantly reduces one of the primary risk factors associated with almost all new development projects - a near term construction loan maturity. Rather than procure the construction loan from a traditional bank, which typically provide loan terms of less than five years, the construction loan will be provided by a life insurance company. At the conclusion of construction, the lender will automatically convert the construction loan to a long term, fixed-rate permanent loan (thereby avoiding the risk inherent in a construction loan maturity refinancing if/when market conditions soften). This loan product is attainable due to the amount of upfront equity put into the project by the ownership, which has created a relatively low leverage loan amount [51% loan-to-cost]. This loan will also allow for cash-out of any surplus equity at perm conversion.

CONSTRUCTION TO PERMANENT LOAN CONVERSION

The Menashe family will often utilize a line of credit to supplement their equity in order to complete construction and elect not to take out a construction loan. However, it was decided that this is not a realistic assumption for calculating market-based returns, and we elected to model taking out a construction-to-permanent loan provided by a life company. A safe spread for construction debt currently would be at 300bps over LIBOR (approximately 5.25% all-in). This is a relatively conservative assumption given the large amount of equity contributed by the ownership, sponsorship experience and strength of the property location. This construction-to-permanent loan conversion feature eliminates near term repayment risk in the event office market conditions soften.

Also, this loan type would allow for periodic re-sizing if market conditions or development expectations change throughout the course of the project. The permanent loan is sized off half the value of the project at a 6% cap rate valuation using the year two NOI. To account for the future uncertainty of interest rates and the debt markets, our base case model assumes a slightly higher index (10 yr UST) than the current spot rate and a slightly higher spread than what would be available in the market today (resulting in a 4.1% fixed rate). This interest rate assumption results in a 1.75 DSCR. In order to stress test our base case assumption for the permanent loan interest rate we calculated a payment based on a 5.0% interest rate, **resulting in a 1.8 DSCR and cash-on-cash returns above 17%.**

KEY RETURN METRICS

GROUND LEASE

The Menashe family currently owns both sites and intends to hold the developed asset within the family indefinitely; as such the ownership of the land and the building will be structured in the most tax-efficient manner possible. To accomplish this the property will be ground leased to the managing partnership. The overall value of the property is derived from market appraisals the Menashe family have completed on the sites. Detailed in the appendix are the salient terms of the ground lease ownership structure that will be implemented prior to the closing of the construction loan described herein and the commencement of construction.

Due to the long-term hold strategy of the Menashe family for this development, many of the typical return metrics that are used by developers for analyzing the success of a project expecting shorter holding periods are not useful. The most important metric that the owners consider is leveraged cash-on-cash returns (cash flow after debt service/equity into the project). Since the owners typically contribute a large share of personal equity into projects this is one of the best ways of analyzing the payback on that equity.

Another important metric for analyzing the initial feasibility of a new development versus purchasing an existing property is the yield-on-cost (year 2 NOI/overall project cost). With over a 1.5 percent spread above current cap rates this metric demonstrates the project’s feasibility and justifies the time and capital invested.

RETURNS	
Cashflow After Debt Service	
Year 2	\$2,492,898
Year 10	\$4,281,420
Year 20	\$5,619,620
NOI	
Year 2	\$5,505,089
Year 10	\$6,985,400
Year 20	\$9,387,794
Yield on Cost	7.13%
<i>Year 2 stabilized NOI divided by Total Costs</i>	
<i>Yield on Cost: Office</i>	7.07%
<i>Yield on Cost: Parking</i>	8.11%
Leveraged Cash-On-Cash	
Year 2	7.97%
Year 10	13.69%
Year 20	17.96%
Equity Multiple	2.54x

CONSTRUCTION COSTS

The unpredictability of construction costs and escalation of those costs has stymied many projects in the Portland Metro area over the last 5-7 years. Bearing this in mind the Drive-in development team has worked with LMC and Turner Construction, builders with extensive commercial experience in the Portland metro area, to develop accurate cost assumptions. Our cost model anticipates a 5 percent hard cost escalation between now and construction start in one year, as well as carrying a 5 percent contingency. Returns have been calculated using our assumed hard costs but an increase to hard costs of 5 percent still returns a 6.55 percent yield-on-cost, which is sufficient to continue with the project.

HARD COSTS				
	Per SF	Assumed	Under 5%	Over 5%
Site Prep	\$34	\$1,350,000	\$1,282,500	\$1,417,500
Construction: Parking Garage	\$170	\$13,600,000	\$12,920,000	\$14,280,000
Construction: Elevated PT Deck	\$120	\$20,400,000	\$19,380,000	\$21,420,000
Construction: Pantry Site Work	\$50	\$450,000	\$427,500	\$472,500
Construction: Pantry Stick Frame	\$60	\$60,000	\$57,000	\$63,000
Construction: Other	\$28	\$1,100,000	\$1,045,000	\$1,155,000
TI Allowances	\$69	\$13,095,000	\$12,440,250	\$13,749,750
Inflation	5%	\$2,502,750.00	\$2,377,612.50	\$2,627,887.50
GC Costs (Profit, Overhead, General Conditions)		\$5,938,127	\$5,641,220	\$6,235,033
Owner Contingency	5%	\$2,845,957	\$2,703,659	\$2,988,255
	\$237	\$61,341,834	\$58,274,742	\$64,408,926

CONSTRUCTION COSTS

EXISTING STRUCTURES

The four large warehouse structures that currently sit on the full block site are slated for full tear down (with some timbers and brick to be saved for accents and furniture in the new development). Demolition costs are also accompanied with extensive allowances for Environmental remediation and haz-mat abatement.

INDUSTRIAL OFFICE FLOORS 3-8

These floors will be constructed with a shared creative office/production space minded end user. On floors three and four spaces will be built out more extensively prior to lease-up, limiting TI allowances. While on the upper floors with larger office spaces TI allowances and options increase. These floors will be built with cast-in-place concrete with two separate elevator shafts, extensive exterior glazing, and increased roof spaces allowing tenant access and conforming to the city's ecoroof standards.

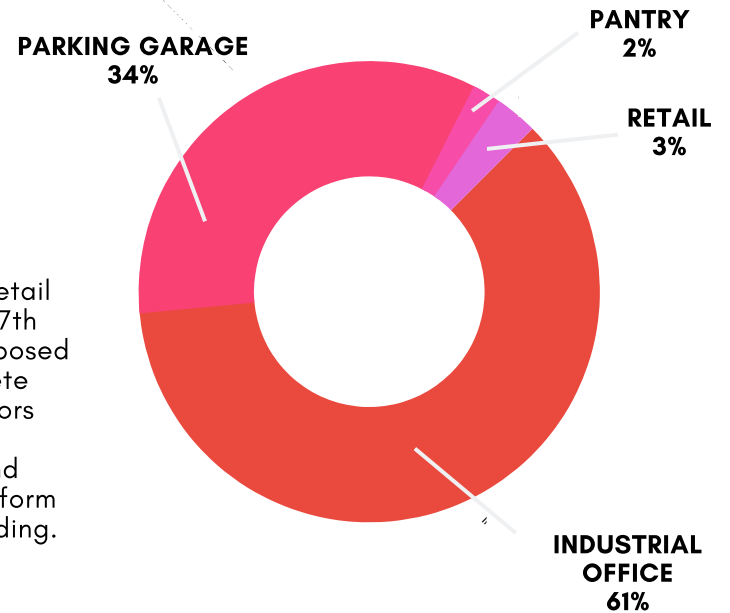
PARKING GARAGE FLOORS 1-2

Aside from the lobby/common and retail areas on the ground floor facing SE 7th Avenue these two floors will be composed entirely of parking with heavy concrete construction. Costs for these two floors have been increased from standard structure parking to cover glazing and architectural sheet metal skin to conform with the overall aesthetic of the building.

PANTRY FOOD CARTS

The Pantry space is composed of the 10,000 SF quarter block adjacent to the full block site and is slated to be converted into a food cart pod with parking and a small, permanent common use building containing restrooms and larger prep space. This site will need to have new water, sewer, and electrical taps installed for each of the 12 food cart stalls; additionally, the Pantry will require a trash enclosure and covered seating area. Eight parking spaces will also be created on the site to allow for deliveries and customer parking.

Construction Costs as % of NRA



DEVELOPMENT TIMELINE.

The Drive-in development is expected to be completed by **February of 2022 with a construction duration of 18 months**. Delivery of the project is scheduled to coincide with increasing leasing activity in the spring of 2022. The development timeframe for the project consists of three key phases:

PRE-DEVELOPMENT

Pre-development will consist of site analysis, environmental site assessment, design, funding, and entitlements. Predevelopment activities are already underway and are expected to conclude in August of 2020 with the construction loan closing. Since both sites are already under the control of the Menashe family, construction can begin more quickly without site acquisition to contend with.

CONSTRUCTION

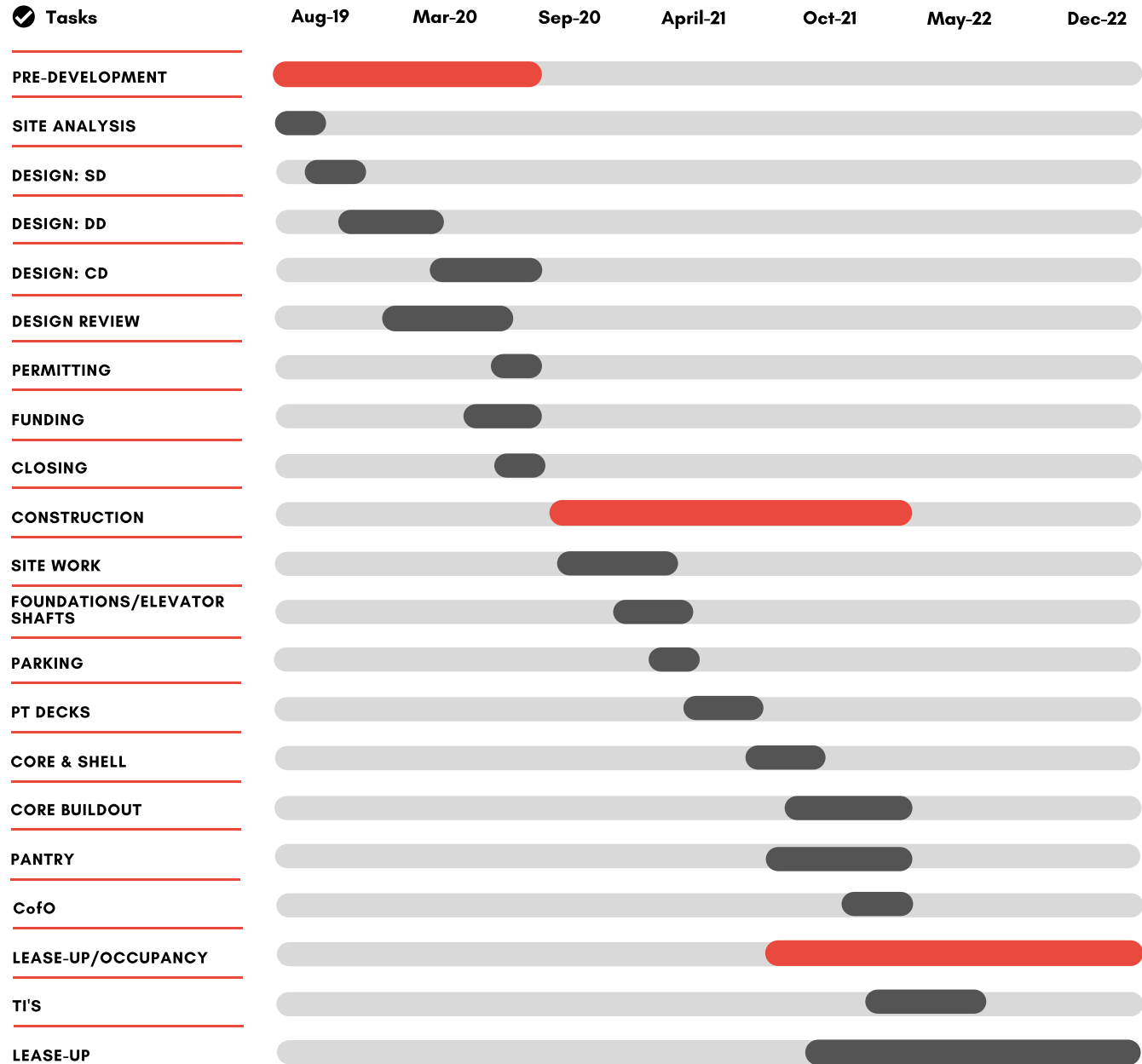
Construction will begin in August of 2020 with an expected duration of 18 months. To decrease construction timeframe and minimize different trades mobilizing on/off-site the decision was made to build all floors in concrete as opposed to heavy timber or stick frame over the parking deck floors. Other activities during the construction timeframe will include site work and construction of common facilities at the "Pantry" quarter block towards the conclusion of all work to reduce carrying costs.

LEASING

Since the projected demand for spaces of the type this project will deliver is high, our market research indicates favorable lease-up activity. However, TI build-outs and pre-lease advertising/outreach is slated to begin four months prior to construction completion, and a nine month post-completion lease-up period is budgeted for to allow for market shifts.

**The three categories above are highlighted in the timeline to the right in red.*

DEVELOPMENT TIMELINE.



ALTERNATIVE SCENARIOS.

1. Continue in Existing Use.

Currently, the full block site is home to four different businesses that either sell or build furniture, ranging from discount office furniture to custom bamboo pieces. The adjacent ¼ block is home to a drive-through coffee stand, parking, and a billboard. The property has been owned by the Menashe's since 1993 and has produced minimal but consistent returns throughout its ownership. While continuing to use the sites in their current use is a viable option, the amount of growth in this area as well as other successful projects indicates this area could support a denser/larger use.

Revenue		EXISTING USE Expenses		Returns	
Rental Income	\$453,345	Utilities & Maint.	\$12,205.00	NOI	\$411,452
Parking	\$16,547	Management	\$ 52,813	Initial Equity	\$1,025,000
Other Income	\$58,947	Taxes And Insurance	\$ 52,369	IRR (year 20)	24%
Total	\$528,839	Total	\$ 117,387		

2. Larger Industrial Office.

While increasing building size was contemplated there were several factors that drove the decision to stay at eight stories and not build higher and increase net rentable area. The key determining factor driving this decision was that the building changes that would be needed to achieve the FAR bonus to go from the current 3:1 industrial office FAR to a 4:1. These changes would include dedicating most of the ground floor to industrial production or similar uses, providing freight access/facilities, and increasing ground floor height. While returns are within acceptable ranges, the variety of users in this building would be difficult to blend into one cohesive space. Additionally, the purpose-built ground floor could prove difficult to reengineer if market demand or zoning changed.

LARGE INDUSTRIAL OFFICE							
Returns		Sources		Uses		Revenue (NNN)	
IRR (yr. 10)	-1.19%	Debt	\$ 85,895,540	HardCosts	\$ 94,706,422	Industrial Office	\$ 32.00
IRR (yr. 20)	8.96%	Rate	4.00%	Soft Costs	\$ 28,612,605	Production	\$ 18.00
C-O-C (yr. 10)	11.99%	Equity	\$ 45,000,000	Dev. Fee	\$ 7,576,514	Retail	\$ 28.00
Yield on Cost	6.25%	Total	\$130,895,540	Total	\$130,895,540	Parking (per/mo)	\$200.00

3. Parking Only.

Due to the overall lack of parking in this area of town a large above-ground parking garage was considered as a placeholder for future site development when construction costs come down or zoning changes. In analyzing this scenario, a 3 story parking garage with 297 stalls was assumed. Income would be generated from monthly permit holders, day, and hourly users. While this use would be in high demand the moment construction was complete, overall costs would be high in comparison to revenue and the structure could prove difficult to convert to other uses depending on market demand.

PARKING							
Returns		Sources		Uses		Revenue assumptions	
IRR (yr. 10)	-3.18%	Debt	\$20,246,706	Hard Costs	\$ 26,434,950	Per stall/mo.	\$ 200.00
IRR (yr. 20)	7.42%	Rate	4.50%	Soft Costs	\$ 6,696,960	Daily	\$ 10.00
C-O-C (yr. 10)	10.35%	Equity	\$15,000,000	Dev. Fee	\$ 2,114,796	Weekend	\$ 10.00
Yield on Cost	6.26%	Total	\$35,246,706	Total	\$ 35,246,706	Hourly	\$ 4.00

4. Year 10 Refinance.

Utilizing a different perm loan product that would allow for interest only payments in the first five years and requiring a refinance at year ten. While this scenario does not boost the return factors that the owners typically evaluate their developments off (ie. cash-on-cash and yield-on-cost), it does increase IRR at year 20 to 10.6%.

REFINANCE YEAR 10							
Returns		Sources		Uses		Revenue (NNN)	
IRR (yr. 10)	1.89%	Debt	\$ 41,838,707	Hard Costs	\$ 61,335,885	Industrial Office	\$ 31
IRR (yr. 20)	10.60%	Rate	3.85%	Soft Costs	\$ 17,591,090	Production	\$500
C-O-C (yr. 10)	13.55%	Equity	\$ 40,768,421	Dev. Fee	\$ 3,680,153	Retail	\$28
Yield on Cost	6.58%	Total	\$ 82,607,128	Total	\$ 82,607,128	Parking (per/mo)	\$200.00

STRESS TESTING.

Although in the financial model leasing costs and related expenses are calculated below the line, they still remain an important factor to consider given our long-term hold strategy and substantial equity contributed by the owner into the development. As a result, these numbers will affect one of our key metrics, levered cash-on-cash return. With this in mind, we decided to stress test our assumption by increasing TI costs by \$5/SF across the board. This change, in combination with an increased vacancy rate from 8% to 10%, dropped our cash-on-cash returns 75bps, remaining above our threshold of 10%.

In addition, we wanted to test another variable assumption, lease-up timing. This is an assumption that we gathered from our team's experience in brokerage and asset management as well as current market data. Currently, we have the lease-up to stabilizing taking approximately 13 months, including pre-leasing. Understanding that this time estimate is speculative it was decided to test how our project would be affected given a longer lease-up period. By increasing our lease-up time by another five months cumulatively and increasing free rent, vacancy, and other factors, the NOI in years 1-5 decreased; but our 10-year cash-on-cash return remained strong and above our targeted 10%.

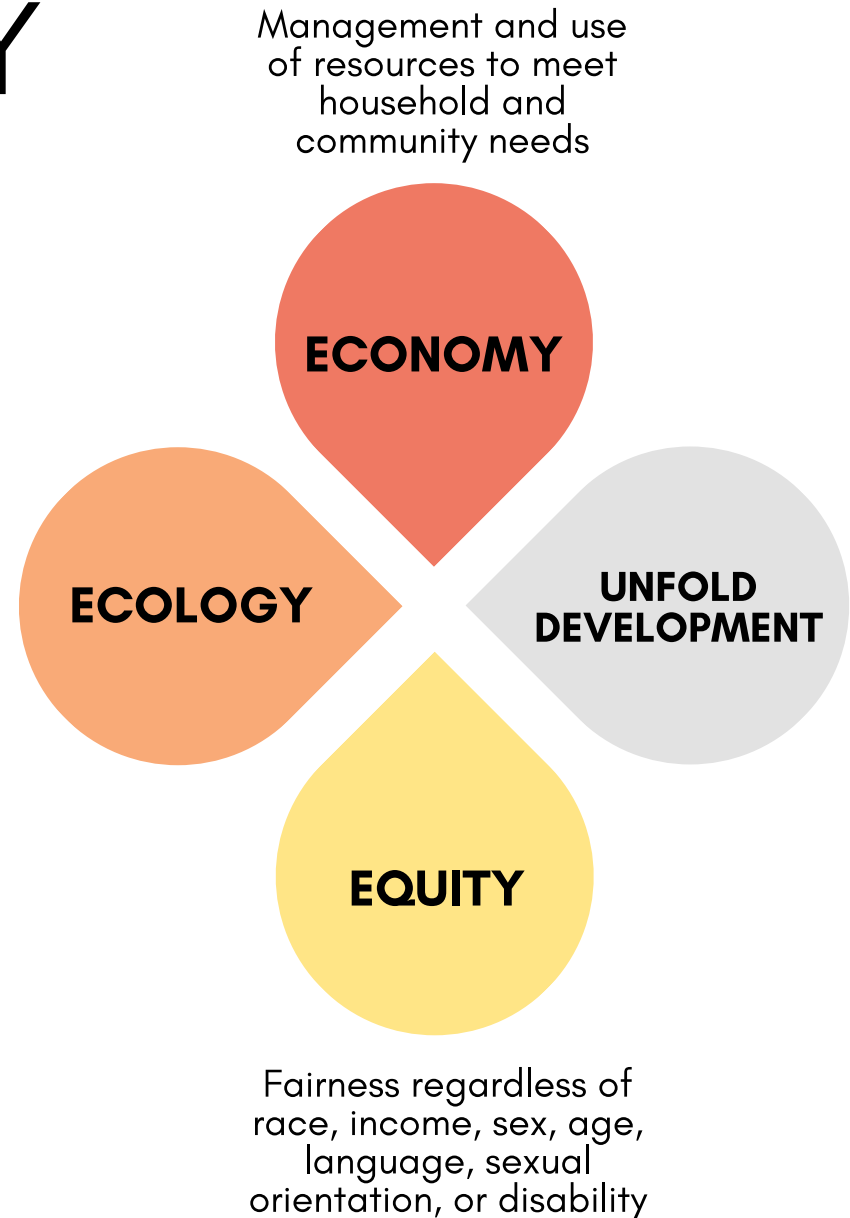
RECOMMENDATIONS & CONCLUSION

- i. Sustainability in all forms
- ii. The Vision District
- iii. Conclusion

SUSTAINABILITY IN ALL FORMS.

At Unfold Development we take pride in our promotion of sustainable communities within our developments. We believe a sustainable community uses its resources to meet current needs while ensuring that adequate resources are available for the future. **This involves a long-term mindset to protect the environment, meet social needs, and help to grow economic opportunities.** Not only are we confident in our development plan for the Drive-in, but we also believe it will thrive when its community dynamics are at work and concentrate on sustainability. With these elements, the Drive-in can be a prosperous, inclusive, and healthy development in Portland for years to come.

The pattern of relationships between living things and their environment



THE VISION DISTRICT.

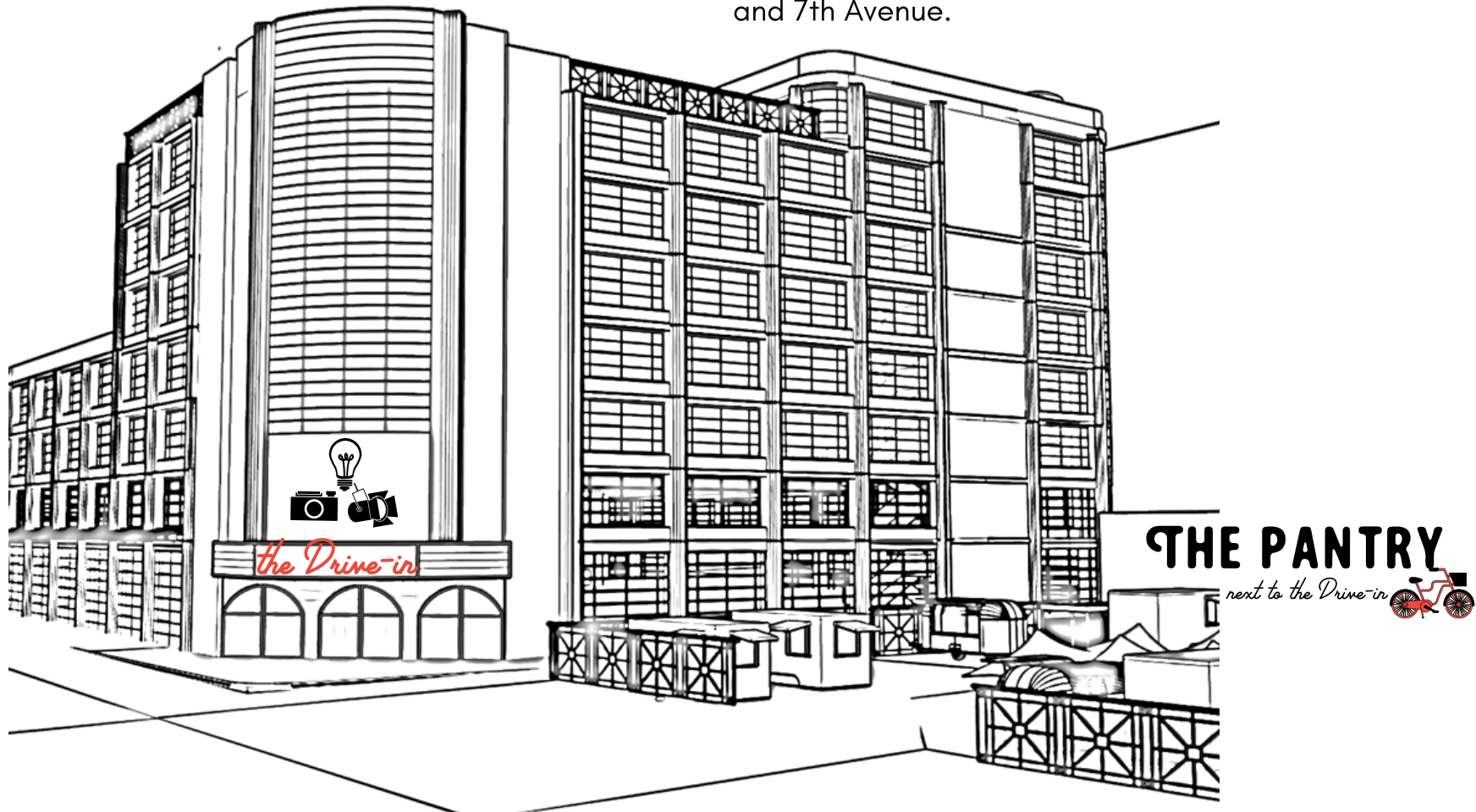
The Drive-in is a spark ready to ignite a more coherent brand for the Central Eastside. Portland is full of unique neighborhoods that fit each community within it. What is missing is a district full of visionaries who wake up with the drive to collaborate, create, and illustrate. The Drive-in's purposeful push toward "visionary" tenants, its ease of access, its rooftop cinema, as well its iconic full city block will be the start of a new movement.

Meet: The Vision District.
Where ideas become realities.



THE FINAL CURTAIN.

Unfold Development's concept is thoroughly researched, strategically unique, and creates shared value for Menashe Properties and the City of Portland. Both the Drive-in and the Pantry are ready to be a part of your journey, a vessel for visions, and a new standard in the marketplace that outshines colorless, run-of-the-mill creative office space. As a team, Unfold hopes that starting February 2022 Portland will see illustrations of hard work and zeal from the top of SE Madison Street and 7th Avenue.



“

A place is dead if (its) physique does not support the work of imagination, if the mind cannot engage with the experience located there, or if the local energy fails to evoke ideas, images or feelings To inhabit a place physically, but to remain unaware of **what it means** or **how it feels**: humans in this condition belong **nowhere**."

E.V. WALTER / PLACEWAYS



unfold

DEVELOPMENT

BELONG TO SOMEWHERE.

APPENDIX

- i. Ground Lease Summary
- ii. Pro Forma





the Drive-in
PRODUCER SPACE FOR VISIONARIES

GROUND LEASE SUMMARY.

GROUND LESSOR: A SPECIAL PURPOSE, BANKRUPTCY REMOTE DELAWARE LLC FORMED EXCLUSIVELY FOR THE PURPOSE OF OWNING THE LAND UNDERLYING THE PROPERTY AND LEASING THE LAND DESCRIBED HEREIN TO GROUND LESSEE UNDER A 99-YEAR GROUND LEASE. THE GROUND LESSOR S.P.E. WILL BE OWNED BY THE HAWTHORNE LAND FOUNDATION TRUST, A TRUST ESTABLISHED BY MORRISON STREET CAPITAL TO PROVIDE INCOME TO 501(C)(3) CHARITABLE ORGANIZATIONS SUPPORTED BY THE MENASHE FAMILY FOUNDATION. THE TRUSTS ARE ADMINISTERED BY AN INDEPENDENT TRUSTEE WHO HAS FIDUCIARY RESPONSIBILITY AND FULL AUTHORITY TO MANAGE AND CONTROL THE TRUST ASSETS AND ENSURE DISTRIBUTION OF TRUST INCOME TO ITS INCOME BENEFICIARIES.

GROUND LESSEE: THE DRIVE-IN LLC, A SPECIAL PURPOSE, BANKRUPTCY-REMOTE DELAWARE LIMITED LIABILITY COMPANY FORMED TO OWN THE IMPROVEMENTS LOCATED ON THE PROPERTY AND LEASING THE UNDERLYING LAND UNDER A 99 YEAR GROUND LEASE AS DESCRIBED HEREIN.

LEASE PROPERTY: APPROXIMATELY 1.25 ACRES / 50,000 SQ. FT. (THE "LAND") UNDERLYING THE DRIVE-IN DEVELOPMENT, CONTAINING 124,500 SQ. FT. OF NET RENTABLE AREA LOCATED AT SE 7TH & SE HAWTHORNE (EXACT LOCATION TO BE CONFIRMED BY SURVEYOR WITH LEGAL DESCRIPTION).

FORM OF GROUND LEASE: THE GROUND LEASE IS AN ABSOLUTE TRIPLE NET LEASE WITH THE GROUND LESSEE RESPONSIBLE FOR ALL EXPENSES RELATED TO THE PROPERTY AND THE LAND. THE GROUND LEASE WILL BE STRUCTURED TO COMPLY WITH THE GROUND LEASE STANDARDS RECOMMENDED BY THE COMMERCIAL REAL ESTATE FINANCE COUNCIL.

GROUND LEASE TERMS:

COMMENCEMENT DATE - JANUARY 1, 2023

TERM - 99 YEARS

ANNUAL RENT - YEAR 1-10 \$316,989; THEREAFTER INCREASE 3% EVERY 10 YEARS.

MORTGAGING - THE GROUND LESSEE HAS THE RIGHT TO MORTGAGE ITS INTEREST IN THE PROPERTY WITHOUT CONSENT (BUT WITH PRIOR WRITTEN NOTICE) OF THE GROUND LESSOR. THE GROUND LESSEE'S INTEREST IN THE PROPERTY IS ASSIGNABLE TO THE MORTGAGEE, ITS S&A, WITHOUT CONSENT (BUT WITH PRIOR WRITTEN NOTICE) OF THE GROUND LESSOR. THE GROUND LEASE CONTAINS MORTGAGEE PROTECTIONS AND MEETS TERMS RECOMMENDED BY THE COMMERCIAL REAL ESTATE FINANCE COUNCIL.

PURCHASE OPTION - THE GROUND LESSEE HAS THE OPTION TO PURCHASE THE LAND AT THE END OF THE TERM FOR 95% OF FAIR MARKET VALUE AS DETERMINED BY AN OBJECTIVE APPRAISAL MECHANISM.

**The Drive-In
Pro Forma Summary**

Development Plan: 8 Stories, Industrial Office, Retail, Shared Production, Parking, "Pantry" Food Cart Pod

OPERATIONS	
Gross Potential Rents	\$7,331,054
Vacancy	\$549,829
Net Rental Income	\$6,781,225
Total Operating Expenses	\$1,276,136
NOI Stabilized (year 2)	\$5,505,089

LEASE RATES	
Industrial Office: Floor 3 & 4*	\$26 - \$28
Industrial Office: Floor 5 & 6*	\$32 - \$34
Industrial Office: Floor 7 & 8*	\$35 - \$36
Retail: Groundfloor*	\$28
Retail: Rooftop*	\$28
Production^	\$500
"Pantry" Food Carts^	\$600
Parking: per month	\$200
Parking: hourly	\$4

*NNN rates based on location in building (amenity space, floor)

^Per-month membership rate

SOURCES	
Construction Sources	
Construction Loan	\$39,000,000
% of total costs*	51%
Equity	38,157,448
Total Construction Sources	\$77,157,448
Equity Out @ Perm Conversion	
Constr. Loan @ conversion	\$38,121,633
Costs at Closing	\$612,909
<i>Total</i>	<i>38,734,541</i>
Perm Loan Takeout	45,875,745
Total Cash Out @ Conversion	7,141,204
Permanent Sources	
Perm Debt*	\$45,875,745
Equity	\$31,281,702
Total Permanent Sources	\$77,157,448

*Sized based on valuation in 2024 (NOI / 6% Cap)

USES	
Construction	\$61,341,834
Const.: Main Building	45,194,776
Const.: Parking	15,637,058
Const.: Pantry	510,000
Subtotal: Hard Costs	61,341,834
Dev. Consulting Fee	\$1,226,837
Architectural	\$3,680,510
Development Costs	\$5,005,638
General Fees	\$1,438,018
Loan Fees	\$976,257
Constr. Interest	\$1,750,000
Leaseup/Relo/Reserves	\$1,738,355
Subtotal: Soft Costs	\$15,815,614
TOTAL PROJECT COSTS	\$77,157,448

RETURNS	
Cashflow After Debt Service	
Year 2	\$2,492,898
Year 10	\$4,281,420
Year 20	\$5,619,620
NOI	
Year 2	\$5,505,089
Year 10	\$6,985,400
Year 20	\$9,387,794
Yield on Cost	7.13%
<i>Year 2 stabilized NOI divided by Total Costs</i>	
Yield on Cost: Office	7.07%
Yield on Cost: Parking	8.11%
Leveraged Cash-On-Cash	
Year 2	7.97%
Year 10	13.69%
Year 20	17.96%
Equity Multiple	2.54x

NET RENTABLE AREA (NRA)	
Main (Ind. Office & Retail)	125000
Parking	68000
"Pantry" Food Carts	4,608
SF Costs Per NRA*	
Office & Retail	\$451
Parking	\$289
Pantry Food Carts	\$169
% of SF by NRA	
Office & Retail	71.00%
Parking	25.28%
Pantry Food Carts	1.71%

*soft costs assigned by % of SF by NRA

PROJECT SPECS	
Industrial Office	120,000
Retail	5,000
Production	15,000
Rooftop Amenity Space	8,000
Common	43,000
Parking	68,000
Parking Stalls	189
Parking Ratio	1.6
"Pantry" Food Carts	4,608
"Pantry" Common	5,392
Total Main Building SF	259,000
Total Project SF	269,000

PRO FORMA.

**The Drive-In
Operating Cashflow**

			1	2	3	4	5	6	7
			2023	2024	2025	2026	2027	2028	2029
Rental Income	USE	Escalation							
Gross Potential Rental Income	Industrial Office & Retail	3%	3,872,000	3,988,160	4,107,805	4,231,039	4,357,970	4,488,709	4,623,370
	Pantry	3%	164,150	169,075	174,147	179,372	184,753	190,295	196,004
	Production Membership	3%	282,000	290,460	299,174	308,149	317,393	326,915	336,723
Free Rent				(\$10,000.00)			(\$200,000.00)		(\$75,000.00)
Expense Reimbursements		3%	1,238,967	1,276,136	1,314,420	1,353,852	1,394,468	1,436,302	1,479,391
Gross Potential Rental Income - additional rental income	Parking	3%	1,545,120	1,591,474	1,639,218	1,688,394	1,739,046	1,791,218	1,844,954
Gross Potential Rental Income - Other	Billboard, events, interest on deposits	3%	25,000	25,750	26,523	27,318	28,138	28,982	29,851
Total Gross Potential Rental Income			7,127,237	7,331,054	7,561,286	7,788,124	7,821,768	8,262,421	8,435,294
Less Vacancy		Stabilized 8%	534,542.78	549,829.06	567,096.43	584,109.32	586,632.60	619,681.58	632,647.03
Effective Gross Income			6,592,694	6,781,225	6,994,189	7,204,015	7,235,135	7,642,740	7,802,647
OPERATING EXPENSES		3%	1,238,967	1,276,136	1,314,420	1,353,852	1,394,468	1,436,302	1,479,391
NET OPERATING INCOME			5,353,728	5,505,089	5,679,770	5,850,163	5,840,668	6,206,438	6,323,256
Ground Lease (99 yr)	PRINCIPAL	3.00%	10,000,000	316,989	316,989	316,989	316,989	316,989	316,989
CAPITAL COSTS									
Tenant Improvements				\$166,250			\$1,156,250		\$406,250
Leasing Commissions				\$141,962			\$745,373		\$430,477
Capital Reserves	\$0.15/SF		\$0.00	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675
Total Capital Costs			\$0.00	\$326,887	\$18,675	\$18,675	\$1,920,298	\$18,675	\$855,402
Cashflow Before Debt Service			5,353,728	5,178,202	5,661,095	5,831,488	3,920,370	6,187,763	5,467,854
Permanent Fixed Rate Loan*	PRINCIPAL	4.10%	45,875,745	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305
Interest Paid			1,880,906	1,847,925	1,813,593	1,777,852	1,740,647	1,701,916	1,661,597
Principal Paid			804,399	837,380	871,712	907,453	944,658	983,389	1,023,708
UPB			45,071,346	44,233,966	43,362,254	42,454,801	41,510,143	40,526,754	39,503,046
Debt Service Coverage Ratio				2.05	2.12	2.18	2.18	2.31	2.35
Net Cash Flow			2,668,423	2,492,898	2,975,790	3,146,183	1,235,065	3,502,458	2,782,549

*Due to future uncertainty of interest rates and debt markets, the payment for the permanent loan in 2023/2024 is based on 30 year amortization schedule and an interest rate assuming 2.0% 10 yr. UST (compared to current spot rate of 1.60% +/-) and a spread of 2.10%.

8 2030	9 2031	10 2032	11 2033	12 2034	13 2035	14 2036	15 2037	16 2038	17 2039	18 2040	19 2041	20 2042
4,762,072	4,904,934	5,052,082	5,203,644	5,359,754	5,520,546	5,686,163	5,856,747	6,032,450	6,213,423	6,399,826	6,591,821	6,789,575
201,884	207,941	214,179	220,604	227,223	234,039	241,060	248,292	255,741	263,413	271,316	279,455	287,839
346,824	357,229	367,946	378,984	390,364	402,065	414,127	426,550	439,347	452,527	466,103	480,086	494,489
(\$30,000.00)			(\$400,000.00)	(\$15,000.00)				(\$300,000.00)	(\$17,000.00)			
1,523,773	1,569,486	1,616,570	1,665,068	1,715,020	1,766,470	1,819,464	1,874,048	1,930,270	1,988,178	2,047,823	2,109,258	2,172,535
1,900,303	1,957,312	2,016,031	2,076,512	2,138,807	2,202,972	2,269,061	2,337,133	2,407,247	2,479,464	2,553,848	2,630,463	2,709,377
30,747	31,669	32,619	33,598	34,606	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838
8,735,603	9,028,571	9,299,428	9,178,411	9,850,763	10,161,736	10,466,588	10,780,585	10,804,003	11,420,123	11,780,237	12,133,644	12,497,653
655,170.19	677,142.80	697,457.08	688,380.79	738,807.22	762,130.18	784,994.09	808,543.91	810,300.23	856,509.24	883,517.76	910,023.29	937,323.99
8,080,432	8,351,428	8,601,971	8,490,030	9,111,956	9,399,606	9,681,594	9,972,042	9,993,703	10,563,614	10,896,719	11,223,621	11,560,329
1,523,773	1,569,486	1,616,570	1,665,068	1,715,020	1,766,470	1,819,464	1,874,048	1,930,270	1,988,178	2,047,823	2,109,258	2,172,535
6,556,660	6,781,942	6,985,400	6,824,962	7,396,936	7,633,135	7,862,130	8,097,993	8,063,433	8,575,436	8,848,896	9,114,363	9,387,794
316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989	316,989
			\$1,292,500	\$166,250			\$715,000	\$681,250	\$166,250			\$617,500
			\$857,685	\$190,784			\$385,322	\$634,889	\$221,171			\$446,694
\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675	\$18,675
\$18,675	\$18,675	\$18,675	\$2,168,860	\$375,709	\$18,675	\$18,675	\$1,118,997	\$1,334,814	\$406,096	\$18,675	\$18,675	\$1,082,869
6,537,985	6,763,267	6,966,725	4,656,102	7,021,227	7,614,460	7,843,455	6,978,996	6,728,619	8,169,340	8,830,221	9,095,688	8,304,925
2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305	2,685,305
1,619,625	1,575,932	1,530,448	1,483,099	1,433,808	1,382,497	1,329,082	1,273,476	1,215,591	1,155,333	1,092,604	1,027,304	959,326
1,065,680	1,109,373	1,154,857	1,202,206	1,251,497	1,302,808	1,356,223	1,411,828	1,469,713	1,529,972	1,592,701	1,658,001	1,725,979
38,437,366	37,327,993	36,173,136	34,970,930	33,719,433	32,416,625	31,060,401	29,648,573	28,178,860	26,648,888	25,056,187	23,398,186	21,672,207
2.44	2.53	2.60	2.54	2.75	2.84	2.93	3.02	3.00	3.19	3.30	3.39	3.50
3,852,680	4,077,962	4,281,420	1,970,797	4,335,922	4,929,156	5,158,150	4,293,691	4,043,314	5,484,035	6,144,916	6,410,383	5,619,620

The Drive-In Development Budget		
Uses of Funds	Per SF	Original
	259000	
CONSTRUCTION COSTS		
Off-site Work	\$25	1,000,000
On-site Work	\$0	
Hazardous Materials Abatement	\$4	150,000
Demolition	\$5	200,000
Construction: Parking Garage	\$170	13,600,000
Construction: Elevated PT Deck	\$120	20,400,000
Construction: Pantry Site Work	\$50	450,000
Construction: Pantry Stick Frame	\$60	60,000
Construction: Other	\$	-
Inflation	\$10	2,502,750
TI Allowance: Office	\$88	10,610,000
TI Allowance: Retail	\$40	160,000
TI Allowance: Production	\$150	2,250,000
TI Allowance: Rooftop	\$75	75,000
Landscaping	\$4	200,000
Elevator	\$2	400,000
Environmental Remediation Allowance	\$2	500,000
1.00% Builders Risk Insurance/GL	\$2	558,031
1.00% Performance Bond	\$2	558,031
3% GC Contingency	\$6	1,576,733
Contingency	\$11	2,845,957
General Conditions	\$6	1,620,000
3% Contractor Overhead & Profit	\$6	1,625,333
Other	\$0	
Construction costs subtotal	\$237	\$ 61,341,834
DEVELOPMENT COSTS		
Land Use Approvals	\$ 0	\$ 50,000.00
Building Permits/Fees	\$ 2.37	\$ 613,418
System Development Charges	\$ 11.84	\$ 3,067,092
Radon	\$ 0.02	\$ 5,000
Phase 1	\$ 0.10	\$ 25,000
Lead Based Paint Report	\$ 0.06	\$ 15,000
Asbestos Report	\$ 0.06	\$ 15,000
Soils Report (Geotechnical)	\$ 0.19	\$ 50,000
Alta Survey	\$ 0.39	\$ 100,000
C N A	\$ 0.04	\$ 10,000
Seismic	\$ 0.04	\$ 10,000
Insurance	\$ 3.55	\$ 920,128
Special Inspections	\$ 0.48	\$ 125,000
General Fees		
Architectural	\$ 14.21	\$ 3,680,510.03
Landscaping Design	\$ 0.47	\$ 122,683.67
AEC Review	\$ 0.59	\$ 153,354.58
Engineering - Structural/Civil	\$ 0.59	\$ 153,354.58
Legal	\$ 0.59	\$ 153,354.58
Add'l consultants	\$ 1.18	\$ 306,709.17
Appraisals	\$ 0.15	\$ 40,000.00
Misc. Orig costs	\$ 0.39	\$ 100,000.00
Financing Fees		
Lender Inspection fee	\$ 0.19	\$ 50,000.00
Construction Loan Fee	\$ 1.13	\$ 292,500.00
Perm Loan Fees	\$ 1.77	\$ 458,757.45
Title	\$ 0.39	\$ 100,000.00
Property Taxes (Constr Period)	\$ 0.29	\$ 75,000.00
Additional Fees		
Development Consulting Fee	\$ 4.74	\$ 1,226,836.68
	\$ -	
Interest		
Construction Period	\$ 2.12	\$ 550,000.00
Construction Bridge Loan	\$ 4.63	\$ 1,200,000.00
Other	\$ -	
Contingency		
Soft Cost Contingency	\$ 1.58	\$ 408,560.95
Contingency Escrow Account (3%)	\$ -	
Lease Up/Tenant Relocation		
Lease Up	\$ 1.06	\$ 275,000.00
Broker Fees: Industrial Office	\$	\$ 347,417.47
Broker Fees: Retail	\$	\$ 9,737.90
Tenant Relocation	\$ 0.39	\$ 100,000.00
Reserves/Cash Accounts		
Deposit to Operating Reserves @ Perm Conversion	\$	\$ 106,196.41
Deposit to Replacement Reserves	\$ 0.77	\$ 200,000.00
Lease Up / Free Rent Reserves	\$	\$ 700,000.00
Development costs subtotal	\$ 56.57	\$ 15,815,614.02
TOTAL PROJECT COSTS	\$ 297.91	\$ 77,157,447.88

The Drive-In
"Pantry" Food Cart Pod Revenue

Pantry: Food Cart Pod

	Stalls	SF
Carts	12	4608
Parking Spaces	8	3000
Common Use Buildir	1	1000
Common Area	1	1392
Totals		10000

Income

	Monthly	Annual
Carts	\$ 7,200.00	\$ 86,400.00
Parking Spaces	\$ 4,979.20	\$ 59,750.40
Common Use Buildir	\$ 1,500.00	\$ 18,000.00
Totals	\$ 13,679.20	\$ 164,150.40

PARKING INCOME

	Hourly	Daily	Monthly	Annual	Average Occupancy Rate %
Day	\$ 102.40	\$ 48.00	\$ 3,008.00	\$ 36,096.00	40%
Evening	\$ 38.40		\$ 768.00	\$ 9,216.00	30%
Weekend	\$ 102.40	\$ 48.00	\$ 1,203.20	\$ 14,438.40	40%
Total			\$ 4,979.20	\$ 59,750.40	

Rates

	Hourly	Daily	Monthly
Pods			\$600.00
Parking (Week)	\$ 4.00	\$10.00	NA
Parking (Weekend)	\$ 4.00	\$15.00	NA

The Drive-In
Parking Revenue

STALL COUNT

	Original Design	Worst Case
Stall Count	185	150
Loading	4	4
Total Stalls	189	154
Loss in Stalls	0	35

PARKING INCOME (original)

	Hourly	Daily	Monthly	Annual	Average Occupancy Rate %
Monthly Permit			\$ 29,600.00	\$ 355,200.00	80%
Day	\$ 592.00	\$ 185.00	\$ 15,540.00	\$ 186,480.00	10%
Evening	\$ 1,776.00	\$ 666.00	\$ 48,840.00	\$ 586,080.00	60%
Weekend	\$ 2,960.00	\$ 1,387.50	\$ 34,780.00	\$ 417,360.00	50%
Total			\$ 128,760.00	\$ 1,545,120.00	

PARKING INCOME (Worst Case)

	Hourly	Daily	Monthly	Annual	Average Occupancy Rate %
Monthly Permit			\$ 21,000.00	\$ 252,000.00	70%
Day	\$ 480.00	\$ 150.00	\$ 12,600.00	\$ 151,200.00	10%
Evening	\$ 1,440.00	\$ 270.00	\$ 34,200.00	\$ 410,400.00	30%
Weekend	\$ 1,920.00	\$ 900.00	\$ 22,560.00	\$ 270,720.00	40%
Total			\$ 90,360.00	\$ 1,084,320.00	

PARKING RATES

	Hourly	Daily	Monthly	Average Occupancy Rate %
City	\$2.00	NA	NA	
Garage/Lot	\$4.00	\$10.00	\$200.00	90%
Evening	NA	\$6.00	NA	60%
Weekend	NA	\$15.00	NA	60%

Sources: https://en.parkopedia.com/parking/underground/ch2m_center_ccp_lot_349/97201/portland/?arriving
<https://www.portlandoregon.gov/transportation/article/113934>

2023 Operating Expenses			
		Annual Expense	PSF
General & Administrative	Property Management Fee	\$263,708	\$2.11
	Professional Fees	\$4,098	\$0.03
	Accounting/Auditing	\$2,732	\$0.02
	Office Supplies & Expense	\$683	\$0.01
	Telephone & Internet	\$4,098	\$0.03
	Total General & Admin	\$275,318	\$2.19
Utilities	Electricity	\$204,886	\$1.50
	Natural Gas	\$47,807	\$0.35
	Water & Sewer	\$47,807	\$0.35
	Garbage	\$20,489	\$0.15
	Total Utilities	\$320,989	\$2.35
Repairs and Maintenance	Day Porter	\$40,977	\$0.30
	Parking Garage & Sidewalk	\$10,927	\$0.08
	Lot Sweeping	\$1,366	\$0.01
	Snow Removal	\$4,098	\$0.03
	Signage	\$1,366	\$0.01
	Seasonal	\$6,830	\$0.05
	Roof	\$6,830	\$0.05
	Doors/Glass	\$1,366	\$0.01
	Painting	\$2,049	\$0.02
	Electrical	\$4,098	\$0.03
	Electrical Supplies	\$1,366	\$0.01
	Generator	\$1,366	\$0.01
	Pest Control	\$1,366	\$0.01
	Supplies	\$1,366	\$0.01
	Interior	\$2,732	\$0.02
	Exterior	\$25,952	\$0.19
	Total R&M	\$114,053	\$0.84
Cleaning and Landscaping	Landscaping Contract	\$6,830	\$0.05
	Cleaning Supplies	\$27,318	\$0.20
	Window Washing	\$15,025	\$0.11
	Cleaning Contract	\$136,591	\$1.00
	Total Cleaning and Landscaping	\$185,764	\$1.36
HVAC, Elevator, Security	Security Contract	\$116,102	\$0.85
	Fire & Life Safety	\$8,195	\$0.06
	Fire Alarm Line	\$2,732	\$0.02
	Elevator Contract	\$20,489	\$0.15
	Elevator Telephone	\$4,098	\$0.03
	Elevator Repair	\$1,366	\$0.01
	HVAC Contract	\$68,295	\$0.50
	HVAC Supplies	\$2,732	\$0.02
	HVAC Repair	\$15,025	\$0.11
	Total Cleaning and Landscaping	\$239,034	\$1.75
Taxes & Insurance	Insurance	\$68,295	\$0.50
	Other Taxes, Licenses & Fees	\$1,366	\$0.01
	Real Estate Taxes	\$34,148	\$0.25
	Total Taxes & Insurance	\$103,809	\$0.76
Total Annual Operating Budget		\$1,238,967	\$9.25 psf

The Drive-In
Production Space Revenue

Production Income		
	Monthly	Annual
Memberships	47.00	47.00
Membership Rate	\$ 500.00	\$ 6,000.00
Totals	\$ 23,500.00	\$ 282,000.00



unfold

DEVELOPMENT

BELONG TO SOMEWHERE.