

PIPELINE: THE HALL – BROOKLYN, NY

RXR168 Alpha Group Capital

Office/Light Industrial Development

Square Feet: 665,000
Occupancy: N/A (under construction)

Investment Vehicle: RXR NY Metro Emerging Sub-Market Venture
Investment Date: March 2016

Anticip. Acquisition and
Redevelopment Budget: \$483.1 million
Ownership by Affiliates of RXR: 100.0%¹



Investment Overview	<ul style="list-style-type: none">• In March 2016, the RXR NY Metro Emerging Sub-Market Venture, an institutional investor and co-investors acquired a 675,000 square foot, 10 building office and light industrial complex at 9-47 Hall Street ("The Hall"), occupying one full block bound by Flushing Avenue and Hall Street in Brooklyn, New York for \$161.0 million. In March 2018, the institutional investor's \$56.6 million position was converted to \$28.3 million of preferred equity, resulting in 100% ownership by affiliates of RXR• The property is located across the street from the Brooklyn Navy Yard and is projected to benefit from the continued transformation of the 300-acre site and its surrounding area into a vibrant, mixed-use work environment• At the time of acquisition, the property was occupied by various light manufacturing and office related tenants on short term leases (and is now vacant during the redevelopment period). The unique multi-building layout allows the asset to accommodate tenants of various sizes, including smaller tenants seeking full floor identities, while still allowing these tenants to benefit from the amenity package and institutional management provided by a larger complex• Impact Investment:<ul style="list-style-type: none">○ Investment supports a diverse and dynamic community○ Investment opportunities in tenants starting up businesses in this location○ Brought in David Gise, co-founder and executive director of the Center for Social Innovation at RXR's Starrett Lehigh Building as a full time project executive here to oversee the community building and forge community partnerships
Value Creation Opportunity	<ul style="list-style-type: none">• The business plan is to redevelop and reposition the property into a creative office complex while preserving its unique pre-war character and industrial feel
Capitalization	<ul style="list-style-type: none">• Simultaneous with investment close, the project closed on a loan for up to \$162.0 million, for a term of four years (March 2020 initial maturity) with one 1-year extension option, bearing interest at a blended rate of 1-month LIBOR+5.0%; the initial maturity was later extended to December 2020 as part of a loan modification simultaneous with the March 2018 restructuring and provided for the reallocation of the loan facility to better suit the property's business plan<ul style="list-style-type: none">○ Completion of the modification allows for the ability to advance proceeds to pursue a tenant pre-built program to expedite leasing and achieve stronger rents• In February 2019, the RXR NY Metro Emerging Sub-Market Venture received approval from its advisory committee to sell the property to the RXR Qualified Opportunity Zone Fund in accordance with the process set forth in Section X – Summary of Principal Terms – "Purchase Transaction with Affiliates." The foregoing transaction shall require no further approval of the Advisory Committee of the Fund or any Investor Member.

1. Represents a common equity interest, held by RXR NY Metro Emerging Sub-Market Venture and co-investment from limited partners of such fund, which is subordinate to preferred equity as described above. The Fund intends to acquire the property from RXR NY Metro Emerging Sub-Market Venture and co-investors at a price determined in accordance with the process set forth in Section X – Summary of Principal Terms – "Purchase Transactions with Affiliates" in this Memorandum.

There is no guarantee that the Fund will be able to execute such investment, or identify or execute similar or substantially similar investments successfully, nor is there a guarantee that such investments will be profitable. *Picture is a rendering.*

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