

# RXR's EMERGING SUB-MARKET STRATEGY INVESTMENT ACTIVITY AND TRACK RECORD

RXR168 Alpha Group Capital

Footnotes to the table **RXR Emerging Sub-Market Strategy Investment Activity and Track Record** on page 18.

The RXR Emerging Sub-Market Strategy was pursued not only by the RXR New York Metro Emerging Sub-Market Venture LP, but was also a subset of the broader strategies pursued by RXR's other broadly marketed funds. The determination of whether an area is "emerging" was based on the facts and circumstances at the time of acquisition. Given the fact that RXR has been pursuing this strategy for many years, some properties/neighborhoods today may no longer be in an area that is still considered "emerging."

- The investment is located in a designated Qualified Opportunity Zone. In the case of New Rochelle Master Development and Renaissance Downtowns, includes some parcels located outside of Qualified Opportunity Zones.
- 1. The RXR Fund column presents a code for the RXR fund in which the investment resides. The codes are as follows: "O" = RXR Real Estate Opportunity Fund II, L.P.; "V" = RXR Real Estate Value Added Fund LP; "E" = RXR New York Metro Emerging Sub-Market Venture LP; "3" = RXR Real Estate Value Added Fund-Fund III.
- 2. "RXR Investment amount" represents equity invested by RXR; does not include interests held by joint venture partners, nor financing that may have been used on these investments. "RXR Realized proceeds" represents proceeds to RXR after the repayment of financing, where used; does not include proceeds on interests held by joint venture partners.
- 3. Investments with an "N/A" are not yet realized. Gross IRR and equity multiple refer to the internal rate of return to the hypothetical fund on its investments calculated based on when such fund made the investment and received the distributions, before taking into consideration any carried interest, management fees, investment or fund-level expenses or taxes (which amounts may be significant and may materially impact returns).
- 4. Investments with an "N/A" are not yet realized. This return analysis is not representative of any actual RXR fund returns as these investments were made by different RXR-sponsored vehicles; the investments in this table represent the full collection of RXR's Emerging Sub-market Strategy investments across all of RXR's broadly marketed funds. Net IRR and equity multiple within this table were calculated for the purposes of this presentation with the assumption that the investments were made by a) a single hypothetical fund having the same distribution terms as the Fund: (i) return of 100% of total capital to Investor Members; (ii) greater of: (x) 5% cumulative internal rate of return and (y) a 1.5x equity multiple to Investor Members; (iii) 50%/50% catch up to 15% distributions of profit to Managing Member; (iv) 15% to Managing Member/85% to Investor Members, until a 1.75x equity multiple to Investor Members; (v) 50%/50% catch up to 20% distributions of profit to Managing Member; (vi) 20% to Managing Member/80% to Investor Members, until a 2.0x equity multiple to Investor Members; (vii) 50%/50% catch up to 25% distributions of profit to Managing Member; (viii) 25% distributions thereafter to Managing Member, b) an asset management fee of 2.00% on Contributed Capital which represents the maximum that may be charged on Contributed Capital to the Fund, however, based on commitment size, an Investor Member's management fee may be lower, and c) where applicable, a Financing Fee of 0.5% (Guaranty Fees were not applicable here); and are calculated based on timing of the hypothetical fund's investment of capital and receipt of distributions, less allocated fund level carried interest, management fees and other costs, but do not take into consideration any taxes borne by individual investors, which may vary by investor. The Fund anticipates fully calling all capital at or shortly after closing. Fund level costs were allocated to individual investments as follows: (i) anticipated fund level costs, except carried interest, were weighted by equity invested (or anticipated to be invested) and anticipated investment hold period, with an additional allocation to common equity interests in real estate properties/projects and reduced allocation to structured finance investments (as applicable), and (ii) anticipated fund level carried interest was allocated based on anticipated profit from each investment. As a result of the assumptions used for this hypothetical fund, net returns for a given debt investment may differ from this table when considered in the context of the RXR fund in which the investment was actually made.
- 5. Debt investments are not eligible for inclusion within qualified opportunity funds.
- 6. Presents all realized Emerging Sub-Market Strategy investments from RXR's real estate funds, and combines them as though they comprise a single hypothetical fund for the purpose of calculating blended returns. For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that the Fund will achieve results comparable to those shown herein.
- 7. 61 Broadway Invested Capital of \$372.4 million allocated pro rata between the realized (49%) and unrealized (51%) portions of the investment.
- 8. Represents the acquisition of a participating interest in a non-performing senior mezzanine loan at a 92% discount to par. RXR believed this loan was in a "fulcrum" debt position, potentially providing for the opportunity to participate in the recapitalization of the property. However, as the market heated up, the valuation of the property increased allowing the equity holder to raise sufficient capital to negotiate a buyout of RXR Real Estate Opportunity Fund's position for over \$18.0 million, after only six months, resulting in the returns noted above.

**Please refer to the following two pages for a summary of RXR's realized fund investments.**

**RXR**

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