

Information Summary

Preferred Equity Investments in Central Park Tower

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THE OFFERING CONTEMPLATED HEREIN IS ONLY BEING MADE TO “ACCREDITED INVESTORS” WITHIN THE MEANING OF RULE 501(A) OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). IN ORDER TO PARTICIPATE IN THE OFFERING, PROSPECTIVE INVESTORS WILL BE REQUIRED TO REPRESENT TO THE COMPANY THAT, AMONG OTHER THINGS, SUCH PROSPECTIVE INVESTOR (A) IS AN “ACCREDITED INVESTOR” AS SUCH TERM IS DEFINED IN RULE 501(A) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT; (B) IS ACQUIRING THE OFFERED UNITS FOR HIMSELF, HERSELF OR ITSELF FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO ANY RESALE OR DISTRIBUTION OF SUCH OFFERED UNITS; (C) HAS BEEN ADVISED AND UNDERSTANDS THAT THE OFFERED UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AND, THEREFORE, CANNOT BE RESOLD UNLESS SUCH UNITS ARE REGISTERED UNDER THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS, OR UNLESS EXEMPTIONS FROM REGISTRATION ARE AVAILABLE; AND (D) UNDERSTANDS THAT AN INVESTMENT IN THE OFFERED UNITS IS SPECULATIVE AND IS FULLY COGNIZANT OF AND UNDERSTANDS ALL THE RISKS RELATING TO THE OFFERED UNITS, INCLUDING, WITHOUT LIMITATION, THOSE RISKS WHICH ARE SET FORTH IN THE DEFINITIVE DOCUMENTS.

THE COMPANY WILL RELY ON THE ACCURACY OF THESE REPRESENTATIONS AND MAY REQUIRE ADDITIONAL EVIDENCE THAT A PROSPECTIVE INVESTOR SATISFIES THE APPLICABLE STANDARDS AT ANY TIME PRIOR TO THE

ACCEPTANCE OF THEIR SUBSCRIPTION AGREEMENT. THE COMPANY MAY REJECT A SUBSCRIPTION FROM ANY PROSPECTIVE INVESTOR WHO FAILS TO SUPPLY ANY REQUESTED INFORMATION.

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- Project:** A proposed building that is comprised of approximately 1,200,000 square feet of gross floor area and located at 225 West 57th Street and 1780 Broadway, with frontage and entrances on West 57th Street, West 58th Street, and Broadway. Upon completion, the building, which will reach a height of approximately 1,775 feet, will consist of (i) a Nordstrom department store that is comprised of approximately 285,000 square feet of gross floor area, and (ii) approximately 610,000 square feet of sellable area of luxury residential condominiums. All residential finishes will be top-quality on par with the One57 residences.
- Sponsor:** An affiliate of Extell Development Company.
- Purpose:** To raise approximately \$1 billion of capital to finance the construction of the residential portion of the building. Each investor will have the right, but not the obligation, to redeem the investor's equity interest for a particular residential condominium unit.
- Amount:** Each investor will invest in the company that is developing the project a minimum of \$36 million. The investment amount will be calculated at the rate of, in the case of each redeemable residential unit that is a full-floor unit, \$5,000 per sellable square foot, and, in the case of the other premium redeemable residential units, the price per sellable square foot specified by the company. The valuations underlying the investment amount remain subject to change, but will, in any event, be finalized prior to the investor's entry into a subscription agreement with the company (and, in the event that the valuation with respect to a particular redeemable residential unit is adjusted, then the valuation with respect to other comparable redeemable residential units that are not premium redeemable residential units will also be commensurately adjusted).
- Nordstrom Obligations:** The company is responsible for constructing the core and shell of the Nordstrom department store in the base of the building for a fixed price that Nordstrom disburses in tranches as the building is constructed (and, therefore, the company has significantly reduced its need to obtain construction financing for Nordstrom's portion of the building because Nordstrom funds its capital as the company constructs the building).
- Preferred Return:** A preferred return will accrue on each investor's equity interest at the rate of 5% *per annum* during the term of the investment. The preferred return will be payable only upon the liquidation of the company (including upon the sale of all or substantially all of the assets of the company) and otherwise in the discretion of the sponsor. An investor that redeems its equity interest in the company will not be entitled to any preferred return, except that if the applicable residential unit relating to such equity interest is not "ready for redemption" (as such term is defined in the "Redemption Right" paragraph

below) by the seventh anniversary of the initial funding, then such redeeming investor will be entitled to receive, upon redemption, a preferred return for such equity interest calculated at the rate of 8% *per annum* for the period from the seventh anniversary of the initial funding through the date that the applicable residential unit is ready for redemption. Upon liquidation or dissolution of the company, each investor that then holds an equity interest in the company that has not theretofore been redeemed (see the “Redemption Right” paragraph below) will receive, from the proceeds available after payment or provision of all expenses of liquidation and all liabilities and obligations of the company, an amount equal to (i) such investor’s invested capital relating to such equity interest plus the applicable preferred return that has accrued thereon, and (ii) a share of the profits of the project (after the investors and the sponsor have recovered their invested capital and accrued preferred return) at the rate of 0.36% for each \$36 million that such investor has theretofore invested and that then remains unredeemed (so that the investors, as a group, having invested \$1 billion in the aggregate that remains unredeemed, would be entitled to a 10% share of the profits of the company). The company will liquidate no later than 20 years from the date of the initial investment or may do so on an earlier date if the sponsor so determines.

Current distributions to the members of the company (if any), whether derived from operating cash flow, from the sale, exchange or other disposition of a portion (but not all or substantially all) of any assets or property of the Company, from the financing or refinancing of the Company, or otherwise, will be at the discretion of the sponsor and will be divided among the members of the company as follows: (A) *first*, to the investors, until the investors have received the then-accrued preferred return; and (B) *thereafter*, to the investors and the other members of the Company in proportion to their respective profit sharing percentage (as calculated above), except that prior to making any current distribution, the sponsor will be required to demonstrate, through an independent appraisal, that the liquidation value of the company, after taking into account such proposed current distribution, would be at least 125% of the sum of (i) the then-accrued and unpaid preferred return of the investors that have not theretofore redeemed, and (ii) the invested capital of the investors that have not theretofore been redeemed.

**Redemption
Right:**

Each investor will have the right, but not the obligation, to redeem such investor’s equity interest in the company for a particular residential unit. Each investor will have the right to elect to redeem during the calendar month of March, 2018 (or during such later period as the company determines after it has filed the condominium offering plan, such plan has been accepted by the Attorney General’s Office and such plan has been delivered to the investors). The closing of the redemption will occur 60 days after the sponsor notifies the investor that the applicable residential unit is

“ready for redemption,” which means that the sponsor has obtained a certificate of occupancy for such residential unit, the sponsor is otherwise authorized to close residential units under the condominium offering plan and the applicable residential unit is otherwise in the condition that would be required in order for the company to require a purchaser to close as provided in the offering plan. If the applicable residential unit is ready for redemption later than the seventh anniversary of the initial funding, then the redeeming investor will also have the right to receive from the company upon redemption the preferred return that accrues on the investment in such equity interest from the beginning of the seventh anniversary of the initial funding to the date that the applicable residential unit is ready for redemption at the annual rate of 8%. If an investor exercises the redemption right, then the investor will be required to pay, upon the conveyance of the applicable residential unit, the closing costs that an ordinary purchaser of the residential unit would have otherwise been required to pay under the condominium offering plan, will execute an agreement memorializing the terms and conditions on which the investor has made its election to redeem its equity interest in the company for the applicable residential unit, and will perform such other obligations that are required to be performed in connection with the acquisition of a residential unit under the condominium offering plan. Upon such acquisition, the investor will have all the rights of an acquirer of a condominium unit under the offering plan. If an investor exercises the redemption right, and then fails to (or elects not to) consummate the exchange of the applicable residential unit for such investor’s preferred equity investment, then the investor’s exercise of the redemption right will be deemed to be rescinded and null and void, *ab initio*, without liability or penalty to the investor, the investor will remain an equity holder in the company until the liquidation of the company, and the investor will not have any further right to redeem such investor’s equity interest in the company for a particular residential unit. The applicable residential unit may then be offered for sale by the sponsor pursuant to the condominium offering plan without the applicable investor having any rights thereto.

**Redemption
Unit:**

A particular residential unit will be designated for the redemption right that is associated with each investor’s equity interest from the list contained in the accompanying material. A more detailed description of the applicable residential unit will be provided to the applicable investor at the time that such investor enters into a subscription agreement to purchase an equity interest in the company. The sponsor will have the right, at any time prior to the date that the applicable residential unit is ready for redemption, to designate an alternate residential unit that is one floor higher than or one floor lower than the designated residential unit, provided that the alternate residential unit otherwise complies with the aforesaid unit description in all material respects. Each residential unit that is subject to the redemption right will be fully completed with standard developer finishes and will be punch-listed complete. To the extent the sponsor offers choices of finishes, the

investor may choose the investor's preference for the applicable residential unit once the investor exercises the redemption right. Any changes from the sponsor's established specification may be refused or completed at an additional cost to the investor. Such changes will be performed at the cost negotiated with the construction manager plus a 10% coordination fee for the sponsor.

Funding Dates: Each investor will deposit 50% of such investor's investment upon signing the subscription agreement. Such initial deposit will remain in trust or escrow in a major US bank under the subscription agreement until the sponsor consummates a construction loan that is in an amount, when added to the funds that are available from Nordstrom, the investors' funds and the anticipated net proceeds from the sales of other residential units in the building that are not subject to the redemption rights of the investors, that is sufficient to cover the cost of constructing the building and retiring the existing indebtedness that encumbers the property, except that in no event will the construction loan have an aggregate principal amount less than \$150 million. If the sponsor consummates such a construction loan by April 1, 2015, then the preferred equity transaction will close, and each investor will be admitted to the company as a preferred equity holder. If the sponsor does not consummate such a construction loan by April 1, 2015, then each investor will receive a refund of its initial deposit and the subscription agreement will terminate, except that the sponsor will have the right to extend such deadline to June 1, 2015 if, on or prior to April 1, 2015, the sponsor has a firm commitment for such construction loan. The closing of the preferred equity investment will also not occur unless the sponsor has obtained subscriptions of at least \$500 million from the investors in the offering.

The closing of the preferred equity investment will not occur unless the construction lender (or another *bona fide* lender that the sponsor identifies) provides a line of credit for at least \$100 million to fund any overruns (in addition to the budgeted amount of the construction loan), so that there is another source of funds for completion besides the sponsor.

The closing of the preferred equity investment will not occur unless the construction lender agrees to release the mortgage from the redemption units once the core and shell of the building has been substantially completed.

The remaining 50% of such investor's investment in its equity interest will be required to be funded in two equal installments following payment of the initial installment. The second installment will be due on July 1, 2015 and the third installment will be due on February 1, 2016. If an investor fails to fund either the second or third installment of its investment when due, then such investor will not have the right to redeem its equity interest for a residential unit, the annual interest rate that will apply to such investor's

investment from inception will reduce to 2% per annum, and such investor will not have the right to participate in the profits of the company. In addition, the company, at its option, may redeem such equity interest in exchange for an amount equal to such investor's investment that has been funded (plus a preferred return calculated at the rate of 2% per annum).

Redemption Date:

Four to five years from the date of the closing of the preferred equity investment. The residential units that are subject to the investors' redemption rights will be ready for redemption not later than 18 months after 50% of the half-floor units are ready for delivery to buyers (except that the date may be extended for the extra time that is necessary to perform any custom finishes).

Additional Equity Issuances:

If the sponsor requires additional funds to complete the development of the project, it will retain the right to issue and sell additional equity interests in the company provided that (a) such additional equity interests are not senior or *pari passu* with the equity interests issued to the investors in right to receive distributions or upon liquidation, and (b) their creation or issuance, or the exercise of any rights granted to the holders of such interests in respect thereof, does not impair the investors' redemption rights.

Administration:

The sponsor plans to make arrangements for the cash that the investors contribute to be held in trust or escrow, after the closing of the preferred equity investment, by the bank that provides the construction loan. The sponsor will attempt to make arrangements for the bank to administer the investors' funds as well as the proceeds of the construction loan, and advance the investors' funds *pari passu* with the loan proceeds using the same disbursement procedures. If the sponsor cannot make arrangements with the bank to serve as the depository for the investors' funds, then the sponsor will make arrangements with a bank to hold the investors' funds and disburse the investors' funds as construction progresses in substantially the same manner as the proceeds of the construction loan.

Completion Guaranty and Non-Recourse Carve-Out Guaranty:

Extell Limited (which has a net asset value in excess of \$1.5 billion and has tapped the capital markets on the Tel-Aviv Stock Exchange with a \$300 million bond offering) will provide to the investors the same completion guaranty that it provides to the construction lender. Extell Limited will also provide to the investors a guaranty to the effect that the company will not misapply or misappropriate funds that are otherwise available to the company.

Remedies:

If a residential unit that is subject to an investor's redemption right is not ready for redemption within 10 years after the closing of the preferred equity investment, then all non-defaulting investors that have not already redeemed all of their interests will have the right to (i) form a committee with voting based *pro rata* on the amounts invested to direct the company in completing the project (and with the committee having the power, if so elected by a majority in interest of the non-defaulting investors, to replace the managing

member of the company and designate a replacement managing member), (ii) advance additional capital that is needed to complete the project, and (iii) receive, with respect to such additional capital that such investors contribute (if any), all funds that are available for distribution from the company until such investors have achieved an IRR of 20% *per annum* in respect of such additional capital. These rights that are available to the investors will be in addition to the right to redeem their membership units for residential units and to receive the applicable preferred rate of return on their original investment amount.

Transfer: If an investor elects to transfer an equity interest prior to redemption, then the sponsor will have the exclusive right to market such equity interest at a 2% fee, with the understanding that such equity interests will not be transferable at a price that is less than \$7,000 per square foot of saleable area for the applicable residential unit that is subject to the redemption right.

This Information Summary contains a brief summary of the transaction terms. Please refer to the Definitive Documents, which will be provided to you if you are interested in further considering this transaction, for a complete statement of the terms thereof.

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