

ABOUT PROJECT DEVELOPERS

A JOINT VENTURE: MATTHEWS SOUTHWEST / RUSSELL GLEN CO.



MATTHEWS SOUTHWEST (MSW) is a full-service private real-estate development company headquartered in Lewisville, Texas, with additional offices in Dallas, Texas; Calgary, Alberta; and Mississauga, Ontario. Since 1993, MSW has acquired, built, and managed the development of hotels, offices, mixed-use, retail, residential, and industrial developments. We have development projects in the United States, Canada, and Mexico and have an office in Dubai for MSW EMEA (Europe, Middle East, and Africa).

From conception to completion, MSW brings together financial resources and experienced management to form profitable relationships focused on creating projects of lasting excellence. With a strong emphasis on time management and cost controls, Matthews Southwest provides investors the profitable return that initially attracts them. With a confident vision toward conservative and controlled expansion, a commitment to excellence, and corporate philosophy of minimizing risk and maximizing long-term profit, Matthews Southwest is well-positioned to continue its momentum of developing quality real estate properties. MSW strategically selects investors, projects, and end-users who identify with our core values throughout the development cycle.



RUSSELL GLEN COMPANY is a Dallas-based, privately owned, fully integrated real estate investment and development firm that has provided the highest level of quality, service, and value to our clients and investors. Our portfolio of projects completed and underway includes approximately 10 million square feet of properties ranging from mixed-used destinations, offices, and institutional and master-planned residential communities. Russell Glen continues to develop projects of distinction, aesthetic relevance, and enduring value for our investors, clients, and the people who live work, and thrive in the redeveloped environments we create. Our mission is centered around a people-first approach, developing remarkable places, and valuing our partners.

At Russell Glen, everything we do underpins our purpose to create enduring investments and remarkable places that enrich people's lives. We know actions follow beliefs, and our values guide us as the foundation upon which Russell Glen stands.































DATE COMPLETED: Completed November 2011

OWNER: City of Dallas

DEVELOPER: Matthews Southwest

PROJECT SIZE AND PROGRAM: 1,100,000 SF [Omni Hotel / Restaurants]

TOTAL DEVELOPMENT BUDGET: \$346,000,000. / \$314.55/SF

LIST OF ALL INCENTIVES: 100% Municipal Bonds

PROJECT TIMELINE: 24 Months

REFERENCE: Rosa Fleming, City of Dallas



1900 PACIFIC DALLAS, TEXAS



PACIFIC

DATE COMPLETED: October 2018 **DEVELOPER:** Kirtland Realty

PROJECT SIZE AND PROGRAM: 215,000 SF [Residential / Hotel]

TOTAL DEVELOPMENT BUDGET: \$101,000,000 / \$166/SF

LIST OF ALL INCENTIVES: HISTORIC TAX CREDITS (FEDERAL/STATE), MONETIZED THE TAX

CREDITS. HUD LOAN, TIF FUNDING FROM CITY

PROJECT TIMELINE:

July 2016 construction start residential December 2017 Construction start hotel October 2018 Completion Residential December 2018 Hotel Completion

REFERENCE: John Kirtland, Kirtland Realty

















OLD DALLAS HIGH SCHOOL

DATE COMPLETED: June 2018

PROJECT SIZE AND PROGRAM: 113,657 GSF / Office Core & Shell

TOTAL DEVELOPMENT BUDGET: \$53M
LIST OF ALL INCENTIVES: Historic Tax Credits, TIF
PROJECT TIMELINE: 30 Months



350 MISSION STREET

DATE COMPLETED: October 2013

OWNER: Kilroy Realty

PROJECT SIZE AND PROGRAM: 455,000 SF [Office]
TOTAL DEVELOPMENT BUDGET: \$280,000,000 / \$166/SF

LIST OF ALL INCENTIVES: FIRST LEED Platinum High Rise In San Francisco

PROJECT TIMELINE: 32 Months
CAPITAL: Public Company Financing
REFERENCE: Mike Sanford, Russell Glen



THE NATIONAL

DATE COMPLETED: December 2020

DEVELOPER: Todd Interests

PROJECT SIZE AND PROGRAM: 1,500,000 SF [Hotel / Residential / Office/ Retail]

TOTAL DEVELOPMENT BUDGET: \$450,000,000.00 / \$303/SF LIST OF ALL INCENTIVES: HISTORIC TAX CREDITS (Federal/ State)

PROJECT TIMELINE: 36 Months

REFERENCE: Shawn Todd, Todd Interests



HE NATIONAL























2019 PROJECT OF THE YEAR

- DALLAS BUSINESS JOURNAL -



2017 REDEVELOPMENT OF THE YEAR

- D CEO MAGAZINE -

SHOPS AT REDBIRD

DATE COMPLETED: July 2022

DEVELOPER: Russell Glen Company

PROJECT SIZE AND PROGRAM: 1,110,000 SF / Mall Redevelopment -

Office/Residential/Healthcare/Hotels

TOTAL DEVELOPMENT BUDGET: \$320,000,000 / \$216/SF

LIST OF ALL INCENTIVES: New Market Tax Credit / TIF/ \$28M Grant from City of Dallas

PROJECT TIMELINE: 48 MONTHS

CAPITAL: Texas Capital/ Texas Security Bank/ Capital One

REFERENCE: Russell Glen Co., Terrence Maiden

DEVELOPMENT STRATEGY



MARKET ANALYSIS / DEMAND

Downtown Memphis is a vibrant, dense, and highly activated area with the highest walkability score in the region. Russell Glen + Matthews Southwest realizes that the downtown core is home to some of Memphis's most iconic and recognizable assets. The breathtaking views of the Mississippi River, the Peabody Hotel and its famous daily duck walk, the National Civil Rights Museum, world-famous Beale Street, the FedEx Forum, Auto Zone Park, the Orpheum Theatre, Clayborn Temple, St. Jude Children's Research Hospital, the Bass Pro Pyramid and so much more.









Russell Glen + Matthews Southwest plans for 100 North Main Street will consist of four central areas of focus, including <u>residential</u>, <u>office</u>, <u>entertainment</u>, and <u>retail/restaurants</u>. While we understand that the retail/restaurant market has struggled in Downtown Memphis, we believe that the reactivation of 100 North Main will create a dynamic environment for gathering to dine and shop.

RESIDENTIAL MARKET ANALYSIS

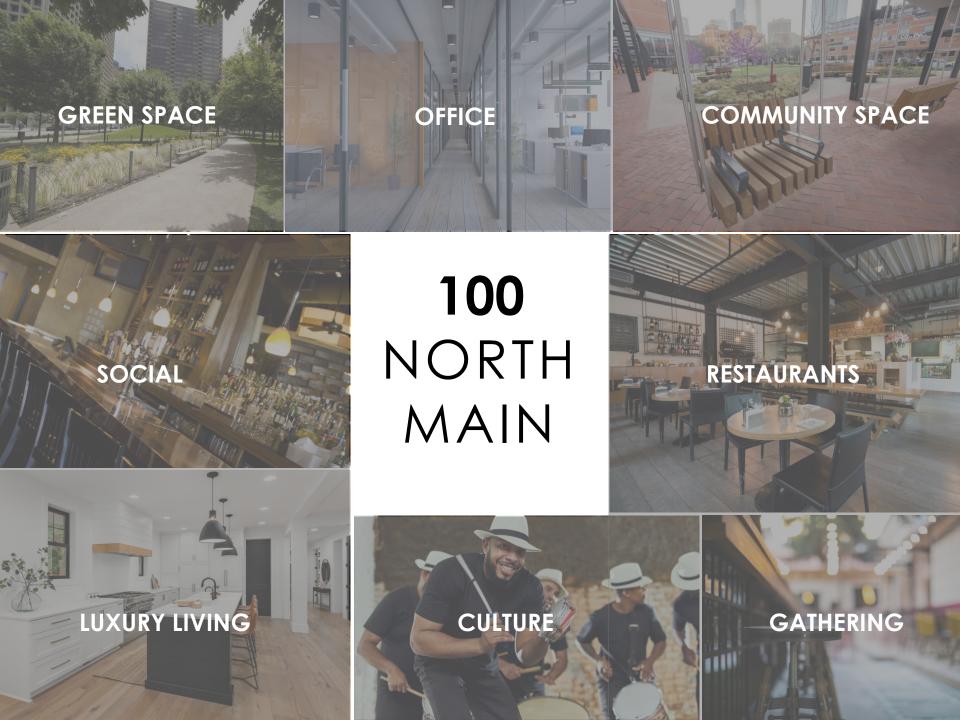
The population of Downtown Memphis has expanded at one of the fastest rates in the metro, a favorable sign for apartment demand. The ongoing revitalization of the city core, along with a number of companies that are relocating to the area, fueled strong demand in earlier years. While the coronavirus initially placed downward pressures on the submarket's fundamentals, demand and rent increases have improved over the past few quarters. Downtown even beats out the affluent suburban submarket of Germantown and is only slightly less expensive than Collierville. Despite the influx of some new supply, property managers have raised rents at a brisk pace over the past year. *Trailing 12-month rent growth of 11.2% is far outperforming the submarket's pre-pandemic performance*.

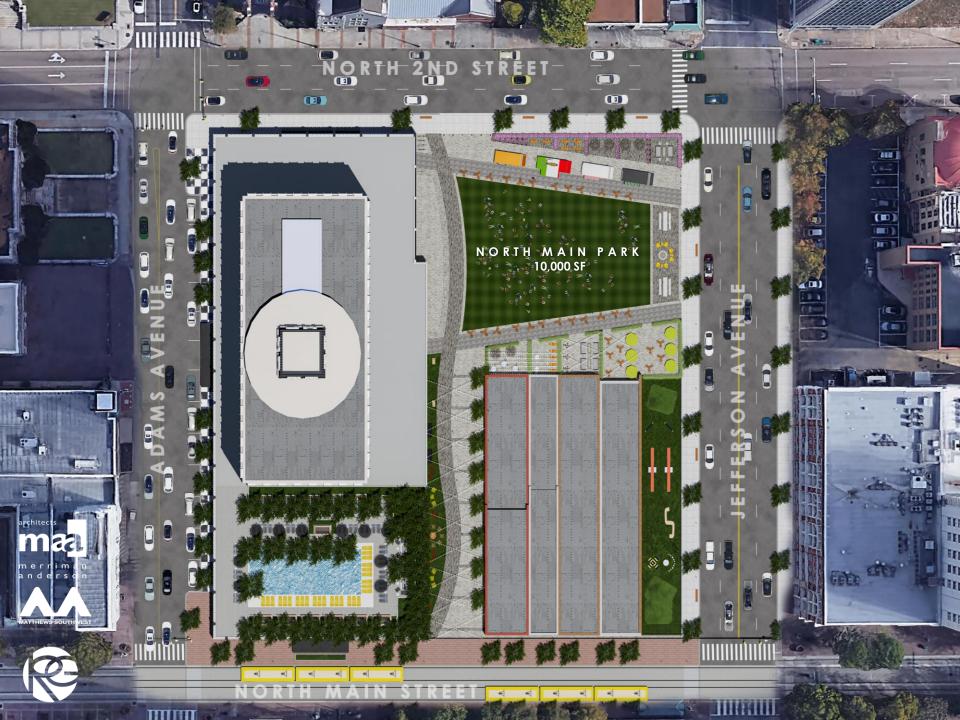
OFFICE MARKET ANALYSIS

The Downtown Submarket in Memphis is a very large submarket that contains roughly 11.6 million SF of office space. Annual net absorption came in at a decrease of 150,000 SF over the past year. Over the past five years, the submarket has posted net absorption of about 69,000 SF per year, on average. Rents grew 1.5% over the past 12 months, roughly in line with the average annual gain over the past decade. The 59,000 SF currently underway in the Downtown area represents only a fractional increase to the inventory. This represents a continuation of new development in the submarket, which had already seen 260,000 SF deliver over the past three years. Office properties traded with regularity last year, consistent with the generally high level of activity over the past three years.

RETAIL/ ENTERTAINMENT MARKET ANALYSIS

Retail vacancies in Downtown/Midtown were roughly in line with the five-year average during the third quarter, and they were essentially unchanged from this time last year. The rate also comes in below the region's average. Meanwhile, rents have surged in the past 12 months, growing by 4.7% year over year. That is the strongest rate of annual rent growth observed over the past five years. As for the pipeline, construction has returned to Downtown/Midtown after a lull in net new supply over the past few years. Downtown/Midtown is a very liquid investment market characterized by heavy trading, and those trends have largely held serve in the past 12 months.





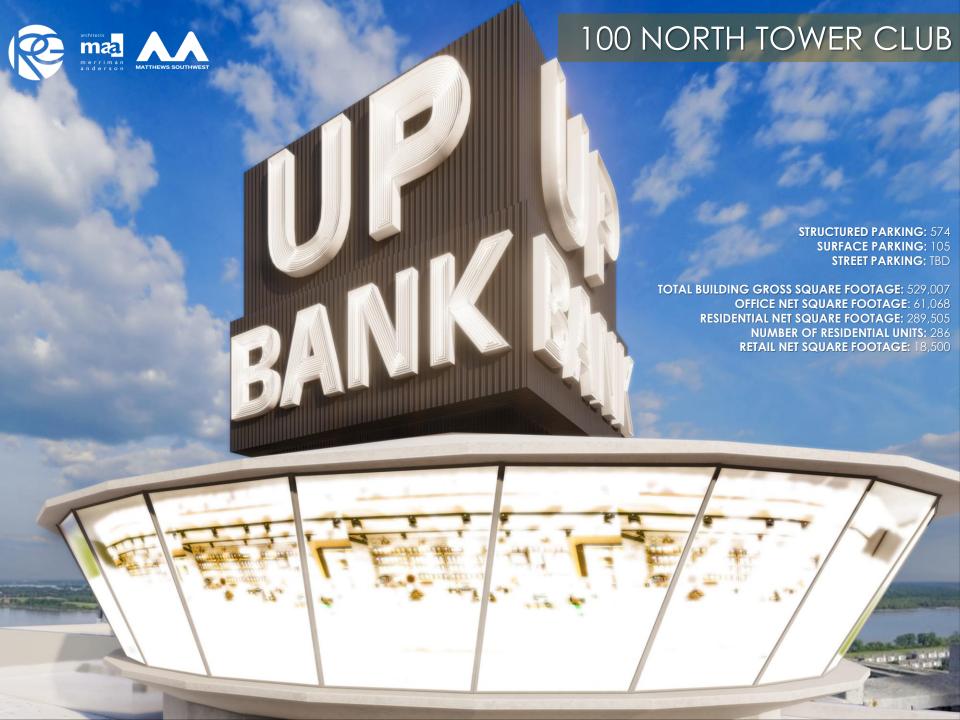














COMMITMENT TO DIVERSITY, EQUITY, AND INCLUSION

Our commitment to equity, diversity, and inclusion begins with our leadership. Russell Glen's CEO, Terrence Maiden is committed to Diversity & Inclusion. Mr. Maiden currently serves as the Urban Land Institute Dallas/ Fort Worth Chair of DEI and has devoted his career to mission of more diversity within the development construction industry. Russell Glen as a company has created a culture that embraces creating opportunities for DEI and community outreach in each project, with a goal to exceed minimum requirements establish by local governments. Our mission is to advance diversity and inclusion to provide meaningful opportunities for all through education, analysis, recruiting, mentorship, partnership, and empowerment.

For 100 North Main Street, Russell Glen Co's strategy will remain consistent to every project our firm endeavors to develop, with a clear focus on providing opportunities for Minority and Women – Owned Business Enterprise to build and grow capacity.

WE ARE COMMITTED TO THE FOLLOWING:

- 1) We will exceed the minimum required 25% target for W/MBE with this project, including ownership, soft cost, and hard cost.
- 2) We will host community meeting with local organizations and leaders to solicit feedback regarding our vision for project and gather ideas that could be implemented in our plans.
- **3)** Along with our construction team, we will contact local and regional chambers and associations to gather of list of qualified minority/women owned vendors and companies to provide opportunities for bidding the project.
- **4)** We will host events that is tailored towards those vendors and have them to come out to explore preach potential opportunities for their companies. Our desire is to really hire people from Memphis that are from the community and could benefit from the project.

RUSSELL GLEN, LLC WILL BE THE LEAD DEVELOPER AND WILL HAVE AN EQUITY IN DEVELOPMENT GENERAL PARTNERSHIP EXCEEDING 25%.

DIVERSITY IS NOT CONSIDERED A MANDATE FOR US, ITS OUR MISSION. M/WBE STRATEGY



FINANCING AND EQUITY PLAN

Given the scale and complexity of the project, Russell Glen Co may engage a financing broker to secure a construction loan. The most likely financing execution is with a mortgage REIT, such as Starwood Property Trust (NYSE: STWD), or a traditional bank lender, like Wells Fargo or Bank of America. Russell Glen Co believes there will be strong interest from the financing community given (1) the strong appetite in the capital markets for multi-family, and (2) the prospective loan boasts attractive credit metrics, including a low loan-to-cost ratio of approximately 35% and a stabilized debt yield (stabilized NOI divided by loan amount) of over 10%.

PUBLIC INCENTIVES/GRANTS

Given the complexity of the capital structure and the boldness of our vision for 100 North Main Street, we will be exploring multiple options for public incentives and grants. We will seek a minimum of \$20,000,000 from the newly created Accelerate Memphis fund with the City of Memphis. This investment from the City of Memphis will be allocated towards the redevelopment of this site, including public improvements such as public parking, streetscape improvements, utility upgrades, blight remediation, or similar use. We will also be seeking funding from Tennessee Historical Commission in Historic Tax Credit, New Market Tax Credits, and C-Pace Financing.

HISTORIC TAX CREDITS

Our firm has been in discussions with Tennessee Historical Commission regarding 100 North Main Street to pursue Historic Tax Credit for redevelopment. The Historic Tax Credit is the largest federal program specifically supporting historic preservation for commercial buildings, leveraging over \$102 billion in private investment to rehabilitate historic properties. A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be "certified historic structures." The State Historic Preservation Offices and the National Park Service review the rehabilitation work to comply with the Secretary's Standards for Rehabilitation.

** On December 15, 2020, Amber Lombardo (AIA Memphis Executive Director) appeared at the request of Councilman Chase Carlisle and Memphis Heritage to talk about how the HTC can benefit projects of all sizes. The committee voted to pass a resolution supporting the creation of a TN Historic Tax Credit.

NEW MARKETS TAX CREDIT (NMTC)

The New Markets Tax Credit (NMTC) program provides up to 15% -20% cash grant funding for real estate projects, businesses, and non-profits that invest in distressed areas. Each year the US Treasury, through the Community Development Financial Institutions Fund (CDFI), issues New Markets Tax Credits to Community Development Entities (CDEs), who in turn seek to invest these tax credits into the most impactful projects. There are over 200 CDEs in the country, and they submit applications annually to the CDFI for these tax credits. It's a highly competitive selection process such that only one out of every three CDEs wins an allocation of NMTCs in any given year. Therefore, CDEs have become very specific in the types of projects they support –all in an effort to stand out from the other CDEs.For every \$1 invested by the Federal government, the NMTC Program generates over \$8 of private investment. The NMTC Program catalyzes investment where it's needed most –nearly 75% of New Markets Tax Credit investments have been made in highly distressed areas. These are communities with low median incomes and high rates of unemployment, and the NMTC investments can have a dramatic positive impact.

PACE FINANCING

C-PACE provides commercial property owners and developers access to low-cost, long-term financing for measures that impact the energy and water performance of a commercial property. The program is enabled by a state statute that classifies clean-energy upgrades as a public benefit —the same way in which other public benefits like new roads, streetlights, and water mains are paid —allowing these measures to be financed with no money down and then repaid as a benefit assessment on the property tax bill. C-PACE capital can be used for any non-residential property, including commercial office, industrial, retail, hotels, private schools, health care facilities, agriculture, non-profits, and multifamily properties that consist of more than five units. Another benefit of C-PACE is that it can be layered with other forms of economic development financing like historic and new market tax credits.

INVESTMENT STRATEGY

DEVELOPER'S ECONOMIC PROPOSAL

GROUND LEASE

The Developer and the City of Memphis will enter into a long-term ground lease for the Property.

GROUND LEASE TERM: 99 years

■ INITIAL GROUND RENT: \$500,000 per year

■ RENT INCREASES: 10% increases every 7 years

OFFICE LEASE

Developer to lease Floors 9-12 to City of Memphis for use as office space

■ TOTAL LEASE SQUARE FOOTAGE: ~61,000 SF

DEDICATED GARAGE PARKING SPACES: TBD

TERM: 20-year initial term plus renewal options thereafter

INITIAL BASE RENT: \$12.00 PSF (NNN) / \$732,000 Per Year

RENT INCREASES: 2.0% Annually

TARGETED PROJECT CONSTRUCTION TIMELINE

EXECUTE DEVELOPMENT AGREEMENT: JAN 1 2022

COMPLETE DESIGN PLANS / SUBMIT FOR PERMITS: JUL 15 2022

COMPLETE CONSTRUCTION BIDDING PROCESS: SEP 15 2022

COMMENCE CONSTRUCTION: NOV 15 2022 COMPLETE CONSTRUCTION: JUL 1 2024

CITY REQUESTS

- INCENTIVE GRANT REQUEST: \$20,000,000
 - Investor IRR with the \$20M city incentive = 12%
 - Investor IRR without the \$20M city incentive = -0.6%
- PARKING: Variance on residential max parking of 3.0/1,000 SF

COMMUNITY BENEFITS

- GENERATION OF NEW CONSTRUCTION JOBS
- GENERATION OF NEW WORKFORCE
- RETAIL TAX REVENUE INCREASE
- NEW HOUSING UNITS MITIGATE DOWNTOWN HOUSING SHORTAGE
- NEW OFFICE SPACE FOR CITY EMPLOYEES
- INCREASE TOTAL PROPERTY TAX BASE BY \$1.5 MILLION PER YEAR
- GROUND RENT OF \$500K PER YEAR BRINGS ADDITIONAL RECURRING REVENUE TO THE CITY

PROJECT BUDGET	AMOUNT
SOFT COSTS:	
Fees/Permits/Zoning	\$ 240,000
Architectural	\$ 1,550,000
Property Taxes	\$ 300,000
Engineering/Technical Services	\$ 2,750,000
Legal/Consultants	\$ 1,150,000
Construction Management	\$ 750,000
Financing Costs	\$ 575,000
Signage	\$ 185,000
Leasing Commissions	\$ 1,750,000
Development Fee	\$ 3,750,000
Total Soft Costs	\$ 13,000,000
HARD COSTS:	
Office	\$ 18,200,000
Terrace Restaurant	\$ 2,300,000
Residential	\$ 101,600,000
Building Amenities	\$ 7,900,000
Façade Repairs	\$ 10,000,000
Hardscape Landscape	\$ 2,000,000
Garage Repair	\$ 10,000,000
Total Hard Costs	\$ 152,000,000
Contingency	\$ 15,000,000
TOTAL PROJECT BUDGET	\$ 180,000,000

SOURCES & USES	%	AMOUNT	
SOURCES:			
Construction Loan	42%	\$ 75,600,000	
Investor Equity	20%	\$ 36,000,000	
City Incentives	11%	\$ 20,000,000	
Historic Tax Credits	19%	\$ 33,400,000	
PACE / Other Incentives	8%	\$ 15,000,000	
TOTAL SOURCES	100%	\$ 180,000,000	
USES:			
Hard Costs	84%	\$ 152,000,000	
Soft Costs	7%	\$ 13,000,000	
Contingency	8%	\$ 15,000,000	
TOTAL USES	100%	\$ 180,000,000	

- INVESTOR IRR WITH THE \$20M CITY INCENTIVE = 12%
- INVESTOR IRR WITHOUT THE \$20M CITY INCENTIVE = -0.6%







PASSION. INTEGRITY. DRIVEN. RESULTS

OMNI DALLAS CONVENTION CENTER HOTEL

DALLAS, TEXAS

ASSET TYPE: HOSPITALITY

ASSET SIZE: 1001 ROOMS; 1.1M SF

PROJECT TERM: 2007-2011 PROJECT COST: \$346,000,000



























THE BOW TOWER CALGARY, ALBERTA

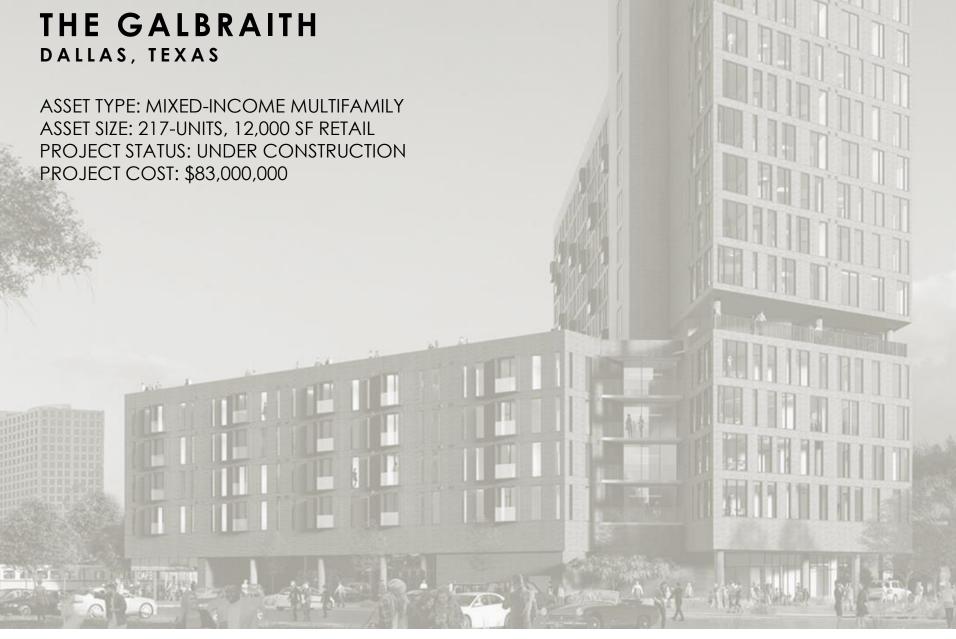


















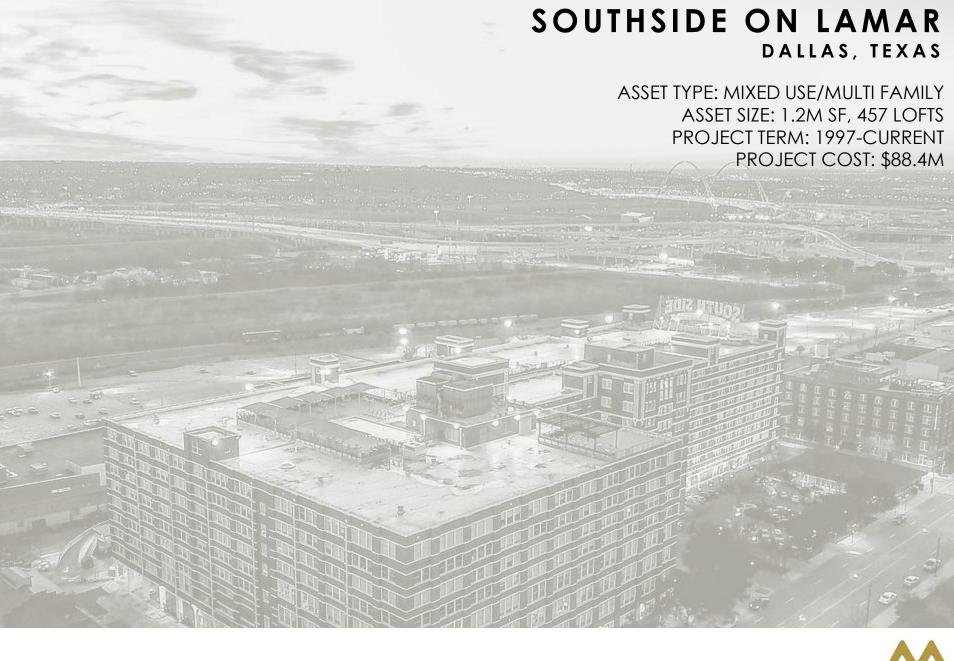










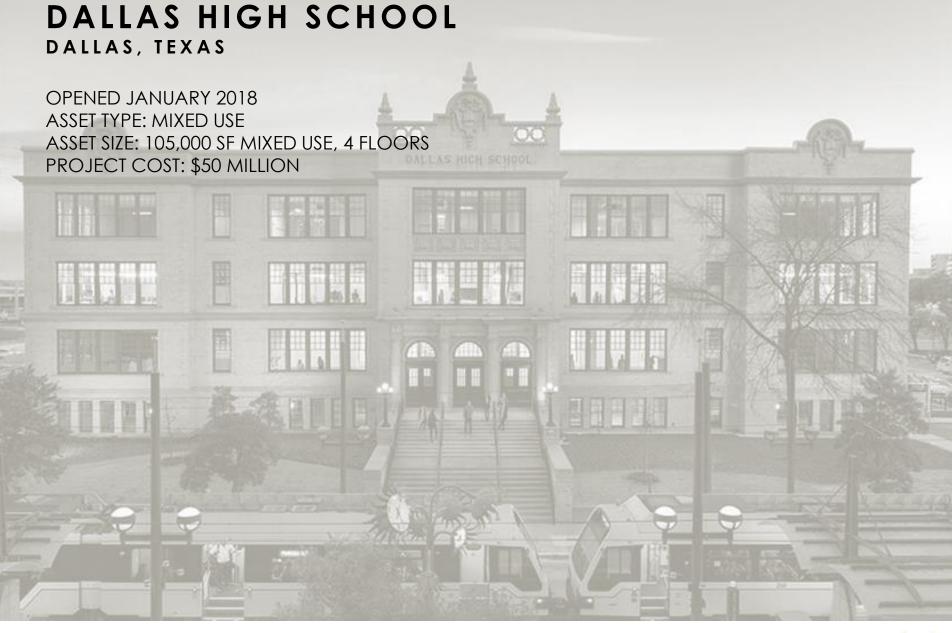




















THE TRIBUTE THE COLONY, TEXAS

ASSET TYPE: MASTER PLAN COMMUNITY

ASSET SIZE: 2,200 SINGLE FAMILY HOMES, 2 GOLF COURSES, FUTURE TOWN CENTER































target

RICHARDSON SQUARE

RICHARDSON, TEXAS































TRADER JOE'S













Walmart's

GLEN OAKS CROSSINGS
DALLAS, TEXAS

















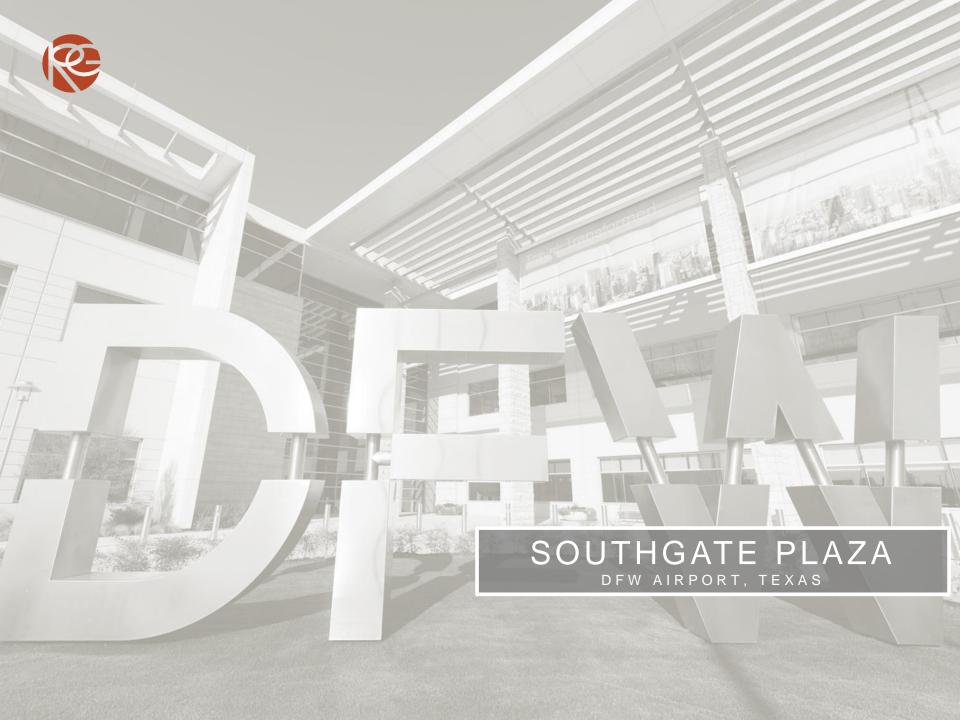
























RUSSELL GLEN CO. / MATTHEWS SOUTHWEST CITY REFERENCES

T.C Brodnax City Manager **City of Dallas**

Dr. Eric Johnson Director of Economic Development **City of Dallas**

Kim Tolbert Chief of Staff **City of Dallas**

Courtney Pogue Economic and Community Development Director **City of Nashville**

Carlos Guzman
Director of Economic Development
City of Pasadena

Robert Sturns
Director of Economic Development
City of Fort Worth

Bertha Henry Chief Operating Officer **Broward County**