



Atlantic Yards Financial Projections

General Project Plan - Project Phasing

	Rental Units	Condo Units	Total Units	ZSF	Start Construction	End Construction
PHASE I - ARENA BLOCK						
Tower 1 - Office	-	-	-	308,801	Jul-07	Jul-09
Tower 1 - Hotel	-	-	-	164,652	Jul-07	Jul-09
Tower 1 - Condo	-	336	336	434,691	Jul-07	Jul-09
Subtotal - Tower 1	-	336	336	908,144		
Tower 2	366	-	366	307,211	Oct-08	Apr-10
Tower 3	-	215	215	276,277	Feb-08	Aug-09
Tower 4	351	312	663	677,807	Aug-08	Feb-10
Retail	-	-	-	44,085		
TOTAL ARENA BLOCK	717	863	1,580	2,213,524		
PHASE II						
Block 1120						
Tower 5	616	-	616	517,437	Mar-09	Sep-10
Tower 6	422	-	422	354,169	Oct-09	Apr-11
Tower 7	422	202	624	599,553	May-10	Nov-11
Retail	-	-	-	54,249		
Block 1128						
Tower 15	325	-	325	272,734	Mar-09	Sep-10
Retail	-	-	-	13,215		
Block 1121						
Tower 8	506	-	506	424,729	Feb-11	Aug-12
Tower 9	423	162	585	550,618	Aug-11	Feb-13
Tower 10	458	-	458	384,880	Jun-12	Dec-13
Block 1129						
Tower 11	-	206	206	263,985	Jun-12	Dec-13
Tower 12	301	-	301	252,637	Apr-10	Oct-11
Tower 13	310	-	310	261,011	Apr-10	Oct-11
Tower 14	-	175	175	224,910	Oct-13	Apr-15
Retail	-	-	-	88,541		
TOTAL PHASE II	3,783	745	4,528	4,262,668		
TOTAL GPP	4,500	1,608	6,108	6,476,192		
Rental				3,766,686		
Condo				2,035,963		
Office				308,801		
Hotel				164,652		
Retail				200,090		

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Site Preparation Costs Summary - Atlantic Yards

\$ in millions

Infrastructure & LIRR Track Re-location	554.4
Land & MTA Air Rights	374.1
Masterplanning	19.5
Total Site Preparation Costs	948.0
Less: Arena Allocation	(42.0)
Less: Public Party Contribution	(200.0)
Net Site Preparation Costs	706.0
 Total ZSF - Atlantic Yards	 6,476,191
Net Costs / ZSF	\$ 109
<i>Rental</i>	<i>\$ 68</i>
<i>Condo</i>	<i>\$ 190</i>
<i>Condo - Block 1129</i>	<i>\$ 235</i>
<i>Office & Hotel</i>	<i>\$ 35</i>

Note: Masterplanning costs include costs related to public approvals, marketing, community benefits, and litigation (if any) required for the project.

**Nets Sports and Entertainment
Returns Analysis
October 10, 2006**

	Projected									
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
\$ in thousands										
Equity Investment	(\$212,900)	(\$382)	(\$8,050)	(\$74,700)	(\$36,350)	(12,000)	(1,000)	(6,000)	(14,000)	-
Arena Revenue										
Suite & Loge Box Revenue							38,024	39,165	40,340	41,550
Non-Basketball Events (Ticket Revenue)							9,447	9,731	10,023	10,323
Non-Basketball Events (Concession & Novelty Revenue)							7,001	7,212	7,428	7,652
Sponsorship							31,205	32,141	33,106	34,089
Ticket Surcharge							4,488	4,488	4,488	4,488
Other Revenue							634	627	620	613
Total Arena Revenue							90,800	93,365	96,005	98,726
Operating Expenses							(32,041)	(32,995)	(33,977)	(34,989)
Arena Net Operating Income							58,759	60,370	62,028	63,737
Arena Debt Service							(43,769)	(43,769)	(43,769)	(43,769)
Advance from Arena to cover Nets losses							(6,885)	(4,961)	(4,850)	-
Arena Cash Flow							8,105	11,640	13,410	19,968
Urban Room Cash Flow							700	805	913	1,025
Parking Cash Flow							-	-	-	238
Nets Franchise Cash Flow										
Draw on Cash and Additional Equity		(37,547)	(46,088)	(38,345)	(35,544)	(11,705)	(7,176)	(4,961)	(4,850)	4,923
Draw on Debt		148	5,776	22,000	35,544	11,705	6,885	4,961	4,850	-
Cash Remaining		37,399	40,312	16,345	-	-	291	-	-	-
Distribution of Preferred Dividends		-	-	-	-	-	-	-	-	1,000
Total Cash Flow to Team and Arena Investors		4,406	6,392	6,572	6,572	6,572	7,805	6,445	323	27,154
Terminal Equity Value of Nets ¹										
Terminal Equity Value of Arena, Urban Room & Parking ²										
Total Investment Cash Flow	(212,900)	4,406	(1,658)	(68,128)	(29,778)	(5,428)	7,805	6,445	323	547,415
Total Investment IRR										7.7%

Notes:
1. Exit multiple of 3x revenue. Terminal value is net of debt repayment. Gross value = \$482mm.
2. Terminal value assumes 12% discount rate and 3% growth rate on cash flows.

Arena Budget
October 11, 2006
Confidential

Square Footage	866,700	850,000	16,700	
	Total	Arena	Urban Room	Parking
1 Site Acquisition:				
2 Allocation of Land	40,212,261	40,212,261	--	--
3 Allocation of Master Planning	1,787,739	1,787,739	--	--
4 Total Site Acquisition	42,000,000	42,000,000	--	--
5				
6 Hard Costs	537,437,005	460,580,531	43,856,474	33,000,000
7				
8 Soft Costs:				
9 Architecture & Engineering	49,000,000	49,000,000	--	--
10				
11 Legal	3,350,000	3,350,000	--	--
12				
13 Bond Financing				
14 Debt Service Reserve Fund Deposit	17,354,251	17,354,251	--	--
15 Capitalized Interest Deposit	31,952,017	31,952,017	--	--
16 Cap. Bond Insurance & Remarketing Fees	2,648,671	2,648,671	--	--
17 Underwriters Disc. and Cost of Issuance	3,624,498	3,624,498	--	--
18 First Years Insurance	3,624,498	3,624,498	--	--
19 Debt Service Reserve Surety Bond	782,615	782,615	--	--
20 Surety Bond (In lieu of add. 6 mos. debt ser. reserve)	347,085	347,085	--	--
21 Subtotal	60,333,633	60,333,633	--	--
22				
23 Other Financing				
24 Commitment Fee (1%)	1,350,955	1,020,000	200,955	130,000
25 Third Party Fees (1.25%)	1,688,694	1,275,000	251,194	162,500
26 Capitalized Interest (95% outstanding for 24 months)	18,999,872	15,504,000	2,813,372	682,500
27 Subtotal	22,039,521	17,799,000	3,265,521	975,000
28				
29 Financing	82,373,154	78,132,633	3,265,521	975,000
30				
31 Overhead	34,451,398	32,158,313	2,293,085	--
32 Pre-Opening	1,000,000	1,000,000	--	--
33 Commissioning Expenses	500,000	500,000	--	--
34 Marketing and Project Expenses	8,783,788	6,150,000	2,633,788	--
35 Insurance	6,697,981	6,697,981	--	--
36 Title Insurance	2,216,087	2,216,087	--	--
37 Other Costs	53,649,254	48,722,381	4,926,873	--
38				
39 Total Soft Costs	188,372,408	179,205,014	8,192,393	975,000
40				
41 Sub-Total Project Costs	767,809,412	681,785,545	52,048,867	33,975,000
42				
43 Development Contingency	9,418,602	8,960,232	409,620	48,750
44 Total Project Costs	777,228,014	690,745,777	52,458,487	34,023,750
45				
46 Other Funding				
47 Sales Tax Savings	(8,500,625)	(7,746,875)	(753,750)	--
48 Construction Partner Revenue	(3,000,000)	(3,000,000)	--	--
49 Net Project Costs	765,727,389	679,998,902	51,704,737	34,023,750
50				
51 Funding:				
52 Tax Exempt Financing	(557,615,000)	(557,615,000)	--	--
53 Other Financing	(135,095,513)	(102,000,000)	(20,095,513)	(13,000,000)
54 Total Bonds Issued	(692,710,513)	(659,615,000)	(20,095,513)	(13,000,000)
55				
56 Equity	73,016,876	20,383,902	31,609,225	21,023,750

Atlantic Yards Mixed Use Development
 Total Project Cash Flow
 October 11, 2006

	1	2	3	4	5	6	7	8	9	10	11	12
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
SF of Office Developed						308,801						
SF of Hotel Developed						164,552						
SF of Retail Developed						14,895						
SF of Residential Rental Developed						710,968	60,588	40,447	30,659	47,959		6,841
SF of Residential Condo Developed						1,189,116	1,385,589	1,222,726	424,729	735,623		224,810
Total						1,189,116	1,335,877	1,516,917	415,398	1,241,442		231,551
Cumulative						1,189,116	3,034,993	4,551,810	4,997,196	6,244,640		6,476,191
(/M \$'000's)												
Land, Masterplanning & LIRR / Infrastructure	(33,866,180)	(59,624,023)	(137,864,076)	325,752,763	70,318,250	(154,400,208)	(77,055,863)	12,075,243	19,024,040	35,728,156	-	-
Total AY Office Equity	-	-	-	(27,171,965)	-	-	2,241,902	2,241,902	2,241,902	2,241,902	3,637,037	-
Total AY Office Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-
Total AY Office Net Proceeds from Sale	-	-	-	(27,171,965)	-	-	2,241,902	2,241,902	2,241,902	2,241,902	3,637,937	72,597,141
Total Net Cash Flow	-	-	-	(27,171,965)	-	-	2,241,902	2,241,902	2,241,902	2,241,902	3,637,937	72,597,141
Total AY Hotel Equity	-	-	-	-	-	-	-	-	-	-	-	-
Total AY Hotel Sales Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-
Total AY Residential Rental Equip.	-	-	-	(37,211,310)	(74,819,587)	(139,546,597)	(98,418,833)	(41,809,766)	(10,913,176)	6,434,848	6,867,282	-
Total AY Residential Rental Cash Flow	-	-	-	-	-	-	(93,014)	7,308,819	16,098,691	21,378,735	28,844,070	-
Total AY Residential Rental Net Proceeds from Sale	-	-	-	(37,211,310)	(74,819,587)	(139,546,597)	(98,711,847)	(34,500,947)	6,782,485	27,813,563	35,810,352	554,873,707
Total Net Cash Flow	-	-	-	(37,211,310)	(74,819,587)	(139,546,597)	(98,711,847)	(34,500,947)	6,782,485	27,813,563	35,810,352	554,873,707
Total AY Residential Condo Equity	-	-	-	(137,862,815)	(99,285,791)	(4,208,427)	(50,705,480)	(51,912,447)	(56,032,775)	(46,383,519)	-	-
Total AY Residential Condo Cash Flow	-	-	-	-	-	158,023,344	117,295,411	80,620,724	16,176,678	98,031,435	48,732,541	76,668,738
Total Net Cash Flow	-	-	-	(137,862,815)	(99,285,791)	153,724,918	66,555,931	8,708,277	(38,853,097)	51,647,916	48,732,541	76,668,738
Total AY Project Equity	(33,866,180)	(69,624,023)	(137,864,076)	123,585,674	(103,887,128)	(299,335,832)	(226,175,276)	(81,646,870)	(47,921,911)	(4,220,517)	6,867,282	-
Total AY Project Cash Flow	-	-	-	-	-	158,023,344	119,214,289	70,171,445	35,120,241	121,652,072	81,213,549	76,668,736
Total AY Project Net Sales Proceeds	(33,866,180)	(69,624,023)	(137,864,076)	123,585,674	(103,887,128)	(299,335,832)	(226,175,276)	(81,646,870)	(47,921,911)	(4,220,517)	6,867,282	-
TOTAL AY PROJECT NET CASH FLOW	(33,866,180)	(69,624,023)	(137,864,076)	123,585,674	(103,887,128)	(299,335,832)	(226,175,276)	(81,646,870)	(47,921,911)	(4,220,517)	6,867,282	-

0.3%

ATLANTIC YARDS ANNUAL IRR

Forest City Ratner Companies
Office Development

Office

EXECUTIVE SUMMARY

Project Description

Description:	Class A Office Building		
Location:	Atlantic Yards		
Square Footage:	Gross Square Feet	335,653	
	Useable Above Grade SF	292,018	
	Rentable Square Feet	376,798	
	Zoning Square Feet	308,801	
	Loss Factor	22.5%	
	Add-On	1.29	
	Land Square Footage	35,000	
Tenant Mix:	<u>Tenant</u>	<u>RSF</u>	
	Office - A	301,438	
	Office - B	75,360	
Land Acquisition:	Fee		
Target Dates:	Construction Loan Closing	1-Jul-07	
	Office Opening	1-Jul-09	
	Office Construction Period	24 months	
	Office A Free-Rent	0 months	(Captured in build out)
	Office B Free-Rent	0 months	(Captured in build out)

Total Project Costs

Project Costs	Total	Per GSF
Net Project Costs	136,422,005	406.44
Mortgage	(109,137,604)	(325.15)
Second Mortgage	-	-
Total Partnership Equity	27,284,401	81.29

Refinancing

Year of Refinancing	2010
Net Operating Income	11,511,599
Cap Rate	7.50%
Value	153,487,981
New Debt at 1.20 DSC (8.5%, 30 yrs)	114,330,661
New Debt at 80% of Value	122,790,385
New Debt	114,330,661
Less: 2% Transaction Fee	(2,286,613)
Debt Less Refinancing Fees	112,044,048
NOI @ 1.2	9,592,999
Debt at Refinancing Date	108,448,095
Original Equity	<u>27,284,401</u>
New Equity	<u>23,688,449</u>
Proceeds	3,595,952
Stabilized Cash Flow w/ Refinancing	
NOI	11,511,599
Refinanced Debt Service	9,592,999
Cash Flow	1,918,600

Income - First Stabilized Year

2010		
	Total	Per RSF
Total Rental Income	14,695,105	39.00
Total Recoveries	-	-
Vacancy (5%)	(734,755)	(1.85)
Total Building Income	13,960,350	37.05
Total Expenses	<u>2,448,751</u>	6.50
NOI	<u>11,511,599</u>	30.55
1st Mort. Debt Service	9,256,343	24.57
Cash Flow	2,255,256	5.99

Returns

Cash on Cost	8.44%
Cash on Cash	8.27%
Internal Rate of Return	17.01%
NPV at 12% discount and 7.25 % cap	10,825,092

Refinanced Returns

Cash on Cost	8.30%
Cash on Cash	8.10%
Internal Rate of Return	15.86%
NPV at 12% discount and 7.25% cap	7,380,184

Office

Project Budget

Gross Square Feet	335,653
REBNY Useable Square Feet	292,018
Rentable Square Feet	376,798
ZONING Floor Area:	308,801

Description	Input	Total Budget Current
1 Site Acquisition	\$ 35.00	10,808,027
2		
3 Hard Costs:		
4 Total Hard Costs	\$ 295.50	99,183,838
5		
6 Soft Costs:		
7 A & E Base	\$ 8.00	2,685,224
8 A & E - Consultants	\$ 3.00	1,006,959
9 A & E Reimbursables	10.00%	369,218
10 Architecture & Engineering		4,061,401
11		
12 Leasing Commissions		10,194,453
13		
14 Legal - General		10,000
15 Legal - Leasing		500,000
16 Legal - Financing		500,000
17 Legal - Acquisition		250,000
18 Legal - Underwriters Counsel		100,000
19 Legal		1,360,000
20		
21 Construction Interest (50% outstanding)	7.00%	7,639,632
22 Financing Fees & Out-of-Pocket	1.50%	1,637,064
23 FCE Finance Fee	0.25%	272,844
24 Mortgage Recording Tax/IDA Fees/Transfer Tax		250,000
25 Title Insurance Fee		479,387
26 Bank Inspection		100,000
27 Land Loan Interest		1,514,900
28 Financing		11,893,827
29		
30 Overhead	5.00%	6,480,045
31 Pre Opening Expenses		200,000
32 Marketing and Project Expenses	\$ 1.50	565,196
33 Insurance		800,000
34 Other Costs		8,045,242
35		
36 Total Soft Costs	\$ 105.93	35,554,923
37		
38 Sub-Total Project Costs	\$ 433.62	145,546,788
39		
40 Development Contingency	5.00%	1,777,746
41 Total Project Costs	\$ 438.92 0	147,324,534
42		
43 Other Costs/(Funding):		
44 Development Deficit		545,814
45 Sales Tax Savings		(1,448,343)
46 Other Funding		(10,000,000)
47 Net Project Costs	\$ 406.44 0	136,422,005
48		
49 Funding:		
50 Mortgage	80.00%	(109,137,604)
51 2nd Mortgage		0
52		
53 Partnership Equity		27,284,401

PRO FORMA ASSUMPTIONS/SUMMARY

Project Description		Office	
Project Name=>		35,000	0.80 acres
Parcel Size=>		-	/1000 gsf
Parking Spaces=>		22,50%	1,29
Loss Factor		335,653	100.00% of GSF
GROSS Square Feet:		292,018	87.00% of GSF
USEABLE Square Feet:		376,798	112.26% of GSF
RENTABLE Square Feet:		308,801	92.00% of GSF
ZONING Square Feet			
Total Project Gross Area		335,653 GSF	

Expenses	\$/SF or %	Total	Growth
Operating Expenses Estimate (on RSF)=>	5.50	2,072,387	3.00%
RE Taxes=>	0.50	154,400	3.00%
Management Fee (on RSF)=>	0.50	188,399	3.00%
Ground Rent (on ZSF)=>	-	\$	-
Vacancy Rate (Office B)=>	5.00%	146,951	-
Other Expenses			
Retail Rent (Yrs 1-5) =>		\$	0.00%
Retail Rent (Yrs 6-20) =>		\$	0.00%

Timetable	
Phase II - Office Space	
Construction Start =>	1-Jul-07
Construction Months=>	24
Opening Date	1-Jul-09
Fiscal Year of Opening	2009

Returns	Cash/Cost	Cash/Cash	Refinanced	Cash/Cost	Cash/Cash
Year 3	8.44%	8.27%	8.30%	8.10%	
Year 7	9.46%	13.38%	9.31%	13.99%	
Year 11	10.59%	19.01%	10.41%	20.48%	

Financing			
Interest Rate=>	7.00%	7.50%	9.00%
Amortization Term=>	25	30	20
Constant:	8.48%	8.39%	10.80%
Mortgage:	109,137,604	114,330,651	
Debt Service \$	9,256,343	\$ 9,592,999	
Total Project Cost:	136,422,005	138,708,618	
Equity:	27,284,401	23,888,449	

Tenant Summaries	
Office - A	
Office - B	

Office - A	Rent	\$/sf
Yrs. 1 - 5	\$	39.00
6 - 10	\$	42.90
11 - 15	\$	47.19
16 - 20	\$	51.91
TOTAL	\$	

Office - B	Rent	\$/sf
Yrs. 1 - 5	\$	39.00
6 - 10	\$	42.90
11 - 15	\$	47.19
16 - 20	\$	51.91
TOTAL	\$	

Office
Atlantic Yards

1st Disbursed Year

Cash Flow Analysis (000's)

	1	2	3	4	5	6	7	8	9	10	11
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
RENTAL INCOME											
Base Rent	0	14,895	14,895	14,895	14,895	16,165	16,165	16,165	16,165	16,165	17,781
Parking	0	0	0	0	0	0	0	0	0	0	0
Total Rental Income	0	14,895	14,895	14,895	14,895	16,165	16,165	16,165	16,165	16,165	17,781
RECOVERIES											
RE Taxes	0	0	5	0	14	10	35	30	35	41	47
Operating Expenses and Management Fee	0	0	48	131	210	284	340	438	520	603	689
Total Recoveries	0	0	53	141	224	303	385	469	555	644	736
Net Cash Flow											
	0	14,895	14,948	15,036	15,119	16,175	16,165	16,165	16,165	16,165	18,517
EXPENSES											
RE Taxes	0	164	169	174	174	174	170	184	190	180	201
Operating Expenses	1,209	2,072	2,135	2,169	2,265	2,332	2,402	2,475	2,549	2,625	2,704
Retl Rent	0	0	0	0	0	0	0	0	0	0	0
Management Fee	110	188	184	260	298	212	218	225	232	238	240
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Structural Reserves (\$10 psf)	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	1,319	2,439	2,383	2,504	2,563	2,586	2,608	2,684	2,771	2,853	2,945
Net Cash Flow											
	0	14,895	14,948	15,036	15,119	16,175	16,165	16,165	16,165	16,165	18,517
NET OPERATING INCOME											
	0	14,895	14,948	15,036	15,119	16,175	16,165	16,165	16,165	16,165	18,517
Interest Payment											
	4,440	7,517	7,952	7,112	6,957	6,881	6,811	6,745	6,683	6,622	6,567
Cash Flow After Interest											
	0	7,378	7,096	7,924	8,162	9,294	9,354	9,420	9,482	9,543	11,950
Amortization											
	860	1,739	1,865	1,699	1,444	2,799	2,465	2,643	2,835	3,030	3,259
Net Cash Flow											
	(860)	5,639	5,231	6,225	6,718	6,495	6,889	6,777	6,647	6,513	8,691
ENDING EQUITY											
	27,284,401	25,028,145	22,773,989	20,518,633	18,263,377	14,612,086	10,800,766	7,087,504	3,366,213	6,522	(5,190,007)
Refinanced Pro Forma											
NET OPERATING INCOME											
	0	11,512	11,512	11,512	11,512	12,908	12,908	12,908	12,908	12,908	14,443
Interest Payment - New Mortgage											
	0	321	321	321	321	321	321	321	321	321	321
Cash Flow After Interest											
	0	11,191	11,191	11,191	11,191	12,587	12,587	12,587	12,587	12,587	14,122
Amortization - New Mortgage											
	0	6,272	6,272	6,272	6,272	6,272	6,272	6,272	6,272	6,272	6,272
Net Cash Flow											
	0	4,919	4,919	4,919	4,919	6,315	6,315	6,315	6,315	6,315	7,850
Net Refinancing Proceeds											
	0	3,595	0	0	0	0	0	0	0	0	0
Cash Flow After Ref. Proceeds											
	0	8,514	8,514	8,514	8,514	9,830	9,830	9,830	9,830	9,830	11,650
ENDING EQUITY											
	27,284,401	25,028,145	23,110,545	21,191,845	19,273,346	15,858,711	12,544,076	9,328,442	6,014,807	2,700,172	(3,150,101)
* Refinancing Assumption:											
Mortgage Rate											
Amortization Term											
IRR Calculations											
Original Debt IRR	(27,284)	0	2,265	2,255	2,255	2,255	3,051	3,051	3,051	3,051	80,656
NPV @ 12%	17,01%										
Refinanced Debt IRR	(27,284)	0	5,615	1,919	1,919	1,919	3,315	3,315	3,315	3,315	87,607
NPV @ 12%	15,56%										
	7,380										

Forest City Ratner Companies
Residential Development

T2 - Rental (Arena Block)

EXECUTIVE SUMMARY

Project Description				
Description:	Tower 2			
Location:	Atlantic Yards			
Block, Lot	Arena Block			
Square Footage:		GSF		
	ZONING Square Feet=>	307,211		
	GROSS Square Feet=>	334,706		
	RESIDENTIAL Square Feet=>	257,223		
	RETAIL GLA=>	14,695		
	LAND Square Feet=>	40,256		
Residential Unit Mix:		# of Units	Average Unit Size	Average Monthly Rent
	Market Rate	163	738	\$3,175
	Median Income	Band 1	37	664
	Median Income	Band 2	37	664
	Median Income	Band 3	37	664
	Low Income	73	665	\$537
	Total	368	701	\$2,226
Land Acquisition:	\$68 per ZSF			
Target Dates:	Construction Loan Closing	1-Oct-08		
	Building Opening	1-Apr-10		
	Construction Period	18 months		
	Retail Lease-up	3 months		
	Market Rate Residential Lease-up	4 months		
	Middle Income Residential Lease-up	6 months		
	Low - Income Lease-up	8 months		
	Parking Lease-up	4 months		

Total Project Costs			
Project Costs	Total	Per Unit	Per GSF
Net Project Cost	127,052,542	347,138	379.59
Tax Exempt Bond Amount	(95,270,060)	(260,301)	(284.64)
Taxable Bond Amount	0	0	0.00
Bank Exposure	85,270,060	260,301	284.64
FCR Equity LC	0	0	0.00
FCR Cash	31,782,482	86,837	94.96
Lease up LC	3,938,308	10,760	11.77
Total Partnership Equity + LC	35,720,790	97,598	106.72
Return of Lease-up LC	3,938,308	10,760	11.77
Ending Equity	31,782,482	86,837	94.96

Refinancing	
Year of Refinancing	2011
NOI	8,351,912
Debt Coverage	1.20
Underwriting Constant	7.31%
New Ref. Debt	95,270,060
Less 1.25% Closing Costs	(1,190,876)
Debt Less Refinancing Fees	94,079,184
Original Bank RE Exposure	95,270,060
Original Equity LC	0
Cash Equity	31,782,482
Ref. Proceeds	(94,079,184)
Equity After Ref.	32,873,358
Net Equity Proceeds	(1,190,876)

Stabilized Cash Flow w/ Refinancing	
NOI	8,351,912
Refinanced Debt Service	5,464,920
Cash Flow	2,886,992

Returns	
Cash on Cost	6.57%
Cash on Cash	10.16%

Refinanced Returns	
Cash on Cost	6.51%
Cash on Cash	8.76%
Internal Rate of Return Including LC	14.04%

HDC Operating Subsidy Loan	
HDC Operating Subsidy Loan - Nominal Amount	11,900,000
Per Unit Amount	65,000

Income - First Stabilized Year			
2011			
	Total	Per Unit	Per GSF
Total Rental Income (Incl. Retail)	10,279,727	28,687	30.71
Total Parking Income	474,504	1,287	1.42
Total Recoveries/Other Income	140,391	384	0.42
Total Vacancy	(203,492)	(629)	(0.61)
Total Building Income	10,591,230	28,538	31.64
Total Expenses	(2,236,318)	(6,118)	(6.69)
NOI	8,351,912	22,819	24.95
1st Mortgage / tax exempt bonds - Debt Service	5,001,678	13,666	14.94
1st Mortgage / taxable bonds - Debt Service	0	0	0.00
HDC 2nd Mortgage - Debt Service	119,600	327	0.36
Cash Flow	3,230,634	8,827	9.65

T2 - Rental (Arena Block)

Project Budget - Base

Description	Input	Per GSF				Comments
		Total Budget Current	Ind. Parking	Per GSF	Per ZSF	
Site Acquisition:						
Site Purchase (ZSF)	\$ 68.00	20,890,318	56.25	62.41	68.00	per unit \$56.033
Total Site Acquisition		20,890,318	56.25	62.41	68.00	
Hard Costs:						
Total Hard Costs		99,908,295	289.00	268.50	325.21	
1. Additional costs for demolition and for foundations under the roadway, together worth \$15 per ZSF project-wide, are included in the infrastructure budget						
Soft Costs:						
Architectural Base	\$ 8.00	2,457,684	6.62	7.34	8.00	
A & E Consultants/Miscellaneous	\$ 3.00	921,632	2.48	2.75	3.00	
A & E Reimbursables	10.00%	337,932	0.91	1.01	1.10	
Architecture & Engineering		3,717,248	10.01	11.11	12.10	0.77
Retail Commissions	3.20%	159,630	0.43	0.48	0.52	
Residential Commissions		573,132	1.54	1.71	1.87	
Leasing Commissions		732,762	1.97	2.19	2.39	
Legal - Financing		150,000	0.40	0.45	0.49	
Legal - Leasing (Retail)		40,000	0.11	0.12	0.13	
LC Bank Counsel		150,000	0.40	0.45	0.49	
Barrowers Counsel		300,000	0.81	0.90	0.98	
Legal - general		242,500	0.65	0.72	0.79	
Legal 421-a		37,500	0.10	0.11	0.12	
Legal		920,000	2.48	2.75	2.99	
421-A Fee	0.40%	381,680	1.03	1.14	1.24	
Bond Placement/ Admin Fees	0.50%	476,350	1.26	1.42	1.55	
HDC Cost of Issuance & Origination Fee	1.75%	1,667,228	4.46	4.98	5.43	
80/20 Accounting		200,000	0.54	0.60	0.65	
Bond Interest (Tax Exempt Bonds)	4.00%	5,716,204	15.35	17.08	18.61	
Bond Proceeds Reinvestment	55.00%	(3,929,850)	(10.58)	(11.74)	(12.79)	
Monthly LC Fees (Bank)	1.75%	1,125,378	3.03	3.36	3.66	
Upfront LC Fees (Bank)	1.00%	952,701	2.57	2.85	3.10	
Servicing Fee	0.20%	190,540	0.51	0.57	0.62	
Remarketing Fee	0.01%	9,527	0.03	0.03	0.03	
Financing out of pocket	1.50%	1,429,051	3.85	4.27	4.65	
Title Insurance Fee		512,220	1.38	1.53	1.67	
Bank Inspection		80,000	0.22	0.24	0.26	
Land Loan Interest	8.50	2,845,001	7.66	8.50	9.26	
Financing		11,655,587	31.36	34.82	37.64	
Overhead	5.00%	6,034,950	16.25	18.03	19.64	
Pre Opening Expenses		80,000	0.22	0.24	0.26	
Marketing and Project Expenses		1,491,211	4.02	4.46	4.85	
Gym		200,000	0.54	0.60	0.65	
PILOT	50.50	239,408	0.62	0.69	0.75	
Insurance	0.30%	442,736	1.19	1.32	1.44	
Other Costs		8,478,351	22.83	25.33	27.60	
Total Soft Costs		25,504,748	68.67	76.20	83.02	
SUB-TOTAL PROJECT COSTS		146,303,481	383.82	437.11	476.23	
Development Contingency	5.00%	1,275,237	3.43	3.81	4.15	
TOTAL PROJECT COSTS		147,578,698	387.35	440.92	480.38	
Other Costs/(Savings):						
Development Deficit		(26,526)	(0.07)	(0.08)	(0.09)	
Sales Tax Savings (25% savings on 8.63% tax)		(1,616,643)	(4.35)	(4.83)	(5.26)	
Net Project Costs Before HDC Subsidy and LITHCs		145,935,529				
Second Mortgage		(11,960,060)	(32.20)	(35.73)	(38.83)	
LITHC Equity		(6,922,989)	(18.54)	(20.68)	(22.53)	
NET PROJECT COSTS		127,052,542	342.06	378.59	413.57	
Construction Loan	80%	(95,270,060)	(256.51)	(284.64)	(310.11)	\$345,651 per unit
Total Funding		(95,270,060)	(256.51)	(284.64)	(310.11)	
Total Equity		31,782,482	85.57	94.96	103.46	
Financing:						
Maximum amount of debt financing					95,270,060	
Mortgage - Debt LC	Max: 80.0%	Actual: 75.0%			95,270,060	
Total Equity					31,782,482	
Total					127,052,542	
Debt LC			256.51	284.64	310.11	
Equity LC			0.00	-	-	
Cash Equity		31,782,482	85.57	94.96	103.46	
Lease up LC		3,938,308	10.60	11.77	12.82	
Total Low Income Housing Tax Credit		8,922,988	18.64	20.68	22.53	
HDC Second Mortgage		11,960,060	32.20	35.73	38.93	
Bonds:						
1st Mortgage (Tax Exempt Bond Financing)	Max: 95.0%	Actual: 75.0%			(95,270,060)	
1st Mortgage (Taxable Bond Financing)					-	
Total Bonds Issued			(256.51)	(284.64)	(310.11)	
Lease up LC calculation						
Market Rate SF			132,200			
Amount of Rent Variance		\$	2.16			
Total \$ Amount of Rent Variance		\$	287,712.00			
Capitalization Rate			7.31%			
Amount of Lease Up LC		\$	3,938,308			

T2 - Rental (Arena Block)

6.57%

PRO FORMA ASSUMPTIONS/SUMMARY

11-Oct-08 8:04 PM

Project Description	Project Name	T2 - Rental (Arena Block)	9.00 FAR
Parcel Size	40,258	0.92 acres	
ZONING Square Feet	307,211	98.00% of GSF	
Residential Rentable Gross SF	320,011	96.81% of GSF	
Headwall/Elevator	80,388		
SF Loss - Core and Circulation	64,669	19.30% of GSF	
Residential Rentable Square Feet	257,223	78.85% of GSF	
Residential Live Net Square Feet	207,223	79.85% of GSF	
Lobby/Adm/First Floor Common Areas	-		
Amenity Space	-	For AY, higher than average	
Storage	-		
Mechanical Rooms	-		
Residential Non-Rentable SF	-	0.00% of GSF	
Total Residential SF	320,011	98.01%	
Retail GLA	14,686	4.58% of GSF	
Total Project GSF including Retail	334,706		
Parking Spaces	147	40% of Units	
Phasing Square Feet	36,700	260 GSF per space	
GSF plus Parking	371,406		

Financing	1st Mortgage/Min.Perm	Refinance	2nd Mortgage
Interest Rate =>	3.50%	3.50%	1.00%
Amortization Term =>	30	30	30
Constant =>	3.50%	3.50%	1.00%
Net Project Cost	117,052,543	120,240,410	
Equity	31,782,482	31,782,482	

Bank L/C Underwriting Rates (Loan Size)	50%	66%	50,506,557	3,167,729
BMA =>	3.50%	0%		
LIBOR =>	4.50%	0%		
Blend =>	3.50%	0%	50,506,557	3,167,729
Mortgage Margin =>	2.00%			
Credit Enhance/Serv. =>	0.75%			
Liquidity =>	0.00%			
Rescheduling =>	0.25%			
ISBA =>	0.12%			
Trustee =>	0.00%			
Underwriting Rate =>	6.00%			
Amortization =>	0.00%			
Constant =>	0.50%			
Amort Period =>	0.60%			
Underwriting Constant =>	7.31%	How matches lowest rate page, using higher rates		

General Building Expenses	\$/SF or %	Total	Growth
PILOT/ Ground Rent (on ZSF) \$	0.30	153,605	3.00%
Structural Reserves (ZSD) per Unit \$	0.27	81,750	3.00%

Rental Expenses	\$/SF or %	Total	Growth
Operating Expenses Estimate (on RSF) \$	5.30	80,820	3.00%
Management Fee (on RSF) \$	0.30	7,348	3.00%

Parking Expenses	\$/SF or %	Total	Growth
Operating Expenses Estimate (on RSF) \$	-	-	3.00%
Management Fee (on RSF) \$	-	-	3.00%

Residential Expenses	\$/Unit	Total	Growth
Payroll and Benefits (\$2000 in 2006 dollars) \$	2,199	789,096	3.00%
Utilities (\$1000 in 2006 dollars) \$	1,078	394,549	3.00%
Repairs and Maintenance (\$700 in 2006 dollars) \$	754	275,864	3.00%
Professional Fees (\$100 in 2006 dollars) \$	108	39,528	3.00%
Misc./Insurance (\$200 in 2006 dollars) \$	218	79,056	3.00%
Redesigning per unit on affordable roll over (10% of unitary; \$200 in 2006 dollars) \$	539	1,904	3.00%
Subtotal Residential Operating Expenses \$	4,891	1,688,064	3.00%
ACORN Post rent on resident services \$	-	-	3.00%
per affordable unit			
Inflation (years)	-	-	
Management Fee	0.00%		
Vacancy/Recur - Market	4.00%		
Vacancy Rate - Affordable	0.00%		

Interest Rates	BMA =>	ISB =>	50,270,000	3,334,432
LIBOR =>	4.50%	0.00%	-	-
Blend =>	3.50%	0.00%	50,270,000	3,334,432
Plus Credit Enhance, etc =>	1.15%			
Total Interest Rate =>	5.25%			

Timeline	Construction Start	1-Oct-08	Market Rate - % Pre-leased	30%
Construction Months	18	Market Rate - Units Leased per Month	20	
Opening Date	1-Apr-10	Affordable - % Pre-leased	60%	
Fiscal Year of Opening	2010	Affordable - % 2nd Month	20%	

Tenant Subleases

Partial	Rent	Sf/ft
RSF	14,686	
Base Rent (\$30/sf in 2006 dollars)	\$32.33	
Type of Lease	NET	
Term (years)	20	
Commence Date	1-Jul-10	
Rent Increase	10%	
Yrs. 1 - 5	\$30.33 \$	475,080
6 - 10	\$36.56 \$	522,508
11 - 15	\$30.12 \$	574,856
16 - 20	\$43.03 \$	632,344

Residential - Market	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	136,054	Studios	18	10.0%	500	\$1.62	24,610	\$39,732
Commence Date	1-Apr-10	1Br	110	80.0%	630	\$1.62	32,570	\$52,761
Rent Increase	3.00%	2 Br	37	21.0%	950	\$1.62	48,029	\$77,247
Rent Base \$	45.00	3Br	18	13.0%	1,200	\$1.62	61,644	\$1,133,575
Current Year	2006	Total	183	100.0%	736	\$1.62	3,175	135,064
Laundry Income/Unit/Mth \$	10.00							6,971,487

Residential - Low Income	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	45,542	Studios	15	20.0%	400	\$1.59	533	\$8,856
Commence Date	1-Apr-10	1Br	22	30.0%	570	\$1.59	570	\$10,247
Rent Increase	3.00%	2Br	28	36.0%	775	\$1.59	686	\$20,421
Current Year	2006	3Br	10	14.0%	950	\$1.59	786	\$9,738
Laundry Income/Unit/Mth \$	10.00	Total	75	100.0%	626	\$1.59	637	48,547

Residential - Middle Income	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	24,320	Studios	7	29.0%	400	\$2.79	993	\$2,928
Commence Date	1-Apr-10	1Br	11	30.0%	575	\$2.21	1,084	\$3,141
Rent Increase	3.00%	2Br	13	38.0%	775	\$1.78	1,278	\$10,215
Current Year	2006	3Br	5	14.0%	950	\$1.47	4,864	\$6,624
Laundry Income/Unit/Mth \$	10.00	Total	37	100.0%	664	\$2.19	3,194	24,320

Residential - Middle Income	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	24,320	Studios	7	29.0%	400	\$4.67	1,489	\$2,928
Commence Date	1-Apr-10	1Br	11	30.0%	575	\$3.29	1,596	\$3,141
Rent Increase	3.00%	2Br	13	36.0%	775	\$2.84	1,814	\$10,215
Current Year	2006	3Br	5	14.0%	950	\$2.12	4,864	\$6,624
Laundry Income/Unit/Mth \$	10.00	Total	37	100.0%	664	\$3.26	3,175	24,320

Residential - Middle Income	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	24,320	Studios	7	29.0%	400	\$5.83	1,489	\$2,928
Commence Date	1-Apr-10	1Br	11	30.0%	575	\$4.51	1,994	\$3,141
Rent Increase	3.00%	2Br	13	36.0%	775	\$3.05	2,393	\$10,215
Current Year	2006	3Br	5	14.0%	950	\$3.93	2,785	\$4,864
Laundry Income/Unit/Mth \$	10.00	Total	37	100.0%	664	\$4.07	3,219	24,320

Super's Unit	Unit Mix	F of Type	% of Total	Avg. Size	Ann.Rent/RSF	Avg. Mnth.Rent	Total SF	Total Annual Rent
RSF	567	1	1	567	\$	\$	567	\$

Total	Rent	Per Space	Total
347	701	\$	58,112
257,223	9,804,638		

Parking	Spaces	Yrs. 1 - 5	6 - 10	11 - 15	16 - 20
Annual Base Rent (\$3,000 in 2006 dollars)	147	\$3,233	\$	\$	\$
Type of Lease	147	\$3,233	\$	\$	\$
Term (years)	20	\$3,430	\$	\$	\$
Commence Date	14-Apr-09	\$3,533	\$	\$	\$
Rent Increase	3%				

Forest City Ratner Companies
Residential Development

Tower 3 Condo

EXECUTIVE SUMMARY					
Project Description					
Description:	Tower 3 Condo				
Location:	Atlantic Yards Project				
Block, Lot	Arena Block				
Square Footage:	LAND Square Feet	56,128			
	ZONING Square Feet	276,277			
	GROSS Square Feet - above 1st Floor	287,789			
	GROSS Square Feet	302,484			
	RESIDENTIAL Square Feet	230,231			
Residential Unit Mix:	<u># of Units</u>	<u>Average Unit Size</u>	<u>Avg Price</u>	<u>Average Price/SF</u>	
	Studios	13	550	\$496,371	\$902
	1 Bedrooms	73	800	\$721,995	\$902
	2 Bedrooms	86	1100	\$992,743	\$902
	3 Bedrooms	43	1629	\$1,470,351	\$902
	Total	215	1071	\$966,428	\$902
Land Acquisition:	\$190 Per ZSF for condo				
Target Dates:	Construction Loan Closing	1-Feb-08			
	Building Opening	1-Aug-09			
	Construction Period	18 months			
	Units Pre-Sold	108 50%			
	Avg Units Sold Per Month	20			
	Months to Sellout	7 months			

Total Project Costs				
Project Costs	Total	Per Unit	Per GSF	Per ZSF
Total Project Costs	188,058,352	874,690	622	681
Net Project Cost	188,058,352	874,690	622	681
Mortgage Amount	(131,640,847)	(612,263)	(435)	(476)
Total Partnership Equity	56,417,506	262,407	187	204

Project Returns				
Project Costs	Total	Per Unit	Per GSF	Per ZSF
Total Gross Income from Unit Sales	217,057,270	1,009,569	718	786
Total Sales Costs	(8,552,769)	(39,780)	(28)	(31)
Total Carrying Costs	(1,768,807)	(8,227)	(6)	(6)
Net Proceeds from Unit Sales	206,735,694	961,561	683	748
Cost Basis	(188,058,352)	(874,690)	(622)	(681)
Gain	18,677,342	86,871	62	68
Condo Tax 42.6%	(7,963,552)	(37,040)	(26)	(29)
Net Profit	10,713,790	49,832	35	39
Net Sales	206,735,694	961,561	683	748
Debt	(131,640,847)	(612,283)	(435)	(476)
Net Sales Proceeds Pre-Tax	75,094,848	349,278	248	272
Tax	(7,963,552)	(37,040)	(26)	(29)
Net Sales Proceeds after Tax	67,131,296	312,239	222	243
Return on Cost (Pre-Tax)	9.9%			
Return on Equity (Pre-Tax)	33.1%			
Return on Cost (Post-Tax)	5.7%			
Return on Equity (Post-Tax)	19.0%			
Pre-Tax IRR	14%			
Post-Tax IRR	8%			

Tower 3 Condo

Project Budget - Base

Description	Input	Total Budget Current	Per GSF
1 <u>Site Acquisition:</u>		-	
2 Site Purchase (ZSF)	\$ 190.00	55,284,680	182.8
3 Total Site Acquisition		<u>55,284,680</u>	<u>182.8</u>
4			
5 <u>Hard Costs:</u>			
6 Total Hard Costs		<u>93,432,928</u>	<u>308.9</u>
7 1. Additional costs for demolition and for foundations under the railyard, together worth \$15 per ZSF project-			
8			
9 <u>Soft Costs:</u>			
10 Architectural Base	\$ 8.00	2,210,216	7.3
11 MEP & Structural Engineers	\$ 2.00	552,554	1.8
12 A & E Consultants/Miscellaneous	\$ 1.00	276,277	0.9
13 A & E Reimbursables	10.00%	248,649	0.8
14			
15 Architecture & Engineering		<u>3,287,696</u>	<u>10.9</u>
16			
17			
18 Retail Commissions	3.20%	157,273	0.5
19 Leasing Commissions		<u>157,273</u>	<u>0.5</u>
20			
21			
22 Legal - Acquisition		75,000	0.2
23 Legal - Offering Plan		150,000	0.5
24 Legal - Zoning		-	-
25 Legal - Financing		150,000	0.5
31 Legal		<u>375,000</u>	<u>1.2</u>
32			
33 Construction Interest (50% Outstanding)	7.00%	6,911,144	22.8
34 Financing Fees & Out-of-Pocket	1.50%	1,974,613	6.5
35 FCE Finance Fee	0.25%	329,102	1.1
36 Mortgage Recording Tax/IDA Fees/Transfer Tax	2.75%	3,620,123	12.0
37 Title Insurance Fee		640,536	2.1
38 Bank Inspection		80,000	0.3
39 Land Loan Interest Allocation		7,860,272	
40 Financing		<u>21,415,790</u>	<u>70.8</u>
41			
42 Overhead	5.00%	8,932,772	29.5
43 Pre Opening		250,000	0.8
44 Gym		250,000	0.8
47 Marketing and Project Expenses	\$ 5,000	1,398,984	4.6
49 Insurance	0.75%	1,399,859	4.6
50 Other Costs		<u>12,231,615</u>	<u>40.4</u>
51			
52 Total Soft Costs		<u>37,467,375</u>	<u>123.9</u>
53			
54 Sub-Total Project Costs		<u>186,184,983</u>	<u>615.5</u>
55			
56 Development Contingency	5.00%	1,873,369	6.2
57			
58 Total Project Costs		<u>188,058,352</u>	<u>621.7</u>
59			
60 <u>Other Costs/(Funding):</u>			
61 Second Mortgage	\$ -	-	-
62 Sales Tax Savings		-	-
63 Net Project Costs		<u>188,058,352</u>	<u>621.7</u>
64			
65 <u>Funding:</u>			
66 Mortgage	70.00%	(131,640,847)	(435.2)
67 2nd Mortgage			
68			
69 Partnership Equity		<u>56,417,506</u>	<u>186.5</u>

PRO FORMA ASSUMPTIONS SUMMARY

Project Description	Tower 3 Condo	128 units
Project Name	Tower 3 Condo	128 units
Parcel Size	50,120	
ZONING	SRF	
ZONING Square Feet	279,270	81,312 of GSF
Residential Gross Square Feet	280,000	85,174% of GSF
Residential Floor Efficiency	80.00%	
SF	57,555	
Residential Square Feet	230,231	
No. of Residential Units	215	
Basement Mechanical/Common Areas	-	in efficiency
Lobby/Multiroom/Floor Common Areas	-	in efficiency
Gym/Common/Amenities	-	in efficiency
Mechanical PH SF	-	0.00% of GSF
Residential Non-Sellable	0	
Total Residential SF	287,789	
Retail GLA	14,695	
Total Project Gross Area	302,484	
Parking Spots	86	
Parking Square Feet	21,500	40% of Units
Total Project GSF Plus Parking	323,984	250 GSF per space

Condo Operating Budget	\$/Unit	Growth
Payroll and Benefits (\$1300 in 2006)	2,442	3.00%
Utilities (\$1000 in 2006)	1,692	3.00%
Repairs and Maintenance (\$700 in 2006)	745	3.00%
Professional Fees (\$125 in 2006)	133	3.00%
Mac/Insurance (\$250 in 2006)	265	3.00%
Management Fee (\$125 in 2006)	133	3.00%
Real Estate Taxes	-	3.00%
Other (\$500 in 2006)	531	3.00%
Subtotal Residential Operating Expenses	5,339	3.00%
	1,241,435	

Tenant Summaries	Rent	\$/ft
Retail	14,695	
RSF	31,85	
Base Rent (2006)	6 - 10	\$31,85
NET	11 - 15	\$38,54
Term (years)	16 - 20	\$42,40
Commence Date	11/1/2009	
Rent Increase	10%	

Condo	Unit Mix	F.o.I. Type	Avg. Size	% of Total SF	Total Sq. Ft.	Total Sales Price
RSF	Studio	13	350	0.0%	468,076	\$ 6,403,191
Commence Date	1B	73	800	25.0%	514,883	\$ 52,777,819
	2B	86	1,100	50.0%	94,600	\$ 85,373,884
	3B	41	1,625	23.0%	66,600	\$ 1,458,253
	Total	215	1,071	100.0%	230,231	\$ 207,781,978

* Note: Condo Sales Prices are \$850 PSF in 2006 dollars

Total	215	1,671	230,231	207,781,978
--------------	-----	-------	---------	-------------

Parking	Spaces	Rent	Annual
Annual Income per Space	86	Year 1	\$ 279,933
Gross	\$3,185	Year 2	\$ 279,412
Type of Lease	20	Year 3	\$ 285,000
Term (years)	20	Year 4	\$ 280,700
Sold Date	11/1/2010	Year 5	\$ 286,514
Rent Increase	2%		

* Note: Annual Income per Space is \$3,000 in 2006 dollars

Financing	Interest Rates	1st Mortgage/Min. Down
Amortization Term	7.00%	7.00%
Committed	131,640,847	70% Financing
Mortgage	8,214,859	
Debt Project Cost	188,058,332	
Equity	56,417,506	

Timeline	Construction Start	1-Feb-08
Construction Months	18	
Opening Date	1-Aug-09	
Fiscal Year of Opening	2008	

Other Assumptions	Percent Sold at Opening	50%
Average Sales Per Month	20	
Total Months to Sellout	7	
Commission	5%	
End of Sales Period	Feb-10	
Legal Fees (Per Unit)	\$1,000	
Mortgage Recording Tax Reimbursement	75.00%	

Sales	Cap Rate	8.0%
Sales Price	\$ 5,850,945	
Legal Fees	\$ 100,000	
Cap Rate	7.00%	
Sales Price	\$ 902.49	
Legal Fees	\$ 992.743	
Avg. Size	\$ 802.49	
Total Sq. Ft.	\$ 802.49	

* Note: Condo Sales Prices are \$850 PSF in 2006 dollars

Total	215	1,671	230,231	207,781,978
--------------	-----	-------	---------	-------------

Parking	Spaces	Rent	Annual
Annual Income per Space	86	Year 1	\$ 279,933
Gross	\$3,185	Year 2	\$ 279,412
Type of Lease	20	Year 3	\$ 285,000
Term (years)	20	Year 4	\$ 280,700
Sold Date	11/1/2010	Year 5	\$ 286,514
Rent Increase	2%		

* Note: Annual Income per Space is \$3,000 in 2006 dollars

Tower 3 Condo
Cash Flow
October 10, 2006

	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2010	2010	2010	2010	2010	2010	2010
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Units Sold	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106
Total Units Sold	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106	106
Units Owned by Sponsor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Units Sold to Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Proceeds	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556
Real Estate Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financing Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Proceeds	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556	10,328,556
Sales Costs	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)	(1,377,547)
Real Estate Commissions	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)	(107,500)
Less Sales Commissions	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)	(5,184,854)
Total Sales Costs	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)	(6,562,401)
Net Sales Proceeds	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155	3,766,155
Marketing Expenses	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)
Prepaid Marketing	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)	(34,125,114)
Carrying Costs	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)
Marketing Expenses	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)
Total Carrying Costs	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)	(17,569)
Marketing Expenses	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)	(65,825,433)
Total Marketing Expenses	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)	(83,394,542)
Cash Flow	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow After Tax	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)	(79,628,387)

Annual Pre-Tax Cash Flow	18,877,241
Annual Pre-Tax IRR	14%
Annual Post-Tax Cash Flow	10,113,789
Annual Post-Tax IRR	9%

Atlantic Yards & Brooklyn Arena/Nets
 Combined Returns Summary

In (\$'000's)	2004	2005	2006	2007	2008	2009	2010	Projections			2014	2015
								2011	2012	2013		
<u>Team and Arena Investment Cash Flows</u>												
Net Cash Flow to Team and Arena Investor	(212,900)	4,406	(1,658)	(68,128)	(29,778)	(5,428)	7,805	6,445	323	647,415		
<u>Team Investment IRR</u>	7.7%											
<u>Real Estate Project Cash Flows</u>												
Net Cash Flows to Real Estate Investor	(16,933)	(29,812)	(68,932)	61,843	(61,944)	(70,166)	(63,482)	(6,738)	(6,401)	68,716	44,090	352,070
<u>Real Estate Investment IRR</u>	9.6%											
<u>Total Investment Cash Flows</u>												
Total Investment Cash Flows	(229,833)	(25,406)	(70,690)	(6,285)	(81,722)	(76,694)	(45,677)	707	(6,078)	605,131	44,090	352,070
<u>Total Investment IRR</u>	8.4%											

For discussion purposes only
 Actual results may vary

General Project Plan - Project Phasing

	Rental Units	Condo Units	Total Units	GSF (excl Parking)	ZSF	Start Construction	End Construction
PHASE I - ARENA BLOCK							
Tower 1 - Office	-	-	-	335,653	308,801	Jul-07	Jul-09
Tower 1 - Hotel	-	-	-	164,652	164,652	Jul-07	Jul-09
Tower 1 - Condo	-	336	336	450,421	434,691	Jul-07	Jul-09
Subtotal - Tower 1	-	336	336	950,726	908,144		
Tower 2	366	-	366	320,011	307,211	Oct-08	Apr-10
Tower 3	-	215	215	287,789	276,277	Feb-08	Aug-09
Tower 4	351	312	663	706,048	677,807	Aug-08	Feb-10
Retail	-	-	-	44,085	44,085		
TOTAL ARENA BLOCK	717	863	1,580	2,308,659	2,213,524		
PHASE II							
Block 1120							
Tower 5	616	-	616	538,997	517,437	Mar-09	Sep-10
Tower 6	422	-	422	368,926	354,169	Oct-09	Apr-11
Tower 7	422	202	624	624,534	599,553	May-10	Nov-11
Retail	-	-	-	54,249	54,249		
Block 1128							
Tower 15	325	-	325	284,098	272,734	Mar-09	Sep-10
Retail	-	-	-	13,215	13,215		
Block 1121 / 1129							
Tower 8	506	-	506	442,426	424,729	Feb-11	Aug-12
Tower 9	423	162	585	573,561	550,618	Aug-11	Feb-13
Tower 10	458	-	458	400,917	384,880	Jun-12	Dec-13
Tower 11	-	206	206	274,984	263,985	Jun-12	Dec-13
Tower 12	301	-	301	263,164	252,637	Apr-10	Oct-11
Tower 13	310	-	310	271,886	261,011	Apr-10	Oct-11
Tower 14	-	175	175	234,282	224,910	Oct-13	Apr-15
Retail	-	-	-	88,541	88,541		
TOTAL PHASE II	3,783	745	4,528	4,433,780	4,262,668		
TOTAL GPP	4,500	1,608	6,108	6,742,439	6,476,192		
Rental				3,923,632	3,766,686		
Condo				2,118,412	2,035,963		
Office				335,653	308,801		
Hotel				164,652	164,652		
Retail				200,090	200,090		

Note: Retail GSF and ZSF is located within the rental and condo buildings

ATLANTIC YARDS
Residential Development
T4A - Rental Arena Block

1: T4A - Rental Arena Block

EXECUTIVE SUMMARY					
Project Description					
Description:	Residential Rental (20-30-60)				
Location:	Atlantic Terminal Rail Yards				
Block, Lot:	T4A - Rental Arena Block				
Square Footage:	Land Square Feet		34,500		
	Zoning Square Feet incl Retail		288,217		
	Residential Unit Net Square Feet		236,063	78.6%	
	Lobby, Amenities, Mechanical & Other Square Feet		0	0.0%	
	Square Footage Loss on Residential Floors		64,143	21.4%	
	Total Residential Rental Gross Square Feet		300,226	100.0%	
	Retail GLA		0		
	Parking SF		35,100		
	Total Gross Project Area incl. Parking		335,326		
Residential Unit Mix:		# of Units	Average Unit Size	Avg Monthly Rent	Avg Annual Rent/SF
	Market Rate	176	677	\$2,864	\$50.73
	Low Income	70	665	\$837	\$11.50
	Median Income: 60% - 100% AMI	35	665	\$1,132	\$20.45
	Median Income: 101% - 140% AMI	35	665	\$1,724	\$31.13
	Median Income: 141% - 180% AMI	35	665	\$2,168	\$35.15
Total	351	671	\$2,042	\$36.87	
Target Dates:	Construction Loan Closing		1-Aug-08		
	Building Opening		1-Feb-10		
	Construction Period		18 Months		
	Retail Lease-up		3 Months		
	Market Rate Residential Lease-up		7 Months		
	Low Income Residential Lease-up		2 Months		
	Median Income Residential Lease-up		2 Months		
Parking Lease-up		0 Months			

Project Costs				
	Total	Per Unit	Per GSF	Per ZSF
Net Project Cost (Net of HDC Subsidy & LIHTC Tax Credits)	117,044,766	333,461	349	406
Tax-Exempt Bond Amount	(82,757,513)	(235,776)	(247)	(287)
Taxable Bond Amount	0	0	0	0
Bank Exposure	82,757,513	235,776	247	287
Equity LC	0	0	0	0
Cash	34,287,253	97,684	102	119
Lease-up LC	4,842,153	13,509	15	17
Total Partnership Equity + LC	39,169,406	111,594	117	136
Return of Lease-up LC	(4,882,153)	(13,909)	(15)	(17)
Ending Equity	34,287,253	97,684	102	119
0.25% Carry	8,952,511	25,506	27	31
Equity With Carry	43,239,765	123,190	129	150

Refinancing	
Year of Refinancing	2010
NOI	6,952,700
Debt Coverage	1.15x
Stress Ratio	7.81%
New Ref. Debt	76,063,718
Closing Cost	(850,785)
Debt Less Ref. Fees	75,212,933
Original Bank Exposure	82,757,513
Original Equity LC	0
Cash Equity	34,287,253
Equity After Ref.	41,001,844
Re-# Proceeds	(7,644,591)
No Rental Re-# Proceeds	

Income - First Stabilized Year 2011				
	Total	Per Unit	Per GSF	Per ZSF
Total Rental Income (excl. Retail)	8,918,529	25,406	27	31
Total Retail Income	0	0	0	0
Total Parking Income	467,581	1,332	1	2
Total Recoveries / Other Income	66,767	247	0	0
Total Vacancy	(251,020)	(715)	(1)	(1)
Total Building Income	9,201,857	26,273	28	32
Total Operating Expenses	(2,269,157)	(6,455)	(7)	(8)
NOI	6,932,700	19,808	21	24
HDC Operating Subsidy Loan	0	0	0	0
Tax Credit	0	0	0	0
NOI After Tax Credit	6,932,700	19,808	21	24
Debt Service - Tax-Exempt Bond	(3,870,000)	(11,054)	(12)	(13)
Debt Service - Taxable Bond	0	0	0	0
Debt Service - HDC Operating Subsidy Loan	(113,750)	(324)	(0)	(0)
Bank LC Fees	(1,430,754)	(4,095)	(4)	(5)
Equity LC Fees	0	0	0	0
Net Cash Flow	1,520,194	4,331	5	6

Stabilized Cash Flow w/ Refinancing	
NOI	6,952,700
Refinanced Debt Service	(3,933,652)
LC Fees	(945,467)
Net Cash Flow	2,013,581

HDC Operating Subsidy (Offset to costs)	
Per Low & Median-Income Unit	65,000
Nominal Amount	11,375,000

LIHTC Tax Credits (Offset to costs)	
Per Low-Income Unit	63,287
Nominal Amount	6,548,764

Returns	
NOI 2011	6,952,700
Net Project Cost	117,044,766
Cash on Cost	5.94%
Cash Flow 2011 before Equity LC Fees	1,520,194
Equity	34,287,253
Cash on Cash	4.43%
NOI 2011	6,952,700
Net Project Cost w/ Cost of Equity Carry	125,997,277
Cash on Cost w/ Carry	5.52%
Cash Flow 2011 before Equity LC Fees	1,520,194
Equity	43,239,765
Cash on Cash w/ Carry	3.52%

Refinanced Returns	
NOI 2011	6,952,700
Net Project Cost less Re-# Proceeds	117,044,766
Cash on Cost	5.94%
Cash Flow 2011 before Equity LC Fees	2,013,581
Equity	34,287,253
Cash on Cash	5.87%
NOI 2011	6,952,700
Net Project Cost w/ Cost of Equity Carry	125,997,277
Cash on Cost w/ Carry	5.32%
Cash Flow 2011 before Equity LC Fees	2,013,581
Equity w/ Carry	43,239,765
Cash on Cash w/ Carry	4.48%

