EAST BANK

CENTRAL WATERFRONT
INITIAL DEVELOPMENT AREA
ROUND 3 ADDENDUM
324254.3

THE FALLON COMPANY

AUGUST 17, 2023

Fallon

EDENS | PILLARS DEVELOPMENT Curiosity·Creativity·Community | HOLLADAY VENTURES

ADDENDUM RESPONSE:

Introduction

On behalf of The Fallon Company [TFC], our co-developers, and our exclusive master consultants, thank you for your continued consideration in this RFP process. We appreciate the opportunity to respond to the Round 3 Addendum. The Fallon Company team is confident our proposed design and program, as refined through Metro's criteria included in this Addendum, will produce a transformative development for Nashville and, at long last, realize the potential of Nashville's East Bank. Our proposed team and representative development scenarios showcase the unique vision and attributes that make this team ideally assembled to undertake a multi-phase, multi-year project in partnership with Metro. We endeavor to transform the East Bank into one of the premiere arts and entertainment anchored, mixed use neighborhoods in the country and appreciate the committee's consideration. The following team differentiators and attributes serve as the foundation for our confidence in this potential partnership:

Financial - TFC is capitalized and funded by the Fallon family. We have developed over $6 billion in commercial real estate and have extensive, long-standing partnerships with institutional real estate debt and equity providers. We have successfully developed high-rise mixed use, commercial office, hotel, student housing, residential, life science, and research/ lab assets throughout our 30-year history. TFC is proud to have a stellar reputation in the commercial real estate industry, providing us with dozens of strong relationships in commercial real estate finance as well as access to new partners as a preferred sponsor in the industry.

Capital Structure - The Fallon Company serves as the general partner with institutional real estate investors co-investing as limited partners. As a commercial real estate developer funded wholly by a family office, we are not subject to the same restrictions and investment criteria as many of our competitors, enabling us to create bespoke financial structures that best align interests with partners and stakeholders. The Fallon Company's commitment to long-term value creation is evidenced by our desire to place our personal capital at risk ahead of our partners. TFC's "investment committee" is comprised of Joe Fallon, Mike Fallon, and Brian Awe who will always be present and available throughout this process to make immediate decisions.

Leadership - The Fallon Company completed a strategic leadership transition several years ago, and we are positioned for long term continuity with our senior management team and our deep design, development, and construction resources in Nashville, Charlotte, and Boston. If selected, the team negotiating the deal will be the same team to design, develop, and build the project over the next 10 years. Many of our competitors have less continuity in personnel and very few can match our senior local presence or our established leadership plan.

Partnerships - We have been intentional in strategically forming our co-development and exclusive master consultant team for the East Bank to ensure it is both the most qualified and the most local team to partner with Metro over the next decade. The team includes a deliberate mix of global, national, and local firms that all share our vision and deep commitment for this project. In addition, we view all stakeholders as partners in our developments, and our track record as a reputable and steadfast partner will give Metro comfort in our ability to create a program, adapt when needed, and respond to challenges with solutions and further commitment.

Vision - We are passionate about creating best in class real estate developments that advance the development of communities with a keen focus on details and end user experience. Ultimately, a great project is one that creates additional surrounding investment, is creative and forward thinking, provides an exceptional experience, and one in which our partners and stakeholders are proud to be part of. Joe Fallon is often quoted on making big, bold, transformative investments, saying, "dream big, challenge failure."

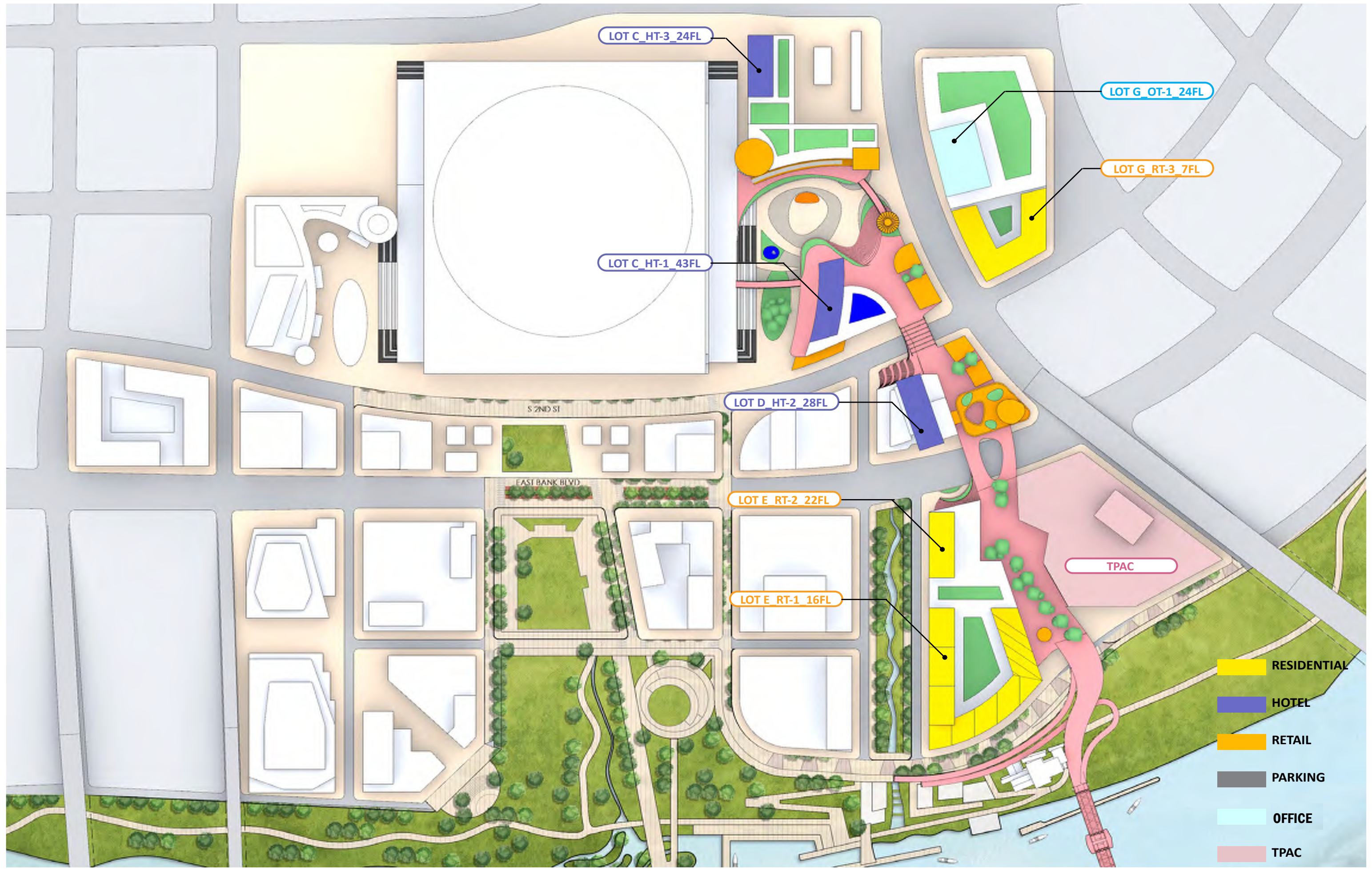
ADJUSTMENTS PER ADDENDUM CRITERIA

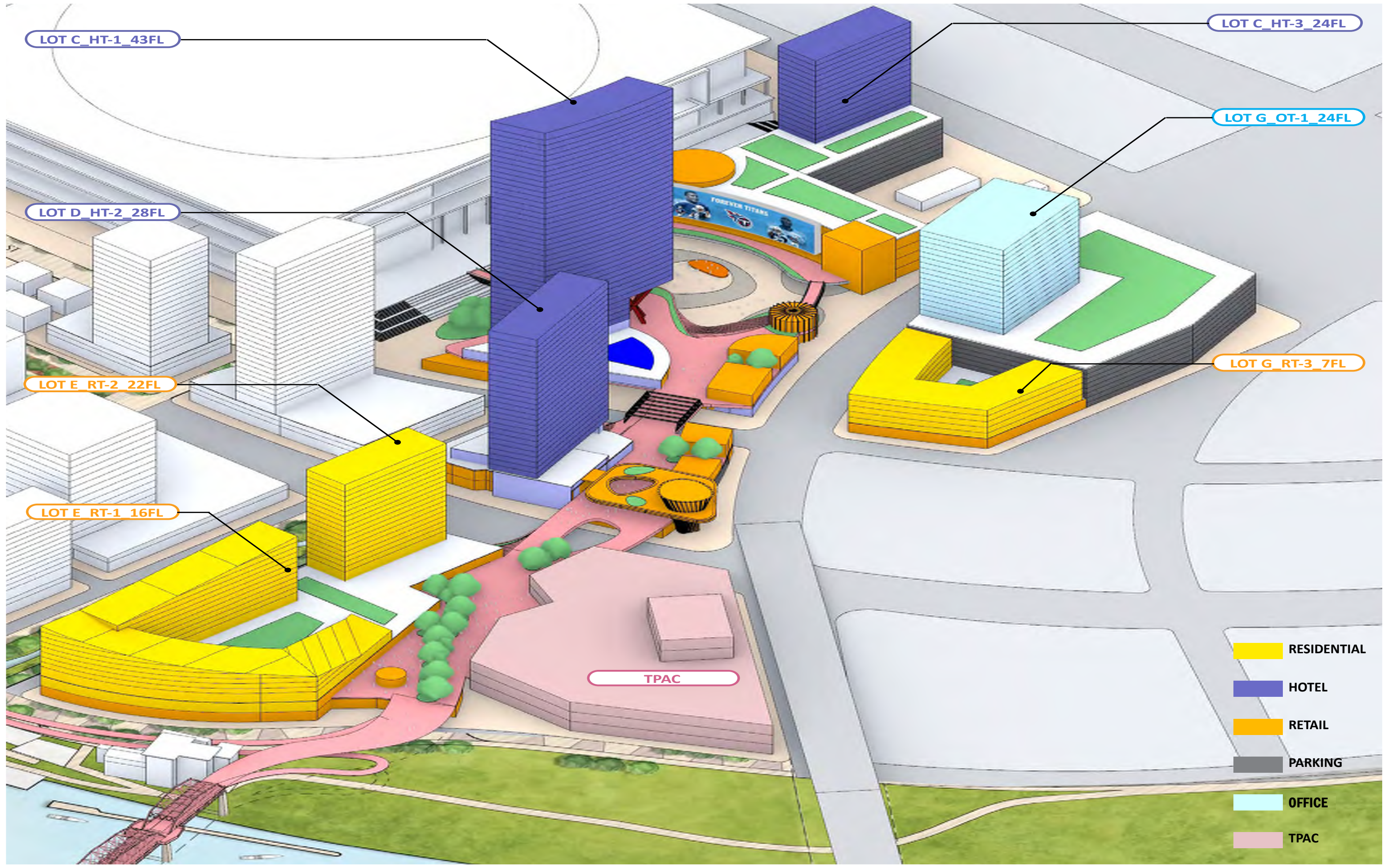
In response to the criteria and assumptions Metro outlined in the Addendum, our team made the following adjustments as shown in the site plan and massing images on page 3:

- Excluded Parcels A and B
- Relocated the residential development (550 units) from Parcel F to Parcel E
- Moved TPAC to Parcel F, providing frontage along KVB, East Bank Blvd., and Cumberland Park
- Lowered the number of affordable units in Phase 1 from 365 to 200 total units (excluding the 380 affordable units still planned for Parcel A)
- Incorporated a 350,000 GSF Class A trophy office tower on Parcel G as part of Phase 2 in place of 350 affordable residential units that had previously been shown

In response to the Addendum's desired number of affordable housing units in Phase 1, we have adjusted our program to include an office component on Parcel G. The resulting smaller affordable housing development on the west side of Parcel G now allows for a well-proportioned class-A office floor plate on the eastern side of the parcel. We have incorporated this office as part of our planned Phase 2 but would like to reiterate that a speculative office tower is not realistic at this time and will require substantial pre-leasing to be included as part of Phase 2. In saying that, if a large tenant considers the East Bank for office space, we will fight to draw them to this development and, thanks to the flexibility of our design and phasing schedule, can easily pivot parcels to an office use.

While we are still enthusiastic about our original inclusion of substantially more affordable and workforce housing units within Phase 1, we recognize developing neighborhoods like the East Bank require the ability to be nimble and respond to market forces. Therefore, we have adjusted our approach to meet Metro's Addendum requirements. If additional affordable and workforce units above the 200 cap (outside of Parcel A) is ultimately allowed in Phase 1, we would pursue that option to show the community that this new neighborhood is for everyone. Creating mixed income housing that can cater to all individuals is an essential aspect in proving it.





SCENARIO ONE

Assume the developer is not responsible for funding the $75M in external infrastructure. Proposals are not expected to suggest other funding sources for the $75M:

Scenario 1 allows Metro to receive full market-rate ground lease payments and retain all real estate property tax revenues from the start of development. As shown in the below chart, we project that over the first 30 years of our proposed IDA development, Metro will be able to leverage 20 acres of underutilized land (excluding Parcels A and B) to create approximately $658 million dollars of new revenue for the city. In addition, our partnership with Metro will provide Nashville with over 1,000 new high-quality market rate and affordable housing units, a new WeGo hub, connect downtown and the East Bank via the world class Music City Mile, provide TPAC with a signature new location, and create a thriving new arts and entertainment focused neighborhood as part of the IDA development.

Key Assumptions:

- 99-Year Ground Lease Term with 2% annual escalation initiating on a parcel-by-parcel takedown basis

- Property tax revenue streams were calculated by taking the hard cost vaules of each development, reducing that value by 40% and using the applicable Nashville tax rate to determine property tax values. Per Metro guidance, we have grown property tax by 2% annually.

- PILOT program only for affordable housing development

Annual Payments Through 2057	
Real Estate Tax Increase	$364,767,129
Ground Lease Payments	$293,236,753
Total Payments Received by Metro	$658,003,882

Year	Total Annual Payment	Total Real Estate Taxes	Total Ground Lease Payments	Parcel C Multiple Hotels		Parcel D Hotel		Parcel E Residential		Parcel F TPAC		Parcel G Office & Affordable Housing	
				Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease
2025	**$3,500,000**	$0	$3,500,000	$0	$1,250,000	$0	$750,000	$0	$1,500,000			$0	$0
2026	**$3,570,000**	$0	$3,570,000	$0	$1,275,000	$0	$765,000	$0	$1,530,000	**N/A**		$0	$0
2027	**$3,641,400**	$0	$3,641,400	$0	$1,300,500	$0	$780,300	$0	$1,560,600			$0	$0
2028	**$13,418,234**	$6,454,006	$6,964,228	$2,097,138	$2,076,510	$1,477,482	$795,906	$2,869,761	$1,591,812			$9,625	$2,500,000
2029	**$13,686,406**	$6,582,893	$7,103,513	$2,139,081	$2,118,040	$1,507,031	$811,824	$2,927,156	$1,623,648			$9,625	$2,550,000
2030	**$13,959,942**	$6,714,359	$7,245,583	$2,181,862	$2,160,401	$1,537,172	$828,061	$2,985,699	$1,656,121			$9,625	$2,601,000
2031	**$15,999,557**	$8,609,063	$7,390,494	$2,225,500	$2,203,609	$1,567,916	$844,622	$3,045,413	$1,689,244			$1,770,234	$2,653,020
2032	**$17,153,283**	$9,614,979	$7,538,304	$3,103,937	$2,247,681	$1,599,274	$861,514	$3,106,322	$1,723,029			$1,805,446	$2,706,080
2033	**$17,496,349**	$9,807,279	$7,689,070	$3,166,016	$2,292,635	$1,631,259	$878,745	$3,168,448	$1,757,489			$1,841,555	$2,760,202
2034	**$17,846,276**	$10,003,424	$7,842,852	$3,229,336	$2,338,488	$1,663,885	$896,319	$3,231,817	$1,792,639			$1,878,386	$2,815,406
2035	**$18,203,202**	$10,203,493	$7,999,709	$3,293,923	$2,385,257	$1,697,162	$914,246	$3,296,453	$1,828,492			$1,915,954	$2,871,714
2036	**$18,567,073**	$10,407,370	$8,159,703	$3,359,801	$2,432,962	$1,731,105	$932,531	$3,362,382	$1,865,061			$1,954,081	$2,929,148
2037	**$18,962,919**	$10,640,022	$8,322,897	$3,426,998	$2,481,622	$1,765,728	$951,181	$3,429,630	$1,902,363			$2,017,667	$2,987,731
2038	**$19,367,479**	$10,878,124	$8,489,355	$3,495,537	$2,531,254	$1,801,042	$970,205	$3,498,223	$1,940,410			$2,083,321	$3,047,486
2039	**$20,254,836**	$11,595,694	$8,659,142	$3,565,448	$2,581,879	$1,837,063	$989,609	$3,568,187	$1,979,218			$2,624,995	$3,108,436
2040	**$20,659,932**	$11,827,607	$8,832,325	$3,636,757	$2,633,517	$1,873,804	$1,009,401	$3,639,551	$2,018,803			$2,677,495	$3,170,604
2041	**$21,073,131**	$12,064,160	$9,008,972	$3,709,492	$2,686,187	$1,911,280	$1,029,589	$3,712,342	$2,059,179			$2,731,045	$3,234,017
2042	**$21,494,594**	$12,305,443	$9,189,151	$3,783,682	$2,739,911	$1,949,506	$1,050,181	$3,786,589	$2,100,362	**N/A**		$2,785,666	$3,298,697
2043	**$21,924,486**	$12,551,552	$9,372,934	$3,859,356	$2,794,709	$1,988,496	$1,071,185	$3,862,320	$2,142,369			$2,841,379	$3,364,671
2044	**$22,362,975**	$12,802,583	$9,560,393	$3,936,543	$2,850,603	$2,028,266	$1,092,608	$3,939,567	$2,185,217			$2,898,207	$3,431,964
2045	**$22,810,235**	$13,058,634	$9,751,600	$4,015,274	$2,907,615	$2,068,831	$1,114,461	$4,018,358	$2,228,921			$2,956,171	$3,500,604
2046	**$23,266,439**	$13,319,807	$9,946,633	$4,095,579	$2,965,768	$2,110,208	$1,136,750	$4,098,725	$2,273,500			$3,015,294	$3,570,616
2047	**$23,731,768**	$13,586,203	$10,145,565	$4,177,491	$3,025,083	$2,152,412	$1,159,485	$4,180,700	$2,318,970			$3,075,600	$3,642,028
2048	**$24,206,404**	$13,857,927	$10,348,476	$4,261,041	$3,085,585	$2,195,460	$1,182,674	$4,264,314	$2,365,349			$3,137,112	$3,714,868
2049	**$24,690,532**	$14,135,086	$10,555,446	$4,346,261	$3,147,296	$2,239,369	$1,206,328	$4,349,600	$2,412,656			$3,199,855	$3,789,166
2050	**$25,184,342**	$14,417,787	$10,766,555	$4,433,187	$3,210,242	$2,284,157	$1,230,454	$4,436,592	$2,460,909			$3,263,852	$3,864,949
2051	**$25,688,029**	$14,706,143	$10,981,886	$4,521,850	$3,274,447	$2,329,840	$1,255,064	$4,525,324	$2,510,127			$3,329,129	$3,942,248
2052	**$26,201,790**	$15,000,266	$11,201,524	$4,612,287	$3,339,936	$2,376,437	$1,280,165	$4,615,830	$2,560,330			$3,395,711	$4,021,093
2053	**$26,725,826**	$15,300,271	$11,425,554	$4,704,533	$3,406,735	$2,423,966	$1,305,768	$4,708,147	$2,611,536			$3,463,626	$4,101,515
2054	**$27,260,342**	$15,606,277	$11,654,065	$4,798,624	$3,474,869	$2,472,445	$1,331,884	$4,802,310	$2,663,767			$3,532,898	$4,183,545
2055	**$27,805,549**	$15,918,402	$11,887,147	$4,894,596	$3,544,367	$2,521,894	$1,358,521	$4,898,356	$2,717,042			$3,603,556	$4,267,216
2056	**$28,361,660**	$16,236,770	$12,124,890	$4,992,488	$3,615,254	$2,572,332	$1,385,692	$4,996,323	$2,771,383			$3,675,627	$4,352,561
2057	**$28,928,893**	$16,561,506	$12,367,387	$5,092,338	$3,687,559	$2,623,778	$1,413,405	$5,096,250	$2,826,811			$3,749,140	$4,439,612
Total	**$658,003,882**	$364,767,129	$293,236,753	$113,155,958	$88,065,522	$59,938,600	$34,583,678	$116,420,692	$69,167,355			$75,251,879	$101,420,198

Ground Lease Payments Commence Upon Construction Start

*Payments During Construction

*Parcel G Office Breaks Ground

*Parcel C Hotel 2 Breaks Ground

SCENARIO TWO

Assume the developer is responsible for sourcing $75M in private funding for the external infrastructure. Adjusted ground rent terms, up to 50% of property taxes, and other private capital repayment sources are available repayment options. Sales tax is not an available option:

As shown below in the proposed ground lease and real estate tax payment chart, Scenario 2 provides significantly lower overall funds to Metro and creates a substantial period of little to no payments. For this scenario, the beginning ground lease payments outlined in Scenario 1 would instead be used for repayment of the $75 million infrastructure investment resulting in no ground lease payments to Metro on any parcels until repayment of the initial infrastructure investment and corresponding carrying costs are completed. In addition, a PILOT for 50% of the real estate taxes would also go towards the repayment of the $75 million infrastructure investment until it is fully reimbursed. Our proforma shows that the repayment of the $75 million would take approximately 12.5 years. Upon reimbursement, all future ground lease payments and the full real estate tax generated will be paid to Metro in accordance with the below schedule.

In calculating this scenario we used an interest rate at which the project can secure financing that is conservatively 400 basis points higher than what Metro can secure. With Metro now being rated Aa2/AA+/AA+ (Moody's/S&P/KBRA), it allows for a much lower interest rate to fund the infrastructure investment and in turn maximizes Metro's revenue from the ground leases and property taxes throughout the IDA. As you can see in the following example, the cost of capital a developer is able to secure versus what the city of Nashville can achieve is substantial. The delta in interest rate is very impactful, especially regarding a $75 million investment. This difference in rate between Metro and any developer will result in estimated savings upwards of $36 million of interest owed. It also results in a roughly 2.5-year shorter payoff period.

High-level Rate Comparison:

- Metro Finances $75M at an estimated 4% Interest Rate (AA+ Credit Rating)
  - 10 Year Payoff Period through collection of TFC's proposed Ground Lease payments and applying 50% of the increase in Real Estate Property Tax
  - $20M Interest Accrued
  - State of TN recently secured bond pricing of 3.86% (August 2023)

- TFC Finances $75M at an estimated 8% Interest Rate
  - 12.5 Year Payback Period through combination of discounted Ground Lease payments and PILOT for 50% of increase in Real Estate Property Tax
  - $56M Interest Accrued

An option Metro might consider under this scenario to accelerate receiving ground lease payments and the full real estate property tax is to include additional parcels as part of the IDA. The additional parcels (labeled 1-6) as outlined in our Round 3 response and shown on the site plan on the following page will enable faster repayment of the initial infrastructure investment due to more development occurring sooner thereby avoiding additional interest charges. This also incentivizes the developer to start and complete future phases sooner in order to spread the infrastructure costs out over more parcels. The additional parcels help to not only increase the speed in which the neighborhood is established, but also allows Metro to begin capturing the ground leases and real estate taxes sooner than our below projections. With more parcels contributing to pay down the $75 million infrastructure investment, the payback period will be shortened, reducing accrued interest, and shortening the duration of the Real Estate Tax PILOT. Additionally, if the assumed $75 million dollar infrastructure amount were to change as the project is further designed, we are flexible and open to working with Metro to find the best solution for all.

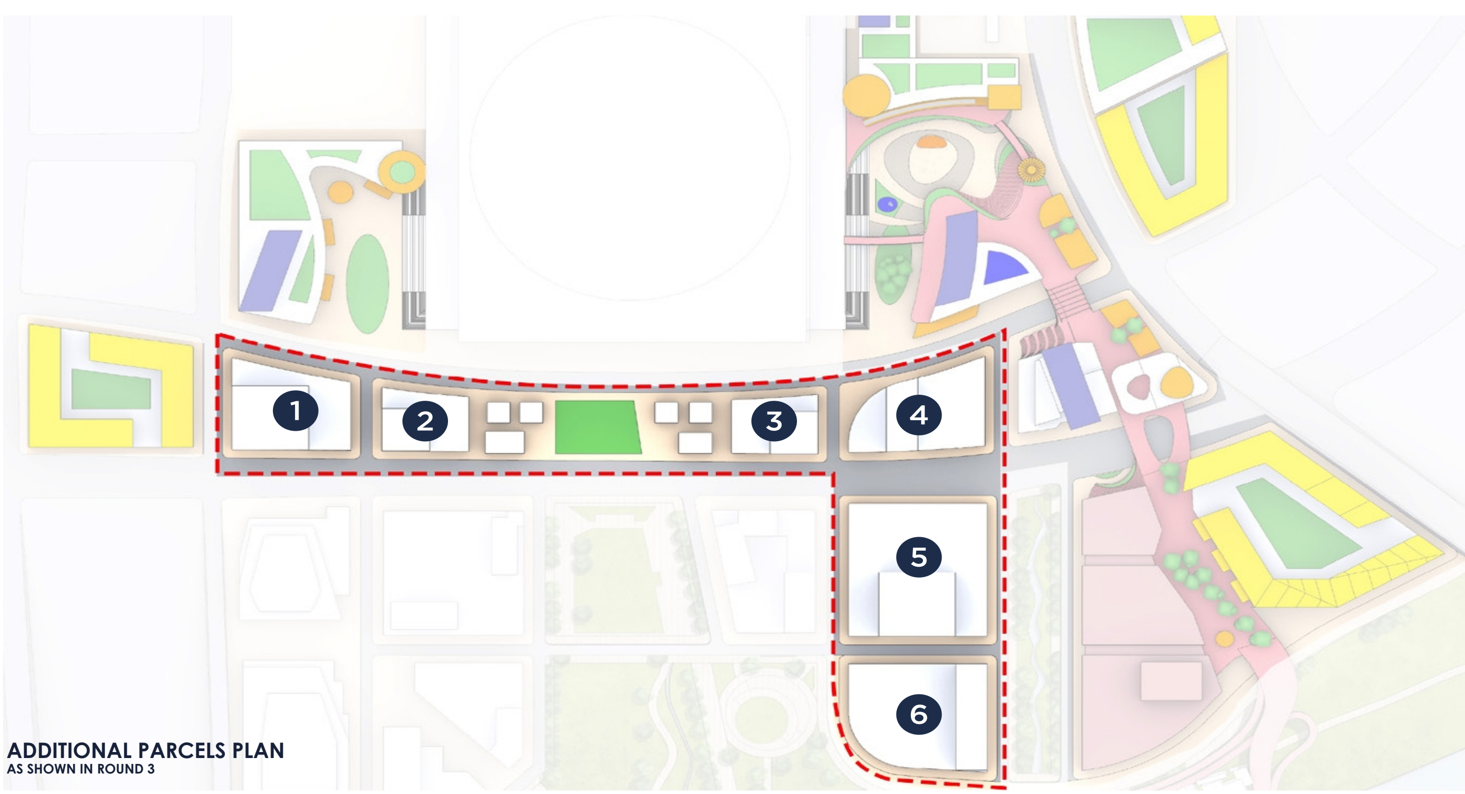
SCENARIO TWO

Annual Payments Through 2057	
Real Estate Tax Increase	$321,629,485
Ground Lease Payments	$206,269,000
Total Payments Received by Metro	$527,898,485

Year	Total Annual Payment	Total Real Estate Taxes	Total Ground Lease Payments	Parcel C Multiple Hotels		Parcel D Hotel		Parcel E Residential		Parcel F TPAC		Parcel G Office & Affordable Housing	
				Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease	Tax	Ground Lease
2025	$0	$0	$0	$0	$0	$0	$0	$0	$0	N/A			$0
2026	$0	$0	$0	$0	$0	$0	$0	$0	$0				$0
2027	$0	$0	$0	$0	$0	$0	$0	$0	$0				$0
2028	$3,231,815	$3,231,815	$0	$1,048,569	$0	$738,741	$0	$1,434,880	$0	N/A		$9,625	$0
2029	$3,296,259	$3,296,259	$0	$1,069,540	$0	$753,516	$0	$1,463,578	$0			$9,625	$0
2030	$3,361,992	$3,361,992	$0	$1,090,931	$0	$768,586	$0	$1,492,850	$0			$9,625	$0
2031	$4,309,344	$4,309,344	$0	$1,112,750	$0	$783,958	$0	$1,522,707	$0			$889,930	$0
2032	$4,812,302	$4,812,302	$0	$1,551,969	$0	$799,637	$0	$1,553,161	$0			$907,536	$0
2033	$4,908,548	$4,908,548	$0	$1,583,008	$0	$815,630	$0	$1,584,224	$0			$925,686	$0
2034	$5,006,719	$5,006,719	$0	$1,614,668	$0	$831,942	$0	$1,615,908	$0			$944,200	$0
2035	$5,106,853	$5,106,853	$0	$1,646,962	$0	$848,581	$0	$1,648,227	$0			$963,084	$0
2036	$5,208,798	$5,208,798	$0	$1,679,901	$0	$865,553	$0	$1,681,191	$0			$982,153	$0
2037	$6,656,613	$6,656,613	$0	$2,141,873	$0	$1,103,580	$0	$2,143,519	$0			$1,267,641	$0
2038	$19,367,479	$10,878,124	$8,489,355	$3,495,537	$2,531,254	$1,801,042	$970,205	$3,498,223	$1,940,410			$2,083,321	$3,047,486
2039	$20,254,836	$11,595,694	$8,659,142	$3,565,448	$2,581,879	$1,837,063	$989,609	$3,568,187	$1,979,218			$2,624,995	$3,108,436
2040	$20,659,932	$11,827,607	$8,832,325	$3,636,757	$2,633,517	$1,873,804	$1,009,401	$3,639,551	$2,018,803			$2,677,495	$3,170,604
2041	$21,073,131	$12,064,160	$9,008,972	$3,709,492	$2,686,187	$1,911,280	$1,029,589	$3,712,342	$2,059,179			$2,731,045	$3,234,017
2042	$21,494,594	$12,305,443	$9,189,151	$3,783,682	$2,739,911	$1,949,506	$1,050,181	$3,786,589	$2,100,362			$2,785,666	$3,298,697
2043	$21,924,486	$12,551,552	$9,372,934	$3,859,356	$2,794,709	$1,988,496	$1,071,185	$3,862,320	$2,142,369			$2,841,379	$3,364,671
2044	$22,362,975	$12,802,583	$9,560,393	$3,936,543	$2,850,603	$2,028,266	$1,092,608	$3,939,567	$2,185,217			$2,898,207	$3,431,964
2045	$22,810,235	$13,058,634	$9,751,600	$4,015,274	$2,907,615	$2,068,831	$1,114,461	$4,018,358	$2,228,921			$2,956,171	$3,500,604
2046	$23,266,439	$13,319,807	$9,946,633	$4,095,579	$2,965,768	$2,110,208	$1,136,750	$4,098,725	$2,273,500			$3,015,294	$3,570,616
2047	$23,731,768	$13,586,203	$10,145,565	$4,177,491	$3,025,083	$2,152,412	$1,159,485	$4,180,700	$2,318,970			$3,075,600	$3,642,028
2048	$24,206,404	$13,857,927	$10,348,476	$4,261,041	$3,085,585	$2,195,460	$1,182,674	$4,264,314	$2,365,349			$3,137,112	$3,714,868
2049	$24,690,532	$14,135,086	$10,555,446	$4,346,261	$3,147,296	$2,239,369	$1,206,328	$4,349,600	$2,412,656			$3,199,855	$3,789,166
2050	$25,184,342	$14,417,787	$10,766,555	$4,433,187	$3,210,242	$2,284,157	$1,230,454	$4,436,592	$2,460,909			$3,263,852	$3,864,949
2051	$25,688,029	$14,706,143	$10,981,886	$4,521,850	$3,274,447	$2,329,840	$1,255,064	$4,525,324	$2,510,127			$3,329,129	$3,942,248
2052	$26,201,790	$15,000,266	$11,201,524	$4,612,287	$3,339,936	$2,376,437	$1,280,165	$4,615,830	$2,560,330			$3,395,711	$4,021,093
2053	$26,725,826	$15,300,271	$11,425,554	$4,704,533	$3,406,735	$2,423,966	$1,305,768	$4,708,147	$2,611,536			$3,463,626	$4,101,515
2054	$27,260,342	$15,606,277	$11,654,065	$4,798,624	$3,474,869	$2,472,445	$1,331,884	$4,802,310	$2,663,767			$3,532,898	$4,183,545
2055	$27,805,549	$15,918,402	$11,887,147	$4,894,596	$3,544,367	$2,521,894	$1,358,521	$4,898,356	$2,717,042			$3,603,556	$4,267,216
2056	$28,361,660	$16,236,770	$12,124,890	$4,992,488	$3,615,254	$2,572,332	$1,385,692	$4,996,323	$2,771,383			$3,675,627	$4,352,561
2057	$28,928,893	$16,561,506	$12,367,387	$5,092,338	$3,687,559	$2,623,778	$1,413,405	$5,096,250	$2,826,811			$3,749,140	$4,439,612
Total	$527,898,485	$321,629,485	$206,269,000	$99,472,537	$61,502,817	$52,070,309	$23,573,429	$101,137,854	$47,146,858			$68,948,785	$74,045,896

Ground Lease Payments Commence Upon Construction Start

*Payments During Construction
*Parcel G Office Breaks Ground
*Parcel C Hotel 2 Breaks Ground



ADDITIONAL PARCELS PLAN
AS SHOWN IN ROUND 3

ADDITIONAL REQUESTS

SUMMARY BY BUILDING

PHASE	PARCEL	BLDG ID	PROGRAM	STORIES	FTF HT	UNIT/KEY/STALL	GSF (SF)	AVERAGE UNIT/KEY
1	C	HT-1	HOTEL	40	11'	450	325,000	722
2		HT-3	HOTEL	16	11'	225	125,000	556
1			PARKING	8	10'	800	390,000	
			RETAIL	1	20'	/	50,000	
1	D	HT-2	HOTEL	26	11'	325	185,000	569
			PARKING	2	10'	120	60,000	
			RETAIL	1	20'	/	20,000	
1	E	RT-1	RESIDENTIAL	12	10'6"	250	250,000	1,000
		RT-2	RESIDENTIAL	18	10'6"	300	330,000	1,100
			PARKING	4	10'	850	425,000	
			RETAIL	1	20'	/	30,000	
1	F	TPAC	CULTURAL					
			PARKING			100		
1	G	RT-3	RESI-AFFORDABLE	5	10'	175	157,500	900
2		OT-1	OFFICE	16	14'	/	350,000	
			PARKING	8	10'	1,100	550,000	
1			RETAIL	1	20'	/	40,000	

GRAND TOTAL				
PHASE	PROGRAM		UNIIT/KEY/STALL	GSF(SF)
1	TOTAL RESIDENTIAL	MARKET RATE	525	737,500
		AFFORDABLE	200	
	TOTAL HOTEL		775	510,000
	TOTAL RETAIL		/	140,000
	TOTAL PARKING		1,770	875,000
2	TOTAL HOTEL		225	125,000
	TOTAL OFFICE		/	350,000
	TOTAL PARKING		1,100	550,000

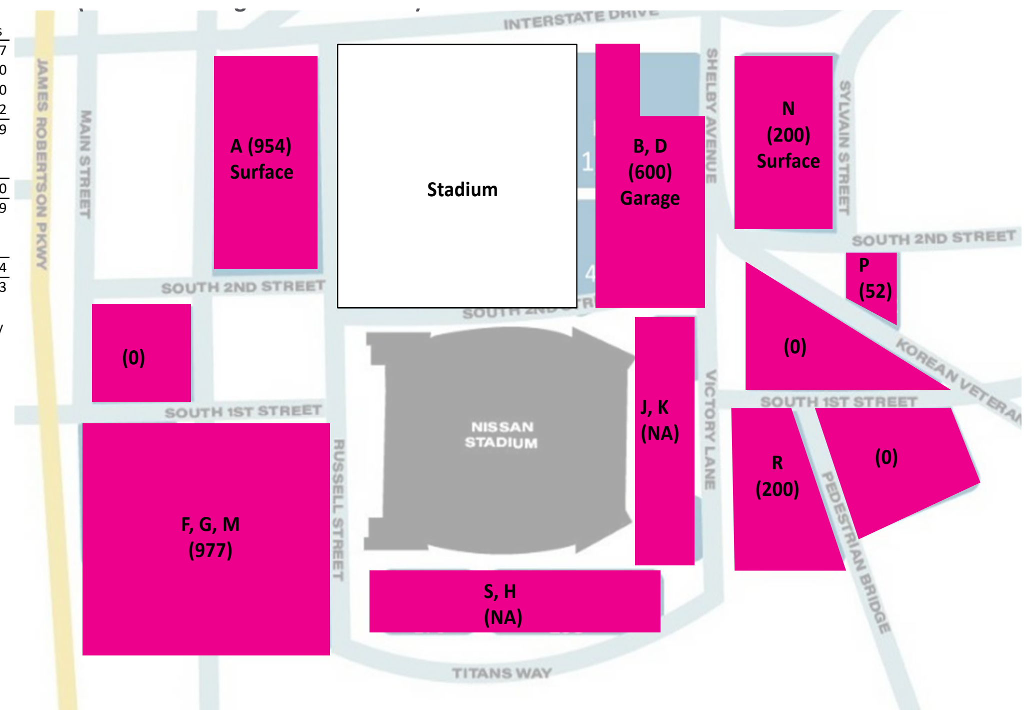
- All residential assumed to have a RBA equal to 80% of the GSF.
- All office assumed to have a RBA equal to 90% of the GSF.
- All retail assumed to have a RBA equal to 95% of the GSF.
- All parking is above grade except for 200 spaces below the Phase 1 Hotel at Parcel C

The Addendum requirements do not impact our previously outlined parking commitments to the Titans. If anything, there should be more surface parking available at Parcel G (Lot N in current Titans labeling) as a result of the Addendum's affordable housing limit. This is due to the smaller footprint of the downsized affordable housing development in Phase 1 leaving us with more acreage for surface parking. The following images show the parking that will be dedicated to the Titans for Major Events at the completion of Phase 1, During construction of Phase 2, and at the full buildout of the revised Addendum IDA. All allocated parking spaces will be above grade.

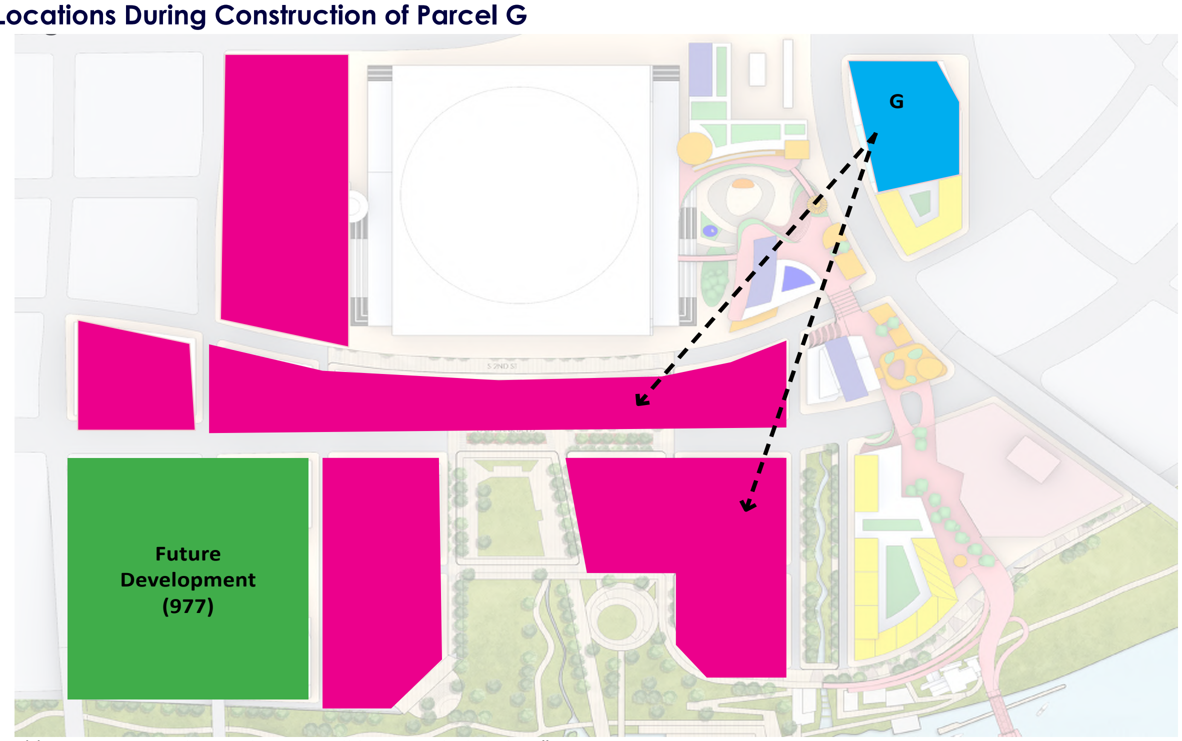
Parking at Completion of Phase 1 (Before Existing Stadium Demo)

Titans Parking Lot Letter	Parking Spaces
F, G, M	977
N	200
R	200
P	52
Total From Non Stadium Village	1429
Stadium Village Buildout in IDA Phase 1	
B, D	600
Phase 1 IDA Buildout	2029
Stadium Village Lot	
A (Titans to make surface parking)	954
Total Parking	2983

** Letters represent current parking lot names designated by Titans **



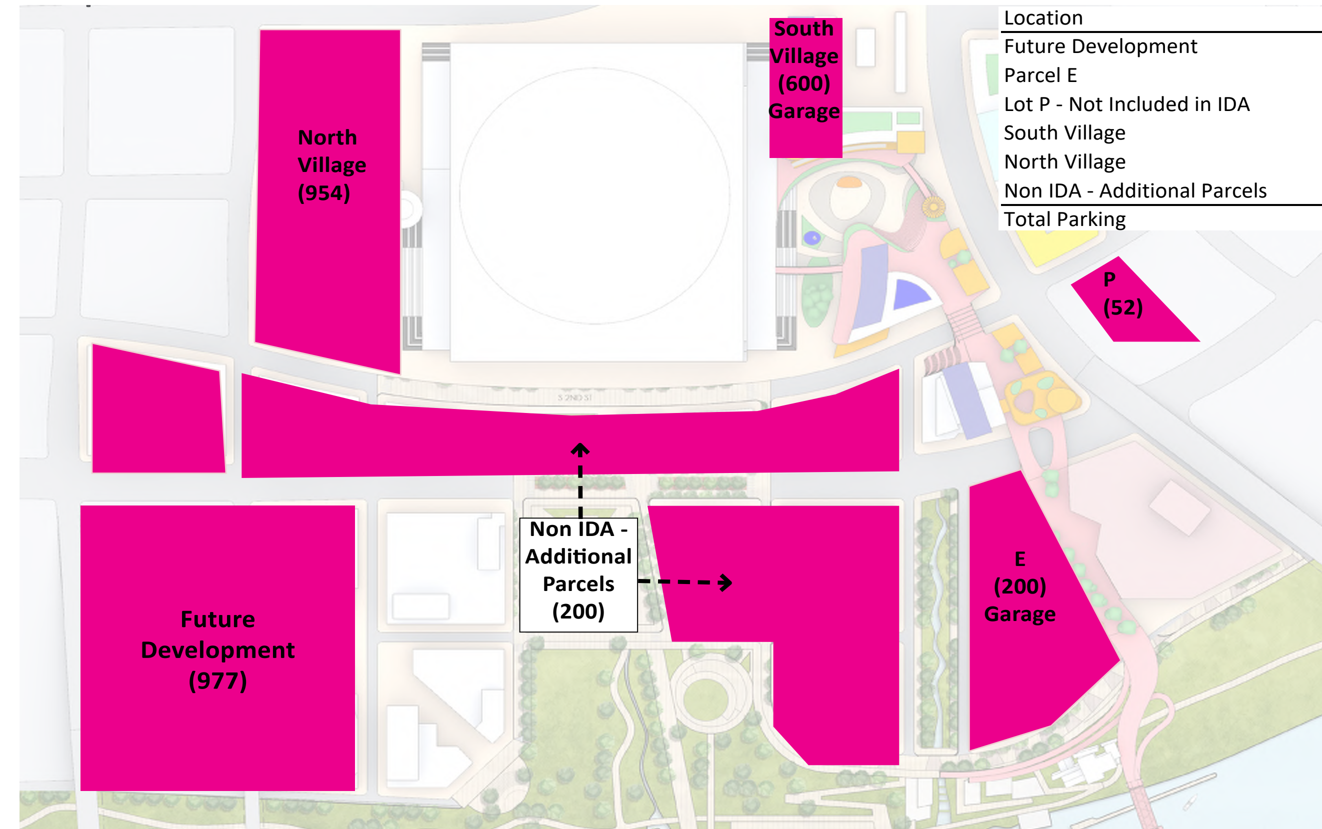
Interim Parking Locations During Construction of Parcel G



Temporary parking solutions will be provided within "Non IDA - Additional Parcels" (shown in pink) during construction of Parcel G.

Required Stadium Parking at Completion of Phase 2 of the IDA

Location	Parking Spaces
Future Development	977
Parcel E	200
Lot P - Not Included in IDA	52
South Village	600
North Village	954
Non IDA - Additional Parcels	200
Total Parking	2983



SOUTH STADIUM VILLAGE FROM MUSIC CITY MILE TERMINUS

1. We were impressed with the percentage of affordable and we're really curious how you're making it work?

Our development team firmly believes equitable communities with diverse housing options create long-term success for neighborhoods. Our shared vision is to excel in achieving the affordable housing goals for the Imagine East Bank Vision Plan. To meet this exemplary goal, we formulated a financing and development plan that matches our collective team's strengths – to strategically finance the affordable housing by layering multiple funding resources together.

By combining local, state, and federal resources, we are able to achieve a well-rounded capital stack to finance affordable and attainable housing. Our team has successfully executed this strategy in similar developments, including Holladay Ventures Shelby House, a mixed-income, mixed-use affordable development at the corner of 5th and Shelby St in East Nashville, just two blocks from the East Bank. For Shelby House, Holladay identified and was awarded 15 different funding sources to finance this complex and costly project. The project consisted of 71,000 sq ft of newly updated facilities with 132 single room occupancy units for the local substance abuse recovery non-profit Samaritan Recovery Community (SRC) as well as 195 units of affordable housing ranging from 20%-80% Area Median Income (AMI). With the redevelopment of Samaritan Recovery facilities, they had the unique opportunity to provide an improved housing path for individuals transitioning out of rehabilitation housing with SRC.

Shelby House Funding Sources Used:

- 4% Low Income Housing Tax Credits
- Tax Exempt Bonds
- Community Investment Tax Credit (CITC) Construction and Equity Bridge Loan
- Fannie Mae Permanent Loan
- National Housing Trust Fund (NHTF) Grant
- Creating Homes Initiative (CHI) Grant
- Tax Credit Assistance Program (TCAP) Grant
- Barnes Fund
- Affordable Housing Gap Financing (AHGF)
- Income Averaging (IA)
- Project Based Vouchers (PBVs)
- Payment In Lieu Of Taxes (PILOT)
- Land Contribution
- GP Equity Contribution
- Letter of Credit

Another way we plan to finance the affordable housing within our project is with mixed-income affordable housing. This approach creates more deeply affordable units while also helping align better financing. Providing units ranging from 30% Area Median Income ($20,970 annual income for an individual) to 80% AMI ($55,920) creates a truly mixed-income community and aligns with the goals of the Imagine East Bank Vision Plan of equitable housing opportunities. We can achieve these varying levels of AMI by utilizing a federal tool called "Income Averaging," which allows us to provide a mix of different income units, so long as our average income of all the units is at 60% AMI. This helps the financing by allowing units at the 80% AMI level.

As further evidence of our team's ability to perform, Holladay Ventures has successfully been awarded roughly 90% of the grants for which they submitted across their various affordable housing and mixed-use developments. To ensure the success of our projects, we are intentional in each step of the development process, from design to finance, to grant writing and creating a resident empowerment service plan that makes each development unique, impactful, intentional, and sustainable. We intend to clearly distinguish each development in terms of how it can set itself apart in a way that creates better long-term outcomes for residents, the community at large, and the environment. This helps gain the necessary political and community support to stand out within the grant writing efforts by showing what we are proposing is clearly a community-first development.

Within our East Bank proposal, not having any ground-lease payments on the affordable Parcels (A and G) creates a strong foundation to finance the affordable housing. However, given the urban and complex nature of each proposed affordable development, we will need to pursue every grant and funding resource available to our team across city, state, and federal levels, as well as leveraging possible private capital such as the Amazon Housing Equity Fund.

Delivering affordable housing on the East Bank will require working closely with MDHA and utilizing Project Based Vouchers (PBVs). Project Based Vouchers allow for the resident to only pay 30% of their monthly income on rent, and the remainder (no matter how much) is covered by the Voucher. This is an extremely vital tool in providing deeply affordable housing options.

We have thoroughly explored the ways in which we will finance and deliver the substantial amount of affordable housing we previously proposed. We are still enthusiastic about our original submission and believe the various sites we designated to be affordable/workforce housing will help shape a neighborhood we can all be proud of. For these reasons, our team of Partners and Co-developers are deeply committed to prioritizing affordable housing and the creation of a more equitable neighborhood.

2. Can you tell us more about how you determined your phasing schedule and when you could deliver your first project?

In determining our phasing schedule, we prioritized having a substantial first phase in order to successfully create a vibrant neighborhood to align with the opening of the new Titans stadium. Our priorities are the walkability and connection from west to east across the river facilitated by a new elevated Music City Mile pedestrian system, ample affordable/workforce housing, and market rate housing options, and activated streets with abundant retail offerings that will all provide the necessary foundation for a dynamic and active community. In addition, hospitality offerings will be constructed on Parcel D and a larger full-service hotel located adjacent to the South Stadium Plaza at Parcel C. By front loading all of this development into the first phase of the IDA, it allows for economies of scale to leverage advantageous construction pricing. Additionally, this approach minimizes future development disruption to the neighborhood and Titans, establishes a safer community with more "eyes on the streets," increases the speed to which Metro will capture additional sales and property taxes, delivers the necessary adjacent hotel keys in order for the stadium to host the desired large events sooner, and allows for neighborhood identification to be created and fostered.

As included in our Round 3 submission, we will ensure the necessary initial density for a successful and inclusive neighborhood. Based on the Addendum criteria, we intend to deliver Phase 1 as follows:

Parcel C: 450 Key Full-Service Hotel, Multi-Story Retail, Parking Garage, and Grand Plaza
o Construction Start: Q2 2025
o Phased Project Delivery: Q2 2027 - Q3 2027

Parcel D: 325 Key Hotel and Retail
o Construction Start: Q2 2025
o Project Delivery: Q2 2027

Parcel E: 550 Multifamily Units (~25 Affordable Units)
o Construction Start: Q3 2025
o Phased Project Delivery: Q3 2027 - Q4 2027

Parcel G: 175 Multifamily Units (100% Affordable Units)
o Construction Start: Q2 2026
o Project Delivery: Q2 2028

3. Your program is heavily weighted towards hotel and residential. Can you describe how you arrived at the proposed mix?

The commercial office market has experienced an unprecedented devaluation since the start of COVID-19 in 2020. Increasingly, tenants are shifting to hybrid or work-from-home operating models, dramatically reducing office space needs in urban cores. Nashville is no exception. Since 2020, Nashville CBD office vacancies have risen to 19.4% according to Cushman & Wakefeld's latest report and similar reports from other trusted sources. Due to this demand reduction, speculative commercial offices are not commercially viable for the foreseeable future. While our proposed development and TFC's development history readily accommodate flexibility and reacting to market demands, we feel office is not realistic as part of Phase 1.

Our proposed development program is one that we believe is financeable and can be delivered within our proposed timeline. Our focus has been on creating a dense initial phase that delivers at the same time as the new stadium. The way to achieve the desired density is through the combination of viable and financeable asset classes. Hospitality is a great fit in Nashville and is furthermore desired when located directly beside the new Titans Stadium. Nashville's hotel demand far outpaces the current and under development supply and we are very confident in the number of new rooms we plan to deliver.

Additionally, full time residents are the lifeblood of any true neighborhood. That is why we focused heavily on delivering both affordable and market-rate units. The two differing residential products do not compete and are actually a very good complement to each other. The substantial number of units we proposed will activate the streets, support the retail offerings, and most importantly, start to establish the neighborhood fabric for the East Bank to grow from. The market-rate residential was intentionally divided into two towers to allow for the ability to provide differing finishes which can then be made available at varying rental price points to help expediate absorption rates and the project's overall success. Economies of scale will be gained thanks to the size of the market-rate development with savings being achieved through shared amenity levels that provide direct connections to the countless surrounding attractions. We are excited to make this an inclusive neighborhood for all who would like to be a resident.

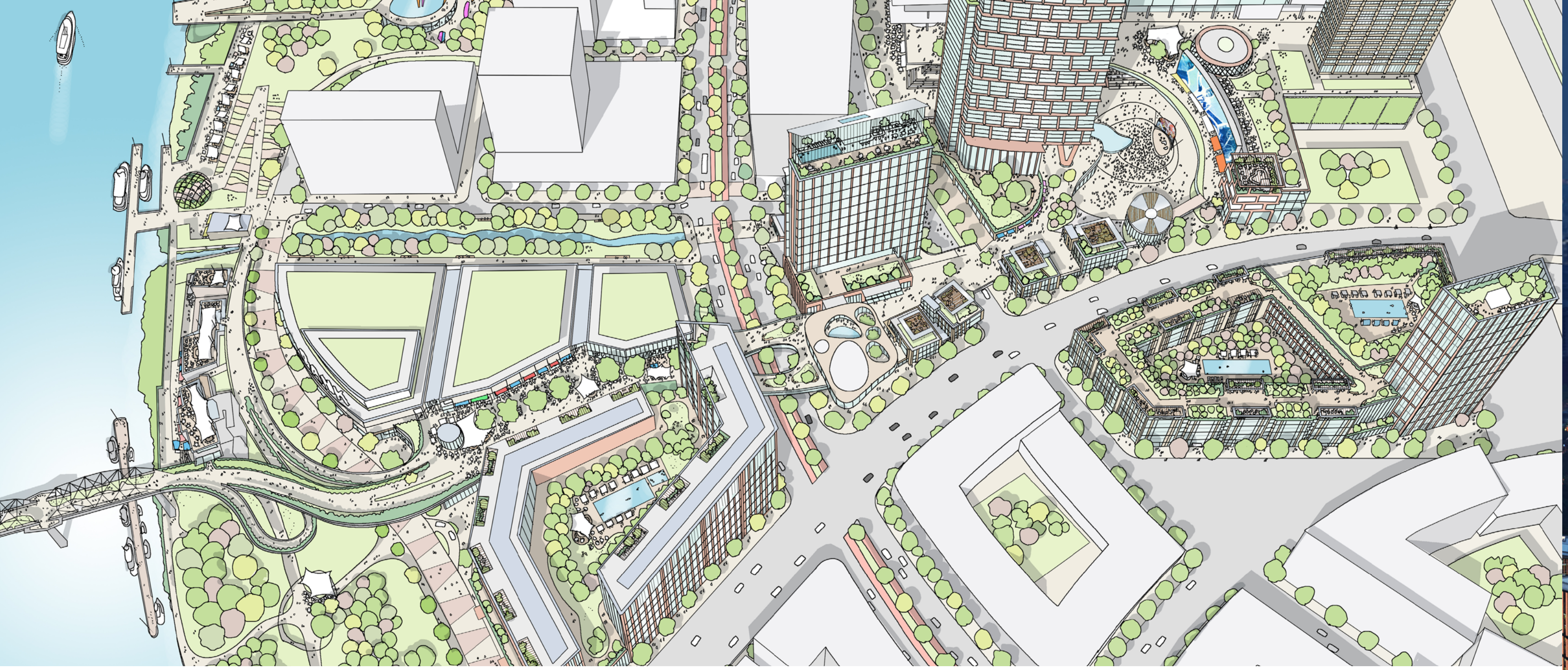
For these reasons, we are eager to deliver our proposed iconic first phase of the development and are confident in the asset types and sizes included.

4. How does the proposed share of affordable units within the project impact the retail viability on site?

The proposed retail quantities, locations, sizes, and types have been meticulously scrutinized throughout the master planning process by our entire team of co-developers and master consultants. Our focus is to ensure that our proposed retail offerings are appropriate, viable, and complementary of the other uses throughout the IDA and the broader East Bank. We were very intentional as we formed our development team of both local and national co-developers and master consultants who share a vision of encompassing best practices across all programmatic uses, particularly retail and ground plane activation.
Our team's collective experience is that mixed-income projects enhance retail viability rather than hinder it. Our team strongly believes that the proposed share of affordable units, the retail program, and the entire vision align with the expressed goals of the community and Metro, as well as share alignment with the future patrons of the Titans Stadium, the forthcoming Tennessee Performing Arts Center, and the planned public spaces, who will all be our future neighbors on the East Bank. We will have a wide variety of diverse offerings throughout the retail we deliver which will meet the needs of all Nashvillians, particularly the local residents and surrounding neighborhoods. The East Bank will become a preferred destination where all socioeconomic classes can shop, dine, play, and enjoy together. We are not concerned about the impact from our proposed number of affordable housing units on the viability of the retail as we intend to create a neighborhood that has offerings for all.

All three of our co-development partners, Edens, Holladay Ventures, and Pillars Development, provide extensive urban retail experience and unique perspectives that further informed and enhanced our retail design. Edens, a leader in retail economics and retail experience curation, has been heavily involved in shaping our retail and overall programing approach. The proposed retail locations and sizes are based on detailed market studies and the objective that this development will attract not only local customers on site and from the surrounding neighborhood, but also from the broader region. The diversity of income levels and household types allows for a diverse retail offering to be provided and supported. Holladay Ventures curates partnerships that are aimed specifically at meeting the needs of their residents, and the most prominent needs are services and retail options that are accessible and affordable. Pillars Development has had, and continues to have, a high level of engagement in the nearby communities and participated heavily in the *imagine* **east**bank vision plan. With these insights, we firmly believe the retail program proposed is responsive to the community's input and delivers on the accessibility, equitability, and affordability voiced by the East Bank's many stakeholders and will therefore be very successful.

Just as important as the retail programming is the ability to design an active, inviting, organized, and memorable ground plane environment that successfully feeds the retail spaces. James Corner Field Operations (JCFO) is the preeminent landscape and urban designer in the world that is renowned for strong contemporary design of large urban districts and complex planning sites, much like the East Bank. JCFO is committed to the creation of vibrant and dynamic public realms, informed by the ecology of both people and nature, rooted in place and context. Their focus on bold physical design, spatial experiences, and the poetics of place have shaped their many transformational projects such as New York's highly acclaimed High Line, Chicago's Navy Pier, Seattle's Waterfront, Doha's new Arts and Cultural District, and San Francisco's Presidio Tunnel Tops. As an exclusive master consultant for our East Bank project team, JCFO will ensure the Music City Mile pedestrian experience, along with its integration and connection throughout the IDA, will be a world-class equitable experience and destination for all. These iconic spaces will serve as "front porches" for the retail throughout the IDA and help attract both retailers and consumers.



SUMMARY OF METRO BENEFITS:

Development Team:

- ✓ Proven Track Record of Waterfront Mixed-Use Development
- ✓ Well Capitalized Privately-Owned Developer
- ✓ Established Nashville Based Development Team
- ✓ Trusted Long-Term Partners
- ✓ Mixed-Income and Affordable Housing Experts
- ✓ Strong Commitment to Diversity, Equity, and Inclusion
- ✓ Extensive History of Public-Private Partnerships and Ground Leases

Proposed Development:

- ✓ Connected East and West Banks via Music City Mile
- ✓ Extensive Affordable Housing Commitment
- ✓ Substantial Infrastructure Investment
- ✓ Over $600M in Projected Real Estate Tax and Ground Lease Payments
- ✓ Equitable & Vibrant Mixed-Use Neighborhood
- ✓ Replacement of Parking Required by Metro in Titans Lease
- ✓ Waterfront Activation and Connection of Greenways
- ✓ Integration of TPAC and Required Titans Staging Area
- ✓ Market Leading Commitment to DE&I throughout IDA
- ✓ WeGo Hub Financed and Delivered within Affordable Housing and Retail Development