FINANCIAL NARRATIVE

Meander is a 2.4 million square foot mixed-use development in Seattle's Pioneer Square Neighborhood. Built around a belief in inclusive transit access and walkability, Meander's creation is deeply rooted in the context and history of its surroundings. Our new buildings are 100% timber built; a homage to the Pacific Northwest's logging past, and the economic activity which first spurred development in Meander's neighborhood. A relatively new type of construction which is gaining momentum across America, building with timber is seen as developing ecological and design-conscious buildings with greater financial and environmental sustainability.

An important assumption in our financial model is the $450/sf construction costs for timber high rises – this was developed based on the world's tallest mass timber building, Milwaukee's Ascent's $253/sf, adjusted for increased scale and labor costs for Seattle when compared to Wisconsin. The cost of new construction along with expected land values have raised the bar higher than the market demand. Other key assumptions which deeply affect our financing are the cost of land – In our aim to further inclusivity, Meander's financial success is built upon 99-year land leases with King County, as well as a model which assumes a 30% reduction on the assessed prices of parcels which are county-owned as well as a 40% reduction to county structures currently experiencing very low levels of usage. These leases are planned to aid our ability to serve lower income households within the community.

Through an innovative capital stack comprised of commercial debt, private investment, and a wide range of appropriate subsidies, Meander has met this challenge of a positive return on cost as outlined in the detailed pro forma. Furthermore, our development consists of 26% affordable units across the board throughout all buildings and phases, as well as 4% luxury units.

Phase 1

Phase 1 is financially healthy due to its components – consisting of remodeling the Yesler Building and the King County Courthouse into mixes of residential and retail, as well as developing Parcel C into a mixed-use development which includes a residential tower, retail, and a Harborview Medical-affiliated homeless outreach clinic, resulting in an FAR of 8.51. We calculate a resulting value of $520M, compared to a project cost of $458M; the result is a post-LIHTC return on cost of 25%, and a Net Operating Income of $24M. We intend on closing this phase's resulting funding gap of $15M (compared to a 30% return on cost) majoritarily through the City of Seattle's Office of Housing historic preservation grants, the U.S. Forest Service Wood Innovation Program, the Federal Infrastructure Investment and Jobs Act Water Reuse Fund, and Seattle's Partnership for Zero Coalition.

Phase 2

Phase 2 is relatively financially challenged when compared to Phase 1; this is a result of an FAR of 6.59 derived from relatively high percentages of public use areas combined with our development of a low-slung Transit Hub which will provide significant public benefits. Resulting from this is a project value of $326M, a project cost of $339M, and a post-LIHTC return on cost of 12%; the financing gap when compared to a 30% ROC is of $41M. Starting its two-year construction process the quarter after Phase 1's close-out, we will seek funding from various sources as Meander's initial proof of concept Phase starts operating. We will seek $15M from two portions of the Federal Infrastructure Investment and Jobs Act through its Water Reuse Infrastructure and Public Transportation programs; Amazon's Housing Equity Fund will provide $20M in funding; Seattle's Partnership for Zero coalition could provide $3M; the U.S. DOT's TOD program would provide $2M in funding; the U.S. Forest Service's Wood Innovation Program would provide $2M.

Phase 3

Phase 3 consists of relatively high densities, including a new tower on Parcel L; our resulting FAR is 8.18. Our project value is $477M, compared to a project cost of $405M; our post-LIHTC ROC is 33%.

The unleveraged annual Internal Rate of Return on Meander is 7.4%, while our leveraged annual IRR is 12.8%. Our final ROC is 24.1%.