

Financial Model Update

Board of Directors Meeting

June 7, 2016



FINANCIAL MODEL OVERVIEW:

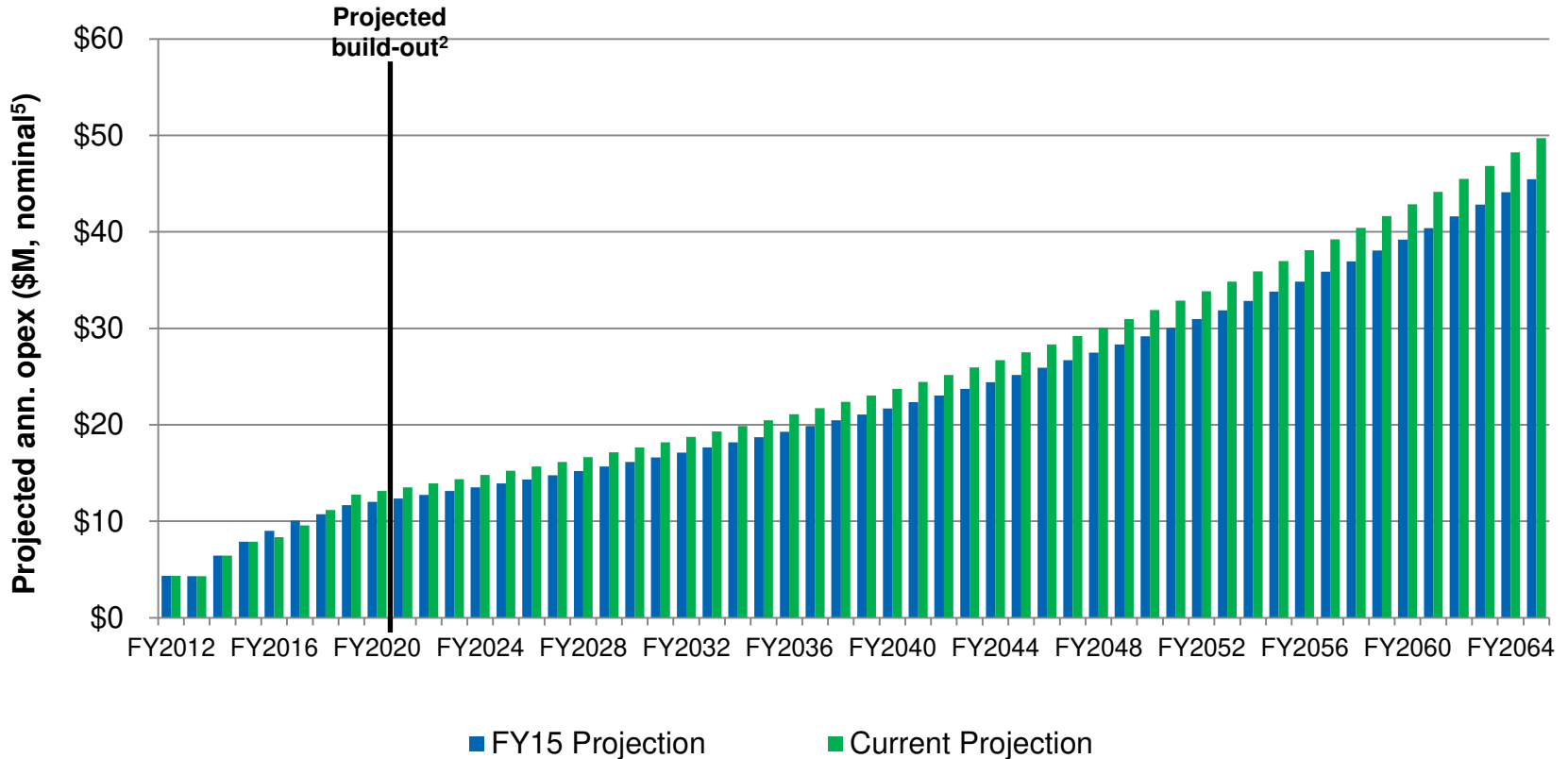


OPERATING EXPENSES UPDATE:

Expenses	Operating budget	<ul style="list-style-type: none">• Updated Phase-in schedule• Update growth projection due to new park visitation
	Capital Maint. Reserve	<ul style="list-style-type: none">• No Change
	Maritime Repair Reserve	<ul style="list-style-type: none">• No Change¹

1. Previously, reactive maritime maintenance estimates were based on a price of \$1,100/LF. Recent proposals received by BBP have indicated that these prices have increased to \$1400/LF. However for the purposes of this estimate, we are still assuming \$1,100/LF.

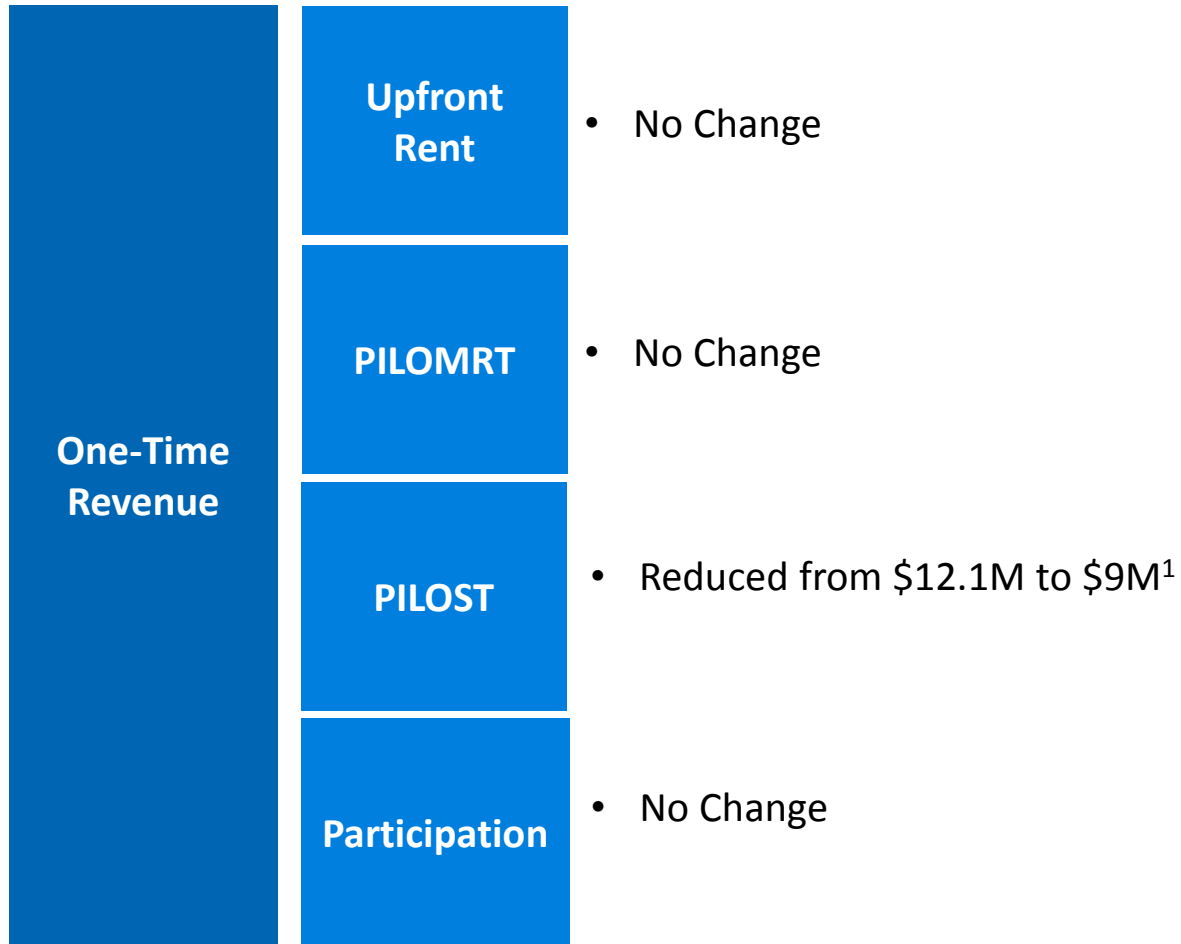
OPERATING EXPENSES UPDATE: Revised M&O Expense Projection



NOTE: FY12 to FY16 derived from approved BBP budgets, FY17 from proposed budget, and FY18 to FY65 from projections

1. Expense growth prior to projected build out based on (i) addition of new parkland, (ii) increased visitation at existing parkland, and (iii) projected inflation
2. Park construction projected to be completed during FY20
3. Expense growth during after projected build out projected to be 3% annually, the historical average rate of inflation in the US
4. Nominal values include inflation

REVENUES UPDATE:



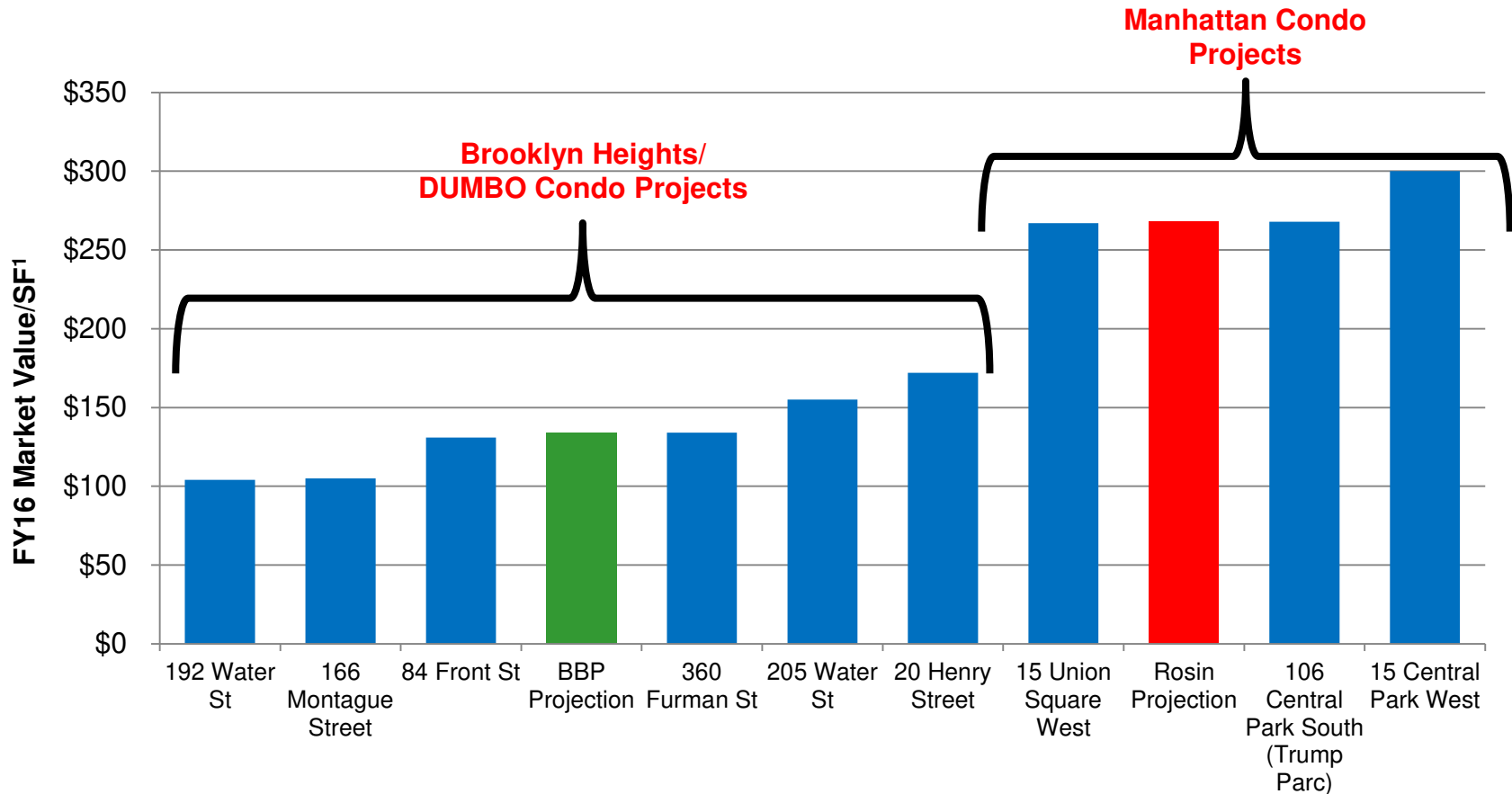
1. Based on actual construction costs at John St, Empire Stores and Pierhouse development near the end of construction.

REVENUES UPDATE:

Recurring Revenue	Ground Rent	<ul style="list-style-type: none"> No Change 		
	PILOT	<ul style="list-style-type: none"> Residential² Hotel³ Commercial³ 	<u>Market Value/SF</u> Prev FY16 Projection \$127/SF \$221,000/Room \$197/SF	<u>Current Projection</u> \$134/SF \$243,000/Room \$257/SF
	Transfer Fees	<ul style="list-style-type: none"> No Change 		
	Other Revenue ¹	<ul style="list-style-type: none"> No Change 		

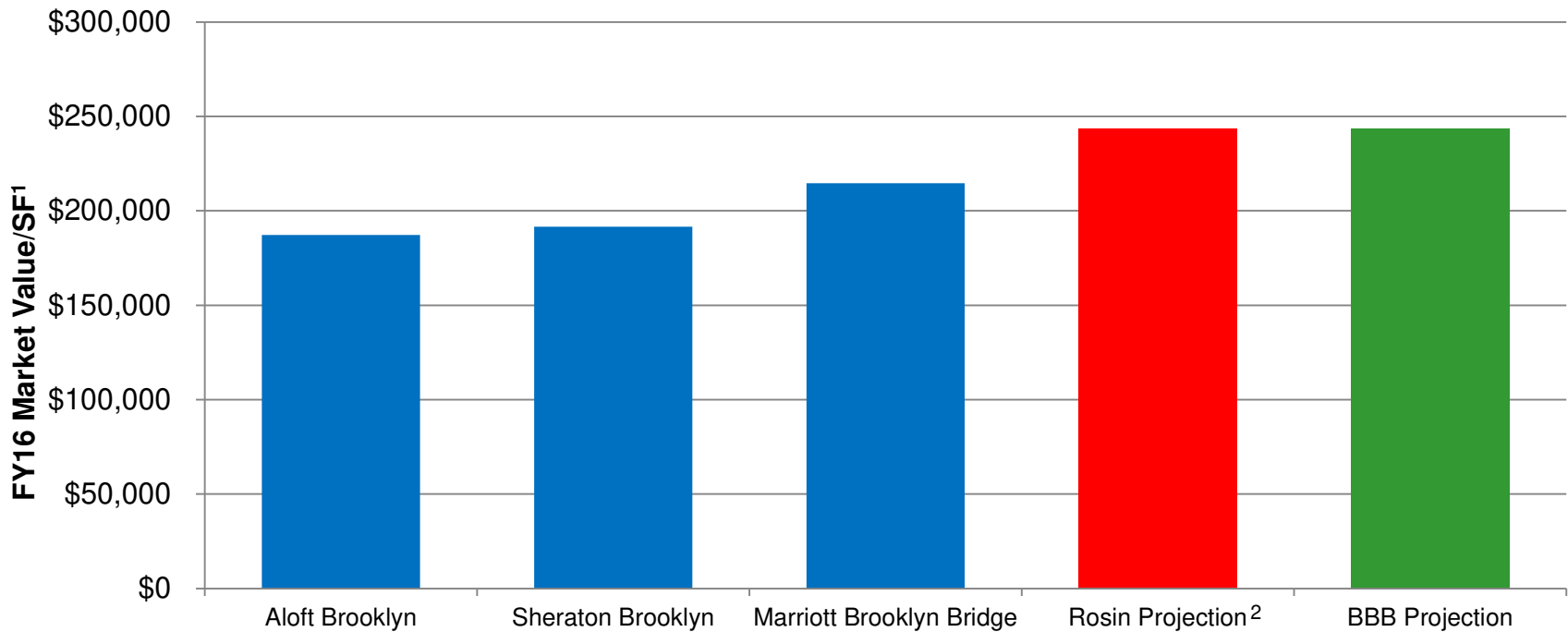
1. Other Revenue includes Concessions, License Fees, Permit Fees, and Events Fees
 2. Residential Properties include 1 John St, Pierhouse and One Brooklyn Bridge Park. Impact of the change from One BBP is limited due to J-51 exemption and abatement
 3. Impact of changes to hotel and commercial PILOT levels is limited due to expected ICAP exemption on both properties

REVENUES UPDATE: Market Value/SF for Comparable Residential Properties



1. FY16 Market Value/SF from DOF Cooperative/Condominium Comparable Rental Income Archives <http://www1.nyc.gov/site/finance/taxes/property-cooperative-and-condominium-comparables-archives.page>

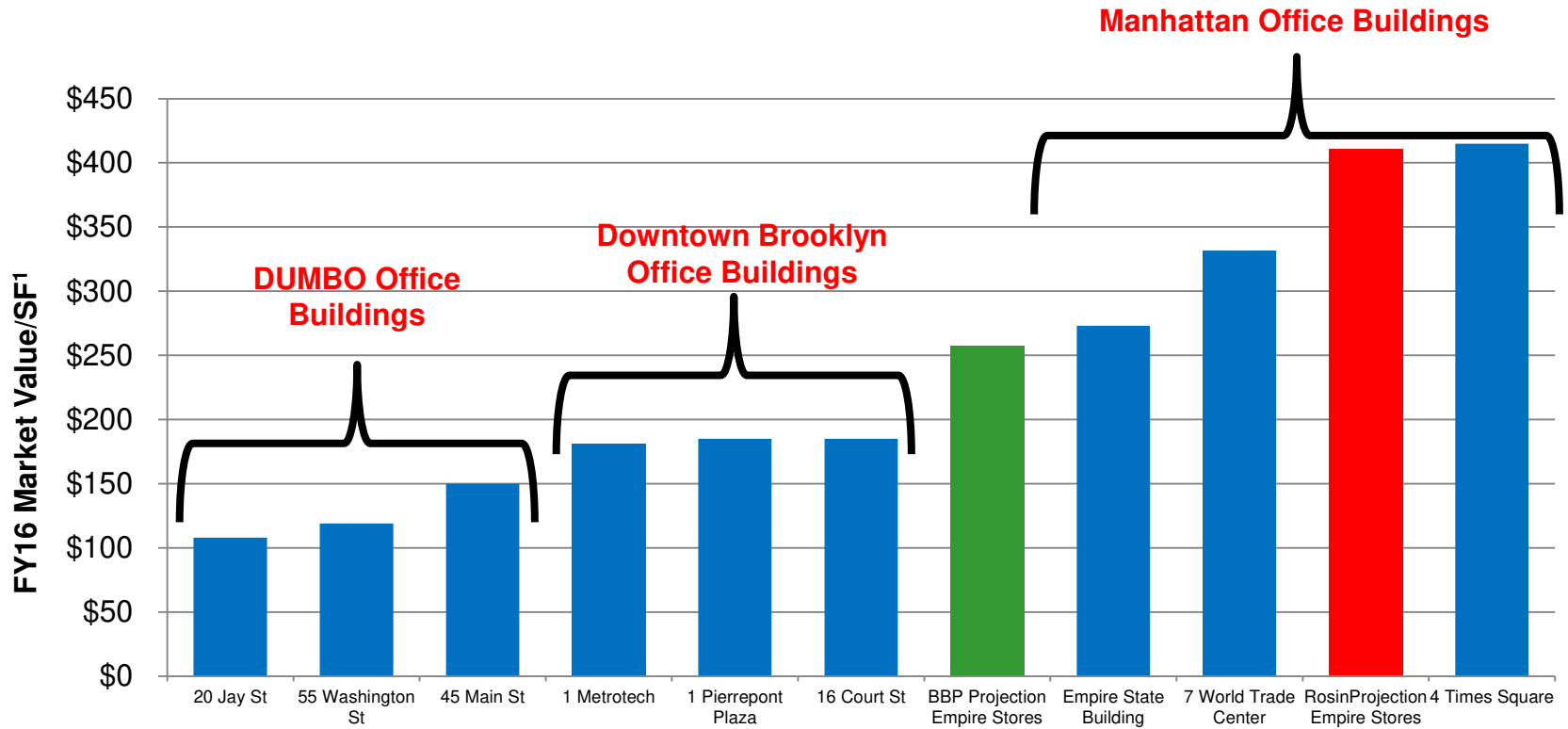
REVENUES UPDATE: Market Value/Room for Comparable Hotel Properties



1. FY16 Market Value/SF from January 15, 2016 DOF Notice of Property Value

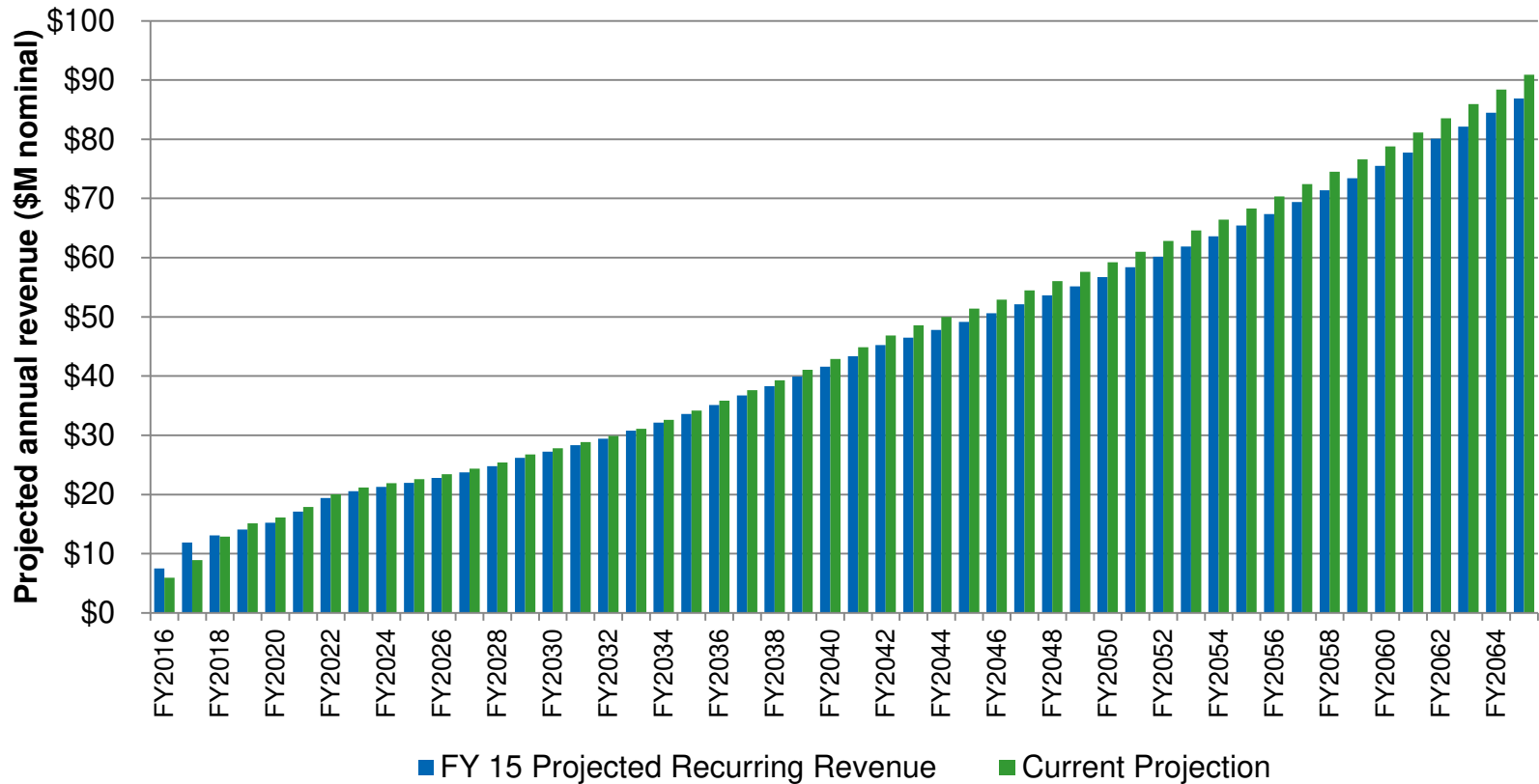
2. The Rosin report combines the residential and hotel components of Pier 1 into 1 market value. BBP has calculated Rosin's hotel MV by assuming that Rosin was applying the John Street projections to the residential component of Pier 1 and then subtracting it from the total.

REVENUES UPDATE: Market Value/SF for Comparable Office Properties



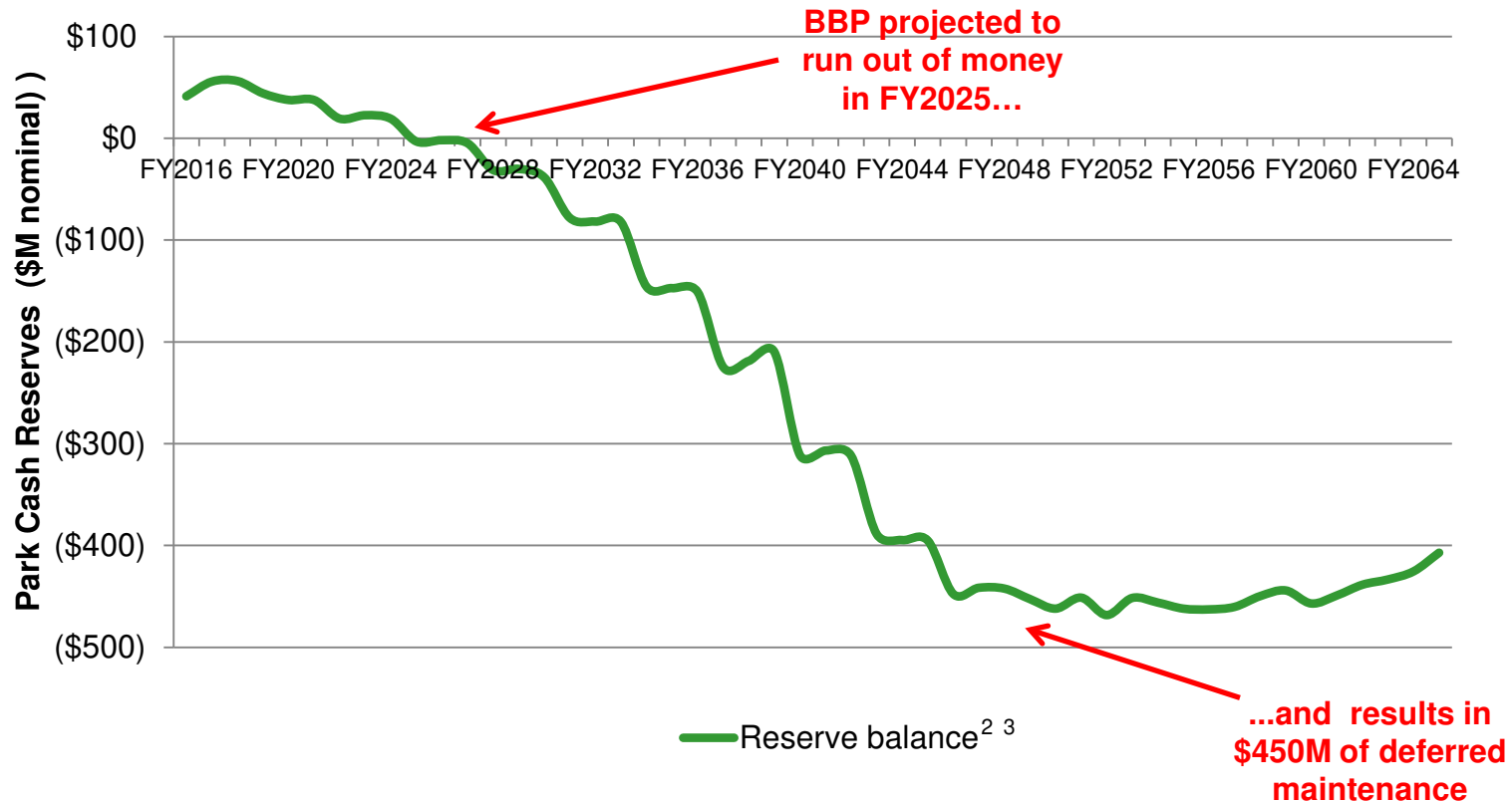
1. FY16 Market Value/SF from January 15, 2016 DOF Notice of Property Value

REVENUES UPDATE: Revised Recurring Revenue Projection



1. Growth driven by commencement of ground rent and by PILOT values increasing as buildings are constructed and occupied
2. Assumes 3% inflation of PILOT, defined escalation terms on ground leases

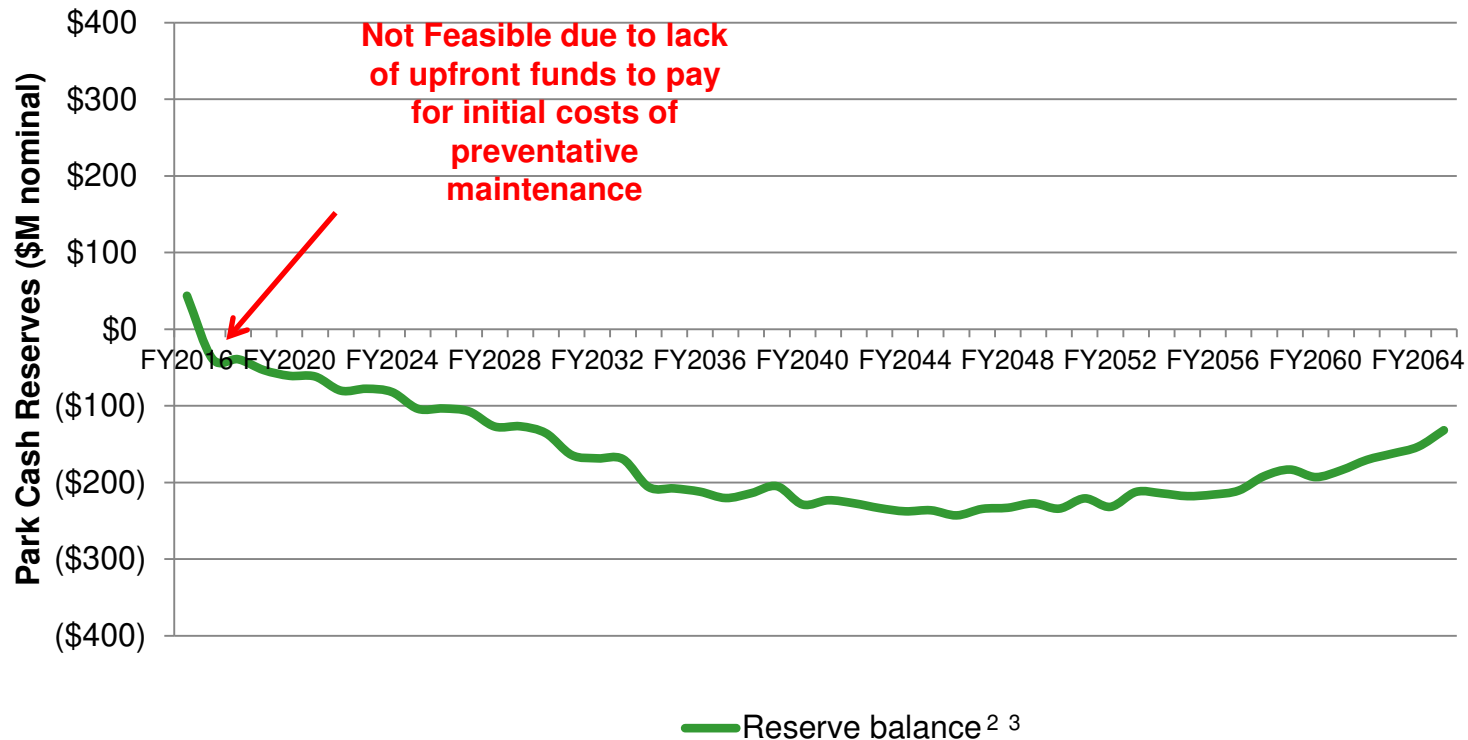
CASHFLOW PROJECTION: Assuming no Pier 6¹ (reactive maritime approach)



1. Cashflow projection assumes no revenues from Pier 6 development sites
 2. Includes all projected expenses (opex, maritime, and capital maint.) and all projected revenues (one-time, recurring, and rev from abatement expirations)
 3. "Reserve balance" is aggregate beginning balance of operating, capital maintenance, and maritime maintenance reserve funds in any given year
- NOTE: Cost of borrowing during negative "Reserve fund balance" years not included

CASHFLOW PROJECTION:

Assuming no Pier 6¹ (preventative maritime approach)



1. Cashflow projection assumes no revenues from Pier 6 development sites

2. Includes all projected expenses (opex, maritime, and capital maint.) and all projected revenues (one-time, recurring, and rev from abatement expirations)

3. "Reserve balance" is aggregate beginning balance of operating, capital maintenance, and maritime maintenance reserve funds in any given year

NOTE: Cost of borrowing during negative "Reserve fund balance" years not included

CASHFLOW PROJECTION:

Pier 6 development site financial offer

Subject to approval by BBP Board

One-time revenue

Upfront rent	\$104M
PILOST ¹	\$4M
PILOMRT ¹	\$7M
TOTAL²	\$115M

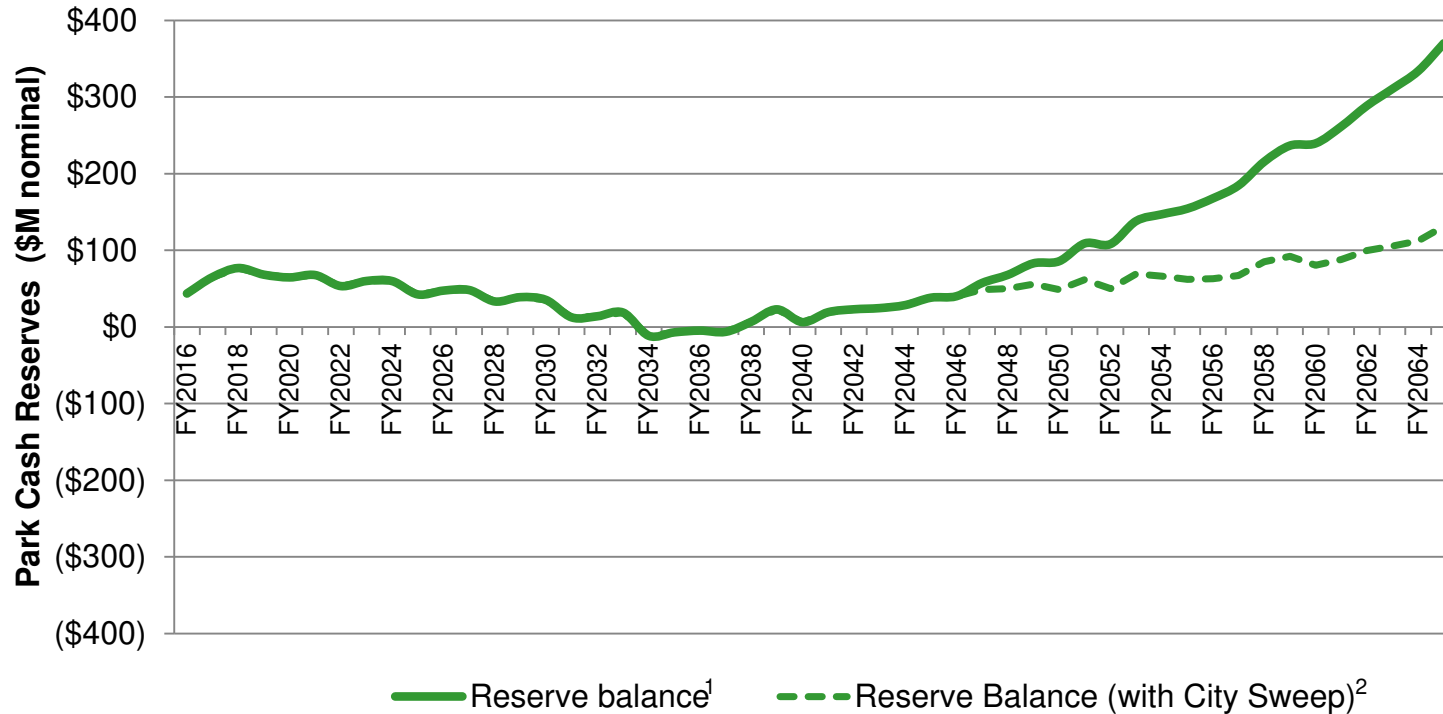
Recurring revenue

Ground rent ³	\$0.6M/yr
PILOT ¹	\$1.8M/yr
Park Transfer Fee ⁴	\$0.3M/yr
TOTAL	\$2.7M/yr



1. Projected values based on current DOF valuation of comparable buildings
2. Although the proposal includes an offer of participation rent offer at 15% of all revenues over an average net per square foot sales price of \$2,200, given current market conditions, BBP is not projecting any revenue from this offer
3. Growth rate is 7.5% every 5 years
4. Beginning ten years after Substantial Completion, BBP receives Park Transfer Fee of 0.75% of the sale price of each sold unit

CASHFLOW PROJECTION: With Pier 6 (preventative approach)



1. "Reserve balance" is aggregate beginning balance of operating, capital maintenance, and maritime maintenance reserve funds in any given year
 NOTE: Figures include annual 1% return on invested capital (i.e., the reserve balance)
 2. Assumes City sweep of excess PILOT revenue starting in FY2047 equivalent to \$3.5M in FY2016\$

Conclusion

- Model has long history and has been publicly vetted over 10+ years
- Updates include FY2016 PILOT numbers, more accurate PILOST projections, and refined park construction schedule
- Without revenues from Pier 6 development sites BBP cannot fulfil its mandate to be financially self-sufficient
- The recommended Pier 6 RFP proposal provides an appropriate level of revenues to ensure the park remains financially solvent