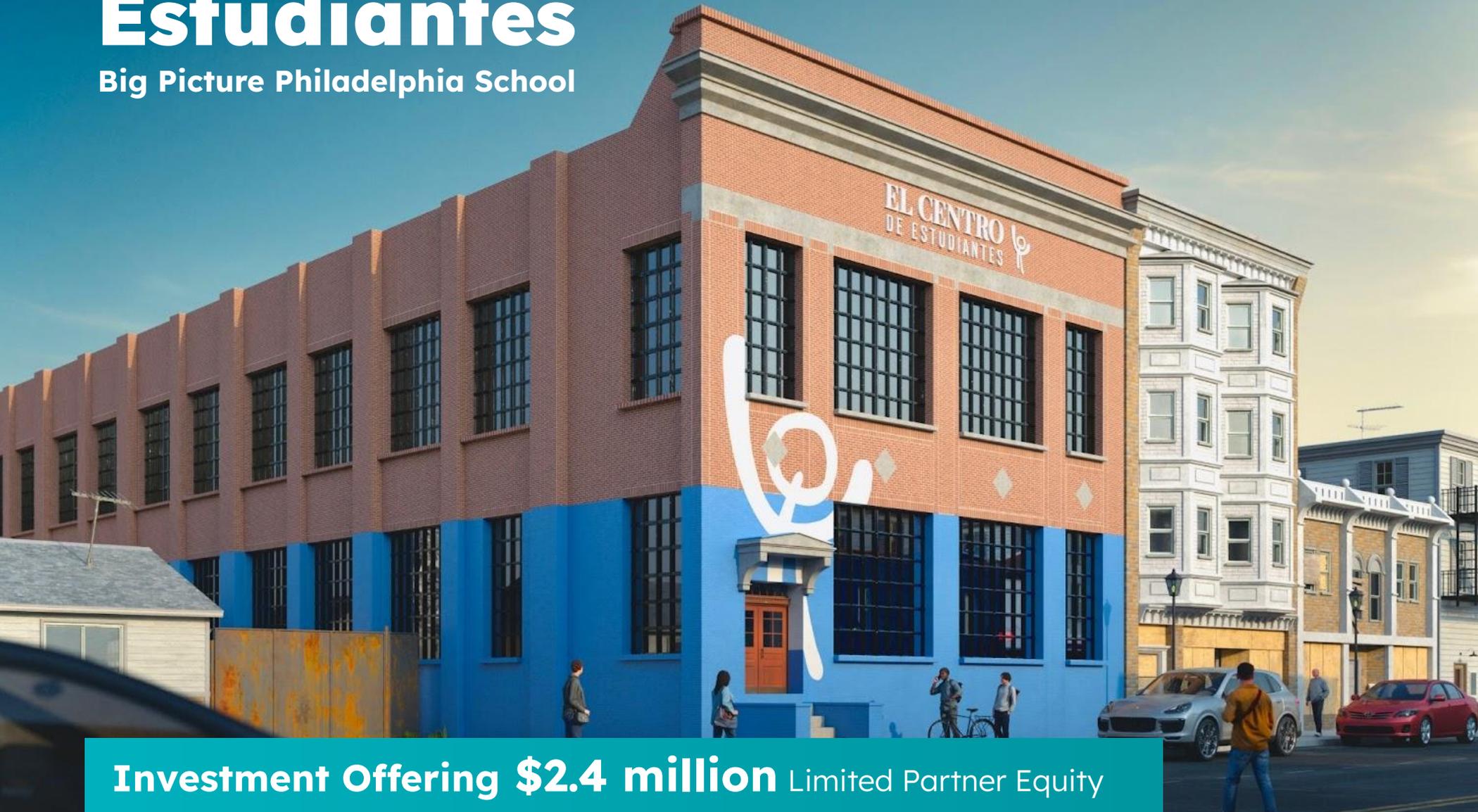


El Centro De Estudiantes

Big Picture Philadelphia School



Investment Offering **\$2.4 million** Limited Partner Equity

**3360 Frankford Ave
Philadelphia, PA**

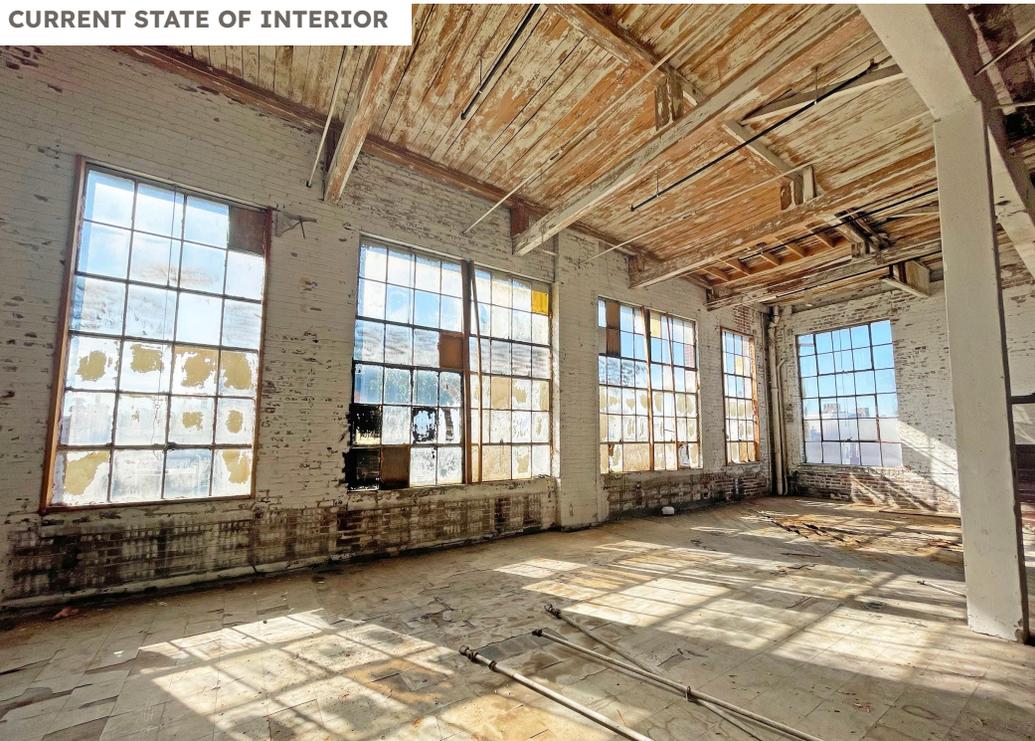


The Opportunity

SHIFT Capital, LLC (the “Sponsor”) presents an opportunity to invest in El Centro de Estudiantes Big Picture Philadelphia School (the “Tenant”), an adaptive re-use of a formerly vacant warehouse located at 3360 Frankford Avenue, Philadelphia, PA (the “Property”). El Centro de Estudiantes, a School District of Philadelphia partner school, plans to relocate to our two-story building to improve the job readiness skills and provide workforce training for their students. The creative conversion from a vacant warehouse to an accredited school improves the building’s use while **generating long-standing impact and the potential for risk-adjusted returns.**

Location	3360 Frankford Avenue Philadelphia PA 19134
Census Tract	018800
Qualified Census Tracts (2023)	Y
Opportunity Zone	N
Acres	0.344
Year Constructed	1930
Buildings	1
Stories	2
Parking Spaces	12
More project info elcentrobpp.org	

CURRENT STATE OF INTERIOR



OUR VISION FOR RESTORATION

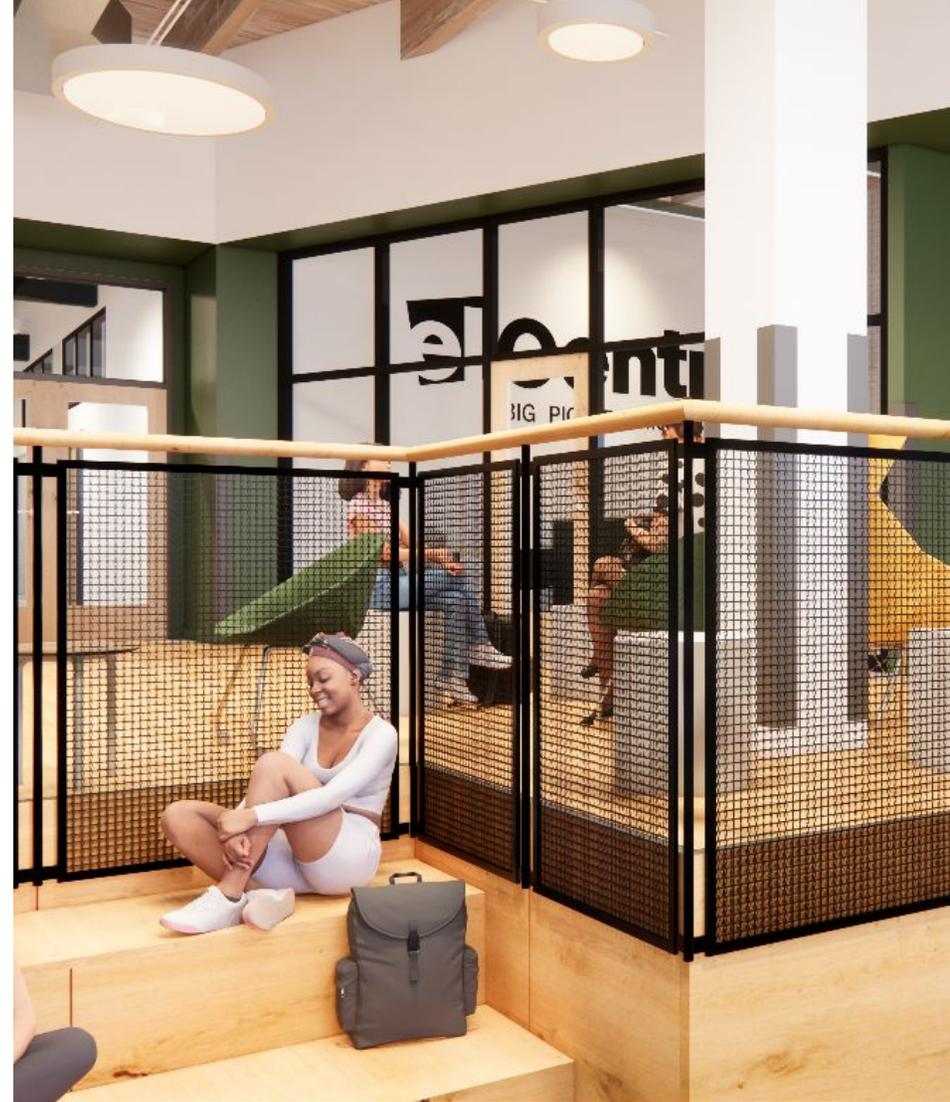


Advancing the future of education through restorative development

The project consists of the restoration of a two-story, 28,000 square foot building on a 15,000-square-foot parcel.

The project is planned as two phases. Construction for Phase I has commenced and is expected to be completed within months for a January 2024 move-in. Through the first two years, the school plans to occupy the entire first floor and 20% of the 2nd floor. In summer 2025, we expect to commence Phase II construction for a September 2025 completion with the school occupying the entire building.

The school has signed a 10-year NNN lease with a base rent + additional rent structure. We anticipate closing on construction financing in August 2023 for Phase I. The total project costs for Phase I are estimated at \$7.188 million with an additional \$1.3 million expected for Phase II (\$8.56 million total). Upon stabilization, the **NOI is expected to be approximately \$733,000.**



THIS PROJECT IS PLANNED AS:

11

classrooms

4

vocational
learning spaces

3

communal
offices

2

multipurpose
areas

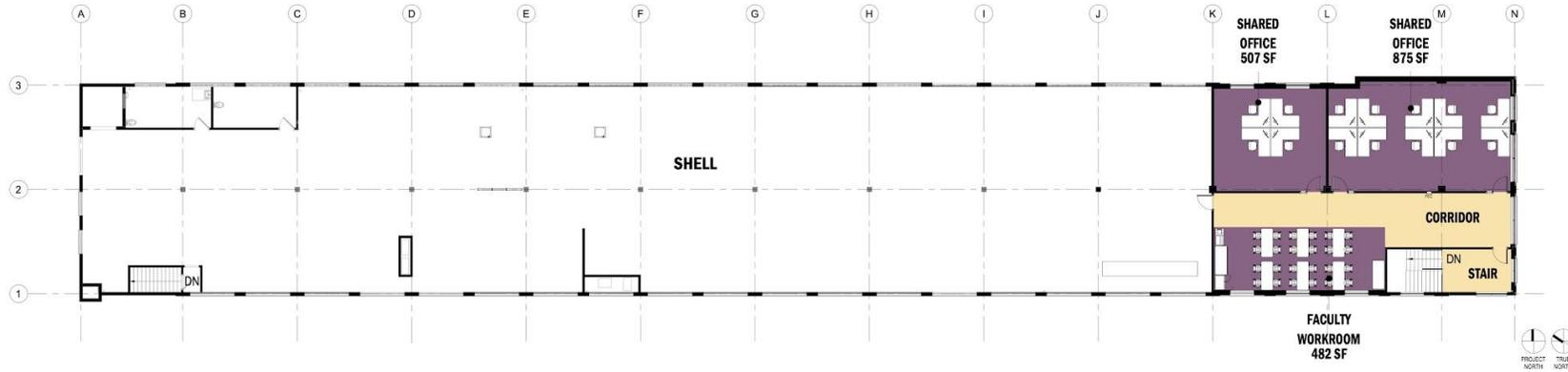
12

Parking spots for
staff and teachers

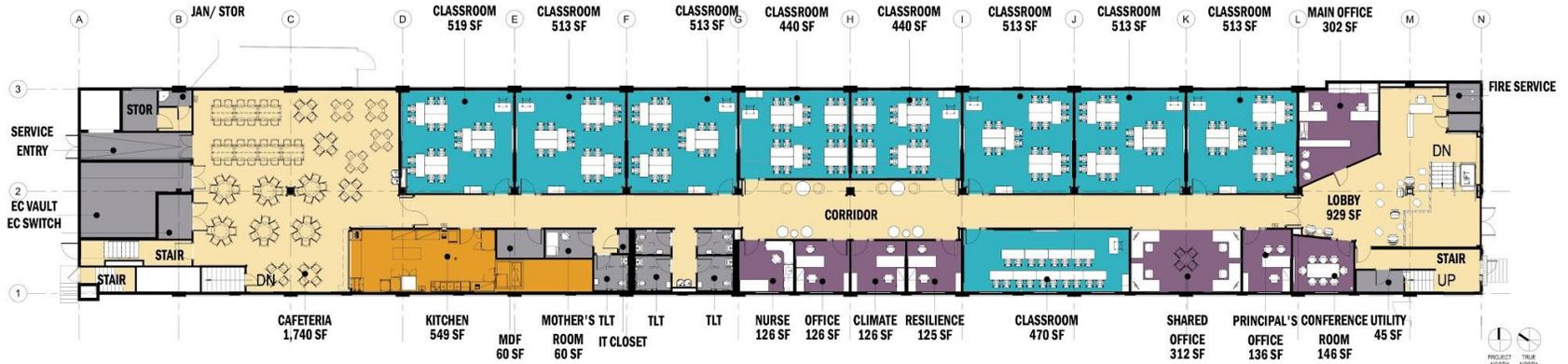
—
AND

a culinary training
classroom

Floor Plan Phase 1



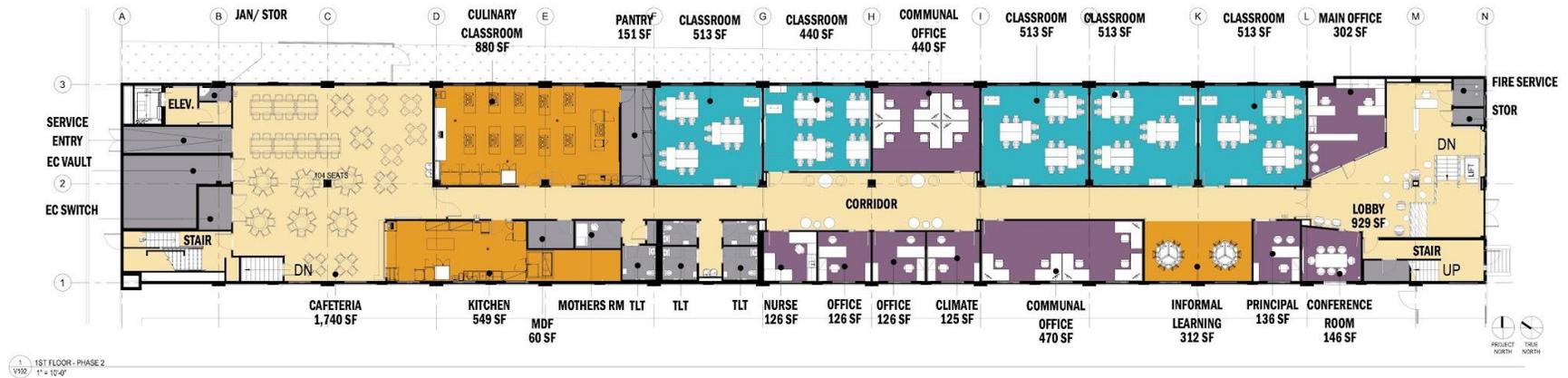
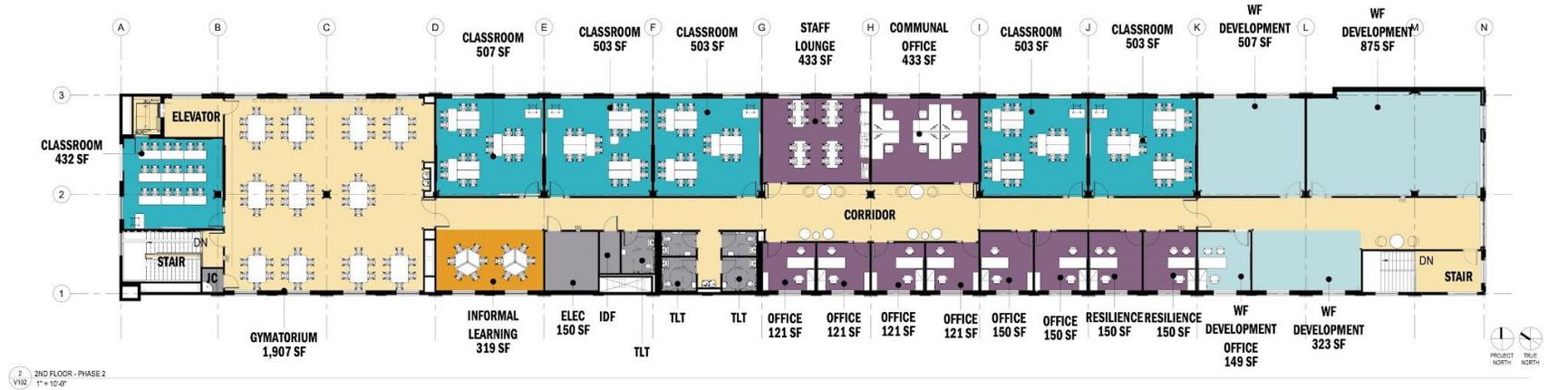
2ND FLOOR - PHASE 1
V101 1" = 10'-0"



PROJECT NORTH
TRUE NORTH

Floor Plan

Phase 2



ACCESSIBLE

Site Map



MAKEN STUDIOS NORTH
Makerspace, studios

MAKEN STUDIOS SOUTH
Makerspace, studios

J-CENTREL
Small business
studios, cafe

 **TIOGA EL STATION**

SEPTA MARKET-FRANKFORD LINE ABOVE KENSINGTON AVENUE

HARROWGATE PARK

3360 FRANKFORD

FRANKFORD AVENUE

Transit, food, and shops nearby



Bus stop right outside your door



<.5 miles



**15 minutes to Center City
5 minutes to I-95**



Food and shops nearby

- Càphê Roasters
- El Coqui
- Sherry's Diner
- Café Mi Quang
- J&J Family Restaurant
- Applebee's
- ShopRite
- Compare & Save
- Walmart
- Target

Positive financial returns for investors

The Sponsor is seeking to offer the investment based on an 70.8/29.2 Limited Partner (LP) investment on the \$3.3 million of total owner equity, or **\$2.4 million of LP equity** according to the equity waterfall structure as described herein. The waterfall is projected to generate a **12.0% LP IRR** and **2.35x equity multiple** over a **10-year hold**.

Partner Splits				
	IRR	GP	LP	Developer
Hurdle 1	8%	29.2%	70.8%	-
Hurdle 2	12%	30%	70%	-
Thereafter	-	40%	60%	-
Developer Fee	-	-	0%	100%

Partner Returns		
	Project	LP
Contributions	\$3,350,572	\$2,373,180
Distributions	\$7,869,953	\$5,577,595
Profit	\$4,519,381	\$3,204,415
Equity Multiple	2.35x	2.35x

How will this work for you?

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	TOTAL
Cash Inflows										
Sponsor Capital	\$977,392									\$850,517
Investor Capital	\$2,373,180									\$2,420,702
Bank Loan	\$3,900,000		\$5,212,218							\$9,112,218
Base Rent	\$114,667	\$176,300	\$335,888	\$344,285	\$352,892	\$361,714	\$370,757	\$380,026	\$389,257	\$2,825,786
Additional Rent	\$138,038	\$207,058	\$424,170	\$424,170	\$424,170	\$424,170	\$424,170	\$424,170	\$424,170	\$3,314,286
Sales Proceeds									\$10,836,282	\$10,836,282
Total Inflows	\$7,503,277	\$383,358	\$5,972,276	\$768,455	\$777,062	\$785,884	\$794,927	\$804,196	\$11,497,709	\$29,359,791
Cash Outflows										
Acquisition Costs	\$1,319,102									\$1,300,402
Hard Costs	\$4,453,433		\$1,070,000							\$5,547,265
Soft Costs	\$915,688		\$219,568							\$1,132,454
Bank Fees	\$499,825		\$84,622							\$564,498
Debt Service			\$184,194	\$442,066	\$442,066	\$442,066	\$442,066	\$442,066	\$442,066	\$2,836,590
Operating Expenses	\$22,540	\$26,836	\$30,581	\$30,891	\$31,208	\$31,533	\$31,864	\$32,235	\$32,719	\$270,407
Debt repayment		\$43,778	\$3,956,220	\$151,022					\$4,589,055	\$8,740,075
Capital Expenditures		\$4,165	\$4,658	\$4,774	\$4,893	\$5,016	\$5,141	\$5,270	\$5,401	\$39,318
Total Outflows	\$7,210,589	\$74,779	\$5,549,843	\$628,753	\$478,167	\$478,615	\$479,071	\$479,571	\$5,069,240	\$20,431,008
Net Cash Flow	\$292,688	\$308,579	\$422,433	\$139,702	\$298,895	\$307,269	\$315,856	\$324,625	\$6,580,468	\$8,928,782
To Investors	\$0	\$0	\$0	\$99,007	\$211,827	\$217,762	\$223,847	\$230,063	\$4,663,578	\$5,646,084
To \$25,000 Investor	\$0	\$0	\$0	\$1,043	\$2,231	\$2,293	\$2,357	\$2,423	\$49,107	\$59,454
As Percent of Investment										235.1%

NOTE: The foregoing is a mathematical calculation based on our current assumptions about future events. Some of these assumptions will prove to have been inaccurate, possibly for the reasons described in the document called Risks of Investing. Hence, the results of investing will likely differ from those illustrated above, for better or for worse, possibly by a large amount.

Mission-Aligned Tenant

Opened in 2009, El Centro de Estudiantes Big Picture Philadelphia School is an accelerated school program in the School District of Philadelphia, one of Philadelphia's first such schools. The school provides a high school education at an accelerated pace with students earning their diplomas in 1.5 to 3 years, depending on the number of high school credits they bring with them and accrue each term. El Centro serves Opportunity Youth: young adults ages 16-21 who have previously disengaged from high school because traditional models of education didn't work for them.

El Centro's goal is to help students find and walk their own pathway to success. The school does this by centering students' learning on their interests and passions, integrating career exploration and internships into our school curriculum, and creating a supportive and nurturing school environment focused on youth resilience and a restorative behavioral model.

El Centro is a proud member of Big Picture Philadelphia and the Big Picture Learning Network



Photo Courtesy of: The School District of Philadelphia

Dynamic Rental Structure

The rental structure agreed upon with Big Picture Philadelphia ensures that incentives and risks are aligned between Sponsor and Tenant. The Additional Rent is calculated by spreading the Phase 1 & Phase 2 development costs across the 10-year period and charging it back to tenant directly as rent. The structure lowers much of the construction cost risks as the Tenant would absorb the expenses within their monthly rental payments. The structure is a “win-win” as the Tenant benefits from lower rental expenses if they are flexible to opt for cost-effective design and construction solutions. The Tenant will pay lower rent in Phase I allowing them to ramp up their fundraising efforts so their out-of-pocket rental expenses are minimized for Phase II.

Lease Yr	\$/SF	SF	Annual Rent	Monthly Base Rent	Additional Rent**	Total Monthly Rent**
Months 1-4 of Lease Year 1	\$ -	17,200	\$ -	\$ -	\$ -	\$ -
Months 5-12 of Lease Year 1	\$ 10.00	17,200	\$ 172,000	\$ 14,333	\$ 17,368	\$ 31,702
2	\$ 10.25	17,200	\$ 176,300	\$ 14,692	\$ 17,368	\$ 32,060
3	\$ 12.50	26,871	\$ 335,888	\$ 27,991	\$ 35,487	\$ 63,478
4	\$ 12.81	26,871	\$ 344,285	\$ 28,690	\$ 35,487	\$ 64,178
5	\$ 13.13	26,871	\$ 352,892	\$ 29,408	\$ 35,487	\$ 64,895
6	\$ 13.46	26,871	\$ 361,714	\$ 30,143	\$ 35,487	\$ 65,630
7	\$ 13.80	26,871	\$ 370,757	\$ 30,896	\$ 35,487	\$ 66,384
8	\$ 14.14	26,871	\$ 380,026	\$ 31,669	\$ 35,487	\$ 67,156
9	\$ 14.50	26,871	\$ 389,257	\$ 32,461	\$ 35,487	\$ 67,948
10	\$ 14.86	26,871	\$ 399,265	\$ 33,272	\$ 35,487	\$ 68,759

****Assumes \$3.417 in Client-Attributable TIs & Soft Costs**

Construction Budget

Summary

Acquisition Costs		
Subtotal	\$1,300,402	\$48.39

Hard Costs (Base + Phase I)		
Subtotal	\$4,453,433	\$165.73

Hard Costs (Phase II)		
Subtotal	\$1,070,000	\$39.82

Total Hard Costs		
Total Hard Costs	\$5,523,433	\$205.55

Soft Costs (Phase I)		
Subtotal	\$915,688	\$34.08

Soft Costs (Phase II)		
Subtotal	\$219,386	\$8.16

Total Soft Costs		
Total Soft Costs	\$1,135,074	\$42.24

Financing Fees		
Item	Total	Per Unit
Subtotal	\$198,694	\$7.39

Capitalized Interest/ Interest Reserves		
Item	Total	Per SF
Total	\$404,560	\$15.06

Overall Construction Budget		
Item	Total	Per SF
Total Construction Budget	\$8,562,164	\$319

Detailed

Acquisition Costs					
Item	Total	Per SF	Month Start	Month End	Total Months
Purchase Price	\$1,250,000	\$46.52	0	0	1
Closing Costs	\$50,402	\$1.88	0	0	1
Subtotal	\$1,300,402	\$48.39			

Hard Costs (Base + Phase I)					
Item	Total	Per SF	Month Start	Month End	Total Months
Construction Costs (Base)	\$2,223,390	\$82.74	18	24	7
Tenant Improvement (Phase I)	\$1,604,123	\$59.70	18	24	7
Asbestos Remediation	\$61,703	\$2.30	18	18	1
Lead Base Testing	\$143,172	\$5.33	18	18	1
Builder's Risk Insurance (Phase I)	\$38,294	\$1.43	18	24	7
General Conditions	\$153,101	\$5.70	18	24	7
Shift GC Fee	\$114,825	\$4.27	18	24	7
Taxes and Insurance	\$57,413	\$2.14	18	24	7
Permit Allowance	\$38,275	\$1.42	18	24	7
Contingency (Base + Phase I)	\$19,138	\$0.71	18	24	7
Subtotal	\$4,453,433	\$165.73	1	24	24

Hard Costs (Phase II)					
Item	Total	Per SF	Month Start	Month End	Total Months
Tenant Improvement (Phase II)	\$945,455	\$35.18	39	43	5
Builder's Risk (Phase II)	\$30,000	\$1.12	39	43	5
Contingency (Phase II)	\$94,545	\$3.52	39	43	5
Subtotal	\$1,070,000	\$39.82	39	43	5

Total Hard Costs					
Total Hard Costs	\$5,523,433	\$205.55	1	43	43
Standard Deviation	9999		Prorate Allocation		79.85%

Soft Costs (Phase I)					
Item	Total	Per SF	Month Start	Month End	Total Months
Architect & Engineer	\$340,901	\$12.69	3	24	22
Vacant Property Insurance	\$30,000	\$1.12	1	18	18
Inspections	\$7,985	\$0.30	17	18	2
RE Taxes during Construction	\$12,038	\$0.45	11	26	16
Equity Raise Fee	\$43,918	\$1.63	8	8	1
Leasing Fee	\$55,751	\$2.07	21	21	1
Developer Fee	\$341,850	\$12.72	18	21	4
Contingency Phase I	\$83,244	\$3.10	18	21	4
Subtotal	\$915,688	\$34.08	1	26	26

Soft Costs (Phase II)					
Item	Total	Per SF	Month Start	Month End	Total Months
Architect & Engineer	\$86,019	\$3.20	3	19	17
Inspections	\$2,015	\$0.07	39	43	5
Leasing Fee	\$14,068	\$0.52	39	39	1
Equity Raise Fee	\$11,082	\$0.41	8	8	1
Developer Fee	\$86,259	\$3.21	39	43	5
Contingency Phase II	\$19,944	\$0.74	39	43	5
Subtotal	\$219,386	\$8.16	3	43	41

Total Soft Costs					
Total Soft Costs	\$1,135,074	\$42.24	1	43	43

Financing Fees					
Item	Total	Per Unit	Month Start	Month End	Total Months
Origination Loan Fees	\$18,700	\$0.70	1	0	0
Acquisition Debt Extension	\$46,875	\$1.74	16	16	1
Construction Fee (Phase I)	\$48,990	\$1.80	21	21	1
Construction Fee (Phase II)	\$84,729	\$3.15	39	39	1
		\$0.00	1	1	1
Subtotal	\$198,694	\$7.39	1	39	39

Capitalized Interest/ Interest Reserves					
Item	Total	Per SF	Month Start	Month End	Total Months
Interest Reserves	\$111,484	\$4.15			
Capitalized Interest	\$293,076	\$10.91			
Total	\$404,560	\$15.06			

Overall Construction Budget					
Item	Total	Per SF	Month Start	Month End	Total Months
Total Construction Budget	\$8,562,164	\$319	1	43	43





Risks

Mitigants

CONSTRUCTION COSTS

Construction costs flow directly into the tenant's "additional rent" so the projected returns are protected. Construction costs are added as "additional rent" to the tenant over the 10-year period.

SCHOOL DISTRICT RENEWAL

School District of Philadelphia only signs 5-year agreements and the current agreement expires in 3 years. As a mitigant, our proposed lease has an early termination fee that is sized on construction costs incurred.

FINANCING

Local community banks have expressed interest on financing each phase.

ENTITLEMENT

The school building is being developed by-right. The surface parking lot will require a zoning variance or ordinance to continue as a parking lot due to residential zoning. Surface lot has always been utilized for parking so we anticipate minimal community or zoning resistance.

Revitalizing the Neighborhood, One Building at a Time

This tenant is an integral partner to the development of healthy futures within the Kensington neighborhood and the United States at large in the education space.

New Life in Vacated Spaces

The Project is planned to activate a vacant, neglected building by partnering with a school serving our most vulnerable youth. The school teaches direct skills that are applicable to long-term careers. Many of the students reside in Kensington so the school will open opportunities to upward mobility for them and their families.

Anticipated Impact

- Building designed to enhance classroom-learning and skill-building opportunities for 200 students each school year, many of which reside in Kensington
- Environmental Improvement: Exterior asbestos and interior lead-based paint remediation
- Job creation: 50 construction jobs, 20 permanent jobs
- Workforce development: Providing support towards Big Picture Philadelphia's fundraising efforts to maximize workforce training opportunities



Development Team

Project Sponsor: SHIFT Capital



SHIFT is a neighborhood investment group who executes real estate projects and financing strategies that create just and equitable communities for the long-term. SHIFT invests in: people, adaptive reuse and ground-up real estate, small businesses, main streets, community-serving programs, and green spaces. SHIFT is a Certified B Corporation® and believes that by putting purpose first, we are driving stronger long-term outcomes for communities, society and our investors.

Through the SHIFT Neighborhood Fund, **SHIFT raised and invested \$43 million in assets in North Philadelphia** over 2016 to 2018, including transit-oriented development and adaptive reuse of approximately two million square feet of industrial and commercial space in a 5-minute walking radius around two major Philadelphia subway stops.

Through the SHIFT Catalyst Fund, Shift supports the next generation of impact developers across the country with a focus on teams led by women and Black, Indigenous, and People of Color (BIPOC) managers. The Catalyst Fund is currently working with 11 sponsors (9 BIPOC/Women-led) on 15+ projects across 6 States and 11 municipalities.

In total, Shift has over **\$358 million of assets under management**, over **\$80 million of equity under management**, and over **1,000 residential units either in development or in the pipeline**.

IMPACT INVESTMENTS

~\$358MM

capital invested in the neighborhoods we serve

~\$6.5MM

spent on businesses in the neighborhoods we serve

~\$88MM

equity under management

6

Neighborhoods where we invest

960

temporary jobs in construction/maintenance

700+

jobs brought to/created in neighborhood

Development Team



Brian Murray / Partner, Chief Executive Officer

Brian is a seasoned entrepreneur who strives to be a catalyst for positive change. Through his work at SHIFT, Brian is focused on finding better solutions at the intersection of society's most difficult urban challenges - intergenerational poverty, urban revitalization, access to opportunity, and community displacement. Brian led the capital raise for SHIFT's Neighborhood Fund and manages the deployment of over \$330 million of investments throughout SHIFT's portfolio in Philadelphia, Newark NJ, Washington DC, and Upstate New York. Brian is a Peace Corps alumnus and a MBA graduate of Yale School of Management.

General Contractor: SHIFT Builders



SHIFT Builders, SHIFT's in-house construction team, is experienced with all stages of construction for large-scale projects, medium-sized commercial builds, and office and studio fit outs. The team has a unique breadth and depth of knowledge and experience in engineering, real estate development, project management, estimating, value engineering, and tenant coordination. SHIFT Builders has built and managed over 100 new construction developments and renovation and adaptive reuse projects across commercial, residential, educational, health care, and municipal building types. Builders has successfully completed multi-million dollar projects throughout the Greater Philadelphia region, including the City of Philadelphia, and has provided construction management for projects in Newark NJ, Washington DC, and Upstate NY.

Development Team Partner



Voyage Investment is a Latino-owned real estate firm focused on acquiring and redeveloping properties that add value to working-class neighborhoods, while delivering risk-adjusted returns to investors. The co-founders, Alex & Juan, bring over 10 years of real estate and finance experience respectively. As partners on this project, Voyage is providing development and capital markets support.



Alex Robles / Co-founder

Alex co-leads Voyage Investments' overall operations and acquisition strategy. He is responsible for the assemblage of vacant/underutilized properties and collaborates with local market participants and stakeholders to execute projects. He has over 12 years of experience in hospitality, underwriting, marketing, and real estate investment. As part of SHIFT Capital's Developer-in-Residence program, he manages the company's largest Philadelphia projects with a total development cost over \$100M. Prior to his investment career, Alex spent seven years working in operations at HEI Hotels & Resorts, a private hotel real estate investment firm. In his time with HEI, he spearheaded sales & marketing efforts for hotels within brands such as Le Meridien and Westin prior to leading the business travel strategy for a 17-hotel cluster. Alex received his Master of Business Administration from the Wharton School and his Bachelors of Science from Penn State University's School of Hospitality Management.



Juan Saenz / Co-founder

Juan co-leads Voyage Investment's acquisition and capital markets strategy. He is experienced in asset management and community development finance, specifically in underwriting, financial analysis, and commercial lending. His life and work experiences drive him towards creating positive investments in underserved communities. As part of SHIFT Capital's Developer-in-Residence program, Juan is responsible for overseeing SHIFT's Neighborhood Fund (\$200 MM AUM, 2 million square-foot portfolio of mixed-use and industrial assets) in an asset management role. He also supports SHIFT's Catalyst Fund (\$350 MM AUM) in the underwriting of new acquisition opportunities for the company's national expansion in markets outside of Philadelphia. Prior to this, he worked for Kroll Bond Rating Agency's commercial mortgage-backed securities (CMBS) department in an underwriting capacity, providing credit ratings for newly issued CMBS and CRE CLO transactions. Juan holds a Master's in Real Estate from NYU University and a BA in Finance from Penn State University.

S H  FT

Certified



Corporation

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