

BREIF
Boston Real Estate **Inclusion** Fund

BREIF OBJECTIVES

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In recent years several large real estate projects in Boston have sought to expand their “capital stack” by reaching out for equity investments from People of Color (POC). While the investment terms for these projects vary, what is clear is that this new infusion of equity is providing POC with unprecedented access to projects in mature markets historically out of reach for this investor cohort. Recent events have put the focus on the importance of economic equality and ensures that POC investors must be included in these investments, not only in Boston, but throughout the country.

BREIF, Boston Real Estate Inclusion Fund, is a specialized real estate investment vehicle that aims to provide POC with unprecedented access to invest in transformative projects in mature markets from which they have been historically excluded.

Our goal is to raise \$20 million dollars for the General Partner (GP) cohort, leveraged with Limited Partner (LP) capital from institutional investors, high net worth individuals, foundations, endowments, foundations, pensions, institutions and family funds to achieve a \$200 million fund. The General Partner shares will be offered at \$50,000 per share.



BREZIFSTRUCTURE

Boston Real Estate **Inclusion** Fund

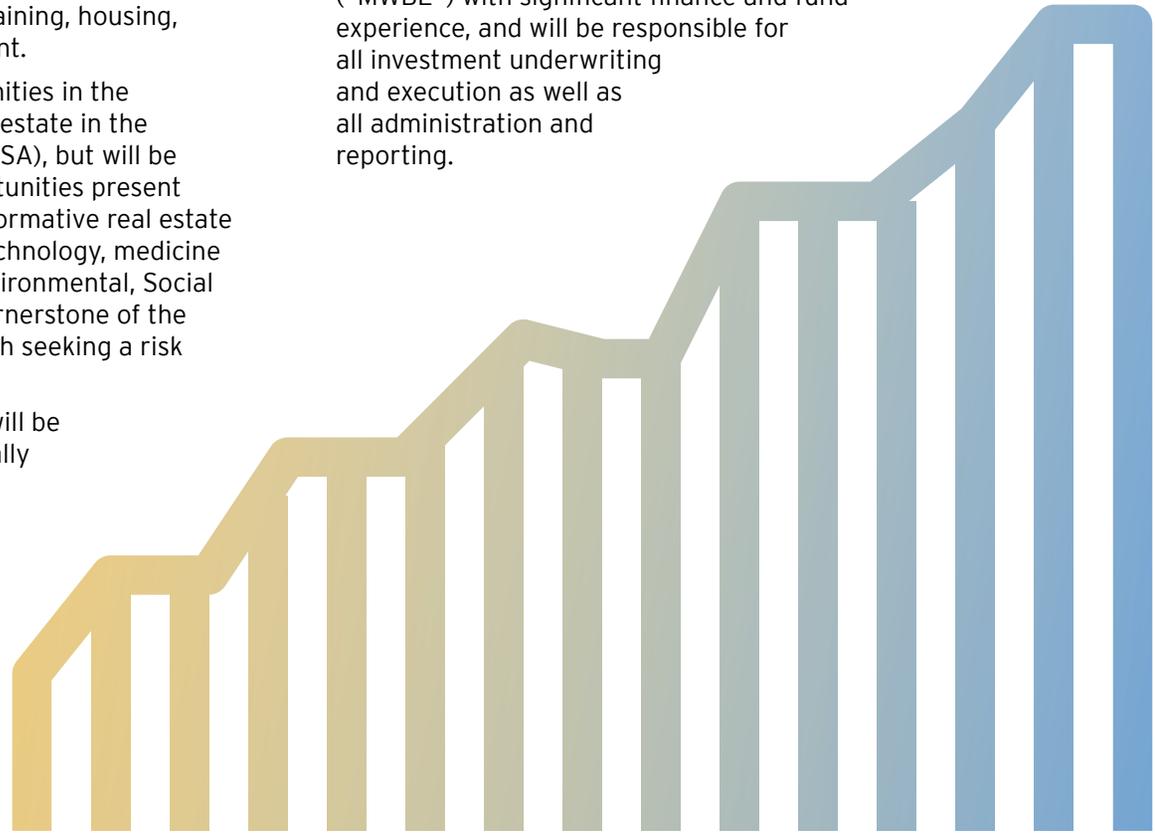
Summary: This investment vehicle will be initially organized as a Separately Managed Account (SMA) that will focus on a limited number of commercial real estate investments. Based on Investor interest, the SMA may seed a larger, comingled fund, which can consider multiple investments in an array of asset types to seek an appropriate level of diversification designed to achieve investor returns and risk mitigation. The investments are targeted to provide an attractive risk-adjusted rate of return to investors while also leveraging inclusive strategies in job creation, training, housing, health care, education and economic development.

Fund Strategy: The Fund will focus on opportunities in the development and acquisition of commercial real estate in the Greater Boston Metropolitan Statistical Areas (MSA), but will be open to investing in other U.S. markets as opportunities present themselves. The Fund will seek to identify transformative real estate investments supported by the strength of the technology, medicine and education sectors of the Boston market. Environmental, Social and Governance (ESG) determinants will be a cornerstone of the fund's objectives when considered in concert with seeking a risk adjusted rate of return for Investors.

The Fund's General Partner ("GP"): The GP will be comprised of at least 51% investors from ethnically diverse backgrounds. The balance of the Fund's GP investors, not to exceed 49%, may be non-diverse investors. All GP investors will be Qualified Investors ("QI"). Every effort will be made to identify mechanisms for aggregating smaller diverse investors in a manner that will allow them to participate as a QI.

The Fund's Limited Partners ("LPs"): The LPs will be comprised of Institutional investors for whom the Fund's investment strategy and projected returns meet their investment parameters.

Investment Manager: Basis Investment Group, LLC (MWBE), a Registered Investment Adviser ("RIA") has been selected to manage and administer the Fund. Basis is a qualified Minority and Woman Owned Business Enterprise ("MWBE") with significant finance and fund experience, and will be responsible for all investment underwriting and execution as well as all administration and reporting.



Investment Committee (IC): Investments will be sourced through multiple channels and considered by an Investment Committee comprised of 6 members. One of the founding members of the Fund will always be included in the IC. In addition, the GPs will be allowed to elect one member of the IC from its membership. These individuals must qualify as real estate experts with prior institutional fund management experience. The other four members will be appointed by Basis. The IC will select investments by unanimous consent, based on analysis prepared by the Investment Manager. Non-Manager members on the IC will be tasked with communicating the activity of the IC to the broader GP group and vice-versa, and will receive a nominal fee for this role.

Advisory Board: The GP group will function as an Advisory Board to the fund, comprised of experts in all aspects of the Boston market and real estate in general. In addition to being QI's that are relevant to the success of the Fund, GP investors will be selected with this advisory capacity in mind.

Returns: Total projected returns to the Fund are anticipated to be 15-20%. These are opportunistic risk adjusted returns predicated on participating in "ground up" development projects. Should the Investment Committee invest in more stabilized assets, the return

projections will be revised appropriately. Similarly, if the Fund moves from a separate account for a single investment to a diversified Fund comprised of multiple investments, the terms of the Fund may be modified. If the Investment Manager proposes this and the GP and LP investors agree, such a structural change may be permitted.

Timeframe: The Fund's investment period will be three (3) years, and the Fund's holding period will be seven (7) years, with extensions possible with the consent of the Investment Committee.

Fund Size: Separate Account of \$200M including a \$20M GP investment.

Base Fees, Incentive Structure and Target Returns:

Manager: Management fee of 1.5% of committed capital

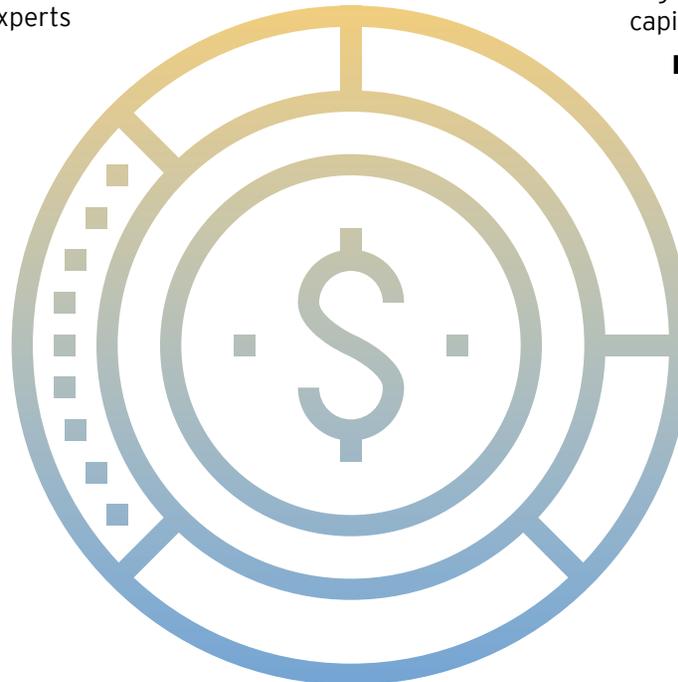
Investors:

8% preference

50/50 catchup to a 20% promote

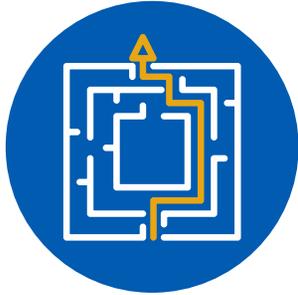
80/20 thereafter

GP Investor Incentive: GP interest not to be promoted; GP receives a straight share of deal profits without being diluted by the Investment Manager's promote share.



BREIF BACKGROUND

Boston Real Estate **Inclusion** Fund



Context: *The Boston Globe* ran a seven-part series on race entitled “Boston. Racism. Image. Realty”. The articles exposed the Seaport neighborhood as being largely segregated and provided data supporting the fact that black families are much poorer than white families. The Brookings Institution completed a study citing Boston in the top seven big cities in America with the largest income inequality. The most penetrating statistic

came from the research done by The Federal Reserve Bank of Boston. Their study, *The Color of Money* noted that the median net worth of blacks in Boston is \$8 dollars while for white families that number is \$247,500.

The disparity of these studies and other data points has compelled many private and public stakeholders in Boston to focus on solutions to increase economic equity. Massport, for instance, has designed, developed and implemented criteria for awarding real estate sites to developers that required a robust diversity and inclusion plan at every level of the project team, challenging real estate teams to be creative. BREIF principals have implemented investment strategies to promote racial economic equity. New Boston Hospitality, LLC and Accordia Partners have included POC in their investor capital stack in prior investments.

The mission of BREIF is to close the net worth gap between blacks and whites in Boston.

Precedents: Four projects that have actively sought POC equity investments include:

- **Omni Boston Hotel** at the Seaport currently under construction. This 1,055-key hotel is being developed by New Boston Hospitality, including The Davis Companies, Robin Brown and Taylor Smith Commercial (Richard Taylor Fund Sponsor).^{1,2}
- **Bayside Development** is another opportunity for POC investors. Accordia Partners (MBE), a firm owned by Kirk Sykes, a local investor and developer, plans to build 6.6 million sq. ft. of residential, lab space and offices at the former Bayside Expo site formerly owned by UMASS Boston³, including and Opportunity Zone Fund for diverse investors.
- **Enterprise Research Campus** presents another opportunity for POC. In December 2019, Harvard Allston Land Company selected Tishman Speyer to develop their 14-acre Enterprise Research Campus across from the Harvard Business School and adjacent to the new School of Engineering and Applied Science (SEAS). Tishman Speyer has agreed to raise 5% equity for this project from POC investors.⁴
- **Campus at Boston State Hospital** The Commonwealth Division of Capital Access Management & Maintenance selected Primary/Investments/Accordia/Toll Brothers to build the \$155M development partially based on the team’s commitment to invite the diverse local and qualified investors to participate in the financing of the project to help close the racial wealth gap.⁵

We estimate that this list of existing and pipeline projects will generate cumulative demand of approximately \$70 million dollars of equity investment from POC investors.

Information on recent projects and developments can be found on the following sites:

¹ ARTICLE ON OMNI: <http://www.massport.com/massport/media/newsroom/massport-omni-and-new-boston-hospitality-announce-south-boston-waterfront-district-hotel-project/>

² ARTICLE ON OMNI: <https://www.bostonglobe.com/2020/06/08/opinion/how-create-an-inclusive-economy-massachusetts/>

³ ARTICLE ON BAYSIDE SITE: <https://www.bizjournals.com/boston/news/2020/03/05/transformative-6-million-square-foot-project.html>

⁴ ARTICLE ON ERC: <https://news.harvard.edu/gazette/story/2019/12/tishman-speyer-to-develop-first-phase-of-enterprise-research-campus/>

⁵ ARTICLE ON BOSTON STATE HOSPITAL SITE: <https://www.bostonglobe.com/2020/06/23/metro/minority-owned-business-develop-last-10-acres-old-boston-state-hospital-site-mattapan/>

BREIZLEADERSHIP

Boston Real Estate **Inclusion** Fund



Kirk Sykes

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Kirk Sykes is a seasoned executive with significant experience, founding, owning and managing companies in the financial services, real estate and architectural sectors.

He is currently a Managing Director of Accordia Partners, a real estate development and finance company, and formerly

the head of an urban real estate investment fund that invested capital on behalf of institutional investors, called Urban Strategy America Fund, L.P.



Darryl Settles

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Darryl Settles is a Boston entrepreneur with a 25+ year career marked by significant contributions to hospitality, real estate and development industries. Founder of Catalyst Ventures Development, a real estate development and investment company, Settles serves as a catalyst in identifying

and developing initiatives that benefit Boston's diverse residents, business owners and visitors. He is committed to fostering partnerships and relationships in the areas of real estate development, business investments, and special events that will empower minority communities by providing the resources that encourage financial growth.



Richard Taylor

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Richard Taylor is an experienced real estate developer that has brought residential, retail and commercial properties to the market. He is the Co-Developer of the Omni Boston Hotel at the Seaport where he led a group of minority investors to have equity in this exciting neighborhood of Boston. Apart

from the Hotel he has developed over \$300 million dollars of real estate projects. He also has a broad range of public service and civic engagement experiences including serving as Secretary of Transportation for the Commonwealth of Massachusetts. He is also the founding president of the Minority Developers Association in Boston.

The General Partnership will be comprised of at least 51% diverse investors, and The Fund will be managed by Basis Investment Group, a Minority and Woman Business Enterprise (MWBE).

Our leadership team represents an impressive diversity of skills and backgrounds, bringing decades of experience, education and commitment to economic equity in Boston to the management of this fund. Each member has always demanded the best of themselves and will translate that ethic to the best for this fund.



BREIFTERMS

Boston Real Estate **Inclusion** Fund

Fund Size:	\$200,000,000
BREIF Diverse General Partner:	51%
BREIF General Partner Co-investment:	\$20,000,000
General Partner Minimum Investment:	>\$50,000
BREIF Non-diverse General Partner:	49%
Limited Partner Minimum Investment:	>\$50,000
Management Fees:	1.5%
Preferred Return:	8%
General Partner Carried Interest:	20%
Investment Period:	3 Years
Term:	7 Years Plus Extensions

BREIF TIMEFRAME

Boston Real Estate **Inclusion** Fund

July

- Map out fund plan
- Develop Marketing PowerPoint deck

August/ September

- List of POC Investors
- List of LP Investors
- List of hire candidates
- Introduce Fund to potential POC Investors

September/ October

- Develop a Limited Partnership Agreement (LPA)
- Develop a Private Placement Offering (PPO)

4th Quarter

- Approach LP Investors, including institutional investors, family funds, pension funds, endowments, foundations, etc.



BREIF OUTCOMES

Boston Real Estate **Inclusion** Fund

We have assembled a fund that will positively address the current racial economic climate as well as deliver measurable success for our investors.

Our definition of success is as follows:



Provides
returns for our investors.

Promotes
diverse and non diverse
investors participation in large
scale projects in all parts of
the city.

Closes
the racial wealth gap.

Insures
engagement of Black and
Brown companies and
individulas in the development
team as investors, contractors,
architects, engineers,
marketing, brokerage, facilities
management and multiplier
spread to black firms.

Empowers
diverse communities
by funding education, job
training and business
development initiatives
as well as micro finance/
investment to address the
wealth gap in the cities we
invest in.