

NAC QUESTION

What happens if Brownfield taxes (eligible state taxes) don't keep up to reimburse eligible project cost. Can this happen with this project?

DEGC RESPONSE

The Developer's captures are limited to \$300 million in State taxes over the following capture periods:

- 5 years - construction worker income tax
- 20 years – withholding tax, resident and employee income tax, sales and use tax

If less than \$300 million is generated from these periods, the Developer will receive less than \$300 million in reimbursement.

NAC QUESTION

How does PILOT work?

DEGC RESPONSE

The City and the Developer will enter a legally binding PILOT Agreement:

- The Developer will be obligated to make annual PILOT payments to the City based on City and County operating millages.
- The City will disburse the portion owed to the County.
- The PILOT Agreement will be in place for the entire term of the 30-year Renaissance Zone.

NAC QUESTION

What is “cash on cash return” and how does this projected return compare to developments in other major cities?

UNDERSTANDING THE 1% CASH-ON-CASH RETURN

Illustrative example showing how a 1% cash-on-cash return works.

Simplified for explanation; not the actual pro forma.

1) WHAT IS CASH-ON-CASH?

$$\text{Annual Cash to Investor} \div \text{Equity Invested} = \text{Cash-on-Cash Return}$$



Example:

**\$1 of annual cash on
\$100 invested = 1% CoC**

Why it matters:

It shows how much annual cash an investor receives each year for every \$100 invested.

2) HOW A 1% RETURN HAPPENS

ILLUSTRATIVE CAPITAL STACK

Illustrative capital stack for explanation only.



Debt	\$30.4	(22.57%)
Investor Equity	\$100.0	(74.08%)
Partner Contribution	\$4.5	(3.35%)
Total Project Cost	\$134.9	(100%)

ANNUAL CASH FLOW

Illustrative annual cash flow example.

NOI	\$2.82
+ Annual reimbursement proceeds	\$0.83
= Cash before debt/reserves	\$3.65
- Debt service	(\$2.34)
- Capital reserves	(\$0.31)
= Annual cash to investor	\$1.00

→ **\$1.00 ÷ \$100.0 = 1.0% CoC**

DEGC PROGRAM BENCHMARKS

RISK PROFILE & RETURN PROFILE BY ASSET CLASS

Institutional Screening Benchmarks to Evaluate Financial Feasibility
Across Project Types and Investment Scenarios

ASSET CLASS		RISK PROFILE (QUALITATIVE)	CASH-ON-CASH (CoC) Annual Cash to Investor Divided by Investor Equity Invested	INTERNAL RATE OF RETURN (IRR) Annualized Return to Equity Over Hold Period
			>\$50M	>\$50M
	MIXED-USE (RESIDENTIAL / RETAIL)	MODERATE Dual exposure (residential stability, retail variability).	7–9%	14–17%
	RETAIL	MODERATE–HIGH Tenant rollover risk, e-commerce pressure, location sensitivity.	7–9%	15–18%
	RESTAURANTS / F&B*	MODERATE–HIGH Operator quality, rollover risk, and discretionary spending sensitivity.	7–9%	15–18%
	ENTERTAINMENT / EXPERIENTIAL*	HIGH Specialized buildout, operator dependence, and discretionary demand sensitivity.	7–9%	16–19%
	HOTELS (SELECT-SERVICE / FULL-SERVICE)	HIGH Cyclical demand, operational intensity, market volatility.	8–10%	17–20%

CoC (Cash-on-Cash)

Annual cash to investor divided by investor equity invested.

IRR (Internal Rate of Return)

Annualized return to equity over hold period (includes cash flows from operations and sale proceeds).

Restaurants / F&B and Entertainment / Experiential are DEGC screening benchmarks for leased real estate, informed by national retail, net-lease, and experiential real-estate market evidence. They are not benchmarks for the underlying operating businesses or standalone published national return indices.

Sources: CBRE U.S. Cap Rates Survey Q1 2026; JLL U.S. Real Estate Return Forecasts Q1 2026; CoStar National Hospitality Benchmarking 2026; RERC Entertainment & Experiential Real Estate Form 10-Q; F&P Properties Q2 2026; Six Flags Q2 2026.

NAC QUESTION

What is the taxable relationship between this project and property outside of the TIF district?

DEGC RESPONSE

- There is no taxable relationship between this project and properties outside of the Brownfield TIF district.
- Properties not in the Brownfield Plan (ex. next door, in the same neighborhood, etc.) cannot have their taxes captured by the Developer. Their taxes will continue to be paid and received by taxing jurisdictions as they currently are.
- Developer can only receive the TBP benefits from the properties and taxes specifically listed in its approved Brownfield Plan

NAC QUESTION

Does this project, or any other seeking incentives from the City, divert tax revenue from schools and libraries? How is the PILOT different?

DEGC RESPONSE

- Most tax incentives do not impact EXISTING taxes being paid.
- Depending on the incentive, FUTURE school and/or library tax revenues could be impacted.
- In a Renaissance Zone, EXISTING and FUTURE property taxes are impacted; HOWEVER, the State of Michigan provides reimbursement to schools and libraries to make them whole for losses caused by the loss in property tax revenue from a Renaissance Zone.

PROPERTY TAX DISTRIBUTION WITH AND WITHOUT INCENTIVES

- 1 Unlike most abatements, the State reimburses many local taxing units for taxes abated in a Renaissance Zone.
- 2 City and County operating taxes are addressed through PILOT payments; other eligible units are reimbursed by the state.
- 3 Without this approach, the DDA would capture majority of these taxes.

TAXING UNIT	WITHOUT TAX INCENTIVES	WITH TAX INCENTIVES
City Operating	DDA	PILOT
City Debt	DDA	DDA
County Operating	DDA	PILOT
School Operating	DDA	Reimbursed by State
School Debt	DDA	DDA
RESA	DDA	Reimbursed by State
Community College	DDA	Reimbursed by State
Library	Library	Reimbursed by State

NAC QUESTION

How much tax revenue does the City's municipal government contribute to this project?

DEGC RESPONSE

\$0 from City funds.

\$75 million from DDA funds, which are funded by properties downtown and restricted for use in the downtown area.

NAC QUESTION

Does the developer receive tax revenue from the City to build any portion of this project?

DEGC RESPONSE

The developer will not receive tax revenue from the City to build any portion of this project.

The \$75 million to be reimbursed by the DDA from DDA funds will be used for podium demolition (~\$20M) and construction of pedestrian promenades, plazas, and new vehicle access (~\$55M).

NAC QUESTION

Is this project considered a public-private partnership? Does this project, as presented, represent any municipal ownership?

DEGC RESPONSE

Yes. A P3 can take several forms, which may or may not include public ownership.

- RenCen is a P3 in the economic-development sense — public tools support major private redevelopment, without public ownership.
- The private sector owns and operates the development and assumes the investment risk, including higher costs and lower returns.
- Public participation supports feasibility through tools such as the Renaissance Zone, PA 210, DDA, and the Transformational Brownfield Plan.
- Detroit's return is public value — net fiscal tax benefits projected \$301.9M, including the PILOT payment agreement totaling \$95M, community benefits, and approximately \$3B in projected additional economic activity.

NAC QUESTION

What is the financial benefit to the City and how is it calculated?

DEGC RESPONSE

ESTIMATED NET FISCAL BENEFIT

\$301.9M

30-year total

\$10.1M per year average net fiscal benefit

New Revenue Sources

City property tax	\$141.7M
City income tax	\$135.7M
Utility user's tax	Exempt
Misc. taxes + fees	\$45.9M

Less the cost of city services	(\$21.4M)
--------------------------------	------------------

How the estimate works: Estimated new revenue sources to the City of Detroit over the abatement term

City property tax: City property taxes are mostly abated, however, PILOT payments and State reimbursements for Library generate a positive benefit

City income tax: Generated by new direct, indirect/induced employment, construction-period income tax, new residents and corporate income tax.

Utility user's tax: Exempt through the Renaissance Zone

Misc. taxes + fees: Permit fees, state sales-tax revenue sharing, and other non-tax revenue anticipated from increased activity.

Cost of City services: Estimated added City service costs from increased activity (i.e. police, fire, maintenance, infrastructure, etc.)

VISITOR SPENDING

The Detroit Riverfront Conservancy estimates 3 million annual visitors who spend nearly \$82 million in Detroit.
\$27.33 per visit today.

\$101 MILLION
NEW VISITOR SPENDING ANNUALLY

\$3.03 BILLION
NEW VISITOR SPENDING OVER 30 YEARS



3,000,000

EXISTING DAY VISITS

x

\$16.34

INCREMENTAL SPENDING PER
DAY VISIT

=

\$49 MILLION

NEW ANNUAL SPENDING



750,000

ANTICIPATED NEW DAY VISITS

x

\$60.00

INCREMENTAL SPENDING PER
DAY VISIT

=

\$45 MILLION

NEW ANNUAL SPENDING

Southeast Michigan: 662,500 | Remaining Michigan: 52,500 | Out of state/Canada: 75,000



59,312

NEW OVERNIGHT VISITS

x

\$118.95

NEW SPENDING PER
OVERNIGHT VISIT

=

\$7 MILLION

NEW ANNUAL SPENDING

SPIN OFF ECONOMIC IMPACT



Comparable Waterfront Districts

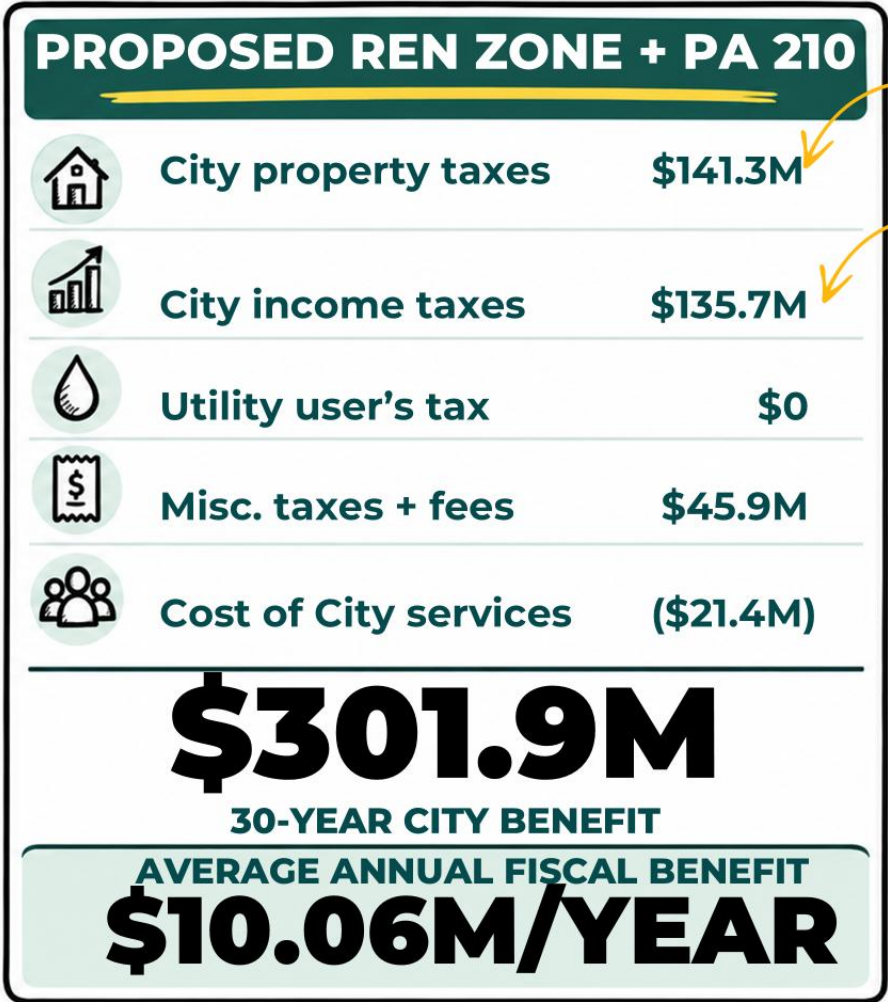
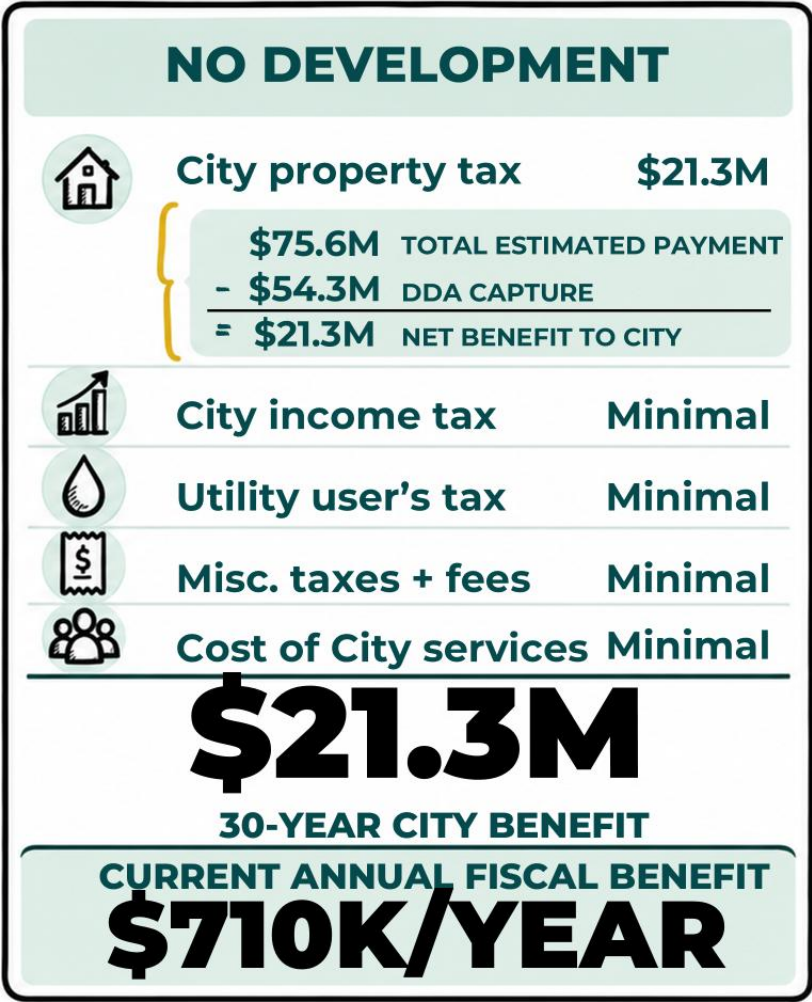
Comparable Waterfront Districts	Annual Visitors	CSA Population	Visits/CSA Population	CSA Median Income	Spend Per Visitor	Primary Revenue Anchors
Navy Pier (Chicago)	8,300,000	9,965,292	0.83	\$74,800	\$40-\$75	Paid parking garages, ticketed rides
The Wharf (Washington DC)	8,000,000	10,211,015	0.78	\$81,200	\$85-\$140	Heavy dining, concert tickets, hotels
Fisherman's Wharf (San Francisco)	10,000,000	9,140,485	1.09	\$94,500	\$45-\$75	Open street grid, unique shopping, bay cruises
Seattle Waterfront (Seattle)	9,000,000	5,127,377	1.76	\$85,600	\$55-\$90	Aquarium, attractions, dining
East Riverfront (Detroit)	3,809,312 ^[1]	5,416,003	0.70	\$64,800	\$60 ^[2]	Dining, entertainment, marina, public space

[1] Accounts for 3,000,000 existing visitors + 25% increase in annual day visits + overnight visits generated from hotel activity

[2] Based on comparable spending from local events and other visitor spending analysis

APPENDIX

CITY OF DETROIT 30-YEAR FISCAL BENEFIT



Includes \$94.8M in
PILOT payments

Developer opt-out:
City retains 100%

HOW THE PA210 TAX ABATEMENT WORKS

Property-tax treatment during the exemption term.



NEW IMPROVEMENT VALUE *PARTIALLY ABATED*

New construction or rehabilitation value is taxed only on the non-abated mills.

EXISTING BUILDING VALUE *FROZEN BASE*

The property's taxable value is frozen at its value immediately before the exemption begins; full millage still applies.

LAND *NOT ABATED*

Land remains fully taxable. All normal ad-valorem mills continue to apply.



FULL TAXES ON LAND



FULL TAXES ON FROZEN
PRE-REHAB BUILDING
VALUE



TAXES ON NEW
IMPROVEMENT USING
ONLY NON ABATED MILLS

HOW RENAISSANCE ZONES WORK

30
Year Zone

Land + Building

Land, existing buildings, and new improvements are generally exempt from most ad-valorem property taxes.

Additional Exemptions

Personal property taxes, utility user's taxes, and municipal income taxes for residents and businesses are generally exempt.



State Reimbursements

The State of Michigan will make certain taxing jurisdictions whole:

- School operating
- Library
- Wayne RESA
- Wayne County Community College

A FIRST OF ITS KIND COMMITMENT IN DETROIT

1.



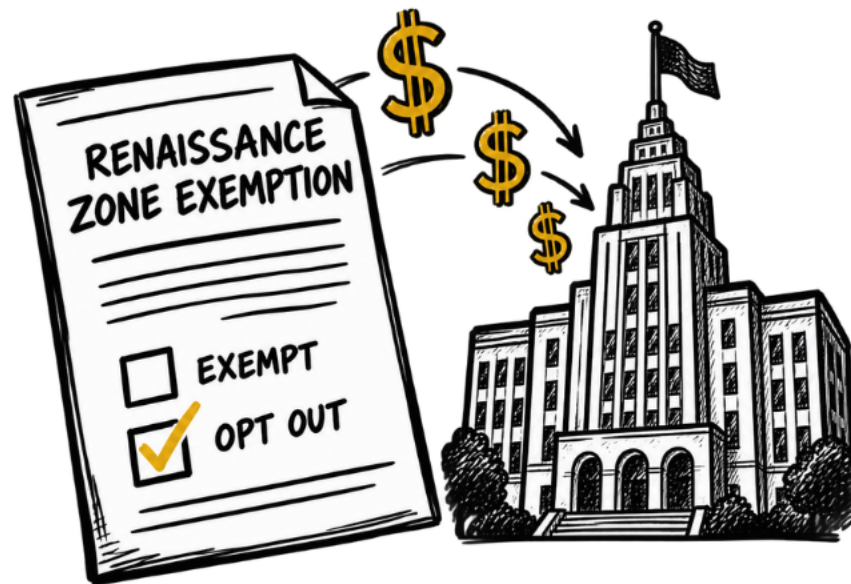
VOLUNTARY + BINDING

Payments will be subject to an enforceable agreement with the City and State.

\$94.8 MILLION
CITY

\$31.2 MILLION
COUNTY

2.



THE DEVELOPER WILL OPT OUT

Developer will exercise this opt-out and enter into an agreement with the City and State so the City receives 100% of the Resident and Corporate Income Tax.

100% OF CITY INCOME TAX COLLECTED

DEGC RESPONSE

Proposed RenCen Incentive Scenario				
Taxing Unit	Typical Incentive Scenario	Proposed RenCen Incentive Scenario	Who Benefits With Tax Incentives?	Who Benefits Without Tax Incentives?
City Operating	Abated	PILOT	Developer + City	DDA
City Debt	Abated	Abated	Developer	DDA
County Operating	Abated	PILOT	Developer + County	DDA
School Operating	Reimbursed by State	Reimbursed by State	Developer + DPS	DDA
School Debt	Abated	Abated	Developer	DDA
RESA	Reimbursed by State	Reimbursed by State	Developer + RESA	DDA
Community College	Reimbursed by State	Reimbursed by State	Developer + WCCC	DDA
Library	Reimbursed by State	Reimbursed by State	Developer + DPL	Library

- Schools and Libraries are made whole by the State for losses caused by the Ren Zone
- In most cases the developer and the taxing unit both benefit from the proposed incentive structure
- Without tax incentives the DDA would be the primary beneficiary

DEGC RESPONSE

– Who Receives Taxes Under Incentives?

Generally				This Project			
	Bfld Plan	PA 210	Ren Zone	Bfld Plan	PA 210	Ren Zone	PILOT
	Future Taxes*	Future Taxes*	Existing + Future Taxes				
City Oper.	Developer	Exempt	Exempt	No Capture	-		
City Debt	City	Exempt	City	No Capture	-		
County Oper.	Developer	Exempt	Exempt	No Capture	-		
School Oper.	Developer**	Schools	Exempt but Reimbursed	No Capture	-		
School Debt	DPS	Exempt	Schools	No Capture	-		
RESA	Developer	Exempt	RESA	No Capture	-		
Comm. Coll.	Developer	Exempt	Exempt but Reimbursed	No Capture	-		
Library	Developer	Exempt	Exempt but Reimbursed	No Capture	-		

*Existing taxes continue to be paid to all taxing jurisdictions for Brownfield and PA 210

DEGC RESPONSE – This Project

Incentive	Existing Property Taxes	School Debt Millage	School Operating Millage	Library Millage
Renaissance Zone	See PILOT	State makes whole	State makes whole	State makes whole
PILOT	Pays equivalent amount to City & County			
PA 210	Continue to be paid	Future revenues captured	Future revenues captured	Future revenues captured
Transformational Brownfield Plan	Not Impacted	Not Impacted	Not Impacted	Not Impacted