Team #2

Manhattanville
FACTORY DISTRICT

UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT
2016 CASE STUDY CHALLENGE

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PROJECT	MANHATTANVILLE FACTORY DISTRICT
GROUP NO.	2
DEVELOPER	JANUS PROPERTIES
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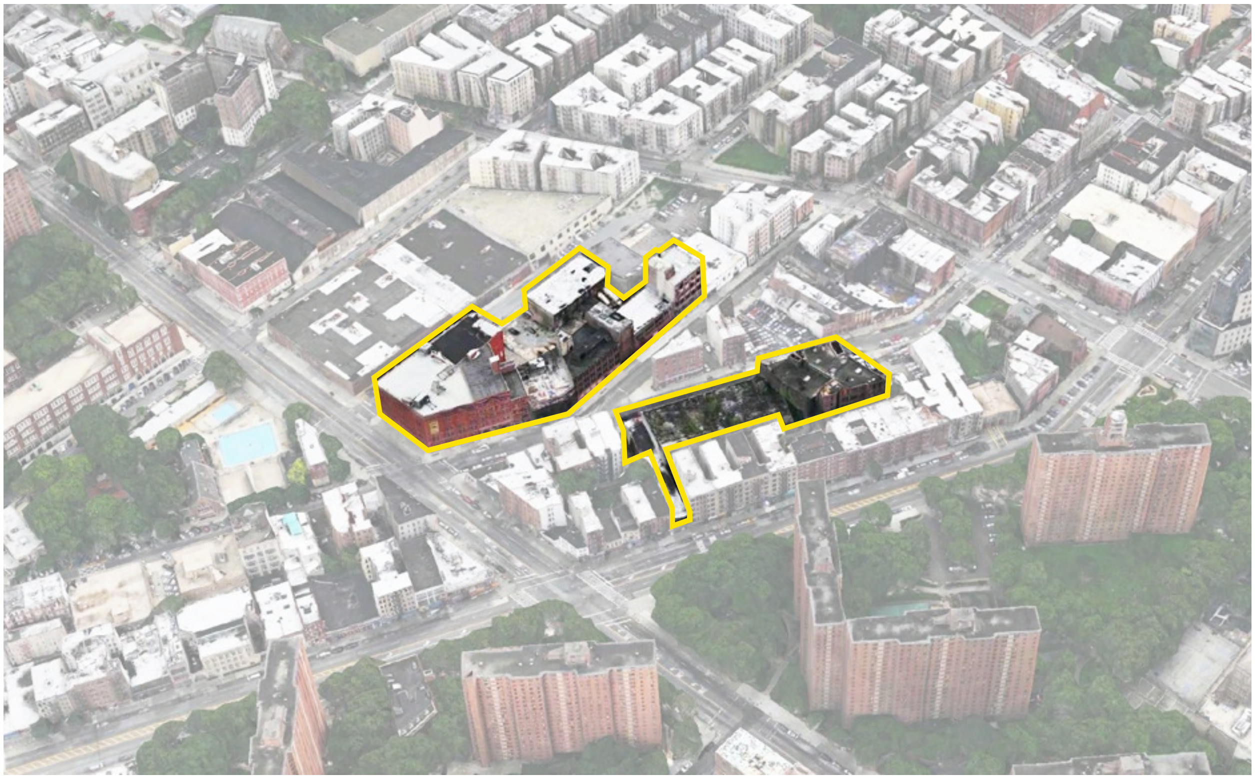
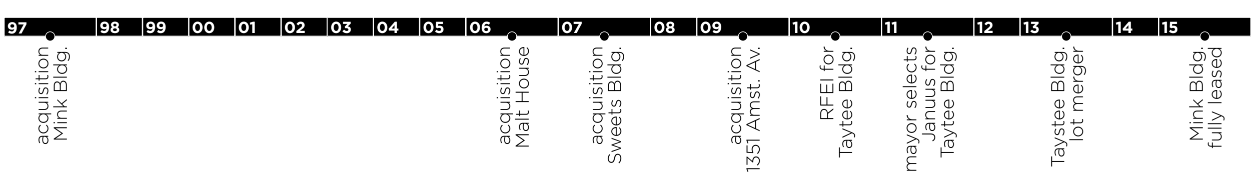
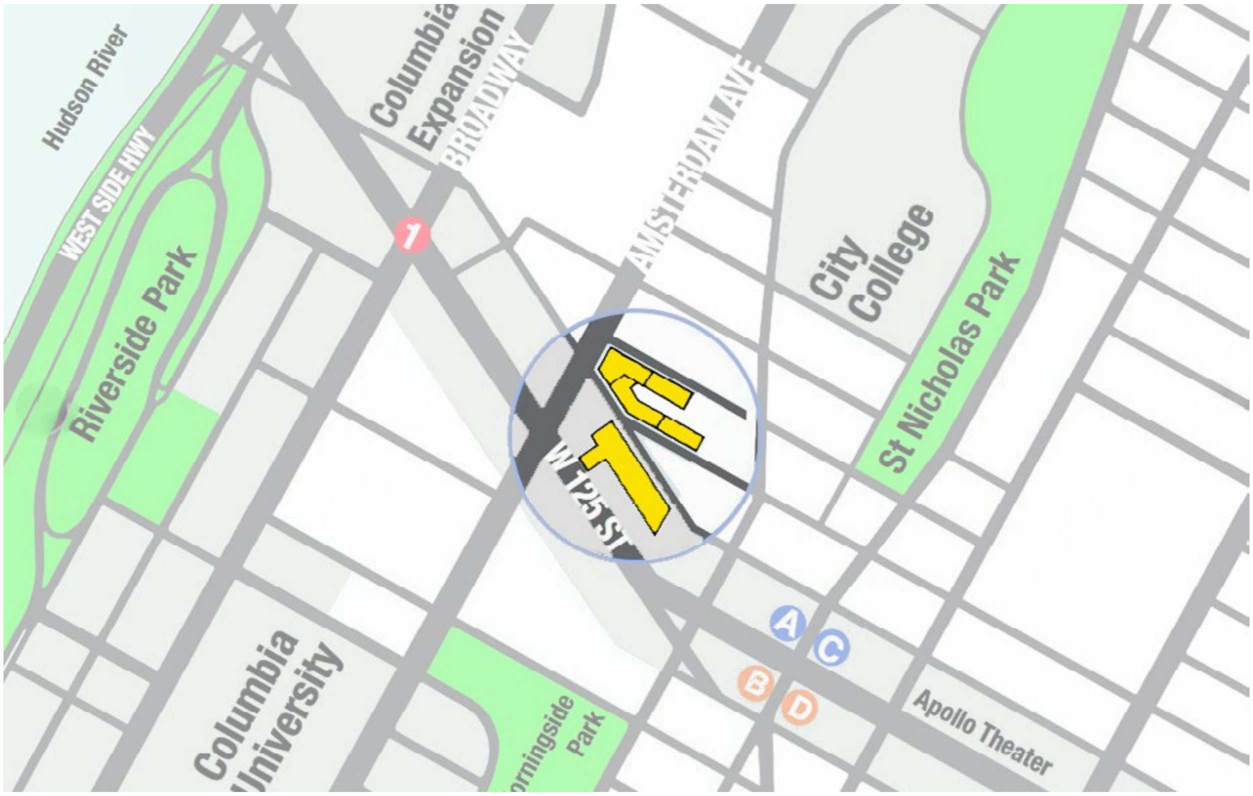


Introduction

The Manhattanville Factory District is a neighborhood redevelopment project in West Harlem that repurposed a block of manufacturing buildings and warehouses into a mixed-use retail and office district. Located between 125th St—Harlem's "Main Street"—and 128th St., the site borders the more affluent Columbia-anchored Morningside Heights to the south and the historically disadvantaged residential neighborhood of Manhattanville to the north. From 1997 to 2015, the Janus Property Company ["Janus"] acquired eleven buildings and empty lots through developer-initiated transactions and one city-sponsored RFEI, assembling a multi-block site across three acres. Throughout the 18-year acquisition/development period, Janus has undertaken adaptive reuse on three of the buildings, planned two ground-up buildings, and renovated one small retail space which currently provides 385,000 square feet of commercial, retail, and community facility and when fully built out will be 1.1 million square feet. Today, the Factory District is home to a diverse mix of tenants that includes the West Harlem Development Corporation, research laboratories, medical facilities, arts organizations, and non-profits. Janus has funded the Manhattanville Factory District's $40 million of acquisition and development costs to date with conventional loans, partner equity, incentive-driven Federal tax credit programs and seller-financing. This analysis will conclude with the first building in the Factory District, the Mink Building, reaching full occupancy in 2015, however the District is continuing to progress with buildings in each stage of the development process: in design, permits applied for, under construction, or leased up and preparing for the next round of lease expirations.

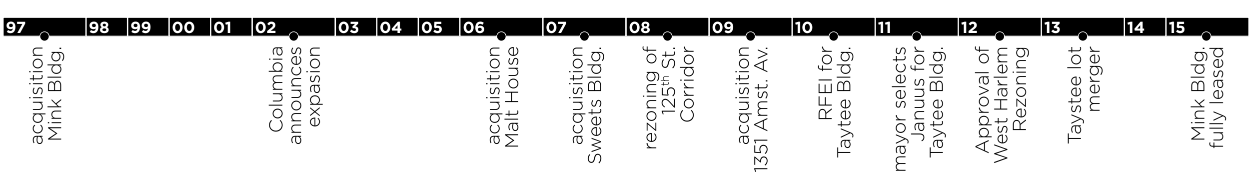




Neighborhood context

The Manhattanville Factory District sits at the nexus of several contrasting conditions that are emblematic of Harlem's social fabric: five blocks south is Columbia University's Morningside campus, five blocks north is City College's campus, including the new Advanced Research Center, the southern site border is 125th Street, Harlem's "Main Street", which is home to the Apollo theater and the Studio Museum, and two large NYCHA public housing projects are within walking distance to the south and west. These conflicting forces of large concentrations of wealth and social capital associated with Columbia and the poverty and lack of opportunity associated with the public housing residences have directly impacted the project from the availability of financing, grants, and tax credits to the mix of tenants that have come to occupy the buildings. Throughout the development timeline, the Factory District has been impacted by the area's rapidly changing demographics and economic conditions catalyzed by broader patterns of gentrification and specific urban planning interventions such as Columbia's new 17-acre Manhattanville campus and several neighborhood re-zonings.

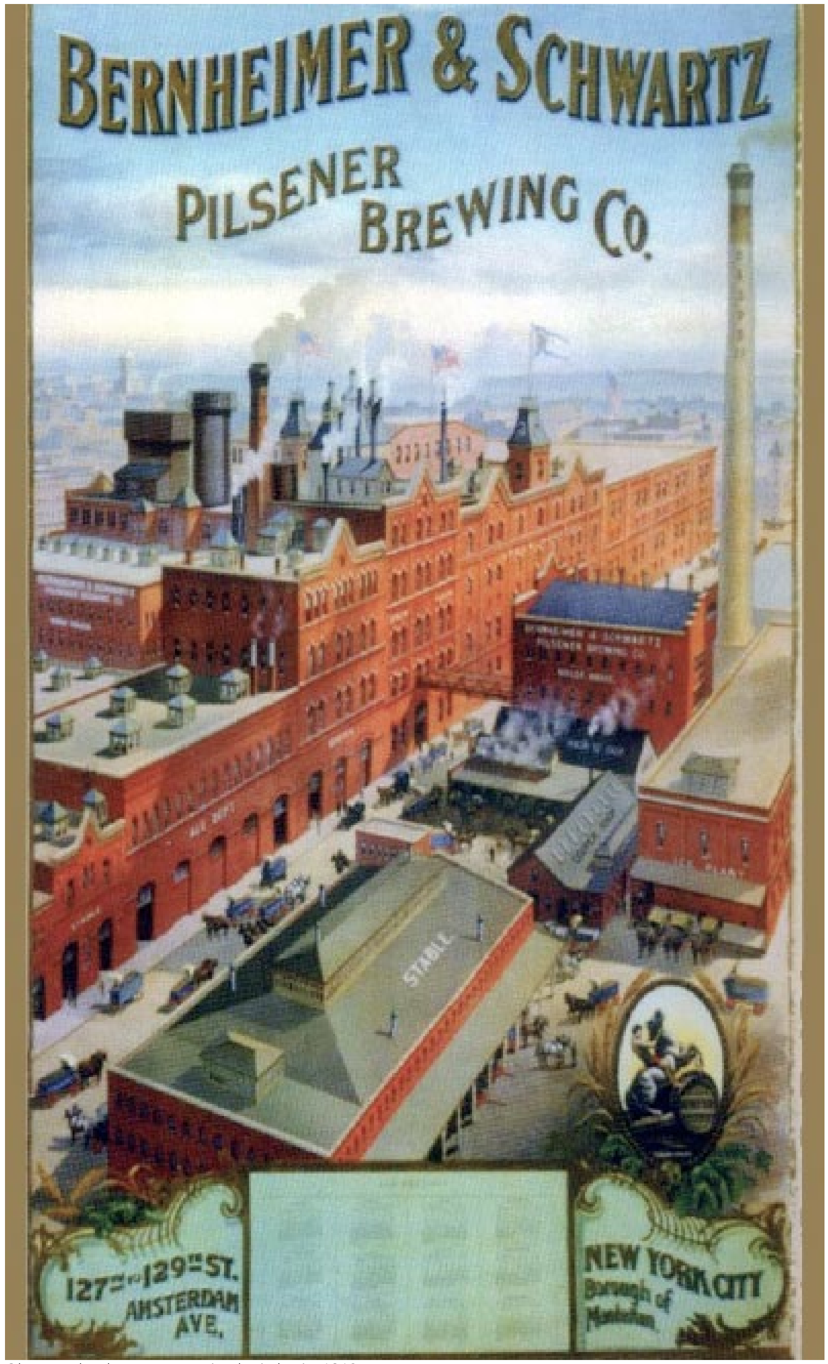
"If I told you at the time that one day, Harlem will be filled with $2-3mm brownstones and Columbia University would develop a 17-acre campus expansion a block and a half away, you would've laughed hysterically." - Scott Metzner



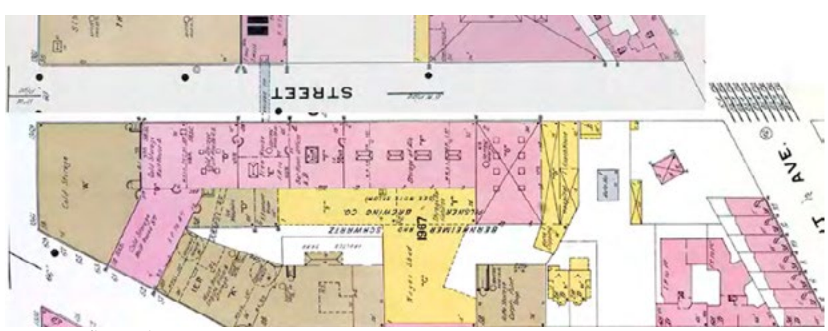
The Site

The Manhattanville Factory District’s eleven buildings are sited across three acres between 125th and 128th Streets and Amsterdam and Convent Avenues. The oblique streets that run throughout the site and the dead end at 128th St. and Convent that results from Harlem’s characteristic topography give the site a distinct sense of place.

Eight of the eleven buildings that make up the Manhattanville Factory District were part of the Bernheimer and Schwartz Brewery Complex, built from 1865 through 1915. Located between 126th and 128th street east of Amsterdam Avenue, the buildings are characterized by bulky masses with heavy brick facades and articulated masonry details. Demolition and renovations over the past 150 years have broken up the once contiguous campus into a U-shaped set of structures with a central courtyard and opportunities for pedestrian throughways that will help integrate the masterplan. The cohesive architectural style creates a unique urban fabric, yet each building still has its individual identity, which has been further enhanced by Janus’ re-branding of the buildings: The Mink Building, The Malt House, The Sweets Building and the Taystee Building.



Shows the brewery at its height in 1912



Brewery floor plan at operation in 1912

97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15

- 97 – acquisition Mink Bldg.
- 02 – Columbia announces expasion
- 06 – acquisition Malt House
- 07 – acquisition Sweets Bldg.
- 08 – rezoning of 125th St. Corridor
- 09 – acquisition 1351 Amst. Av.
- 10 – RFEI for Taytee Bldg.
- 11 – mayor selects Januus for Taytee Bldg.
- 12 – Approval of West Harlem Rezoning
- 13 – Taystee lot merger
- 15 – Mink Bldg. fully leased

The Mink Building

The Sweets Building

Taystee
(Rendering of proposal)

Malt House
(Rendering of proposal)

Phase I. The Mink Building includes by far the largest single property left from the old brewery complex. Originally three buildings that Janus combined, its 5/6-story, full lot footprint at the corner of 126th and Amsterdam gives a sense of arrival to the whole complex.

Phase II. The Sweets Building, made up of a 5-story brick building and a smaller 3-story shed made into a rentable building, is next door to the Malt House and forms the eastern edge of the site. The Sweets and the Malt House both have access to the courtyard that sits at the center of the brewery, as will Mink when the full plan is realized.

Phase III. The Malt House & W 128th, composed of four structures of varying heights that Janus is combining, runs along 126th as it crooks and transitions to 127th Street. Its distinguishing feature is the five-story 90-foot tall windowless tower that was most likely used as a brewing room.

Phase IV. The Taystee Building site, which runs along 126thStreet and connects through to 125th Street, transforms the project from a small campus to a master plan. The site was home to the former Taystee Bakery, long rundown, vacant and facing an emergency demolition order from the city, the building has since been taken down by Janus and is the largest remaining undeveloped property in the District.

97	acquisition Mink Bldg.
98	
99	
00	
01	
02	Columbia announces expasion
03	
04	
05	
06	acquisition Malt House
07	acquisition Sweets Bldg.
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14	
15	Mink Bldg. fully leased

Long Term Vision

Janus has a truly long term vision for the Factory District. Their unwavering commitment to the neighborhood and belief in the New York real estate market has enabled them to weather multiple recessions and undertake development activities for 18 years with little out-of-pocket equity invested since their initial acquisition of the Mink. This extremely difficult feat is made possible through adherence to a basic strategy: focus on creating values in the properties by utilizing the principals' technical skills, building community relationships and knowledge, leveraging local government and institution initiatives, and maintaining maximum flexibility with the physical space. Sticking to these principles, Janus would acquire, renovate to stabilize the building, place tenants (often below market) to quickly generate cash flow. With an income stream in place and steady market growth, Janus could leverage the property to pull out equity and invest in the next phase of the project, creating a cyclical development process that builds on itself. This methodical approach was made possible by their long term vision for the Factory District. With no defined exit or pre-determined holding period, there was never an incentive to over-leverage or panic sell any of the individual buildings. What has resulted from a project standpoint is that Janus has been able to develop a comprehensive masterplan that will re-define 3 city blocks of largely unused warehouses into a cohesive commercial campus with three times more buildable area than what was initially allowed. From a financial standpoint, they have turned an initial $285,000 outlay of cash equity into a project with a current TDC of $40,000,000 and a market value of nearly $250,000,000. What follows is a chronological account of how Janus' execution of foundational real estate strategy has created value for the Manhattanville Factory District and for the community.

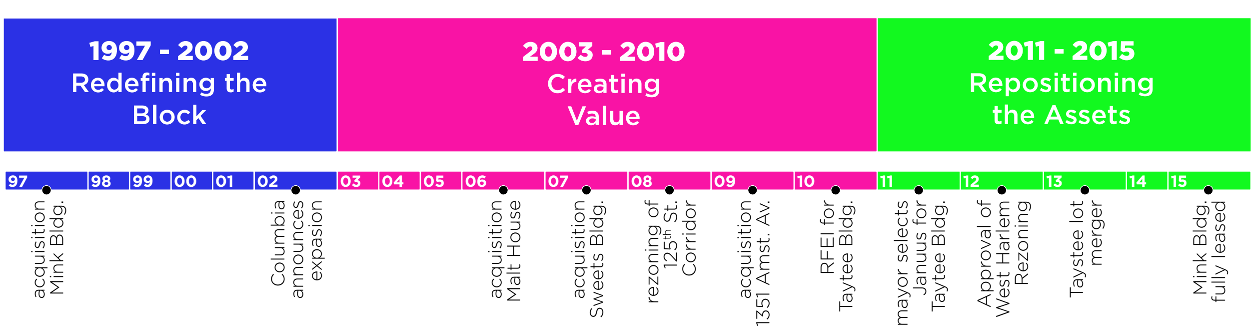
Essentially, Manhattanville Factory District is a story of how Janus transformed the project with a $946k investment into a campus that is now worth nearly $240mm with a current annual NOI of 2.5mm.

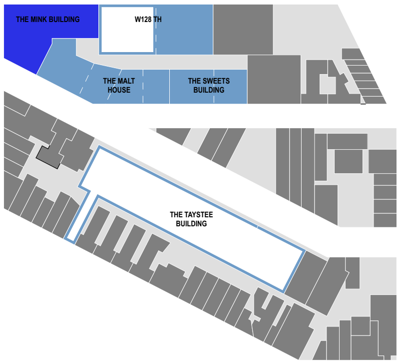
Summary of project's current and future size as well as the total development costs and valuation:

	Mink Bldg.	Malt House	W128th	Sweets Bldg.	Taystee Bldg.*	TOTAL
Total SF Current	150,000	185,000	25,000	50,000	-	410,000
Total SF in the Future	150,000	250,000	200,000	84,000	350,000	1,034,000
Acquisition Cost	$1,425,000	$5,500,000	Part of Malt H. Acq.	$6,500,000	$3,800,000	$17,225,000
Hard Cost	$2,360,000	$4,941,000	$1,062,000	$2,044,500	$6,560,000	$16,967,500
Soft Cost	$1,952,000	$1,565,000	$419,000	$1,442,500	$1,640,000	$7,018,500
TDC	**$5,737,000**	**$12,006,000**	**$1,481,000**	**$9,987,000**	**$12,000,000**	**$41,211,000**
TI By Tenants	$7,000,000	$0	$0	$520,000	$0	$7,520,000
Estimated Value in 2015	**$52,378,009**	**$47,500,000**	**$38,000,000**	**$23,028,416**	**$66,500,000**	**$227,406,425**

*see additional financial analysis in appendices

From here forth, the case study will be divided in following three chapters of the project's development:



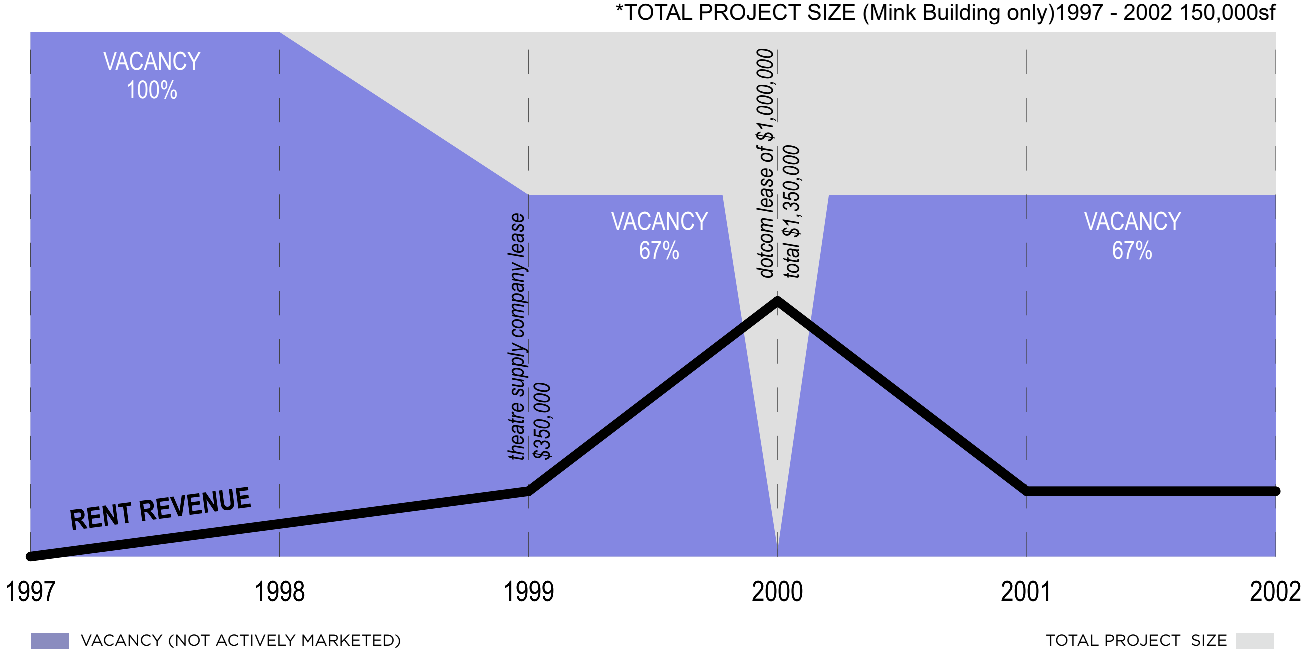


1997-2002 : Redefining the Block

In 1991, Janus principal Scott Metzner became familiar with this stretch of West Harlem through his gut renovation of two vacant buildings into an affordable rental housing project on 126th St adjacent to the Taystee site. The “railroad”-style building was constructed in 1901, prior to the implementation of New York City zoning law, so after being vacated by the City in order to be developed, it lost its residential status and reverted to the lot’s manufacturing zoning designation. To develop it, Janus had to go through a zoning variance and extensive reconstruction to ensure zoning and code-compliance. This first property was indicative of the entitlement and construction challenges that characterize the surrounding buildings that eventually came to comprise the Manhattanville Factory District. Janus set up its offices in the basement of the apartment building and familiarized themselves with the neighborhood and local business and property owners over the next three years as they re-developed several affordable housing properties around Harlem. Searching for ways to support the neighborhood beyond providing affordable housing, Janus saw the decommissioned brewery buildings across the street from its office as an opportunity to explore how real estate development can contribute to community and economic development. With that aim in mind, Janus purchased the 150,000 square foot Mink Building in 1997, setting into motion the still ongoing community redevelopment project.

> ”We literally referred to it as the ’monster’, not only because of it’s hulking size, but because when I bought it, I used to joke that either I was going to kill it or it would kill me.” - Scott Metzner

*TOTAL PROJECT SIZE (Mink Building only)1997 - 2002 150,000sf



In the late 1990s Harlem was in the midst of a significant demographic and economic shift. After Central Harlem's population had hit its nadir in 1990[1], government initiated anti-crime and re-investment initiatives such as Mayor Ed Koch's 10-Year Plan and the joint Federal, State and City Upper Manhattan Empowerment Zone catalyzed neighborhood change. The historically African American neighborhood began to see increases in the number of White and Hispanic residents, large swaths of vacant City-owned properties were transferred to private and not-for-profit developers and homeowners under numerous City-sponsored programs, such as the Vacant Building Program, the Neighborhood Entrepreneurs Program and Homeworks, and condo values nearly tripled over the following two decades[2]. It was amidst this context that Janus acquired the Mink Building.

After more than a year of trying to acquire the hulking brick buildings on the corner of 126th and Amsterdam, Metzner struck a deal with the buildings' owner to acquire the property. Formerly home to a brewery, the building was used as a cold storage warehouse for furs since Prohibition. The Canadian family company, Interborough Fur Storage, the most recent owner, had closed the business decades before. The conditions of the acquisition were indicative of those of a young developer getting his start: the building was bought in 1997 for $1.4 million as-is—old furs, dusty desks and all—with financing coming from the previous owner himself. This type of purchase required little equity investment, keeping debt service reasonable since no and low interest payments were negotiated, allowing time for the development vision to come into focus.

With the building under ownership, Janus got to work stabilizing and leasing the building. Despite having been large y unused for decades, the sturdy brick structure was relatively intact, limiting base building work to clearing the interior, masonry reconstruction and putting in a new roof to prevent water damage. With a functioning bare bones interior, Janus was able to secure a 17-year lease with a theatrical prop company at $7/sqft for almost half of the building in 1999. While the rent was less than one quarter of the $33/sqft asking price of Midtown Manhattan commercial space[3], it showed a secure income stream of $350,000, growing each year. This lease alone allowed for Janus to re-finance the property through a Community Reinvestment Act-qualified loan from an institutional lender. This development sequence would become the model for the Manhattanville project: buy cheap, stabilize the building, get tenant to secure cash flow, accept and manage risk and refinance after reaching a new level of stabilization.

Janus was able to secure further financing for the building from European American Bank, which was later bought by Citibank. After securing the re-finance, Janus had several opportunities to grow the scope of the project. First, Janus signed a lease for the remaining space in the Mink building with a dot-com startup that went bankrupt

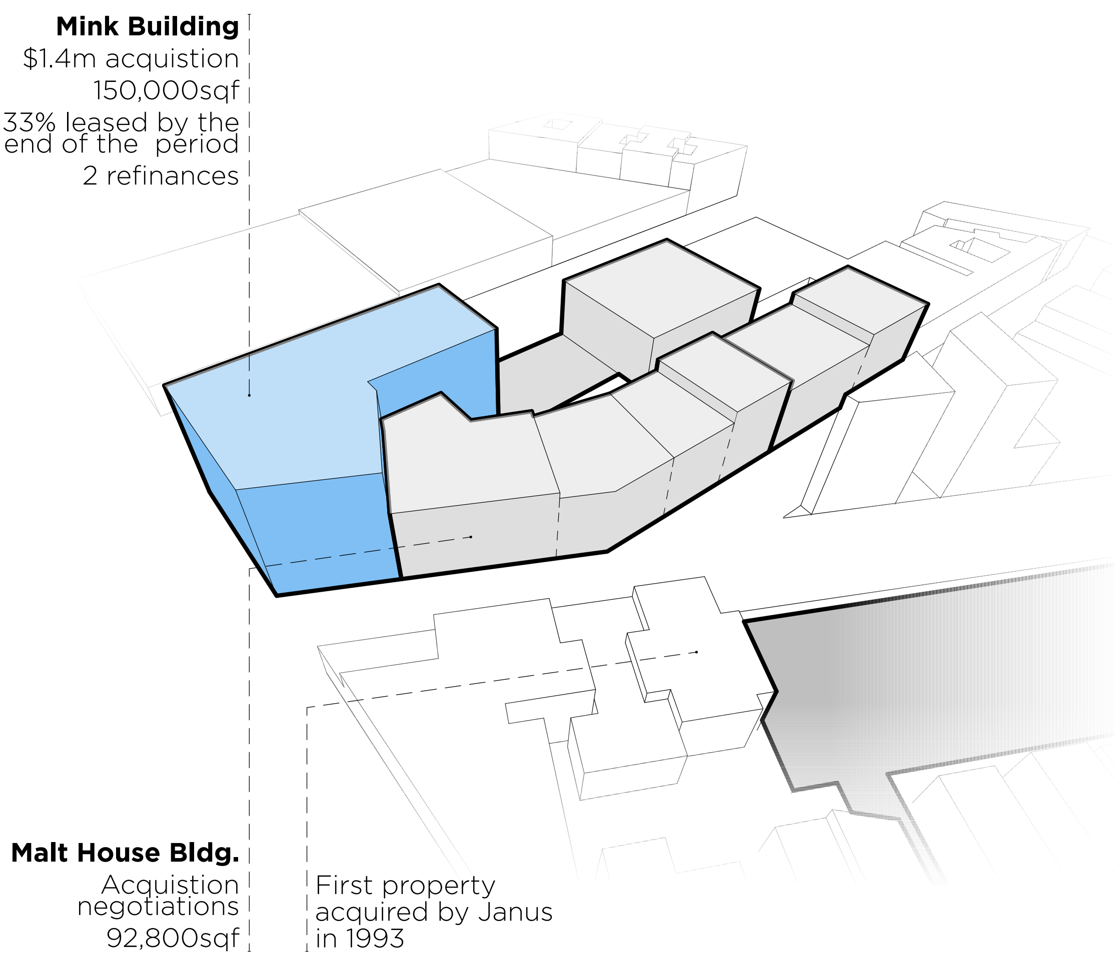

Mink Building in 1989.[7]

1999
signed lease with theatre supply co.
2000
1st refinance Mink Bldg.
signed "dot com" lease
"dot com" company defaults
2001

during the dot-com crash prior to occupying the space—thus entitling them to the first several months' rent plus a one-year security deposit while maintaining additional leasable area. With a fully leased building, Janus was able to secure further financing for the building from European American Bank, which was later bought by Citibank. Second, and most significant, Janus went into contract on the adjacent Malt House properties in 2001. Composed of five buildings and one vacant lot, these properties added another 185,000 sqft of leasable space and additional development opportunities on the block, making it clear to Metzner that there was "something bigger" to be done on the site.

Rendering of Mink Building to the left and future development of Malt House Building

Snapshot at the end of period 1997-2002:



2001 — began negotiation of Malt House

2002 — Columbia U. announces expansion — NYCEDC begins planning 125th St. improvements

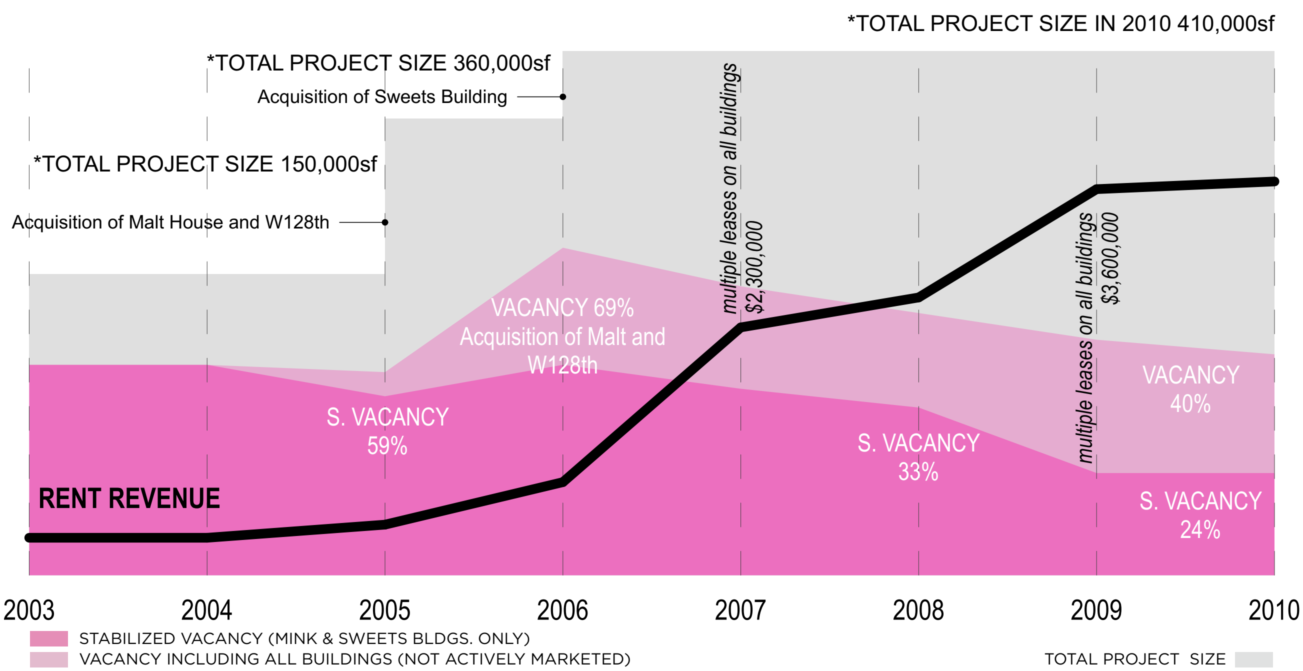
2003

One early tenant was Reflective X-ray Optics, which makes a special type of mirror coating for X-ray telescopes. "I wanted to stay in the neighborhood…to help foster close ties with Columbia (University)
- David Windt (The company's president)

Wall Street journal Dec. 23, 2012 [6]

2003 - 2010 : Creating Value

Over the next five years, Janus would develop the concept of a full mixed-use campus by acquiring two more properties on the block, growing their rentable area as well as the vision for the Manhattanville Factory District. At this time, not only were opportunities for the block growing, but so were interest and investment in Central and West Harlem—in 2002 the NYC Economic Development Corp. began planning for improvements in West Harlem and along 125th Street in particular, and Columbia University announced its intention to build a 17-acre satellite campus in Manhattanville just blocks from the Factory District. These initiatives were hyper-local examples of the larger pro-development trends in Harlem facilitated by the recently elected Mayor Bloomberg. Janus' commitment to the neighborhood and its associated long-term investment outlook allowed them to leverage these trends to create value for their investment through acquisition, renovation and leasing, and create value for the community through needed commercial space for government, social service and locally-based arts organizations. It was in this period of the project timeline that Janus' presence in the neighborhood proved to be an essential supplement of the more simplified strategy of buy, stabilize, lease, refinance and transformed the Factory District from a real estate development project to a community development project.



2003 | 2004 | 2005

property values in Harlem begin trending up

Emerging from the national recession of the early 2000s and New York City's own slump after 9/11, property values in Harlem in 2003 began trending up in an accelerating growth curve with home prices rising nearly 90% between 2002 and 2006[4]. Emblematic of this growth were developments along the Factory District's southern border of 125th Street. In 2003, the Harlem USA retail complex that housed national chains like Magic Johnson Theatres and Old Navy opened, and the NYCEDC kicked off a study of the busy corridor that would eventually result in a river-to-river re-zoning. In the years between the early 2000s recession and the 2008 crash, retail rents along 125th Street rose to levels nearly comparable with the Manhattan average[5]. During this growth period Janus closed on two more properties adjacent to the Mink Building and signed leases with a diverse mix of private, government, and non-profit tenants.

Five years after putting down a deposit on the Malt House, Metzner closed on the property for $5.5 million in 2006. The drawn-out sales process benefited Janus' slow growth strategy and resulted in a final acquisition price that landed far below market value. This gap in value was made all the more apparent when Janus acquired the adjacent Sweets Building for $6.5 million in 2007. Compared on a per square foot basis, the Malt House was purchased for $30 per square foot while the Sweets was purchased for $130per square foot. While the Malt House would remain largely vacant for several years as Janus searched for the right tenant and planned the complex redevelopment, the Sweets began producing income immediately upon acquisition.

In 2007, Janus used a 1031 tax-deferred exchange on the sale of an affordable housing property to purchase the Sweets Building with zero equity in the deal. The property's 50,000 square feet of rentable space is spread across two former brewery buildings—a three-story structure offering both current income and potential future development opportunity and a five-story structure, both of which needed to be virtually entirely gut renovated. Previously owned by a group of tenants that had ownership stakes in individual floors, Metzner put together a deal to buy out the whole group and sign several of the tenant-owners onto short-term leases for the first three floors. The renovation was funded with New Market Tax Credits. The leases did not just provide immediate cash flow upon purchase, but also allowed Janus to secure favorable financing—the $7 million loan on the property was greater than the purchase price (even without considering the 1031 funds) and provided capital for renovations and other acquisitions. The flexibility offered by the industrial floorplan would be essential for securing tenants through the looming recession.

DEVELOPMENT STRATEGY

Janus Properties development strategy has maintained a simple set of processes throughout the project timeline: leverage neighborhood knowledge and relationships to acquire properties below market value, perform base building work to achieve a TCO and make the space occupiable, lease to tenants at below market rent, refinance the property with the newly stabilized cash flow, reinvest the refinancing capital into improvements or acquisitions of any building in the Manhattanville Factory District.

2006
2nd refinance Mink Bldg.
acquisition Malt House
2007

Having already weathered the early 2000s recession, Janus again put together a strategy to make it through the 2008 crash. In 2009, Janus signed leases with non-profit organizations, government agencies, and its project architect to lease up 75% of the Sweets Building. With the exception of the architects, these tenants were primarily "recession-proof" since their budgets were not tied directly to the fluctuations of the market. The US Census Bureau is the most representative of this quality—given the need for immediate occupancy for use as a local Census office, the Bureau paid above-market rent, funded the build-out of their space and as a federal office did not need a C of O to occupy the space. While this is an extreme scenario, it characterizes Janus' ability to creatively achieve stability through the recession.

By the end of 2009, Janus owned 385,000 square feet of commercial space on the block and had become a fixture in the neighborhood through the presence of its office and relationships with a diverse set of tenants and neighbors. Metzner considered such goodwill and

DESIGN & SUSTAINABILITY

As an architect, Metzner has had the capability to envision the first stages himself quickly and in a practical manner, reducing the need for preliminary studies and lowering soft costs. Also, many renovations have been designed by tenants and their representatives. Currently Janus works with the award-winning Work AC Architects to renovate parts of the Mink Building and to study various ways to get more natural light to the core of the deep building. Taystee Building will be green construction, with LEED Silver- certification. Landscape design issues become more important in the future to tie the campus together with a cohesive treatment not only in buildings but in the surroundings.

LEASING STRATEGY

Over the last 19 years, The District has had to attract tenants to a location not often associated with commercial office and lacking retail and support amenities. Since the first lease was signed at the Mink Building in 1999, Janus has prioritized securing cash flow and minimizing capital investments. To achieve this end, they have consistently offered below market rent, sometimes at steep discounts, enabling them to execute deals with no tenant improvement allowance, no free rent periods and avoided broker commissions by undertaking leasing activities themselves. By pushing TI costs to tenants, Janus has limited their capital improvements to only $13,100,000 over nearly 20 years. While tenants have invested a significant amount of capital into the buildings, Janus sees these sources as a means to an end. When asked about TI as an alternative source of capital, Janus Principal Scott Metzner said "the added value is the cash flow, not the tenant improvement itself." This encapsulates how Janus created value with their aggressive leasing strategy.

acquisition Sweets Bldg.

Columbia U. ULURP approved

2008

rezoning of 125th St. Corridor

2009

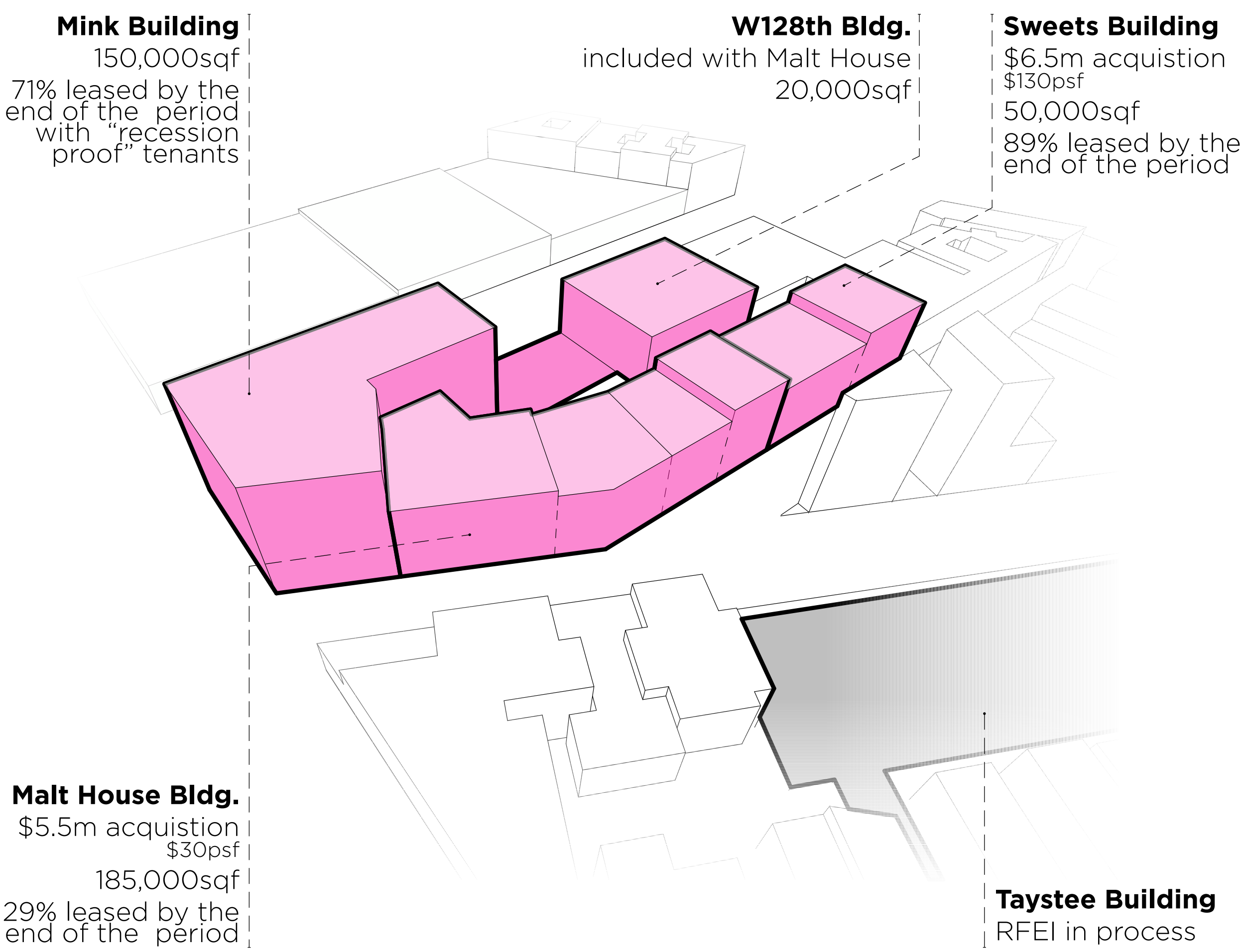
familiarity as fundamental principles of Janus as an organization and more generally to sound real estate development. As the larger forces of Mayor Bloomberg's development agenda, Columbia's campus expansion and Harlem's gentrification would all come to a head in the following years, Janus' responsive real estate development strategy would prove extremely beneficial for the future growth of the Manhattan Factory District.

MARKET ANALYSIS

As Harlem has a severe shoratge both on supply and demand for office spaces, it is not easy to set a market standard. Although there are a few Class B market comps that averaged at $36 per sqsf in 2011, Class A office spaces do not exist in the area. Also, CoStar reports show no appreciation between 2011 and 2014. Therefore, Janus had to set both the market and appreciation for themselves. Despite this, Janus managed to accommodate a few government tenants with $50 per sqsf, with TI's paid by the tenant.

See appendices for a list of Market Comps.

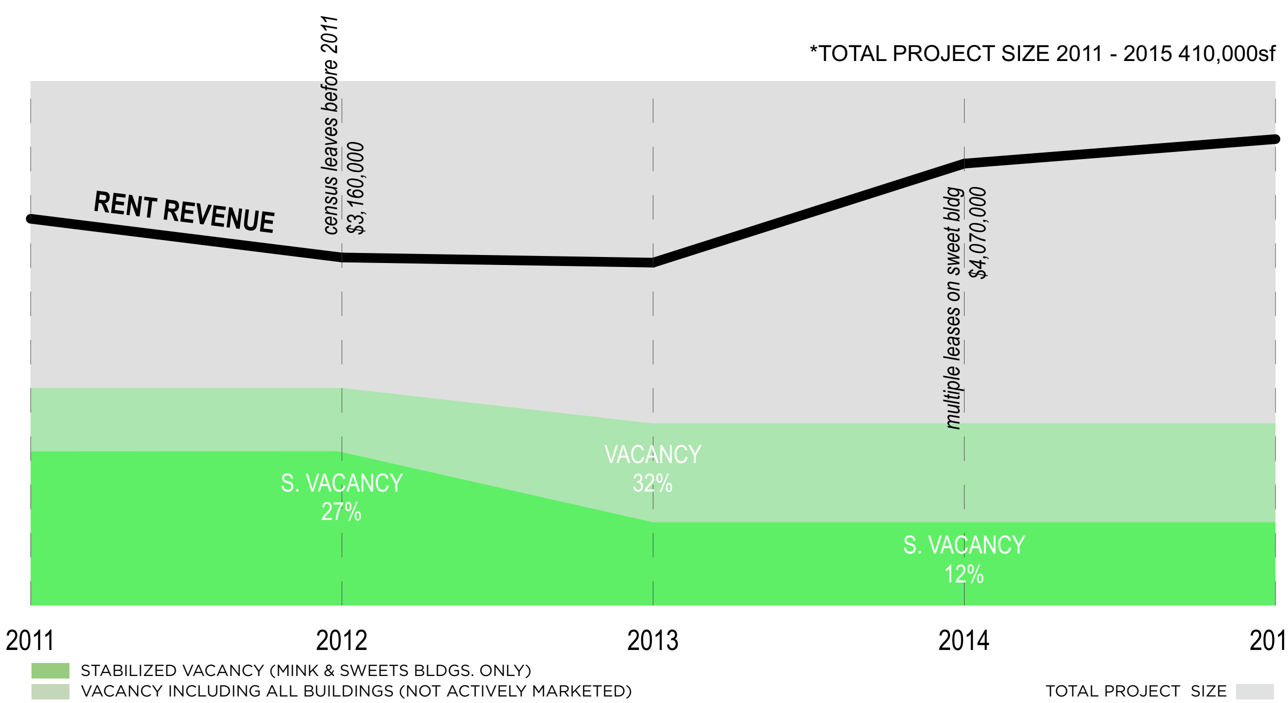
Snapshot at the end of period 2003-2008:



> ”...it’s because Scott was percieved to be a Harlem knight... He had done the heavy lifting.”
> – Larry English (former head of Community Board 9)

2011 - 2015 : Repositioning the Assets

In November 2010, the NYCEDC issued a Request for Expressions of Interest (RFEI) seeking developers to revitalize the defunct Taystee Bakery Building on 125th Street. Concurrently, a Community Board-wide rezoning for West Harlem was making its way through the City’s year-long Uniform Land Use Review Procedure (ULURP). The rezoning initiative which primarily sought to downzone the neighborhood had emerged as a direct response from the community to Columbia’s sprawling new campus and likely increase in new development driven by gentrification. Janus became involved with the community’s zoning initiative early on, integrating the Factory District into the community’s larger plan. At the end of the process, the 90-block area would be downzoned except in two locations – in the Factory District and at 145th Street and Broadway, which would both be up-zoned. While the RFEI and the rezoning presented enormous opportunity, they were also occurring within a politically fraught environment. After more than a decade of investment in the community, Janus was well positioned to benefit from the RFEI and the re-zoning to round out their vision for the Manhattanville Factory District and bring value to their investment and to the community.



CONSTRUCTION STRATEGY

As the spaces are leased, Janus tries to do as little as necessary for the spaces to be habitable and lets the tenants take care of the rest. With this in mind, and until major redevelopment begins, they operate as the general contractor of the necessary fixtures. With a practically full-time, multi-task team of workers under their control they attack problems or circumstances as they appear. This gives them flexibility and saves them the additional costs of the contractor.

OPERATIONAL / ASSET MANAGEMENT STRATEGY

As Janus acquired properties and developed the master plan concept, the individual buildings were designed to complement, rather than compete with one another.

• The Sweets Building - geared to smaller tenants with spaces ranging on average from 1,200 to 5,000 square feet. Tenants are primarily small businesses and non-profits.

• The Mink Building - larger floor plates were kept mostly intact, accommodating tenants needing 9,000 to 50,000 square feet. Previously industrial use allowed for significant floor loads for laboratory and life science tenants.

• The Malt House – large warehouse doors provided a framework to create retail spaces at the ground floor with 5,000 square foot floor plates accommodating medium-sized tenants. Future tenants include an art gallery and retailers.

• The Taystee Building – As the only ground-up development in the project, there will be Class-A office spaces with nearly 40,000 square feet floorplates. The building will offer a new product on the block and in the neighborhood, allowing Janus to effectively make the market for Class A rents in the area.

2012 2013

approval of West Harlem Rezoning

Since Janus had acquired its first property on 126th Street in 1993, Harlem had undergone significant demographic and economic changes that profoundly impacted the real estate development environment in the neighborhood. In that period, Harlem's overall population had increased nearly 17%, while the African American population had fallen to a record low of 40%--the first time there had not been an African American majority since the early 1900s. In addition to the shifting population, major crimes had fallen 75% since 1990 and poverty rates had fallen 10% since the early 1990s. Yet, median income for Harlem still sat at $37,000 while the value of condos had nearly tripled since the mid-1990s. These conflicting trends that sit side-by-side in a gentrifying neighborhood are the backdrop for Janus' final acquisitions in the Manhattanville Factory District.

With the Taystee Building RFEI, EDC wanted to solicit a wide range of ideas for a group of buildings that would utilize the decommissioned bakery buildings and integrate with plans for future growth driven by the pending mixed-used up-zoning for the Factory District. While the RFEI process is more exploratory than a standard RFP, Janus' experience developing on the block and presentation of a comprehensive vision for the project resulted in them winning the opportunity to develop the site. Janus purchased the site from the city in 2012 for $3.2 million and subsequently acquired and merged two adjacent lots for $200,000 and $400,000, respectively. Originally, Janus intended to undertake adaptive reuse on the bakery buildings, but the City issued an emergency vacate order and required the building to be demolished. With the site cleared for ground-up development, Janus developed the design with LevenBetts Architects for a 350,000 rentable square foot Class A office building. Added to the existing adaptive reuse spaces in the Mink, Malt, and Sweets Buildings, the Taystee created a comprehensive set of product offerings in the Factory District. Janus created the opportunity for this larger building by partnering with the community on the neighborhood-wide rezoning effort.

Rezoning

When West Harlem residents considered rezoning their neighborhood, it was with an eye towards averting radical neighborhood change and accelerated gentrification likely to be caused by Columbia's new campus. The West Harlem Zoning map had not been altered since 1961 and the change was virtually entirely a downzoning. The Manhattanville Factory District was not originally part of the re-zoning area, but Janus convinced the various parties to include the District in the process. Tacking on the project area to CB-9's ULURP process saved Janus over a million dollars in legal and consultant fees. Beyond the fee savings, Janus had an enormous

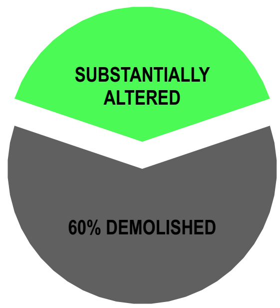
The rezoning allows substantial amount of additional FAR for the project. Rendering shows a new building on the site of W128th. Sweets Building and the Malt House have extensions on top of existing structures.

2013 — Taystee lot merger — refinance of Sweets Bldg. — 2014 amount to gain from re-zoning its area from a low-density manufacturing district to a high-density mixed-use district.

Originally, Janus' buildings that were largely occupied legally non-conforming and non-complying tenants to the current zoning map and designations. The existing zoning, allowed for retail, commercial and light manufacturing uses to 1.0 FAR. For Janus, it was of great importance to give freedom to the usage of the buildings and to allow residential and specifically community facility uses on the site, so they could attract medical and other non-profit tenants. Its years of commitment to the neighborhood gave Janus

> "We put a plan together with Gluck+ architects and started building consensus - grass roots style. As the rezoning became more and more real, building consensus turned into building a local army and sometimes doing a little battle, but when it was all over, I'd say we had about as close to 100% support as anyone could possibly get on something like this."
> - Scott Metzner

The brewery had undergone multiple renovations over the years, that created a loss of character-defining buildings and the brewery complex.



access to the Department of City Planning, the Manhattan Borough President, the local Council member, and other community leaders, as well as the community board. In the end, the Manhattanville Factory District was rezoned as the 15th Special Mixed-Use District in the entire City, allowing for the full range of new residential uses and non-residential uses to be permitted as-of-right, along with light manufacturing uses including tech and life science manufacturing and community facilities, together totaling up to 6.5 FAR. This was a significant victory for Janus, but the added development rights would effectively be inaccessible if they were unable to remove the existing buildings from the City's outdated landmarking process.

De-calendaring

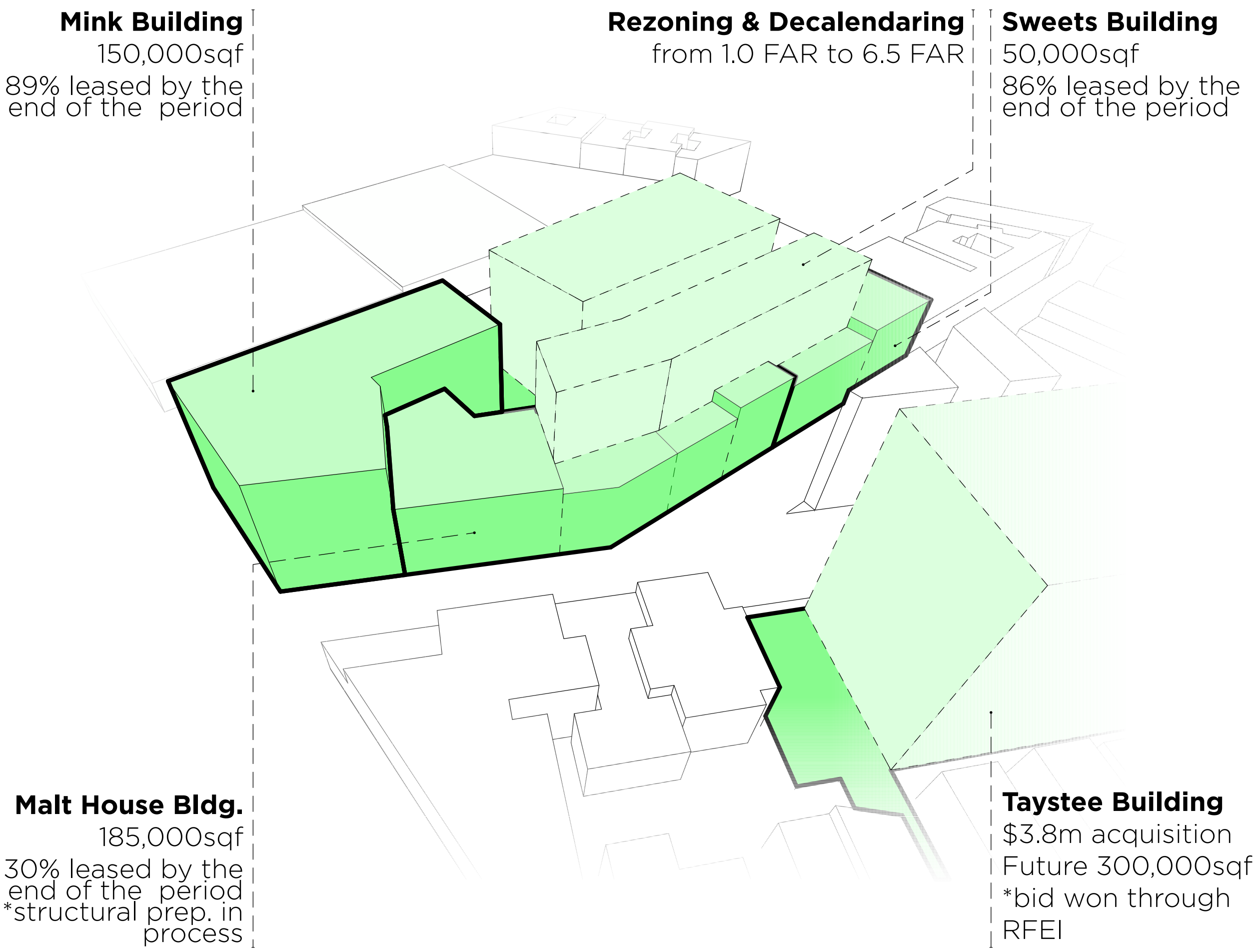
The hulking brick brewery buildings that make up the majority of the Factory District were indicative of the old industrial character of the area and were thus considered worthy of Landmark status by some community members. Under Mayor David Dinkins, many of the Factory District's buildings became calendared for Landmark consideration by the Landmark Preservation Commission's (LPC) in 1991 (prior to Janus' purchase) placing many restrictions on the development opportunities. While waiting for LPC to review, the properties are considered "calendared" and are in effect in "landmark limbo"— additional construction or modifications are subject to a forty day LPC review, limiting options and adding time and expense to the whole process. After two days of public hearings, no designation was made, leaving the buildings in a sort of Landmark "limbo". While this "limbo" continued for all of Janus' eighteen years on the site, their recent up-zoning added a new sense of urgency, since they would not be able to take advantage of the new development rights unless they were de-calendared and assured they would never be given the permanent and more restrictive status of being "designated" by LPC. Freed from this uncertainty, they would then be able to develop to the new maximum FAR of 6.5 and attract a wider range of uses than allowable under the existing designation.

"The only haunting issue was that, even after it passed, LPC (Landmarks Preservation Commission) could still overrule anything we wanted to do based on preservation issues." - Scott Metzner

In 2015, the LPC undertook the "Backlog Initiative" which sought to clear the status of 95 properties that had been stuck in this "limbo"—of the 95, Janus' holdings accounted for 8 properties.

After commissioning an architectural preservation study of the brewery buildings and their history, securing a statement from the head of the German-American Heritage Museum, and presenting to the LPC at its public hearings, all of the Factory District buildings were officially de-calendared on February 23, 2016. This effectively unlocked the total development potential for the site and represented the beginning of a new phase of development for Janus, in which the stabilized properties will receive significant value-add renovations and additions and the Factory District's master-plan will be fully integrated through ground-up construction of the Taystee and connections through all of the sites.

Snapshot at the end of period 2011-2015:



CONCLUSION - WHAT'S NEXT?

The eighteen-year period covered in this report concludes with Janus having achieved full occupancy in its first acquisition and Factory District flagship, the Mink Building. From 1997 to 2015, Janus had grown their vision from a completely unoccupied former brewery building into an active commercial district with over 200,000 square feet of space leased to a diverse mix of tenants, another 75,000 square feet of space under construction, and nearly 800,000 square feet of added development rights.

With the removal of Landmarks status in early-2016, the Manhattanville Factory District is about to enter a new stage of development and operation:

A 65,000 square foot contemporary addition to the Malt House will begin in 2017.

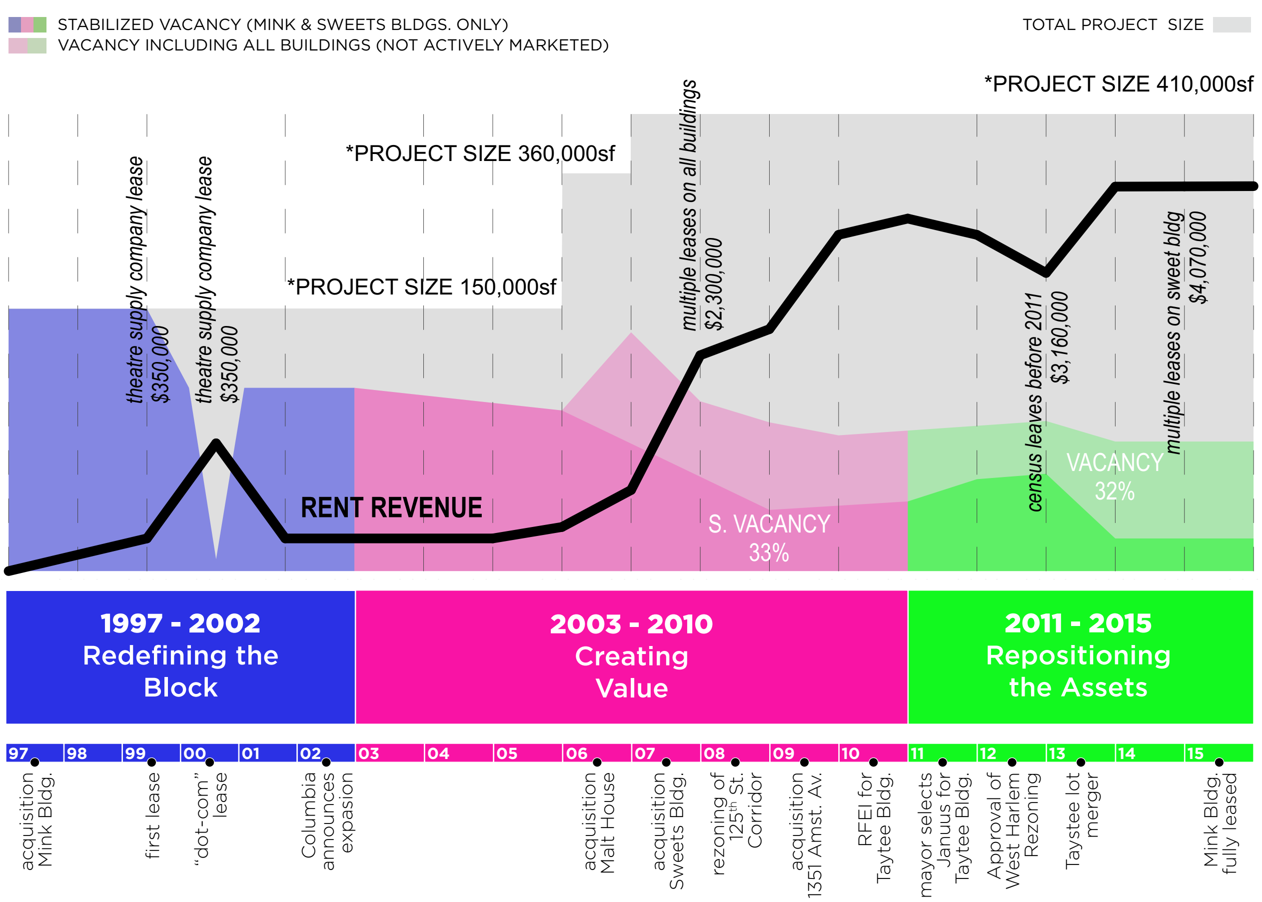
Construction will begin on the 350,000 Taystee Building.

A brand new 200,000 square foot office building will be built along 128th St.

Urban design and landscaping will integrate the campus from 125th St. to 128th St.

In early 2017, Gavin Brown Ent., one of Manhattan's most acclaimed galleries, will conclude a $5 million renovation of its space in the Malt House and open a 30,000 square foot art gallery.

The following is a graphical summary of the project and in the next two pages, to finish the case study, the financial summary of the project:



FINANCIAL SUMMARY - SOURCES AND USES

MINK BUILDING	
Sources	
Equity	
Developer Equity	$946,000
Debt	
Seller-Financed Loan	$1,140,000
Loan Proceeds - Refinance 1	$1,007,000
Loan Proceeds - Refinance 2	$2,579,000
Loan Proceeds - Refinance 3	$65,000
Total Sources	**$5,737,000**
Uses	
Acquisition	$1,425,000
Hard Costs	
Base Building Construction	$250,000
Cap Ex Construction	$510,000
Tenant Improvements Allowance	$1,600,000
Hard Costs Total	*$2,360,000*
Soft Costs	
Architecture + Engineering	$91,000
Financing	$570,000
Leasing Commissions	$358,000
Real Estate Taxes	$933,000
Soft Cost Total	*$1,952,000*
Total Uses	**$5,737,000**

SWEETS BUILDING	
Sources	
Equity	
1031 Tax Deferred Exchange	$6,500,000
Debt	
Development Loan	$2,322,000
Refinance Loan	$1,165,000
Total Sources	**$9,987,000**
Uses	
Acquisition	$6,500,000
Hard Costs	
Cap Ex Construction	$675,000
Base Building Construction	$1,219,500
Tenant Improvement Allowance	$150,000
Hard Costs	*$2,044,500*
Soft Costs	
Architecture + Engineering	$210,500
Leasing Commissions	$450,000
Real Estate Taxes	$782,000
Soft Costs	*$1,442,500*
Total Uses	**$9,987,000**

MALT HOUSE	
Sources	
Equity	
Loan Proceeds (Mink Refi 1)	$990,000
Loan Proceeds (Janus Residential Prop)	$4,570,000
Loan Proceeds (Sweets Development Loan)	$4,032,000
Loan Proceeds (Sweets Refi)	$2,414,000
Total Sources	**$12,006,000**
Uses	
Acquisition	$5,500,000
Hard Costs	
Cap Ex Construction	$3,159,000
Base Building Construction	$1,782,000
Hard Costs Subtotal	*$4,941,000*
Soft Costs	
Architecture + Engineering	$549,000
Real Estate Taxes	$1,016,000
Soft Costs Subtotal	*$1,565,000*
Total Uses	**$12,006,000**

W 128th ST	
Sources	
Equity	
Loan Proceeds (Mink Refi 2)	$316,000
Loan Proceeds (Sweets Development)	$197,000
Loan Proceeds (Mink Refi 3)	$968,000
Total Sources	**$1,481,000**
Uses	
Acquisition (Included in Malt House Acquisition)	
Hard Costs	
Base Building Construction	$180,000
Demolition	$720,000
Capital Improvements	$162,000
Hard Costs Subtotal	*$1,062,000*
Soft Costs	
Architecture + Engineering	$118,000
Real Estate Taxes	$301,000
Soft Costs Subtotal	*$419,000*
Total Uses	**$1,481,000**

NOTE: New Market TAX credits and hisoric tax credits used to benefit project income but not syndicated. New York City tax abatement programs ICAP and ICIP used to lower property tax fees.

FINANCIAL SUMMARY - PROJECT PERFORMANCE

The following numbers show the overall performance of the Manhattanville Factory District as well as each of its individual projects. The financial analysis proves Janus' capacity to think of the project as a whole while making every building a successful case study of its own. In order to generate measurable metrics, it is important to consider, we treated the refinance loan proceeds as equity. Otherwise, the returns to equity after year 2000 become "infinite".

Project Performance	Manhattanville Fact. District	Mink Building	Sweets Building	Malt & W 128th	Taystee Project
Unlevered IRR	32%	30%	23%	32%	113%
Levered IRR	66%	36%	32%	-	-
Equity Multiple	5.4x	-	-	-	-
Cash on Cash	26.5%	-	-	-	-

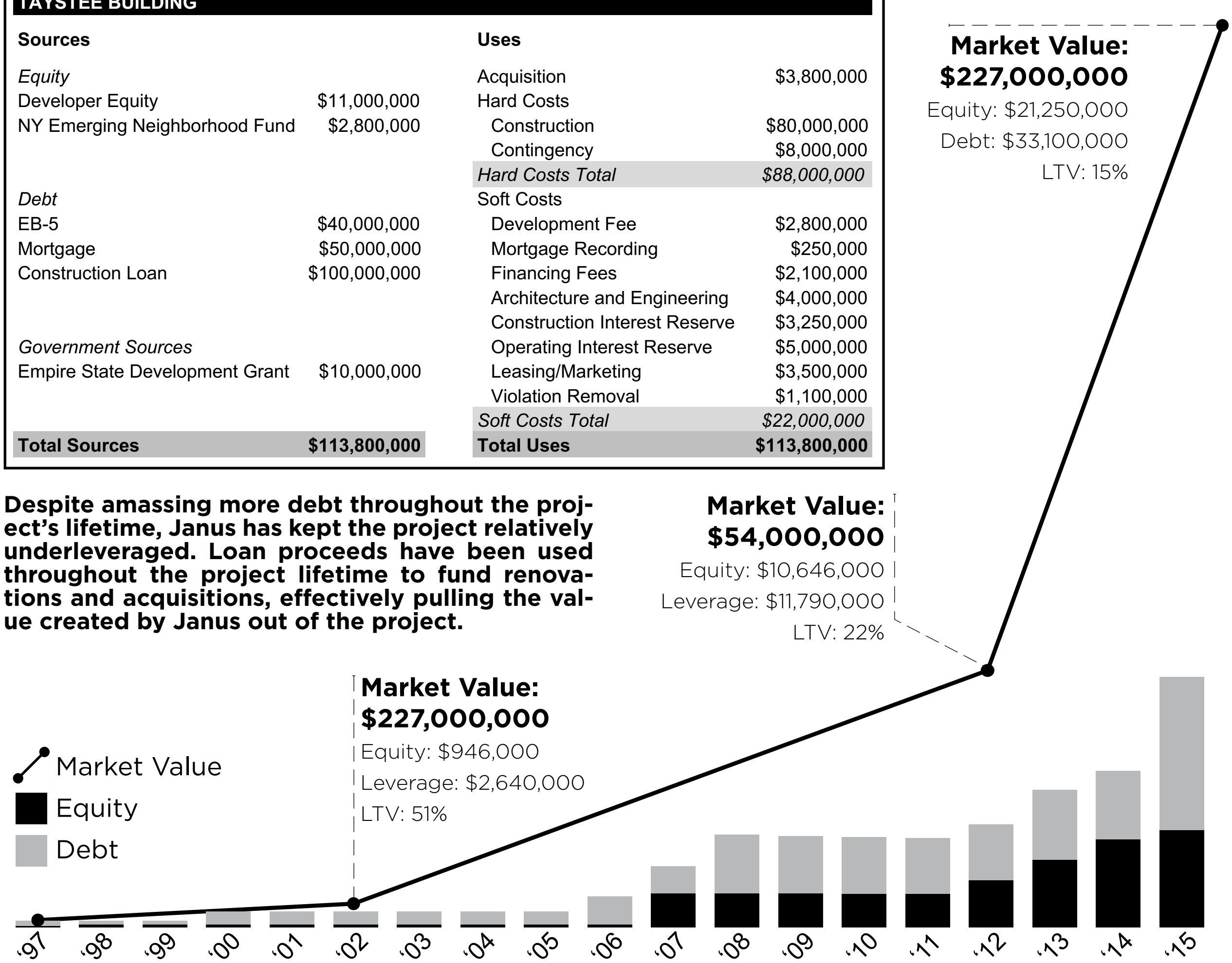
*Taystee's valuation is based on a calculation of the development opportunity (it is currently in preconstruction phase). The calculation was based on the market value of the buildable sqft.

FUTURE DEVELOPMENT

TAYSTEE BUILDING

Sources		Uses	
Equity		Acquisition	$3,800,000
Developer Equity	$11,000,000	Hard Costs	
NY Emerging Neighborhood Fund	$2,800,000	Construction	$80,000,000
		Contingency	$8,000,000
		Hard Costs Total	*$88,000,000*
Debt		Soft Costs	
EB-5	$40,000,000	Development Fee	$2,800,000
Mortgage	$50,000,000	Mortgage Recording	$250,000
Construction Loan	$100,000,000	Financing Fees	$2,100,000
		Architecture and Engineering	$4,000,000
		Construction Interest Reserve	$3,250,000
Government Sources		Operating Interest Reserve	$5,000,000
Empire State Development Grant	$10,000,000	Leasing/Marketing	$3,500,000
		Violation Removal	$1,100,000
		Soft Costs Total	*$22,000,000*
Total Sources	**$113,800,000**	**Total Uses**	**$113,800,000**

Despite amassing more debt throughout the project's lifetime, Janus has kept the project relatively underleveraged. Loan proceeds have been used throughout the project lifetime to fund renovations and acquisitions, effectively pulling the value created by Janus out of the project.



For additional information please see the appendices attached to this document.

Manhattanville
FACTORY DISTRICT

UNIVERSITY OF MARYLAND
COLVIN INSTITUTE OF REAL ESTATE DEVELOPMENT
2016 CASE STUDY CHALLENGE

Please find the appendices in the following pages...

SOURCES

All Internet sources verified Nov. 15th 2016

1 https://www1.nyc.gov/assets/planning/download/pdf/data-maps/nyc-population/census2000/cdsnar.pdf
2 http://www1.nyc.gov/site/hpd/developers/development-programs/homeworks.page
3 http://www.nytimes.com/1997/09/14/realestate/any-way-you-look-at-it-it-s-up.html
4 https://www.ft.com/content/c0c1ebd2-3f30-11e4-984b-00144feabdc0
5 http://www.anthrojournal-urbanities.com/docs/tableofcontents_7/6%20-%20Busa%20Art%20Final.pdf
6 Wall Street journal Dec. 23, 2012
http://www.wsj.com/articles/SB10001424127887323976104578197743447997324
7 http://invinciblecities.camden.rutgers.edu/files/2233.jpg

UNLEVERED DCF PRO-FORMA

BUILDING NAME	sf	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Mink Building	**150,000**																			
Development Costs																				
Acquisition	1,425,000	$1,425,000																		
Base Building Renovation	250,000		$250,000																	
Income																				
Rental Income		$0	$0	$392,000	$1,403,760	$415,873	$415,994	$424,313	$432,800	$561,456	$837,378	$2,015,771	$2,165,152	$1,990,398	$2,042,032	$2,095,093	$2,082,929	$2,918,968	$2,999,958	$3,083,247
Expenses																				
Operating Expenses			$75,000	$105,000	$107,100	$109,242	$111,427	$113,655	$115,928	$118,247	$424,318	$446,651	$455,766	$465,067	$474,558	$484,243	$494,126	$504,210	$514,500	$525,000
Property Taxes	933,000	$33,000	$34,000	$36,000	$38,000	$40,000	$42,000	$44,000	$48,000	$50,000	$50,000	$65,000	$118,000	$110,000	$57,000	$33,000	$33,000	$33,000	$34,000	$35,000
NOI		$0	-$75,000	$287,000	$1,296,660	$306,631	$304,567	$310,658	$316,871	$443,209	$413,060	$1,569,121	$1,709,387	$1,525,331	$1,567,473	$1,610,850	$1,588,803	$2,414,758	$2,485,458	$2,558,247
Capital Expenses																				
TI	1,600,000	$0	$0	$100,000	$0	$0	$0	$0	$0	$0	$450,000	$0	$750,000	$0	$0	$0	$0	$300,000	$0	$0
Broker Commissions	358,000										$83,000	$200,000						$75,000		
Capital Improvements	510,000			$100,000	$25,000	$40,000	$20,000	$12,000	$20,000	$75,000	$15,000	$50,000	$30,000	$15,000	$15,000	$20,000	$15,000	$7,000	$21,000	$30,000
Disposition																				
Sales Proceeds	5.00%																			$52,378,009
Sales Costs	6%																			$3,142,681
Net Sales Proceeds		$0																		$49,235,329
NCF Before DS		**-$1,425,000**	**-$359,000**	**$51,000**	**$1,233,660**	**$226,631**	**$242,567**	**$254,658**	**$248,871**	**$318,209**	**-$184,940**	**$1,254,121**	**$811,387**	**$1,400,331**	**$1,495,473**	**$1,557,850**	**$1,540,803**	**$1,999,758**	**$2,430,458**	**$51,728,576**
Occupied SF Total		0	0	56,000	150,000	56,000	56,000	56,000	56,000	68,000	77,000	104,000	122,000	113,000	113,000	113,000	113,000	139,000	139,000	139,000
Unlevered IRR	**30%**																			
The Malt House (4 Buildings)	**185,000**																			**250,000**
Development Costs													0	0	0	0	0	0	0	0
Acquisition	5,500,000					$550,000	$110,000	$110,000	$110,000	$110,000	$4,510,000									
Base Building Renovation	$1,980,000											$780,000	$1,200,000							
Income																				
Rental Income											$0	$20,000	$258,450	$266,054	$273,885	$282,952	$291,260	$299,818	$308,633	$317,712
Expenses																				
Operating Expenses													$138,750	$141,525	$144,356	$147,243	$150,187	$153,191	$156,255	$159,380
Property Taxes	1,016,000										$60,000	$67,000	$71,000	$80,000	$88,000	$95,000	$101,000	$106,000	$150,000	$198,000
NOI											-$60,000	-$47,000	$48,700	$44,529	$41,530	$40,709	$40,073	$40,627	$2,378	-$39,669
Capital Expenses											$0	$0								
TI	0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	0																			
Capital Improvements	$3,510,000										$0	$0	$0	$300,000	$600,000	$250,000	$400,000	$450,000	$410,000	$1,100,000
Disposition																				
Sales Proceeds	$190PSF																			$47,500,000
Sales Costs	6%																			$2,850,000
Net Sales Proceeds																				$44,650,000
NCF Before DS											**-$4,570,000**	**-$827,000**	**-$1,151,300**	**-$255,472**	**-$558,470**	**-$209,291**	**-$359,927**	**-$409,373**	**-$407,622**	**$43,510,331**
Occupied SF Total											0	20,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000	28,000
W 128th (1 Building, 1 Empty L	**25,000**	*This building and lot are considered be part of the Malt House																		**200,000**
Development Costs																				
Acquisition	0										$0 *included with Malt House									
Base Building Renovation	200,000											$200,000								
Demolition	800,000																			$800,000
Income																				
Rental Income											$150,000	$152,900	$155,857	$158,872	$161,947	$165,081	$168,278	$171,537	$174,861	$178,250
Expenses																				
Operating Expenses											$50,000	$51,000	$52,020	$53,060	$54,122	$55,204	$56,308	$57,434	$58,583	$59,755
Property Taxes	301,000										$22,000	$22,000	$22,000	$23,000	$23,000	$23,000	$23,000	$60,000	$59,000	$24,000
NOI											$78,000	$79,900	$81,837	$82,812	$84,825	$86,877	$88,970	$54,103	$57,278	$94,495
Capital Expenses																				
TI	0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	0																			
Capital Improvements	180,000										$0	$0	$50,000	$25,000	$30,000	$15,000	$35,000	$12,500	$12,500	
Disposition																				
Sales Proceeds	$190PSF																			$38,000,000
Sales Costs	6%																			$2,280,000
Net Sales Proceeds																				$35,720,000
NCF Before DS											**$78,000**	**-$120,100**	**$31,837**	**$57,812**	**$54,825**	**$71,877**	**$53,970**	**$41,603**	**$44,778**	**$35,014,495**
Occupied SF Total											12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total NCF Before DS											**-$4,492,000**	**-$947,100**	**-$1,119,463**	**-$197,660**	**-$503,645**	**-$137,414**	**-$305,957**	**-$367,770**	**-$362,845**	**$78,524,827**
Total Occupied SQSF											12,000	32,000	39,000	39,000	39,000	40,000	40,000	40,000	40,000	40,000
Unlevered IRR	**32%**																			
The Sweets Building (2 Buildi	**50,000**																			
Development Costs																				
Acquisition	6,500,000											$6,500,000								
Base Building Renovation	750,000												$750,000							
Income																				
Rental Income												$285,120	$289,894	$1,462,310	$1,490,710	$1,162,404	$1,193,665	$1,351,792	$1,384,808	$1,412,117
Expenses																				
Operating Expenses												$125,000	$127,500	$130,050	$132,651	$135,304	$138,010	$140,770	$143,586	$146,457
Property Taxes	782,000											$0	$82,000	$100,000	$100,000	$65,000	$20,000	$100,000	$170,000	$145,000
NOI												$160,120	$80,394	$1,232,260	$1,258,059	$962,100	$1,035,655	$1,111,021	$1,071,223	$1,120,660
Capital Expenses																				
TI	150,000													$100,000				$50,000		
Broker Commissions	450,000											$0	$0	$300,000	$0	$50,000	$0	$100,000	$0	$0
Capital Improvements	1,355,000											$0	$0	$250,000	$125,000	$80,000	$300,000	$400,000	$100,000	$100,000
Disposition																				
Sales Proceeds	5.00%																			$23,028,416
Sales Costs	6%																			$1,381,705
Net Sales Proceeds																				$21,646,711
NCF Before DS												**-$6,339,880**	**$80,394**	**$582,260**	**$1,133,059**	**$832,100**	**$735,655**	**$561,021**	**$971,223**	**$22,667,371**
Occupied SF Total												18,800	18,800	44,700	44,700	38,800	38,800	43,000	43,000	43,000
Unlevered IRR	**23%**																			
Taystee Building	**0**																			**350,000**
Development Costs																				
Acquisition	3,800,000																$3,200,000	$200,000	$400,000	
Base Building Renovation	10,000,000																	$4,000,000	$4,000,000	$2,000,000
Income																				
Rental Income																	$0	$0	$0	$0
Expenses																				
Operating Expenses																				
Property Taxes	376,000																$47,000	$52,000	$157,000	$120,000
NOI																	-$47,000	-$52,000	-$157,000	-$120,000
Capital Expenses																				
TI	0																			
Broker Commissions	0																			
Capital Improvements	0																$0	$0	$0	$0
Disposition																				
Sales Proceeds	$190PSF																			$66,500,000
Sales Costs	6%																			$3,990,000
Net Sales Proceeds																				$62,510,000
NCF Before DS																	**-$3,247,000**	**-$4,252,000**	**-$4,557,000**	**$60,390,000**
Occupied SF Total																	0	0	0	0
Unlevered IRR	**113%**																			
TOTAL	**410,000**	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	360,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
VACANCY		100%	100%	63%	0%	63%	63%	63%	63%	55%	75%	62%	56%	52%	52%	53%	53%	46%	46%	46%
TOTAL CASH FLOW		**-$1,425,000**	**-$359,000**	**$51,000**	**$1,233,660**	**$226,631**	**$242,567**	**$254,658**	**$248,871**	**$318,209**	**-$4,676,940**	**-$6,032,859**	**-$227,683**	**$1,784,931**	**$2,124,887**	**$2,252,536**	**-$1,276,499**	**-$2,058,991**	**-$1,518,163**	**$213,310,773**
Unlevered IRR	**31%**																			

LEVERED DCF PRO-FORMA

BUILDING NAME	sf	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Mink Building	**150,000**																			
Development Costs																				
Acquisition	$285,000	$285,000																		
Base Building Renovation	$0																			
Income																				
Rental Income		$0	$0	$392,000	$1,403,760	$415,873	$415,994	$424,313	$432,800	$561,456	$837,378	$2,015,771	$2,165,152	$1,990,398	$2,042,032	$2,095,093	$2,082,929	$2,918,968	$2,999,958	$3,083,247
Expenses																				
Operating Expenses			$75,000	$105,000	$107,100	$109,242	$111,427	$113,655	$115,928	$118,247	$424,318	$446,651	$455,766	$465,067	$474,558	$484,243	$494,126	$504,210	$514,500	$525,000
Property Taxes	$141,000	$33,000	$34,000	$36,000	$38,000															
NOI		**-$33,000**	**-$109,000**	**$251,000**	**$1,258,660**	**$306,631**	**$304,567**	**$310,658**	**$316,871**	**$443,209**	**$413,060**	**$1,569,121**	**$1,709,387**	**$1,525,331**	**$1,567,473**	**$1,610,850**	**$1,588,803**	**$2,414,758**	**$2,485,458**	**$2,558,247**
Capital Expenses																				
TI	$100,000	$0	$0	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Improvements	$100,000	$0	$0	$100,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disposition																				
Sales Proceeds	5.00%																			$52,378,009
Sales Costs	6%																			$3,142,681
Net Sales Proceeds	$0																			$49,235,329
NCF Before DS		**-$318,000**	**-$109,000**	**$51,000**	**$1,258,660**	**$306,631**	**$304,567**	**$310,658**	**$316,871**	**$443,209**	**$413,060**	**$1,569,121**	**$1,709,387**	**$1,525,331**	**$1,567,473**	**$1,610,850**	**$1,588,803**	**$2,414,758**	**$2,485,458**	**$51,793,576**
Leverage					*REFINANCE 1*						*REFINANCE 2*									*REFINANCE 3*
Beginning Loan Balance		$1,140,000	$950,000	$760,000	$2,700,000	$2,672,573	$2,643,164	$2,611,628	$2,577,813	$2,541,553	$6,000,000	$5,911,478	$5,818,427	$5,720,616	$5,617,800	$5,509,724	$5,396,119	$5,276,701	$5,151,174	$24,000,000
Debt Service		$190,000	$190,000	$190,000	$215,558	$215,558	$215,558	$215,558	$215,558	$215,558	$386,512	$386,512	$386,512	$386,512	$386,512	$386,512	$386,512	$386,512	$386,512	$1,214,220
Ending Loan Balance		$950,000	$760,000	$570,000	$2,672,573	$2,643,164	$2,611,628	$2,577,813	$2,541,553	$2,502,672	$5,911,478	$5,818,427	$5,720,616	$5,617,800	$5,509,724	$5,396,119	$5,276,701	$5,151,174	$5,019,224	$23,498,928
Excess Loan Proceeds					$2,130,000						$3,497,328									
BTCF		**-$508,000**	**-$299,000**	**-$139,000**	**$1,043,102**	**$91,073**	**$89,009**	**$95,100**	**$101,313**	**$227,651**	**$26,548**	**$1,182,609**	**$1,322,875**	**$1,138,819**	**$1,180,962**	**$1,224,338**	**$1,202,292**	**$2,028,246**	**$2,098,947**	**$27,080,428**
Occupied SQSF		0	0	56,000	150,000	56,000	56,000	56,000	56,000	68,000	77,000	104,000	122,000	113,000	113,000	113,000	113,000	139,000	139,000	139,000
Levered IRR	**36%**																			
The Malt House (4 Buildings)	**185,000**																		**2015 Buildable sqft**	**250,000**
Development Costs													0	0	0	0	0	0	0	0
Acquisition	$5,500,000					$550,000	$110,000	$110,000	$110,000	$110,000	$4,510,000									
Base Building Renovation	$1,980,000											$780,000	$1,200,000	$0	$0	$0	$0	$0	$0	$0
Income																				
Rental Income											$0	$20,000	$258,450	$266,054	$273,885	$282,952	$291,260	$299,818	$308,633	$317,712
Expenses																				
Operating Expenses													$138,750	$141,525	$144,356	$147,243	$150,187	$153,191	$156,255	$159,380
Property Taxes	$1,016,000										$60,000	$67,000	$71,000	$80,000	$88,000	$95,000	$101,000	$106,000	$150,000	$198,000
NOI											**-$60,000**	**-$47,000**	**$48,700**	**$44,529**	**$41,530**	**$40,709**	**$40,073**	**$40,627**	**$2,378**	**-$39,669**
Capital Expenses																				
TI	$0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	$0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Improvements	$3,510,000										$0	$0	$0	$300,000	$600,000	$250,000	$400,000	$450,000	$410,000	$1,100,000
Disposition																				
Sales Proceeds	$190PSF																			$47,500,000
Sales Costs	6%																			$2,850,000
Net Sales Proceeds																				$44,650,000
NCF Before DS											**-$4,570,000**	**-$47,000**	**$48,700**	**-$255,472**	**-$558,470**	**-$209,291**	**-$359,927**	**-$409,373**	**-$407,622**	**$43,510,331**
Leverage																				
Beginning Loan Balance																				
Debt Service																				
Ending Loan Balance																				
Excess Loan Proceeds																				
BTCF											**-$4,570,000**	**-$827,000**	**-$1,151,300**	**-$255,472**	**-$558,470**	**-$209,291**	**-$359,927**	**-$409,373**	**-$407,622**	**$43,510,331**
Occupied SQSF											0	20,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000	28,000
W 128th (1 Building, 1 Empty L	**25,000**	*This building and lot are considered be part of the Malt House																	**2015 Buildable sqft**	**200,000**
Development Costs																				
Acquisition	$0										$0 *included with Malt House									
Base Building Renovation	$1,000,000											$200,000								$800,000
Income																				
Rental Income											$150,000	$152,900	$155,857	$158,872	$161,947	$165,081	$168,278	$171,537	$174,861	$178,250
Expenses																				
Operating Expenses											$50,000	$51,000	$52,020	$53,060	$54,122	$55,204	$56,308	$57,434	$58,583	$59,755
Property Taxes	$301,000										$22,000	$22,000	$22,000	$23,000	$23,000	$23,000	$23,000	$60,000	$59,000	$24,000
NOI											**$78,000**	**$79,900**	**$81,837**	**$82,812**	**$84,825**	**$86,877**	**$88,970**	**$54,103**	**$57,278**	**$94,495**
Capital Expenses																				
TI	$0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	$0										$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Improvements	$180,000										$0	$0	$50,000	$25,000	$30,000	$15,000	$35,000	$12,500	$12,500	$0
Disposition																				
Sales Proceeds	$190PSF																			$38,000,000
Sales Costs	6%																			$2,280,000
Net Sales Proceeds																				$35,720,000
NCF Before DS											**$78,000**	**$79,900**	**$31,837**	**$57,812**	**$54,825**	**$71,877**	**$53,970**	**$41,603**	**$44,778**	**$35,814,495**
Leverage																				
Beginning Loan Balance																				
Debt Service																				
Ending Loan Balance																				
Excess Loan Proceeds																				
BTCF											**$78,000**	**-$120,100**	**$31,837**	**$57,812**	**$54,825**	**$71,877**	**$53,970**	**$41,603**	**$44,778**	**$35,014,495**
Occupied SQSF											12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Total BTCF											**-$4,492,000**	**-$947,100**	**-$1,119,463**	**-$197,660**	**-$503,645**	**-$137,414**	**-$305,957**	**-$367,770**	**-$362,845**	**$78,524,827**
Total Occupied SQSF											12,000	32,000	39,000	39,000	39,000	40,000	40,000	40,000	40,000	40,000
Levered IRR	**32%**																			
The Sweets Building (2 Buildi	**50,000**																			
Development Costs												*1031 TAX-DEFERRED EXCHANGE*								
Acquisition	$6,500,000											$6,500,000								
Base Building Renovation	$0											$0	$0	$0	$0	$0	$0	$0	$0	$0
Income																				
Rental Income												$285,120	$289,894	$1,462,310	$1,490,710	$1,162,404	$1,193,665	$1,351,792	$1,384,808	$1,412,117
Expenses																				
Operating Expenses												$125,000	$127,500	$130,050	$132,651	$135,304	$138,010	$140,770	$143,586	$146,457
Property Taxes	$82,000											$0	$82,000	$0	$0	$0	$0	$0	$0	$0
NOI												**$160,120**	**$80,394**	**$1,332,260**	**$1,358,059**	**$1,027,100**	**$1,055,655**	**$1,211,021**	**$1,241,223**	**$1,265,660**
Capital Expenses																				
TI	$0											$0	$0	$0	$0	$0	$0	$0	$0	$0
Broker Commissions	$0											$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Improvements	$0											$0	$0	$0	$0	$0	$0	$0	$0	$0
Disposition																				
Sales Proceeds	5.00%																			$23,028,416
Sales Costs	6%																			$1,381,705
Net Sales Proceeds																				$21,646,711
NCF Before DS												**-$6,339,880**	**$80,394**	**$1,332,260**	**$1,358,059**	**$1,027,100**	**$1,055,655**	**$1,211,021**	**$1,241,223**	**$22,112,371**
Leverage													*DEVELOPMENT LOAN*					*REFINANCE 1*		
Beginning Loan Balance													$7,000,000	$6,914,039	$6,822,776	$6,725,885	$6,623,017	$10,000,000	$9,852,463	$9,697,379
Debt Service													$503,622	$503,622	$503,622	$503,622	$503,622	$644,186	$503,622	$503,622
Ending Loan Balance													$6,914,039	$6,822,776	$6,725,885	$6,623,017	$6,513,805	$9,852,463	$9,697,379	$9,534,359
Excess Loan Proceeds													$4,373,477					$3,486,195		
BTCF												**-$6,339,880**	**$3,950,248**	**$828,638**	**$854,436**	**$523,477**	**$552,032**	**$4,053,030**	**$737,600**	**$12,074,389**
Occupied SQSF												18,800	18,800	44,700	44,700	38,800	38,800	43,000	43,000	43,000
Levered IRR	**32%**																			
Taystee Building	**0**																		**2015 Buildable sqft**	**350,000**
Development Costs																				
Acquisition	$3,800,000																$3,200,000	$200,000	$400,000	
Base Building Renovation	$10,000,000																	$4,000,000	$4,000,000	$2,000,000
Income																				
Rental Income																	$0	$0	$0	$0
Expenses																				
Operating Expenses																				
Property Taxes	$376,000																$47,000	$52,000	$157,000	$120,000
NOI																	**-$47,000**	**-$52,000**	**-$157,000**	**-$120,000**
Capital Expenses																				
TI																				
Broker Commissions																				
Capital Improvements																	$0	$0	$0	$0
Disposition																				
Sales Proceeds	$190PSF																			$66,500,000
Sales Costs	6%																			$3,990,000
Net Sales Proceeds																				$62,510,000
NCF Before DS																	**-$3,247,000**	**-$252,000**	**-$557,000**	**$62,390,000**
Leverage																				
Beginning Loan Balance																				
Debt Service																				
Ending Loan Balance																				
Excess Loan Proceeds																				
BTCF																	**-$3,247,000**	**-$4,252,000**	**-$4,557,000**	**$60,390,000**
Occupied SQSF																	0	0	0	0
Levered IRR	**113%**																			
TOTAL PROJECT SIZE	**410,000**	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	360,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
EQUITY TOTAL		$508,000	$807,000	$946,000	$3,076,000	$3,076,000	$3,076,000	$3,076,000	$3,076,000	$3,076,000	$6,573,328	$13,073,328	$17,446,805	$17,446,805	$17,446,805	$17,446,805	$20,646,805	$28,333,000	$32,733,000	$34,733,000
DEVELOPER EQUITY		$508,000	$299,000	$139,000	$0	$0	$0	$0	$0	$0	$0	$6,500,000	$0	$0	$0	$0	$3,200,000	$4,200,000	$4,400,000	$2,000,000
EXCESS LOAN PROCEEDS		$0	$0	$0	$2,130,000	$0	$0	$0	$0	$0	$3,497,328	$0	$4,373,477	$0	$0	$0	$0	$3,486,195	$0	$0
CF BEFORE DS		-$318,000	-$109,000	$51,000	$1,258,660	$306,631	$304,567	$310,658	$316,871	$443,209	-$4,078,940	-$4,737,859	$1,870,317	$2,659,931	$2,421,887	$2,500,536	-$908,499	$3,006,009	$2,806,837	$215,620,773
TOTAL PROJECT DS		$190,000	$190,000	$190,000	$215,558	$215,558	$215,558	$215,558	$215,558	$215,558	$386,512	$386,512	$890,134	$890,134	$890,134	$890,134	$890,134	$1,030,698	$890,134	$1,717,842
NCF AFTER DS		-$508,000	-$299,000	-$139,000	$1,043,102	$91,073	$89,009	$95,100	$101,313	$227,651	-$4,465,452	-$6,104,371	$4,153,660	$1,769,797	$1,531,753	$1,610,402	-$1,798,633	$1,461,506	-$2,083,297	$178,069,644
NCF (INCLUDING EXCESS LOAN PROCEEDS)		**-$508,000**	**-$299,000**	**-$139,000**	**$3,173,102**	**$91,073**	**$89,009**	**$95,100**	**$101,313**	**$227,651**	**-$968,124**	**-$6,104,371**	**$8,527,137**	**$1,769,797**	**$1,531,753**	**$1,610,402**	**-$1,798,633**	**$4,947,701**	**-$2,083,297**	**$178,069,644**
Cash on Cash	**26.41%**	**-100.00%**	**-37.05%**	**-14.69%**	**103.16%**	**2.96%**	**2.89%**	**3.09%**	**3.29%**	**7.40%**	**-14.73%**	**-46.69%**	**48.88%**	**10.14%**	**8.78%**	**9.23%**	**-8.71%**	**17.46%**	**-6.36%**	**512.68%**
IRR	**66%**																			
Equity Multiple	**5.42x**																			
Equity Multiple (developer equity only)	**8.23x**																			

LEASE COMPS

Year	Address	Tenant	Rent / sf	Term	Size	TI
2000	55 West 125th St.	NYC Dept. of Citywide Admin. Services	28.64	14	38,053	22.91
2001	55 West 125th St.	Bill Clinton's Office	31.50	10	8300	40.61
2008	475 Riverside Drive	Rockefeller Brothers fund	27.93	15	27,931	No
2009	4 West 125th st	Consulate General of Senegal	30.00	5	4000	No
2013	2090 Adam C. Powell	Maximus	28.75	5	-	-

Costar Report			
Year	Rent / sf	Vacancy	Manhattan Vacancy
2011	36.72	9.9%	8.2%
2014	$36.63	0,07	8.3%