

TABLE OF CONTENTS

Section

1. Schematic Design	3
2. Executive Summary	4-7
3. Evolution of Journal Square	8
4. Influence of Incoming Development	9-10
5. Planned Development	11
6. Jersey City Demographics	12
7. Resident Occupation	13
8. Amenities in the Neighborhood	14
9. JSQ and Jersey City in the News	15
10. Development Assumptions	16-18
11. Rent Comps (Resi & Retail)	19
12. Rental Assumptions	20
13. Area Distribution	21-26
14. Rent and Hold Scenario	27
15. Capability	28-29

SCHEMATIC DESIGN



EXECUTIVE SUMMARY

EXCEPTIONAL DEVELOPMENT SITE

- Located within the *Journal Square 2060 Redevelopment Zone 4 – Neighborhood Mixed Use*
- Allowed to build residential, retail and office

COMPETITIVE ADVANTAGE

- Unique product, offers As Of Right residential units, retail and office space.
- **Unbeatable acquisition \$/PSF - only \$50/ PSF**
- Project in the South Bronx currently trading at more than \$200 PSF

TRANSIT-ORIENTED DEVELOPMENTS

- Close proximity (three blocks) to PATH station – less than 10 minutes to WTC and under 20 minutes to Midtown
- Journal Square residents have quicker access to key employment centers of Manhattan than many New York residents
- Commute, Commute, Commute

STRONG APARTMENT MARKET

- Apartment market remains stabilized, rent in Journal Square exceeded \$42/SF annually
- Additional 37,000 residential units will be built in multiple sections of Jersey City, more than 9,000 units currently under construction

POPULATION

- Significant increase in population, over 40% of the population is between 25-44 year old – key renter demographic
- Over 40% of residence have Bachelors Degree or higher
- Unemployment rate @ 4.1% with higher percentage of white collar job (>70%) among those with employment in Journal Square
- Median Annual Household Income ~\$66,765, Average Annual Household Income ~ \$82,305

EXECUTIVE SUMMARY

Property Summary	
Location	345 Baldwin Avenue, Jersey City
Neighborhood	Journal Square
Development Type	Residential/Mixed-Use
Zone	Zone 4 Neighborhood Mixed-Use
Block #	8203
Lot #	11
Lot Area	10,021 SF
Existing Property	Gas Station

PLANNED CONSTRUCTION	
Buildable SF	118,498 SF
Max Height	12 stories+Roof
Allowable Use	Res. / Comm.
Unit Count	116

TOTAL ACQUISITION COST		
Acquisition Price	\$	5,950,000
Price Per Buildable SF	\$	50.21
Projected Development Cost	\$	32,269,079
TOTAL PROJECT COST	\$	40,931,702

PROJECTED RETURN	
Investment Type	Develop, Hold, Sell
Investment Period	5 years
Stabilization Date	Year 3 Operation
Projected IRR	25.8%
Projected Equity Multiple	2x
Projected Yield to Cost	6.6%

SOURCES			
Debt	\$	26,605,606	65.00%
Equity	\$	14,326,096	35.00%
Total Sources	\$	40,931,702	100.00%

USES			
Land Acquisition	\$	6,507,000	15.90%
Hard Costs	\$	27,254,540	66.59%
Soft Costs	\$	2,014,466	4.92%
Development Fee	\$	1,463,450	3.58%
Debt Service / Loan Commitment	\$	2,155,623	5.27%
Owner's Contingency	\$	1,536,623	3.75%
Total Uses	\$	40,931,702	100.00%

PRICE PER SF.		
Buildable	\$	345.42
Rentable	\$	450.25

EVOLUTION OF JOURNAL SQUARE

- Prior to its development as a commercial district, Journal Square was the site of many farmhouses and manors
- On November 25th 2008, the Jersey City Municipal Council by Resolution # 08-879, determined the Greater Journal Square Study Area to be an **"area in need of rehabilitation"**. The Redevelopment Plan focuses on Journal Square, the PATH rail station, bus depot as well as surrounding neighborhoods within walking distance.
- Under the guidance of the **Journal Square Redevelopment Plan 2060**, Journal Square will evolve into **Jersey City's CBD** by providing Transit Oriented Development of new housing, offices, commercial and public open spaces within walking distance to the Square and transit facilities, making Journal Square a flourishing central business and shopping destination.
- In total, the redevelopment area is comprised of approximately 211 acres, 57 city blocks, and approximately 1700 individual parcels.

"The purpose of the Journal Square 2060 Plan is to foster the redevelopment Journal Square, Jersey City's central business district, by providing for transit-oriented development of new commercial, and public open spaces within walking distance to the Square and transit facilities, returning Journal Square to a flourishing central business and shopping destination."

- Journal Square Redevelopment Plan 2060

- In similar fashion to Downtown Jersey City's Grove Street redevelopment, the Journal Square Redevelopment Plan's impact has already, and will continue to greatly benefit the neighborhood. Currently, various local amenities for residents are continually incoming within close proximity to the PATH which include grocery stores, convenience stores, banks, restaurants (both traditional and fast-food), service offices, and entertainment establishments.
- As a large amount of development and investment continues to enter into Journal Square's CBD, gentrification and its associated demand will only continue to improve upon and expand these services as competition to be located in such an up and coming neighborhood starts to intensify.



INFLUENCE OF INCOMING DEVELOPMENT

Journal Square

The redevelopment of the Journal Square neighborhood is in full swing, with multiple major developments either recently broke ground or in the planning phases. In immediate proximity to the PATH station, “*Journal Squared*” by Kushner Real Estate Group, will comprise three large residential towers hosting 1,840 apartments and a 36,000 square foot mix of retail, restaurants, and parking. This project is widely known as the catalyst for Journal Square’s development boom. Other major neighboring developments are following suit, providing housing units, accompanied by commercial space.

McGinley Square

The McGinley Square neighborhood, an approximate 10-minute walk from Journal Square’s CBD, has seen, and is expected to see, a significant transformation in the next few years. Recently, this neighborhood has seen significant investment from both the Jersey City government and Saint Peter’s University, who seek to revitalize the center of the neighborhood by bringing both permanent residents and students alike. The first major development, from Sora Development, is in the predevelopment stages and will see the construction of 300 beds for students attending Saint Peter’s University, with an additional 375 market-rate apartments as well. The development will include amenities such as movie theater, a bank, and retail shops.

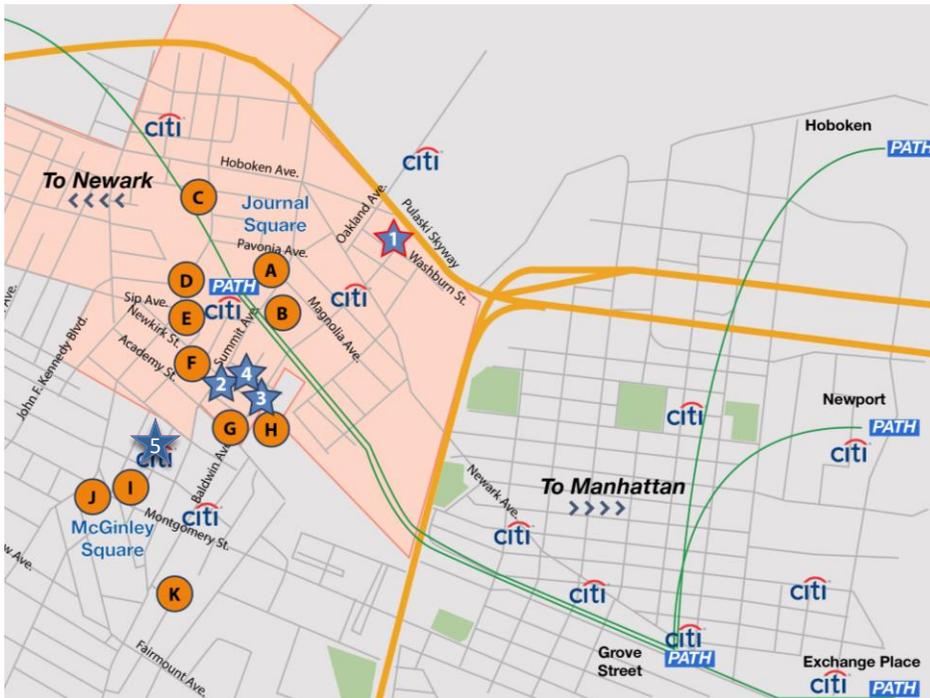
Titanium Realty Group Developments

1 – 345 Baldwin Avenue

- 2 – Newkirk I
- 3 – Newkirk II
- 4 – High St
- 5 – Jordan Ave

Developments By Others

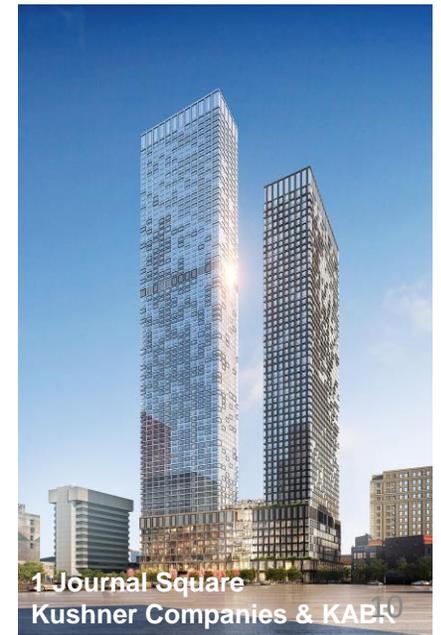
- A - Journal Square: Kushner Real Estate Group
- B - HAP Tower: HAP Investments
- C - 3 Journal Square: Hartz Mountain
- D - 1 Journal Square: Kushner Companies & KABR Grp.
- E - 30 Journal Square: Kushner Companies & KABR Grp.
- F - Kennedy Lofts: Hopkins Group LLC
- G - 19 Rock St. Condos: Tovaste
- H - Baldwin Place: Argent Ventures
- I - St. Peter’s Development: Sora Development Group
- J - 711 Montgomery: Rescore Development LLC
- K - Beacon Condominiums: Building Land Technologies



While the two neighborhoods have begun to attract large amount of potential renters, we are confident that the incoming development will only benefit from such competition. The property values will continue to benefit from both the current and potential externalities that these larger developments may create. Offering a range of mixed-use buildings, the nearby developments have already begun to deliver services and uses that will act as major force to attract perspective renters, not just to those specific development sites, but the neighborhood as a whole. In addition, the increase of pedestrian traffic that will be created within Journal Square is an additional benefit to the development of 39 High Street project, as the neighborhood will become increasingly more walkable.



PLANNED DEVELOPMENTS



JERSEY CITY DEMOGRAPHICS

The Sixth Borough – A Young & Professional Demographic

Jersey City reinforces its recent title of “The Sixth Borough” of New York as a result of population growth and the following

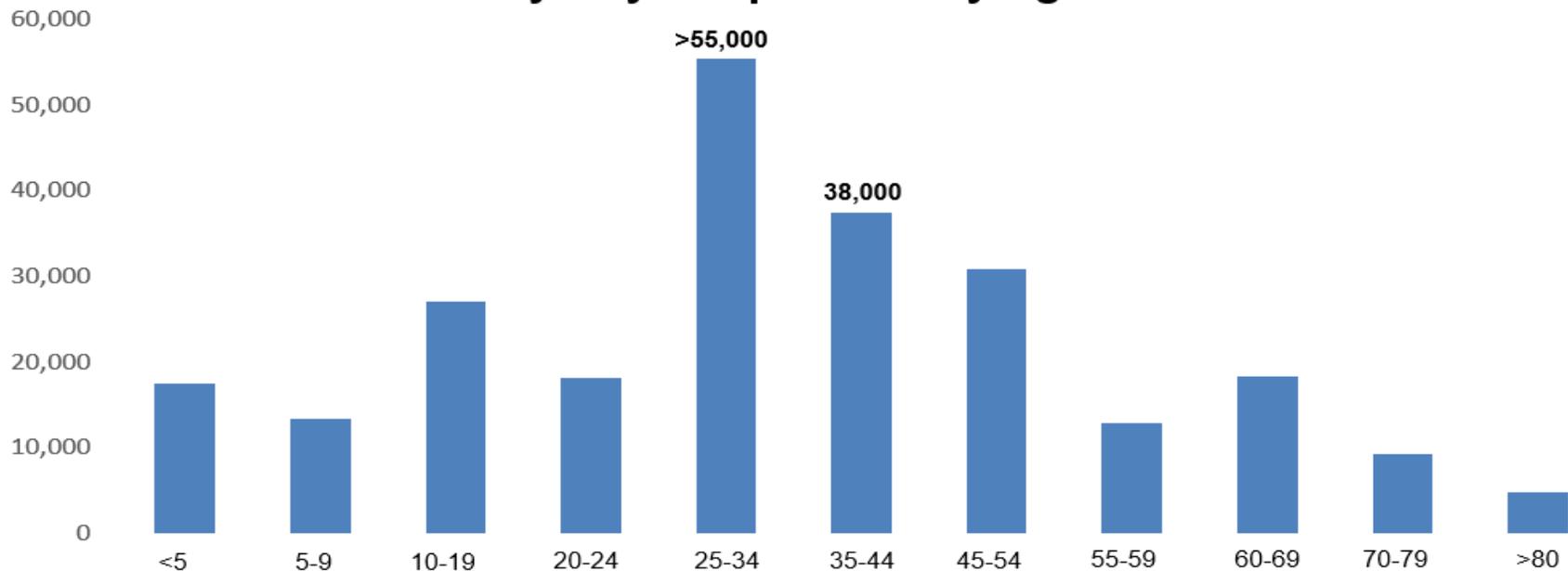
- Immigration
- Commercial Redevelopment
- Residential Construction
- Spillover from New York City

Note: Millennials account for 27.2% of population in Hudson County, the highest concentration of Millennials in the state

Resident Profile

- Young, educated, urban professionals between the age of 25-44 year old – this demographic is the key renters group, they understand the importance of efficient resource allocation, they select strategic locations as their place of residency to suit their urban lifestyle with ease of commute to work
- Due to the sharp decrease in affordability in Manhattan, renters are now eyeing on Jersey City as an affordable, fun and efficient location to live

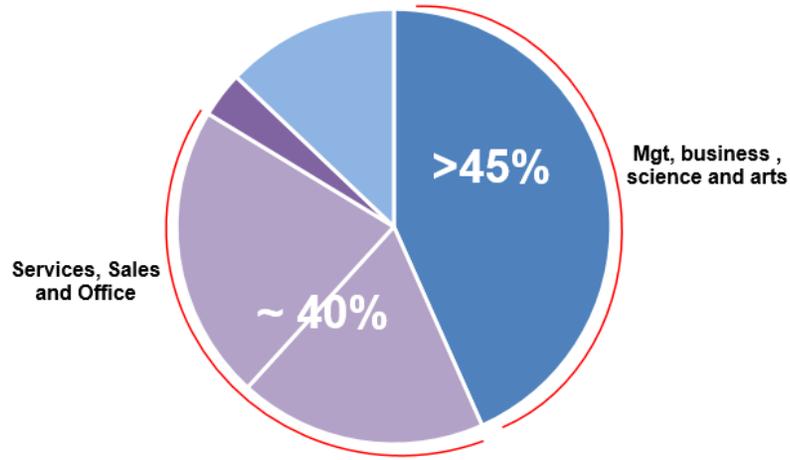
Jersey City - Population By Age 2016



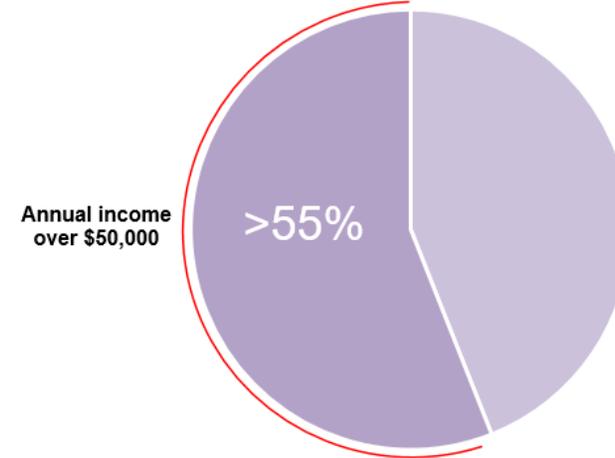
Note: Over 40% residents are between age 25-44, median age at 33.4 years old

COMPOSITION OF JERSEY CITY RESIDENT OCCUPATION

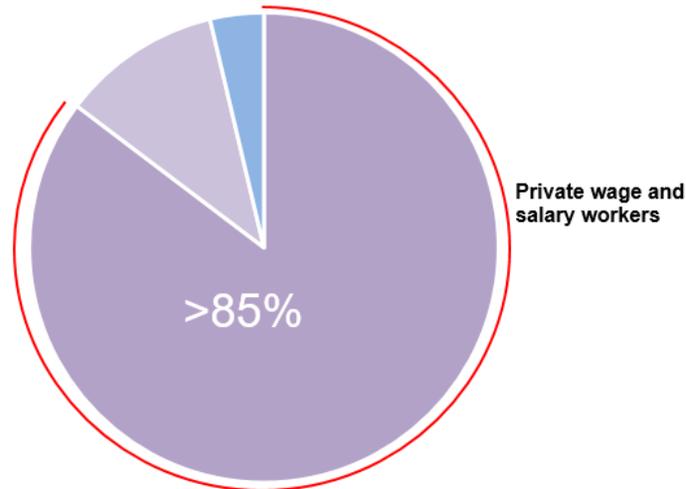
Jersey City Occupation 2015



Jersey City Annual Household Income 2015



Class of Worker 2015



AMENITIES IN THE NEIGHBORHOOD

Thriving retail scene with superior art culture, incredibly diverse eateries and vibrant atmosphere

Chipotle Inks Lease in Journal Square

- The restaurant franchise inked a lease for 2,300 square feet recently at 26 Journal Square

India Square

- Also known as Little India, Jersey City's Newark Avenue, just north of Journal Square has dozens of businesses cater to the culinary and cultural needs of Journal Square's residents, including grocery stores and gourmet restaurants.

The Warehouse Café

- Just like every major urban enclave across the country, Jersey City is drowning in specialty coffee. Warehouse Café provides comfortable settings for laptop workers, coffee and tea drinkers

New Park Tavern

- New Park Tavern is a local Jersey City watering hole, known for its burgers and welcoming crowd

Third And Vine

- An intimate, attractive wine and cheese bar

Mana Contemporary

- Home to one of the premier art destinations in the Tri-State Area with artist studios and exhibition spaces housed in an old tobaccos warehouse

And Many More.....

- **Moloney's Meat Market, The Archer, Union Republic, Talde, New Thanh Hoai and many more.....**

JOURNAL SQUARE AND JERSEY CITY IN THE NEWS

‘Marketplace JC @ Magnolia Landing’ (thenewjournalssquare.com, August 2017)

“Heard that buzz about Jersey City’s latest flea market? Don’t be shocked to learn it’s right here in Journal Square. Over the past few months the Journal Square SID has partnered with the team at Journal Squared and Marketplace JC to activate the beautiful new plaza at the site of the former Kiss N’ Ride at the East entrance to the PATH station.”

‘Moving to Jersey City? Join the Club’ (New York Times, Feb 2016)

“Jersey City is no longer just another gritty town on the wrong side of the Hudson River, dismissed by apartment hunters. As its population soars, new housing rises and buyers get wind of the quick train commute it offers to New York, Jersey City is shedding its dingy image and emerging as a destination of choice.

Bidding wars are driving up prices in downtown Jersey City, pushing newcomers further inland. Coffee shops, restaurants and art galleries are opening in areas like Journal Square, Powerhouse Arts District and even Bergen-Lafayette, which has struggled with poverty and high crime for years”

‘Jersey City: The New Brooklyn?’ (Wall Street Journal, June 2015)

“As Brooklyn continues to gentrify, artists are now flocking to Jersey City. The influx, coupled with a flurry of new cultural venues and city initiatives like street performances and studio tours, has created a major arts community that is helping to revitalize a city once riddled with vacant lots and crime. A number of Brooklyn establishments are opening outposts in the area.”

‘Jersey City’s Housing Boom Expands’ (Wall Street Journal, September 2014)

“We see some of the same dynamics of Brooklyn at half the price point.”

“Jersey City is attracting young people as more rural parts of the state have shed jobs and lost population.”

“Jersey City neighborhoods that are further inland also are benefitting from an expanding arts scene.”

DEVELOPMENT ASSUMPTIONS

Acquisition & Development			
Acquisition			
Timing			
Acquisition Date			
Pre-Development Period		4 Quarters	1.00 Years
Construction Period		6 Quarters	1.50 Years
Marketing		6 Quarters	1.50 Years
Stabilization Date		Year 3 Operation	
Purchase Price	\$	5,950,000	\$50.21 / buildable sf
Closing Costs	2.50% \$	148,750	
Equity Placement Fee	2.50% \$	148,750	
Acquisition Fee	1% \$	59,500	
Environmental Clean Up	\$	200,000	
Total Acquisition Cost	\$	6,507,000	\$54.91 / buildable sf
Development Costs			
Residential Hard Costs (PSF)	\$	23,721,970	\$230.00 / buildable sf
Amenity, Parking and Retail Hard Costs (PSF)	\$	3,532,570	\$230.00 / buildable sf
Total Hard Costs	\$	27,254,540	\$230.00 / buildable sf
Soft Costs: Profs, Insurance, RE Taxes, Permits and Fees, etc.	\$	2,014,466	\$17.00 / buildable sf
Development Overhead	5.00% \$	1,463,450	
Owner's Contingency	5.00% of Dev Costs \$	1,536,623	
Total Soft Costs without Debt Service	\$	5,014,539	\$42.32 / buildable sf
Total Development Cost	\$	32,269,079	
TOTAL DEVELOPMENT COSTS + LAND	\$	38,776,079	\$327.23 / buildable sf
Construction Debt Service / Loan Commitment	\$	2,155,623	
TOTAL PROJECT COSTS	\$	40,931,702	\$345.42 / buildable sf
TOTAL PROJECT COSTS / TOTAL RENTABLE SF			\$450.25 / rentable sf

DEVELOPMENT ASSUMPTIONS CONTINUED

Loan Assumptions		
Construction Loan		
Construction Loan Amount	65% LTC	\$ 26,605,606
Construction Period		1.5 years
Draw Priority		Equity Up-Front
Rate		6.25%
Payment Type		Interest Only
Estimated Construction Loan Fees		
Total Accrued Interest		\$ 1,490,483
Anticipated Interest Payment Year 1		\$ -
Final Interest Payment At Completion		\$ 1,490,483
Debt Origination +Broker	2.50%	\$ 665,140
Permanent Loan		
NOI At Sale		\$ 2,715,625
Assumable Market Value after 3 Years	5.00% Cap Rate	\$ 54,312,506
Loan to Value		65%
Loan Amount		\$ 35,303,129
Equity Remaining in the Deal		\$ 5,628,573
Rate		5.00%
Term		30
Annual Payment		\$ (2,274,177.96)

Note: Construction interest issued on draw basis, first four quarters in pre-development phase

DEVELOPMENT ASSUMPTIONS CONTINUED

Sources and Uses

<u>USES</u>		<u>%</u>
Land Acquisition	\$6,507,000	15.90%
Hard Costs	\$27,254,540	66.60%
Soft Costs	\$2,014,466	4.90%
Development Overhead	\$1,463,450	3.60%
Debt Service & Loan Commitment	\$2,155,623	5.30%
Marketing Contingency / Brokerage	\$1,536,623	3.80%
Total Costs	\$40,931,702	100.00%
<u>SOURCES</u>		
Debt	\$26,605,606	65.00%
Investors Equity	\$14,326,096	35.00%
Total Sources	\$40,931,702	100.00%

JOURNAL SQUARE APRIL RESI RENT COMPS

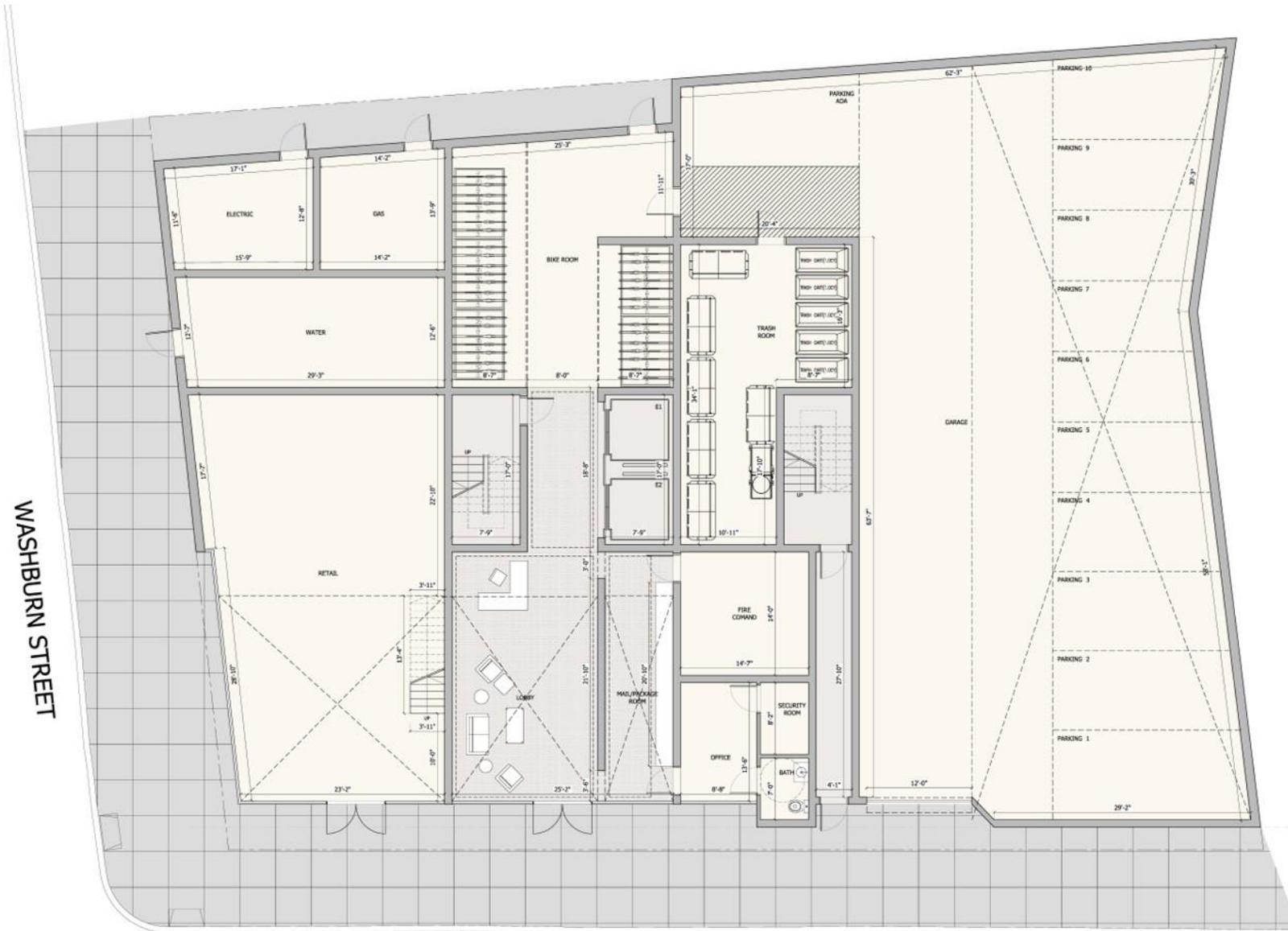
Address	Floor	Unit	Type	Interior SQF	Annual Rent /SQF	Monthly Rent/SF	Monthly Rent	Tot. Annual Income
Journal Squared	15	1513	Studio	400	\$ 58.35	\$ 4.86	\$ 1,945.00	\$ 23,340.00
Journal Squared	12	1213	Studio	400	\$ 61.62	\$ 5.14	\$ 2,054.00	\$ 24,648.00
Journal Squared	14	1414	Studio	479	\$ 52.53	\$ 4.38	\$ 2,097.00	\$ 25,164.00
Journal Squared	17	1713	Studio	400	\$ 63.36	\$ 5.28	\$ 2,112.00	\$ 25,344.00
Journal Squared	9	901	Studio	488	\$ 52.06	\$ 4.34	\$ 2,117.00	\$ 25,404.00
Journal Squared	22	2206	1 bed 1 bath	728	\$ 42.77	\$ 3.56	\$ 2,595.00	\$ 31,140.00
Journal Squared	25	2501	1 bed 1 bath	631	\$ 46.02	\$ 3.84	\$ 2,420.00	\$ 29,040.00
Journal Squared	42	4205	1 bed 1 bath	736	\$ 46.30	\$ 3.86	\$ 2,840.00	\$ 34,080.00
Journal Squared	11	1102	1 bed 1 bath	591	\$ 50.92	\$ 4.24	\$ 2,508.00	\$ 30,096.00
Journal Squared	21	2103	1 bed 1 bath	652	\$ 45.09	\$ 3.76	\$ 2,450.00	\$ 29,400.00
Journal Squared	19	1909	1 bed 1 bath	654	\$ 47.43	\$ 3.95	\$ 2,585.00	\$ 31,020.00
Journal Squared	19	1910	1 bed 1 bath	633	\$ 49.00	\$ 4.08	\$ 2,585.00	\$ 31,020.00
Journal Squared	33	3307	2 bed 2 bath	1071	\$ 38.83	\$ 3.24	\$ 3,466.00	\$ 41,592.00
Journal Squared	44	4410	2 bed 2 bath	1048	\$ 39.39	\$ 3.28	\$ 3,440.00	\$ 41,280.00
Journal Squared	10	1010	1 bed 1 bath plus	827	\$ 39.69	\$ 3.31	\$ 2,735.00	\$ 32,820.00
Journal Squared	10	1009	1 bed 1 bath plus	936	\$ 36.67	\$ 3.06	\$ 2,860.00	\$ 34,320.00
3 Journal Square	10	1019	Studio	496	\$ 49.23	\$ 4.10	\$ 2,035.00	\$ 24,420.00
3 Journal Square			Studio	496	\$ 48.51	\$ 4.04	\$ 2,005.00	\$ 24,060.00
3 Journal Square	3	301	1 bed 1 bath	687	\$ 41.75	\$ 3.48	\$ 2,390.00	\$ 28,680.00
3 Journal Square	6	601	1 bed 1 bath	687	\$ 41.92	\$ 3.49	\$ 2,400.00	\$ 28,800.00
3 Journal Square			1 bed 1 bath	704	\$ 36.65	\$ 3.05	\$ 2,150.00	\$ 25,800.00
3 Journal Square			1 bed 1 bath	726	\$ 38.43	\$ 3.20	\$ 2,325.00	\$ 27,900.00
3 Journal Square			1 bed 1 bath	752	\$ 39.73	\$ 3.31	\$ 2,490.00	\$ 29,880.00
3 Journal Square			2 bed 2 bath	1052	\$ 35.36	\$ 2.95	\$ 3,100.00	\$ 37,200.00
3 Journal Square			2 bed 2 bath	1156	\$ 33.74	\$ 2.81	\$ 3,250.00	\$ 39,000.00
3 Journal Square			3 bed 2 bath	1260	\$ 37.14	\$ 3.10	\$ 3,900.00	\$ 46,800.00
Estimated Gross Rent (2 years from now)					\$ 45.10	\$ 3.76		
						\$ 3.80		

RENTAL ASSUMPTIONS

Rental Assumptions	Monthly	Annual	Total
Residential			
Base Apartment Rent	\$ 3.80	\$ 45.60	\$ 3,641,981
Operating Expenses		\$ 3.50	\$ 414,743
Real Estate Taxes			14.00% of EGI
Parking Rental	\$ 290.00 Per Parking Space	\$ 3,480.00	\$ 69,600
Amenity Fee - Wavied		\$ -	\$ -
			\$ -
Management Fee		2.50%	
Resi Broker Fee		1 Month Rent	
Vacancy	5.00% 1 Year Operation	5.00% at stalbalization	
Inflation / Appreciation		2.00%	
Commercial			
Retail Units		\$ 40.00	\$ 77,800
Operating Expenses		\$ -	\$ -
Tenant Improvement		\$ -	\$ -
Real Estate Taxes			14.00% of EGI
Retail Broker Fee		2.00%	
Vacancy		0.00%	
Inflation / Appreciation		4.00%	
Exit Cap Rate	5.00%		
Sales Costs	4.00%		

Note: We use conservative and realistic underwriting parameters, well in line with market data

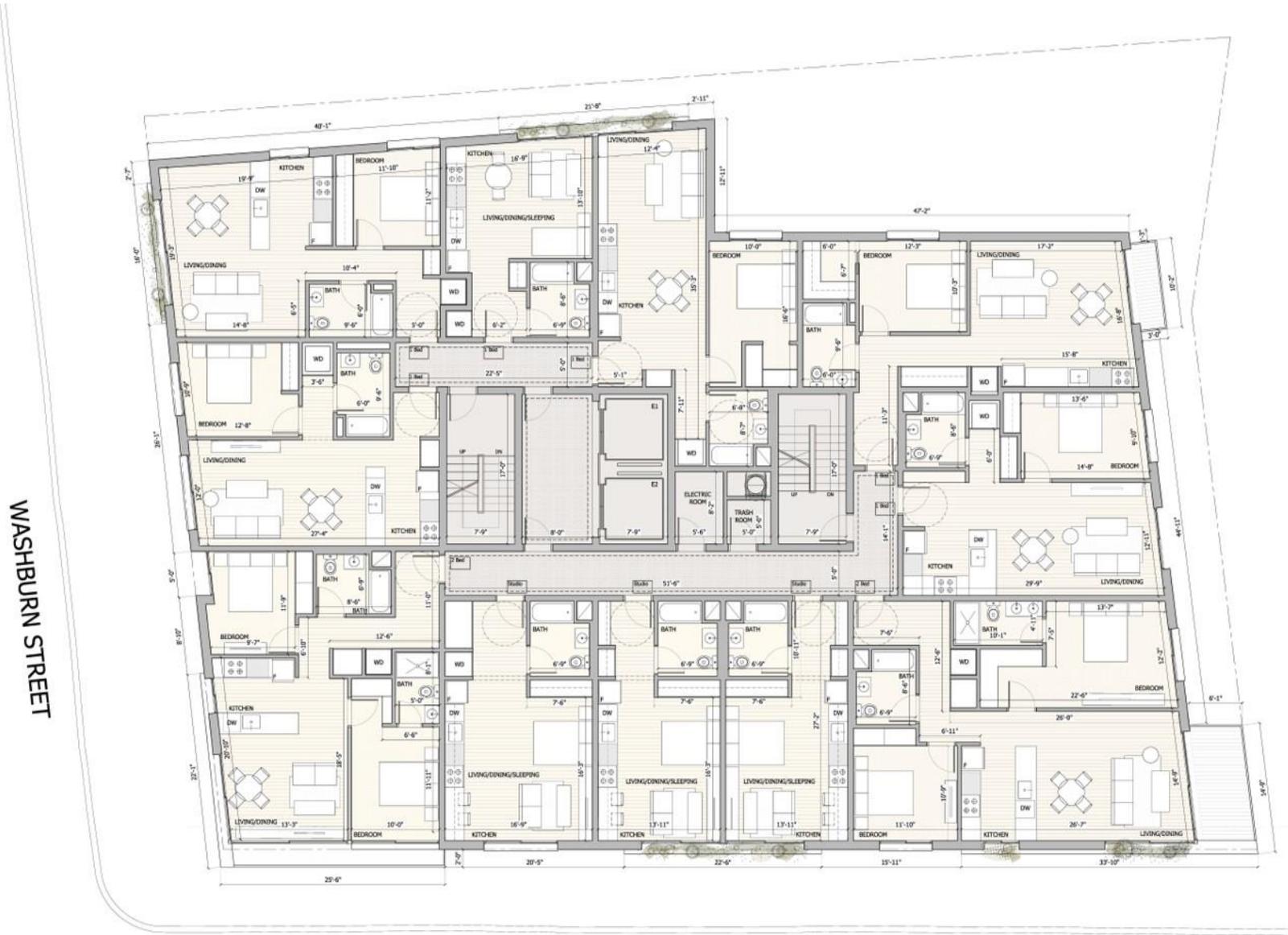
AREA DISTRIBUTION



BALDWIN AVENUE

BALDWIN
 First Floor
 20

AREA DISTRIBUTION

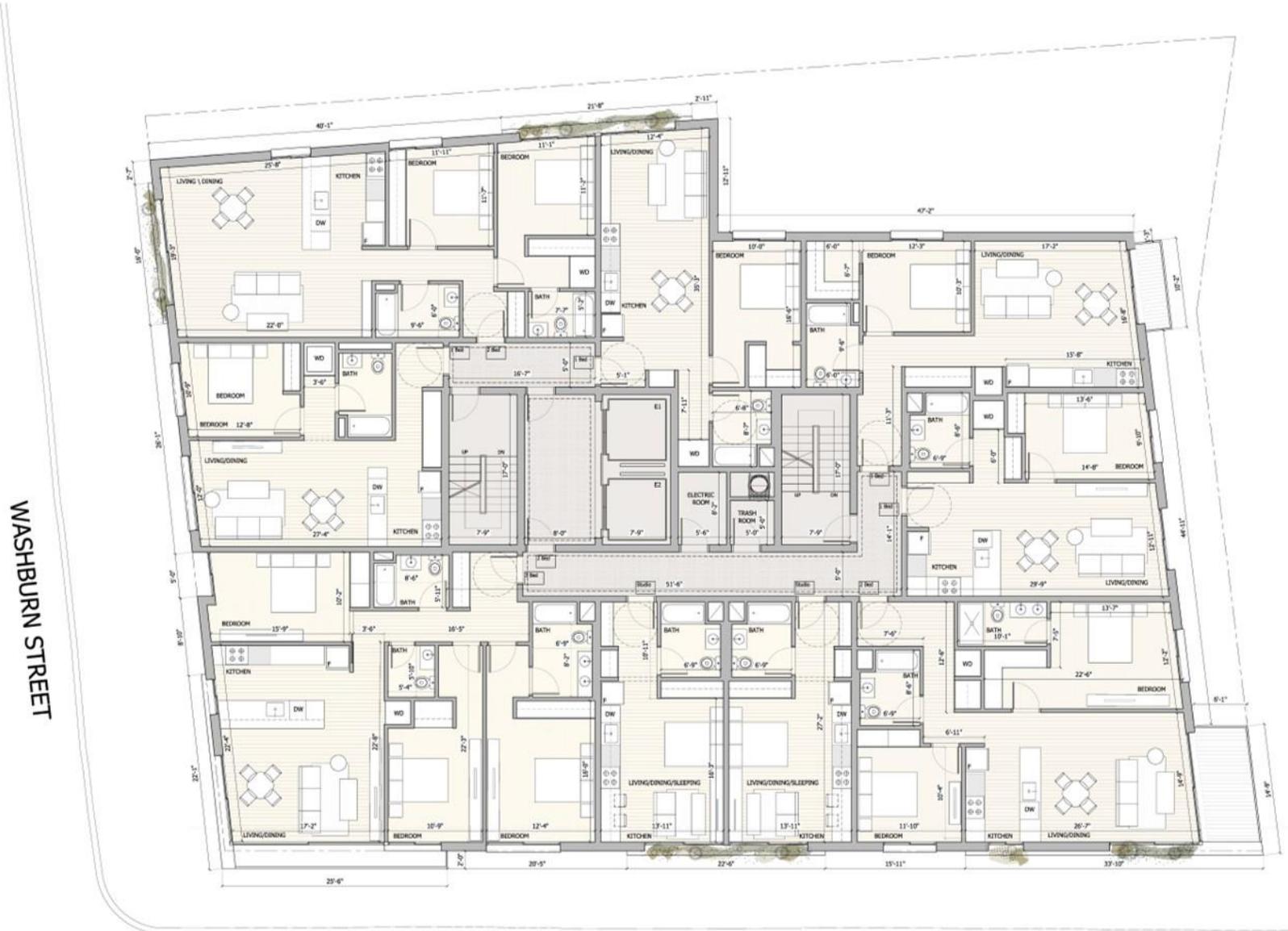


WASHBURN STREET

BALDWIN AVENUE

BALDWIN
2nd - 10th Floor

AREA DISTRIBUTION



WASHBURN STREET

BALDWIN AVENUE

BALDWIN

11th Floor

AREA DISTRIBUTION

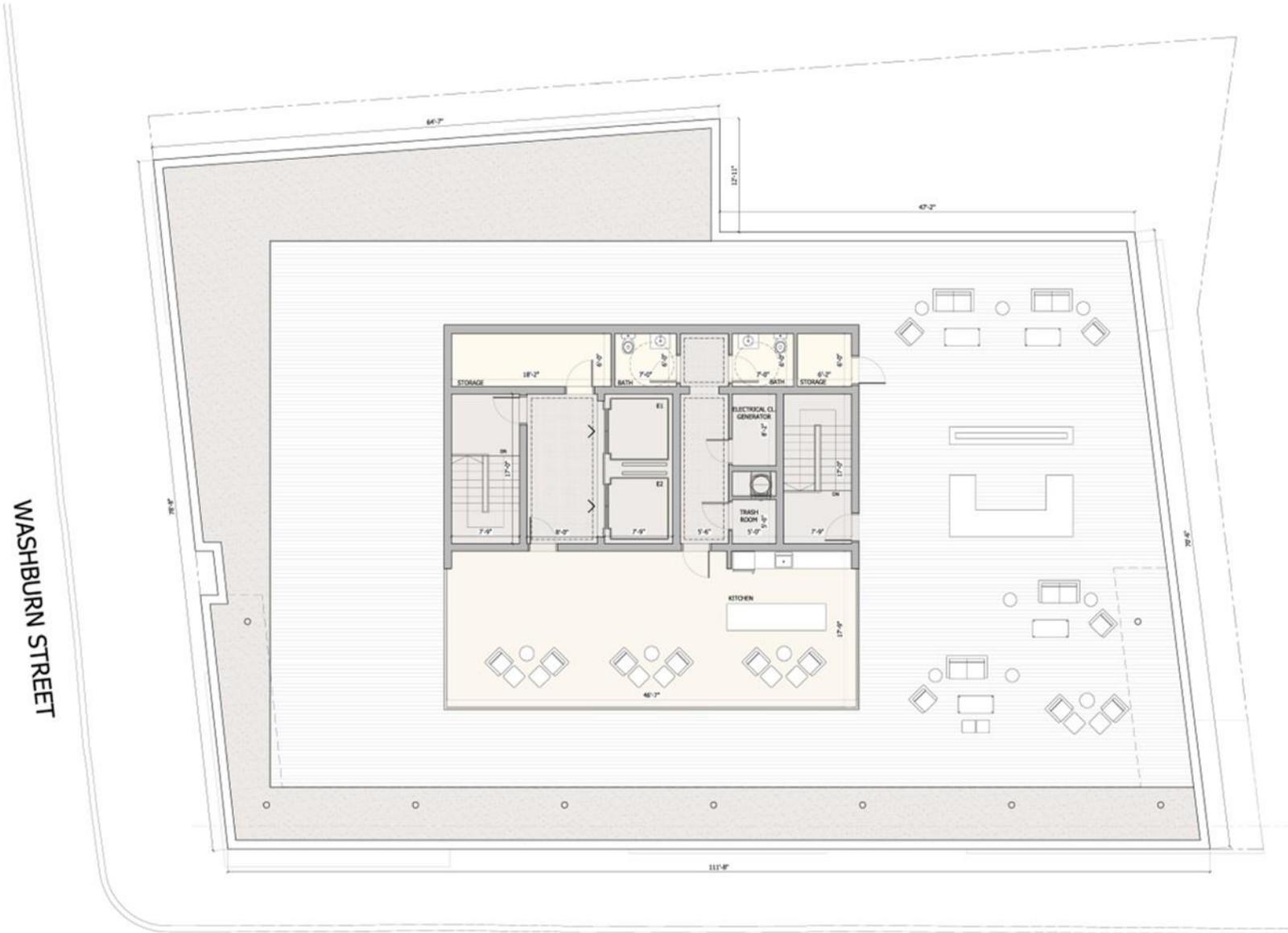


BALDWIN AVENUE

BALDWIN

12th Floor

AREA DISTRIBUTION



WASHBURN STREET

BALDWIN AVENUE

BALDWIN
Rooftop

RENT AND HOLD SCENARIO – 5 YEAR INVESTMENT PERIOD

	Year Year 2018	Year 1 Year 2019	Year 2 Year 2020	Year 3 Year 2021	Year 4 Year 2022	Year 5 Year 2023
CONSTRUCTION PERIOD	Acquisition Pre-Development	Const. Start Q1 2019	Const. Completion Q2 2020 Operation Begins Q3 2020	Permanent Loan Q1 2021	Stabilization Sale	
Property Acquisition	(6,507,000)	-	-	-	-	-
Hard Costs	-	(18,169,693)	(9,084,847)	-	-	-
Soft Costs	(1,208,680)	(604,340)	(201,447)	-	-	-
Development Overhead	-	(731,725)	(731,725)	-	-	-
Owner's Contingency	(153,662)	(1,075,636)	(307,325)	-	-	-
Construction Loan	-	18,169,693	9,084,847	(27,254,540)	-	-
Construction Loan Commitment	-	(665,140)	-	-	-	-
Construction Loan Interest	-	(1,490,483)	-	-	-	-
Permanent Loan	-	-	-	35,303,129	-	-
RESIDENTIAL RENT ROLL						
PGI			1,820,990	3,714,820	3,789,117	3,864,899
Amenity Fee			-	-	-	-
Parking Rental			34,800	70,992	72,412	73,860
Vacancy			(91,050)	(185,741)	(189,456)	(193,245)
EGI			1,764,741	3,600,071	3,672,073	3,745,514
Resi Broker Fee			(303,498)	-	-	-
Operating Expenses			(414,743)	(423,038)	(431,499)	(440,129)
Real Estate Taxes @ 14% of EGI			(247,064)	(504,010)	(514,090)	(524,372)
Management Fee			(44,119)	(90,002)	(91,802)	(93,638)
Total Expenses			(1,009,424)	(1,017,050)	(1,037,391)	(1,058,138)
Residential NOI			755,317	2,583,022	2,634,682	2,687,376
RETAIL RENT ROLL						
PGI			77,800	79,356	80,943	82,562
Tenant Improvement			-	-	-	-
EGI Retail			77,800	79,356	80,943	82,562
Operating Expenses			-	-	-	-
Real Estate Taxes % of EGI			-	-	-	-
Retail Broker Fee			(6,413)	-	-	-
Total Expenses Retail			(6,413)	-	-	-
Retail NOI			71,387	79,356	80,943	82,562
Total NOI	(7,869,342)	(4,567,324)	(413,792)	10,710,967	2,715,625	2,769,938
Debt Service				(2,274,178)	(2,274,178)	(2,274,178)
		DSCR		4.71	1.19	1.22
Cash Flow ADS	(7,869,342)	(4,567,324)	(413,792)	8,436,789	441,447	
Reversion Value	-	-	-	-	55,398,756	-
Sales Costs	-	-	-	-	(2,215,950)	-
Debt					(34,782,279)	
Net Cash Flow	(7,869,342)	(4,567,324)	(413,792)	8,436,789	18,841,975	
Leveraged IRR	25.8%					
EM	2x					
Yield to Cost at Stabilization	6.6%					

REALTY GROUP – OTHER DEVELOPMENTS

Newkirk I



Jordan Avenue



Newkirk II



High Street

