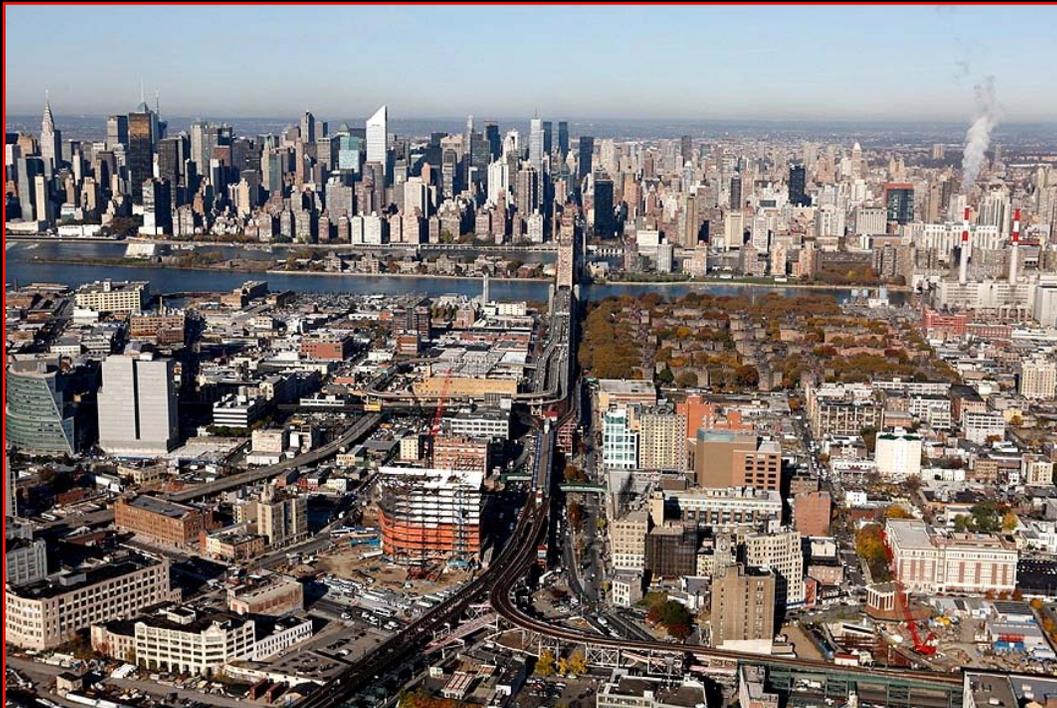

EXCEPTIONAL DEVELOPMENT OPPORTUNITY

Queens Plaza South

Long Island City, NY



Confidential Offering Memorandum

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27-26 Bridge Plaza South

Long Island City

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The terms and conditions set forth above apply to this Offering Memorandum in its entirety.

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EXECUTIVE SUMMARY

INTRODUCTION

We are pleased to offer qualified purchasers the rare opportunity to acquire a 100% fee simple interest in **Queens Plaza South** (27-14 through 27-26 Bridge Plaza, the "Site"), a substantial and uniquely well situated investment and development parcel in the heart of Long Island City, New York. **Rarely does a development opportunity of this magnitude become available so close to Midtown Manhattan.**

The location is unsurpassed. Midtown Manhattan and the surrounding boroughs are literally minutes away. Located at the foot of the Queensboro Bridge, **Queens Plaza South** is just one mile from Midtown Manhattan. **Queens Plaza South** is easily accessible via subway (7 subway lines), bus (8 bus routes) car (Long Island Expressway or Brooklyn Queens Expressway) or railroad (LIRR Hunterspoint Avenue station).

The recent development surrounding Queens Plaza South is extraordinary. Since the City Planning Commission and New York City Council adopted zoning changes in 2001, this underutilized area has gone from neglected industrial space to a totally revitalized urban hub, with the potential for up to 20 million sf of new residential, office and retail development. The recent groundbreaking of the \$76.4-million Queens Plaza and Jackson Avenue Streetscape Improvement Projects, as well as the neighboring development of the proposed 3.5 million square foot Gotham Center, confirm unequivocally that Long Island City is poised for another major step in its remarkable 21st Century renaissance.



PROPERTY OVERVIEW

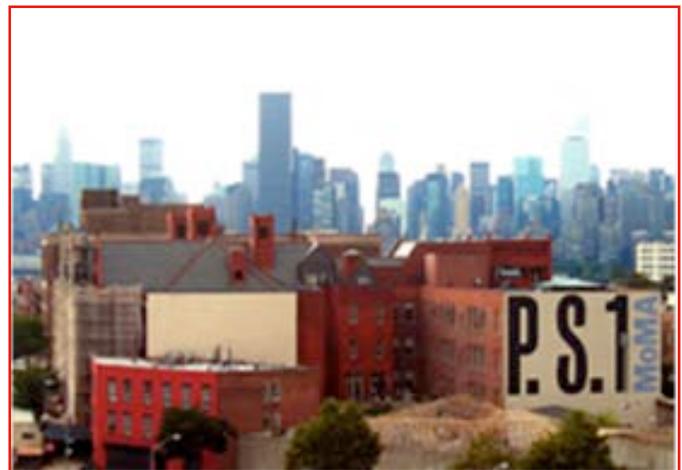
This centrally located property provides the foundation for one of the most outstanding development sites in the tri-state area. The 9,152-sf plot permits one of the highest density zonings in Long Island City with an as-of-right FAR of 12.0. Based on the existing zoning (M1-6/R10), the property allows for an as-of-right zoning floor area of 110,000 sf, and is capable of supporting a development site of approximately 125,000 gross sf. Few development sites offer the flexibility and the possibilities of this extraordinary site.

HIGHLIGHTS OF THE OFFERING

- **Minutes from Midtown Manhattan:** A traveler can be at Grand Central Station, Fifth Avenue, and the Upper East Side in less than 15 minutes. Times Square and Manhattan's West side are less than 20 minutes away
- **Extensive transit hub:** Few locations either in or outside of New York City are this centrally located and accessible:
 - 7 subway lines (7, N, R, W, V, G, E)
 - 8 bus lines (B61, Q32, Q19A, Q39, Q60, Q67, Q101, Q102)
 - Easy access to Queens/Midtown Tunnel, 59th Street Queensboro Bridge, Long Island Expressway, Brooklyn-Queens Expressway
 - LIRR Hunterspoint Avenue train station nearby
 - Close to both LaGuardia and Kennedy airports (with direct train access to JFK via air train)
 - MTA proposed "Eastside Access" project connecting LIRR, Grand Central and Penn Station only a few short blocks away
- **Recent rezoning allows for one of the biggest development sites in Long Island City.** In 2001, In order to encourage development, Queens Plaza was rezoned to M1-6/R10, the most inclusive of all potential zoning structures. The FAR multiple of 12.0 is one of the highest and best FAR in Long Island City
- **In the center of other major recent development:**
 - Tishman Speyer Gotham Center, adjacent to **Queens Plaza South**, is in the first phase of the intended 3.5 million-sf mixed-use development on Queens Plaza. Phase 1 which is 662,000 sf is on schedule to be completed in Fall 2010
 - Jet Blue announced in 2010 that they would move their headquarters to the old Met Life building on the north side of Queens Plaza
 - U.N. Federal Credit Unit (completed 2007), a 16-story 275,000-sf headquarters
 - 2 Court Square, Citibank's second Citigroup Building (completed 2007), 15-story 526,000-sf office building and the future home of CUNY Law School extension (announced September 2009)
 - Toyoko Hotel (expected completion 2011), planned 35-story 699-unit hotel
 - Many other residential, commercial, educational and mixed-use developments
- **Tremendous redevelopment and business opportunity.** In 2001, Long Island City was designated as New York's fourth central business district, recognizing the area's transformation into a burgeoning mixed-use district
 - Over 92,000 jobs have been created

QUEENS PLAZA SOUTH

- 6.5 million sf of commercial space
- 17 million sf of industrial space
- 1.5 million sf of recently added new Class-A office space (including the 650,000-sf Gotham Center, the U.N. Federal Credit Union and Citibank's Court Square)
- 45 residential projects either completed or in various stages of development
- 3,800 residential units either under construction or completed, with 8,000 still on the drawing board
- 5,000 apartments that will be constructed as part of the Hunter Point South development project
- 22 recent hotel projects either completed or in the planning states
- **Over \$80 million of capital improvement projects to renovate the streetscape along Queens Plaza and Jackson Avenue that will**
 - Improve traffic circulation
 - Develop better pedestrian and bicycle access
 - Build a new 1.5-acre park at the eastern end of Queens Plaza (across from **Queens Plaza South**)
 - Provide new street lighting, specially designed benches, adaptive plantings and public art
 - Improve the streetscapes with new sidewalks and curbs, plantings, and widened, landscaped medians
 - Connect the 7 train to G, E and V train in Court Square
- **Rich with culture:** Long Island City has the greatest concentration of art outside of Manhattan, including museums and hundreds of individual artists studios and galleries
 - P.S. 1
 - Dorsky Gallery
 - Fisher Landau Center for Art
 - Museum of the Moving Image
 - Noguchi Museum
 - The Space
 - Chocolate Factory (music, dance theatre, multimedia)
 - Sculpture Center
 - Socrates Sculpture Park
 - Deitch Projects (gallery space)
 - LaGuardia Performing Arts Center
 - Green Space and Dance Entropy



PROPERTY DESCRIPTION

PROPERTY LOCATION

Central, Easily Accessible New York Location

The **Queens Plaza South** location is unique and extraordinary. Few, if any, development sites of this scale are as easily accessible from all the boroughs, in the midst of such substantial growth, yet within one mile of Manhattan. **Queens Plaza South:**

- Sits at the foot of the subway station that connects Long Island City to the rest of New York
- Is minutes from Grand Central Station, New York's East Side, downtown Manhattan and the West Side
- Is accessible to the neighboring states and outer boroughs
- Is just a short trip to the New York airports



Queens Plaza South is truly a one-of-a-kind building site. At approximately 110,000 sf **Queens Plaza South** could accommodate hundreds of diverse employees, tourists, students or visitors. It is centered amidst all modes of transportation. In addition to being a major subway stop, it is less than 10 minutes to Metro North or Amtrack, close to LIRR, easy driving distance to Westchester, Connecticut or Long Island and is less than a half hour by car or subway to either JFK or LaGuardia airports.

In the Heart of Long Island City

In 2001, the commercial core of Long Island City was designated New York City's Fourth Central Business District. This new building district houses much of the major commercial development in Long Island City. The new Tishman Speyer Gotham Center is across 28th Street (between 28th and Jackson Ave.). The Met Life building/Jet Blue headquarters is across Queens Plaza. The Citicorp Center/Court Square, new CUNY Law School extension and Silvercup Studios are only a few short blocks away. **Queens Plaza South** sits in the midst of this burgeoning area overflowing with enthusiastic growth in retail, commercial, restaurants and residential. And there is more development to come.



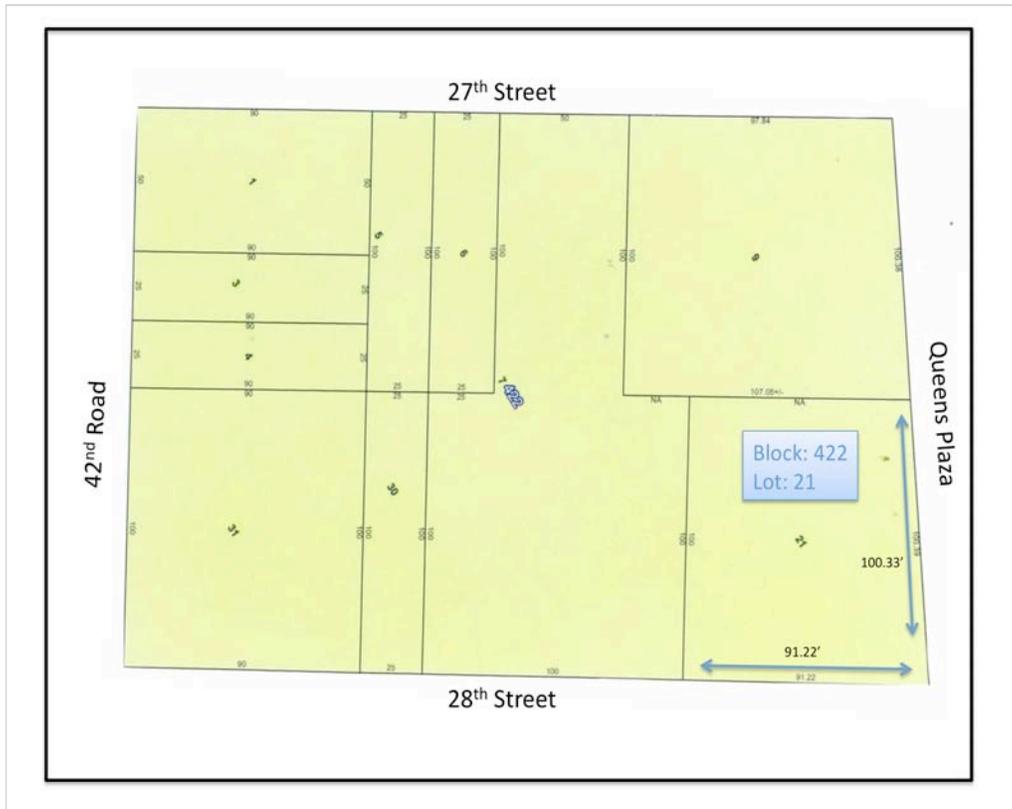
QUEENS PLAZA SOUTH

PROPERTY SNAPSHOT

The current site is comprised of 9,152 sf of above-grade space located in one one story commercial building. The building is leased by 6 commercial/retail tenants, all of whom have been dependable, profitable and have newly renewed leases with cancellation clauses.

PROPERTY SNAPSHOT	
Block/Lot	422/21
Lot 21	9,152sf
Frontage: 28th Street	91.22'
Frontage: Queens Plaza	100.33'
Number of Existing Buildings	1

The parcel is situated between 27th and 28th street with approximately 100 sf fronting Queens Plaza South, as well as apx 100 sf facing the new Tishman Speyer Gotham Center. While the existing site has only a 9,152-sf foot print, clearly the potential is enormous. With an as-of-right FAR of 12', there are few centrally located building lots in Long Island City with this exposure or promise.

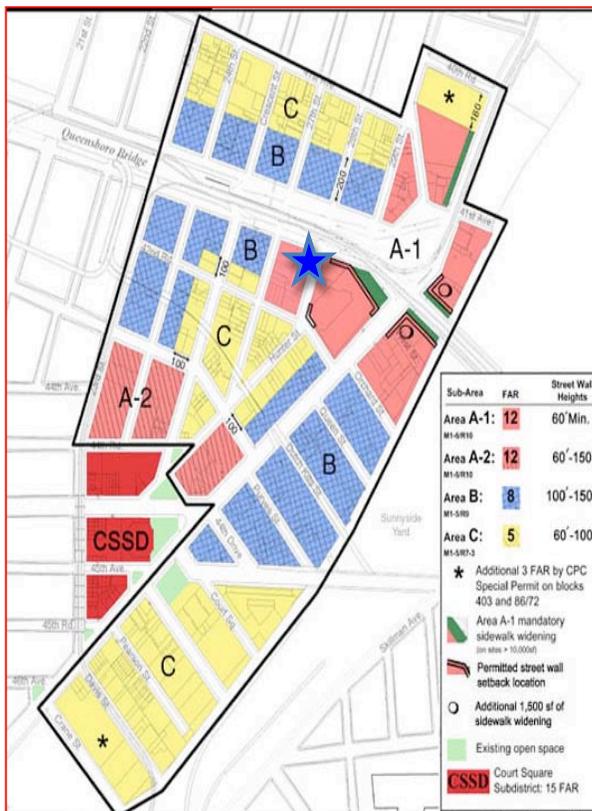


CURRENT ZONING

The City Council approved a plan in 2001 to rezone 37 blocks that surround the central transportation hub of Long Island City. The district, zoned to enable its development as NYC's 4th Central Business District, encompasses the areas of Queen Plaza and Court Square, and allows a density of development equal to that of many parts of Lower and Midtown Manhattan.

PROPERTY SNAPSHOT	
Zoning Designation	MI-6/R10
FAR Multiple	12
Site Area	9,152
Total Buildable	109,824
Number of Existing Buildings	1

"The rezoning replaces existing low-density, light-manufacturing zones with higher density, mixed commercial and residential zones to allow as-of-right developments, including office buildings with large, efficient floor plates. The rezoning effort, combined with additional city and state initiatives to develop more attractive streetscapes, renovate subway stops, improve the flow of traffic and provide new targeted tax and economic-development incentives, lays a strong foundation to support Long Island City's continued growth and enhance its distinct sense of place." (www.nyc.gov)



- Mixed-use Development.** Light manufacturing and other industrial uses, as well as commercial, residential, and community facility uses, are generally allowed as-of-right. These provisions reflect the rezoning area's mixed-use character and facilitate 24-hour activities.
- Strong Relationship between Density and Transit.** A high-density, 12.0-FAR district encompasses blocks at Queens Plaza and Court Square, the subdistrict's two largest subway stations. Most of these blocks are characterized by large vacant or underused sites. An 8.0 FAR district includes blocks characterized by large, bulky loft buildings along Queens Plaza, portions of the Sunnyside Yard, and the 23rd Street El; and a 5.0

FAR district is located on blocks characterized by small row houses and factories or located next to existing low-scale neighborhoods.

QUEENS PLAZA SOUTH

- **Variety of Building Types.** The subdistrict’s proposed height and setback provisions allow towers in the 12-FAR districts and high-lot coverage, street-wall buildings in the 5.0- and 8.0-FAR districts to ensure a continued diversity of building types and to help to ensure a continued mixed-use development pattern.
- **Active Ground Floors.** Glazing and non-residential uses are mandatory on the ground floor of most developments, thereby contributing to a lively, pedestrian-oriented environment.

AREA DEMOGRAPHICS

Long Island City is comprised of a series of neighborhoods. Many people move to Long Island City to take advantage of the low rents and easy access to Manhattan. There is a large percentage of artists, students, young families, empty nesters and the still prominent traditional immigrant population. Neighbors live in harmony with their neighbors, solidifying the patchwork character of this mixed use community.

Statistics	Long Island City	Queens	NY State
Highest Educational Attainment			
High School	18%	19%	19%
Some College	9%	10%	10%
Bachelors Degree	13%	13%	11%
Graduate Degree	9%	9%	8%
Households			
Number of Households	26,777	772,354	7,156,765
% of Households with Children	30%	37%	34%
% of Households with No Children	70%	63%	66%
Average Number of People in Household	2.5	2.85	2.62
Total Population	67,912	2,225,143	19,348,846
Male	50%	48%	48%
Female	50%	52%	52%
Median Age	34.2	36.4	36.4
Caucasian	57%	51%	67%
Black	16%	20%	16%
American Indian	0%	0%	0%
Asian	21%	23%	7%
Other	5%	4%	7%
Hispanic	35%	27%	17%
Non Hispanic	65%	73%	83%

INCENTIVES

A number of city and state incentives are helping to attract tenants to Long Island City. Business-income tax credits, rent reductions, real-estate tax savings and energy discounts are just some of the benefits available to businesses in the area.

Relocations and Employment Assistance Program (REAP)

- Annual credit against city business tax of up to \$3000/employee for companies that relocate from outside NYC or from Manhattan below 96th Street
- Benefits are available for up to 12 years, refundable for the first five
- Benefits are available for all jobs moved and created over the first five years, up to the greater of 100 and twice the initial number of employees
- Company must have been operating for 24 months before the start of the tax year during which it relocated
- Minimum required investment of \$25/sf on leased space, or the building must be improved by 50 percent of its appraised value

Commercial Expansion Program (CEP)

A credit of up to \$2.50/sf per year for five years is available to tenants signing qualifying leases in pre-1999 buildings with at least 25,000 sf of floor area is available. To be eligible for the program, minimum lease terms and investments are required as indicated below:

- Minimum lease term must be
 - three years if 125 people or fewer will be employed in the premises; or
 - 10 years if more than 125 people will be employed in the premises
- Minimum investment level must be at least
 - \$2.50/sf for leases of less than 10 years and for renewal leases of 10 years or more that include newly leased space;
 - \$5.00/sf for renewal leases of 10 years or more involving only previously occupied space; and
 - \$25.00/sf for new and expansion leases of 10 years or more

Industrial and Commercial Abatement Program (ICAP)

Provides abatements of real property taxes for varying periods up to 25 years for eligible industrial and commercial buildings that are built, modernized, rehabilitated, expanded, or otherwise physically improved.

- The abatement is equal to the amount by which the post-completion tax exceeds the initial tax (post completion must exceed 115 percent of initial tax to qualify for any abatement)
- Applicants must make a minimum required expenditure (MRE) equal to at least 30 percent of the taxable assessed value of the project

Commercial Rent Tax (CRT) Savings

Exemption from the 3.9% tax on commercial rents, to which all firms that rent 250,000 sf or more in Midtown are subject.

Potential Savings Over Time

The following are some sample calculations to illustrate potential savings afforded by select financial incentives. The example assumes a company with 90 employees; 20,000sf leased space, \$2.30/sf in estate taxes; electricity cost of \$2.80; and annual NYC business income tax liability of \$45,000. (The table below is provided as an example only. Actual savings vary on a case by case basis.)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Total Savings</u>
REAP	\$270,000	\$270,000	\$270,000	\$270,000	\$270,000	\$1,350,000
CEP	\$50,000	\$50,000	\$50,000	\$33,333	\$16,667	\$200,000
ECSP	\$8,400	\$8,400	\$8,400	\$8,400	\$8,400	\$42,000
Combined Incentive	\$328,400	\$328,400	\$328,400	\$311,733	\$295,067	\$1,592,000
Annual Savings per SF	\$16.42	\$16.42	\$16.42	\$15.92	\$14.75	\$15.92

SUMMARY

The time has come. Between the extraordinary zoning changes, the foresight of brave developers and pioneering business people, resourceful artists and residents appreciating the relative value and spectacular views, Long Island City is reaching critical mass. Long Island City was industrial and gritty — built for trucks, machines and manufacturing, unlike human-scaled residential Astoria and Brooklyn nearby. For a century, Long Island City was so industrial one could barely have called it a “neighborhood.”

Today Long Island City is being transformed.

- 92,000 workers
- 6.5 million sf of commercial space
- 17 million sf of industrial space
- 1.5 million sf of recently added new Class-A office space (including 650,000-sf Gotham Center, the U.N. Federal Credit Union and Citibank’s Court Square)
- 45 residential projects either completed or in various stages of development
- 3,800 residential units either under construction or completed, with 8,000 still on the drawing board
- 5,000 apartments that will be constructed as part of the Hunter Point South development project
- 22 recent hotel projects either completed or in the planning states
- New home of CUNY Law School and other educational facilities
- Exciting art and culture everywhere
- New amenities and retail opening every day (including major grocery and drug stores, destination restaurants and pubs)
- Eastside Access
- Sunnyside Yards

Queens Plaza in the heart of Long Island City.

- In the center of New York’s Fourth Core Business District
- Surrounded by key commercial development
- Around the corner from most major residential development
- 7 subway lines
- 8 bus lines
- 2 major Metropolitan highways
- LIRR transit hub
- Queensboro Bridge
- Midtown tunnel
- Easy access to JFK and LaGuardia airports
- \$80 million of capital improvement to Queens Plaza and Jackson Avenue
- 1.5-acre park on Queens Plaza

QUEENS PLAZA SOUTH

QUEENS PLAZA SOUTH IS AN EXTRAORDINARY DEVELOPMENT OPPORTUNITY

- A stable income-producing property ready for development
- 9,152-sf lot area
- 109,824 sf Total Buildable Area
- 190 sf of frontage around Queens Plaza, including 100 sf on Queens Plaza
- M1-6/R10 Zoning Designation
- 12.0 FAR multiple
- At the foot of Queens Plaza subway stop
- In the center of Long Island City Core
- Across the street from new Gotham Center
- Across Queens Plaza from the new Jet Blue headquarters
- Three blocks from Count Square

If Queens Plaza is the "Gateway to Long Island City,"

Then Queens Plaza South is the front door.



The view from Queens Plaza South

"Long Island City is one of our greatest opportunities for growth. With 37 blocks of newly rezoned land directly across from Midtown Manhattan, Long Island City is an ideal location to provide capacity for New York City's growing demand for affordable office space. Our significant public investments are encouraging commercial and residential development throughout the area and serve as a prime example of this Administration's commitment to supporting growth and creating jobs in all five boroughs."

Michael R. Bloomberg Mayor, New York City