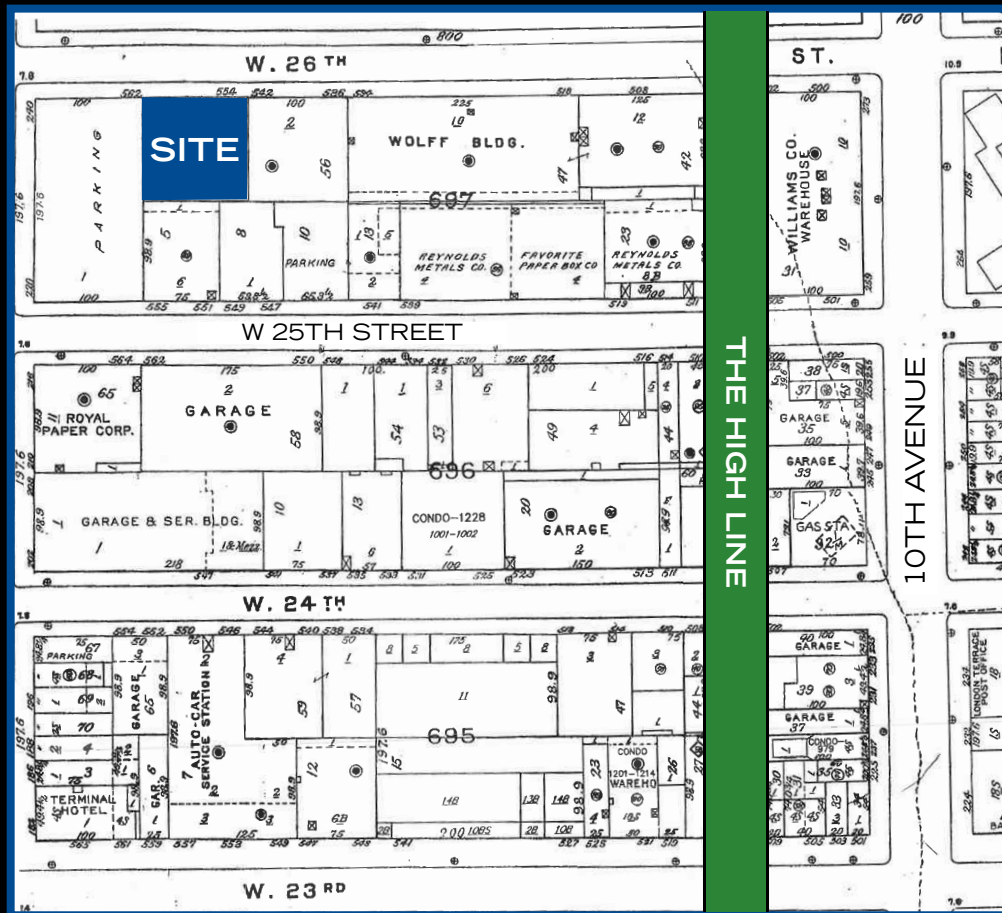




The Manhattes Group LLC

introduces

544 WEST 26TH STREET



Investment / development site for sale
with income in place with credit tenant

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544 WEST 26TH STREET

The Manhattes Group LLC has been retained by Ownership to offer for purchase the fee simple interest in the surface parking lot/development site known as 544 West 26th Street (“The Property”). The Property is located on one of the most highly regarded streets in the West Chelsea Arts District. The Property is within close proximity to the new High Line Park.

The Property is currently leased to The City of New York for the purpose of staging the extension of the Seven (7) subway line on the West Side of Manhattan.

The Property has approximately 65,000 square feet of unused development rights. Approximately 10,000 square feet of these rights can be developed into prime ground floor retail space with the balance being commercial office space and community facility space.

It is rare that a property like this becomes available in Manhattan. 544 West 26th Street offers the purchaser the twin benefits of an income producing property tenanted by a “credit tenant” and the future upside of an unimproved development site with all of the Property’s development rights still in place.

In the past ten years the neighborhood has grown exponentially, becoming home to many of the world’s most prominent galleries, fashion designers, and media and technology companies.

The property is one of the last few undeveloped sites in Manhattan. The properties location and development potential will ensure the purchaser significant future growth on this investment.

Approximately 9,900 SF Lot Size
Approximately 49,500 to 68,234 Buildable Square Feet
100’ of Frontage

AREA DESCRIPTION

West Chelsea has become an emerging fashionable neighborhood and a new center for art galleries, boutiques, clubs and residential development. West Chelsea was a neglected New York City neighborhood until galleries forced out of SoHo due to high rents began moving into West Chelsea between 10th and 11th Avenue. This area has become the epicenter of New York City art and is now known as the "Gallery District". Over 250 art galleries have moved to West Chelsea in the last 10 years.



PROPERTY DESCRIPTION

Block: 697

Lot: 60

Lot Size: 100' X 98.5'

Zoning: M1-5/WCH Current

FAR: 5 to 6.5 with Community Facility Bonus

BUILDING DESCRIPTION

Stories: 0

Size: Approximately 9,900

SALE TERMS PRICE

Upon request

STACKING PLAN DETAILED OPTION 1

(Assumes 6.5 FAR, 5 FAR for commercial and 1.5 FAR with Community Facility use)

544 WEST 26TH STREET

BLOCK:	697
LOTS:	60
ZONING DISTRICTS:	M1-5
SITE AREA:	9,875 SF
PERMITTED FAR:	5
w/ COMMUNITY FACILITY*	6.5

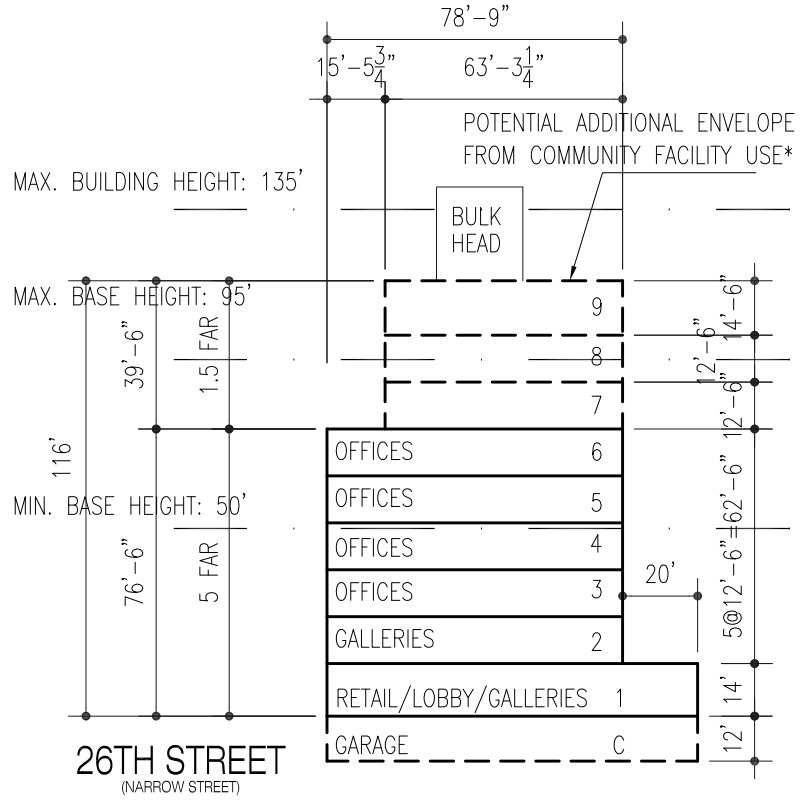
CALCULATIONS

PERMITTED FA:	49,375 SF (5 FAR)
+ 3.5% MECHANICAL DEDUC:	1,728 SF
+ RAMP:	1,800 SF
TOTAL PERMITTED	52,903 SF

PERMITTED FA:	64,188 SF (6.5 FAR)
+ 3.5% MECHANICAL DEDUC:	2,247 SF
+ RAMP:	1,800 SF
TOTAL PERMITTED	68,234 SF

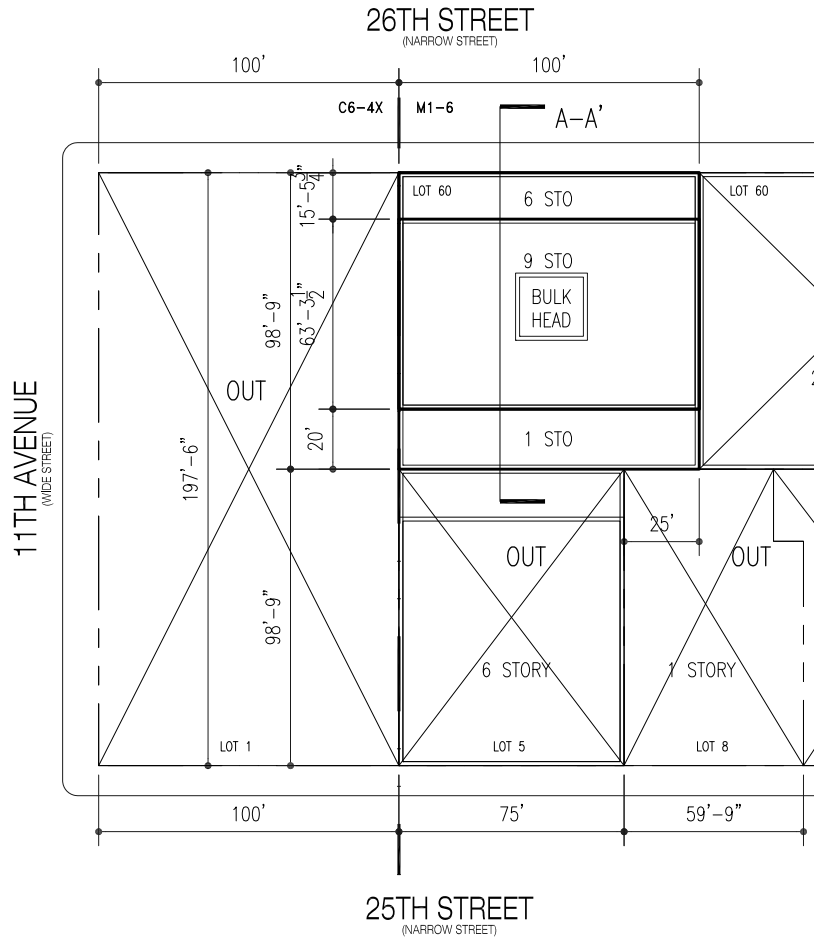
PROPOSED FLOOR AREAS

FLOORS	#	AREA/FL	FLOOR AREA
1	1	9,875 SF	9,875 SF
2-6	5	7,875 SF	39,375 SF
7-9	3	6,328 SF	18,984 SF
TOTAL	9		68,234 SF



*CAN BE USE GROUP 3, NOT-FOR-PROFIT GALLERY
MINIMUM OF 1.5 FAR

SECTION THRU A-A'



STACKING PLAN DETAILED OPTION 2

(Assumes 6.5 FAR, 5 FAR for commercial and 1.5 FAR with Community Facility use)

544 WEST 26TH STREET

BLOCK: 697
 LOTS: 60
 ZONING DISTRICTS: M1-5
 SITE AREA: 9,875 SF
 PERMITTED FAR: 5
 w/ COMMUNITY FACILITY 6.5

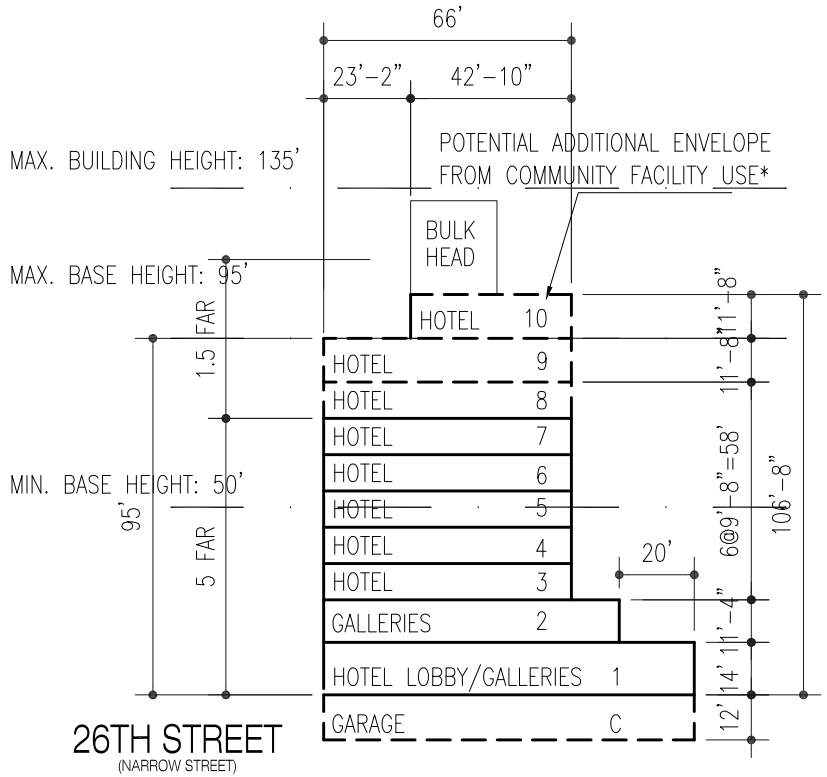
CALCULATIONS

PERMITTED FA: 49,375 SF (5 FAR)
 + 3.5% MECHANICAL DEDUC: 1,728 SF
 + RAMP: 1,800 SF
 TOTAL PERMITTED 52,903 SF

PERMITTED FA: 64,187 SF (6.5 FAR)
 + 3.5% MECHANICAL DEDUC: 2,246 SF
 + RAMP: 1,800 SF
 TOTAL PERMITTED 68,233 SF

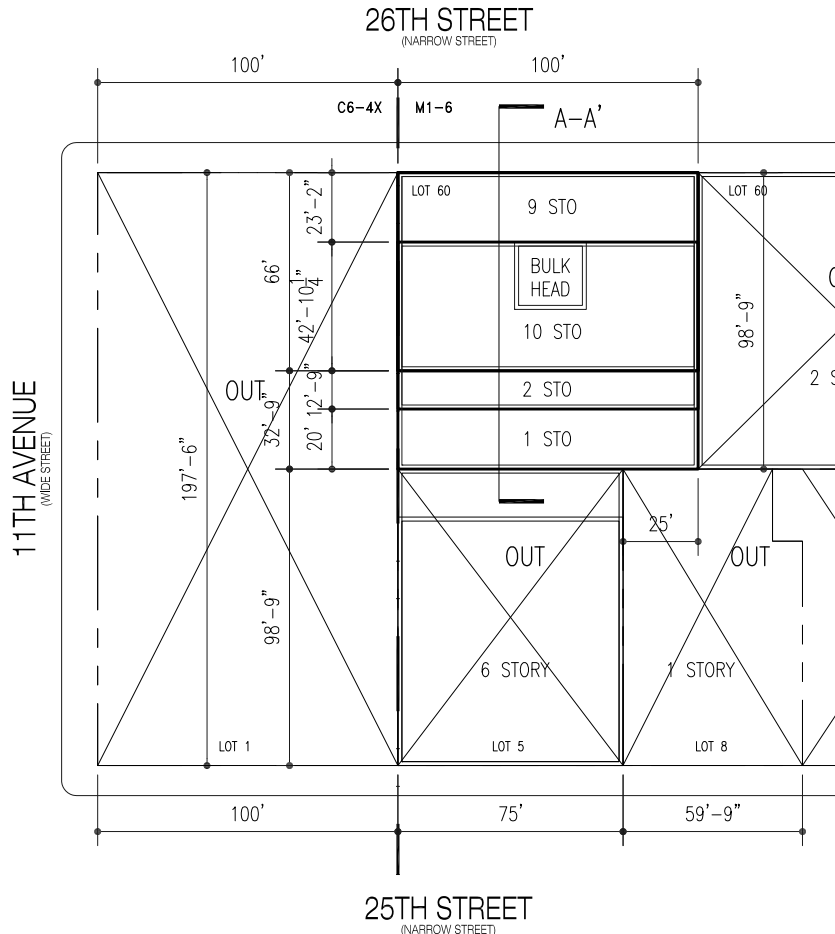
PROPOSED FLOOR AREAS

FLOORS	#	AREA/FL	FLOOR AREA
1	1	9,875 SF	9,875 SF
2	1	7,875 SF	7,875 SF
3-9	7	6,600 SF	46,200 SF
10	1	4,283 SF	4,283 SF
TOTAL	10		68,233 SF



SECTION THRU A-A'

*CAN BE USE GROUP 3, NOT-FOR-PROFIT GALLERY
 MINIMUM OF 1.5 FAR.



LOCATION OVERVIEW

511-541 West 25th Street is located between Tenth and Eleventh Avenues, in the heart of West Chelsea. Chelsea is bordered by 14th Street to the South, 34th Street to the North, Fifth Avenue to the east and the Hudson River to the West. In terms of neighborhoods, Chelsea borders The Meat Packing District to the South, The Flatiron District and Union Square to the east, Hudson River Park to the West and Hudson Yards to the North.

In June of 2005, The Department of City Planning adopted the West Chelsea Rezoning Plan. This rezoning plan changed West Chelsea by allowing for mixed-use developments. These zoning changes permit developers to build high-density projects along Tenth and Eleventh Avenues, as well as some of the crosstown streets. The changes in zoning paved the way for new life in West Chelsea. New high-rise condominium and commercial developments, designed by internationally renowned architects such as Jean Nouvel and Frank Gehry, have recently been built. International corporations such as IAC have chosen West Chelsea for their world headquarters, and restaurants and art galleries continue to open and flourish, dominating the ground floor retail spaces.

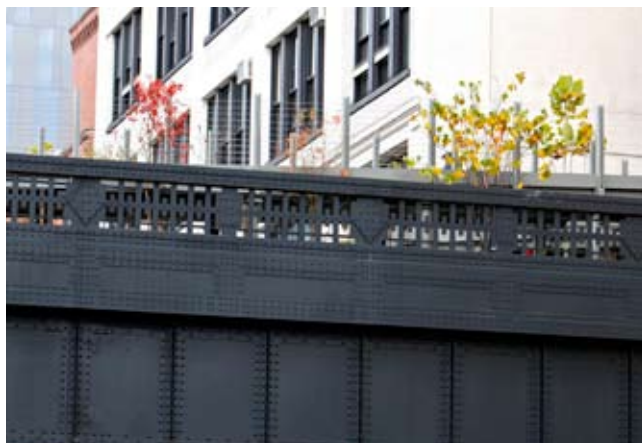


RESIDENTIAL DEVELOPMENT PROJECTS IN WEST CHELSEA

PROJECT NAME	ADDRESS	# OF APARTMENTS	NOTE
THE CALEDONIA	450 West 17th Street	190 Condominiums, 288 Rentals	Developed by The Related Companies, this project is the southern most residential property on The High Line Park.
CHELSEA MODERN	447 West 18th Street	47 Condominium Apartments	12 story building developed by Madison Equities
CHELSEA ENCLAVE	177 Ninth Avenue	53 Condominium Apartments	The Brodsky Organizatin developed this property on a long term land lease with the General Theological Seminary.
METAL SHUTTER HOUSES	524 West 19th Street	9 Condominium Apartments	Unique façade which featrues roll up shutters for each apartment facing the street.
456 WEST 19TH ST	456 West 19th Street	22 Condominium Apartments	New residential development that backs up to The Highline Park, the project is currently under development
100 ELEVENTH AVE	100 Eleventh Avenue	72 Condominium Apartments	Jean Nouvel's latest residential design project, directly adjacent to the IAC World Headquarters.
HL 23	515 West 23rd Street	11 Condominium Apartments	New 14 story project currently under construction, unobstructed views down the High Line Park
10 CHELSEA ST	500 West 23rd Street	110 Apartments	New 12 story project currently under construction located on the corner of 23rd Street and Tenth Avenue.
200 ELEVENTH AVE	200 Eleventh Avenue	15 Condominium Apartments	Unique design includes En-suite sky garage for most apartment, architect is Selldorf Architects.

WEST CHELSEA CONTEMPORARY ART DISTRICT

Over the course of the last ten years, West Chelsea has emerged as the center of the contemporary art world. In the late 90's and early part of this decade, most contemporary art galleries were located in Soho. As leases expired, galleries found themselves priced out of the Soho Market and unable to compete with arriving luxury retailers. Led by a few pioneers, the industry flocked to West Chelsea as a result of an abundance of industrial,loft-like space — which is critical to the art gallery business. Today, West Chelsea is home to some of the most prominent contemporary art galleries in the world. Street level galleries include Gagosian, Lehman Maupin, Axelle Fine Art, Marianne Boesky, Pace & Wildenstein, Marlborough Gallery and Cheim & Reid. Upper floors of loft office buildings are tenanted by smaller galleries. Many of the top galleries located on the street level have purchased their respective properties. As mentioned previously, the city rezoned this neighborhood to a higher density mixed-use zoning. By and large, the change of zoning does not apply to many of the side streets in West Chelsea, thus preserving the neighborhood's art-and-culture character. In July of 2008, Landmarks Preservation approved a historic district in the same mid-block portion of West Chelsea, further ensuring this area remains the center for gallery activity for Manhattan.



THE HIGH LINE

The High Line is a 1.45 mile New York City park built on a section of the former elevated freight railroad spur called the West Side Line, which runs along the Lower West Side of Manhattan. Phase 1 of the conversion to The High Line Park is complete and open to the public, running from Gansevoort Street, one block below West 12th Street, in the Meatpacking District, up to 20th Street. Phase 2 will continue north to 30th Street. The park runs along the eastern wall of the 511 building of The Property

and is scheduled to open in Q1, 2011. The High Line Park has attracted national attention and renown. This is a one-of-a-kind park with indigenous vegetation, seating and walking paths. This is a major amenity to The Property.

HUDSON RIVER PARK

This 550-acre waterfront park connects Battery Park to The Upper West Side by way of one of the most unique public spaces to be developed in any urban setting in the country. Multiple piers have been transformed into open, waterfront, green space, accommodating bikers and joggers with paved and designated paths running from Battery Park to The Upper West Side. The park includes soccer fields, skateboard parks, tennis courts, children's playgrounds, restaurants and site seeing venues. Second in size only to Central Park, Hudson River Park is in the most dynamic park in Manhattan, maybe the world.





MACELLERIA RESTAURANT



PASTIS RESTAURANT



100 ELEVENTH AVENUE



COOKSHOP RESTAURANT



THE PACE GALLERY



SPICE MARKET



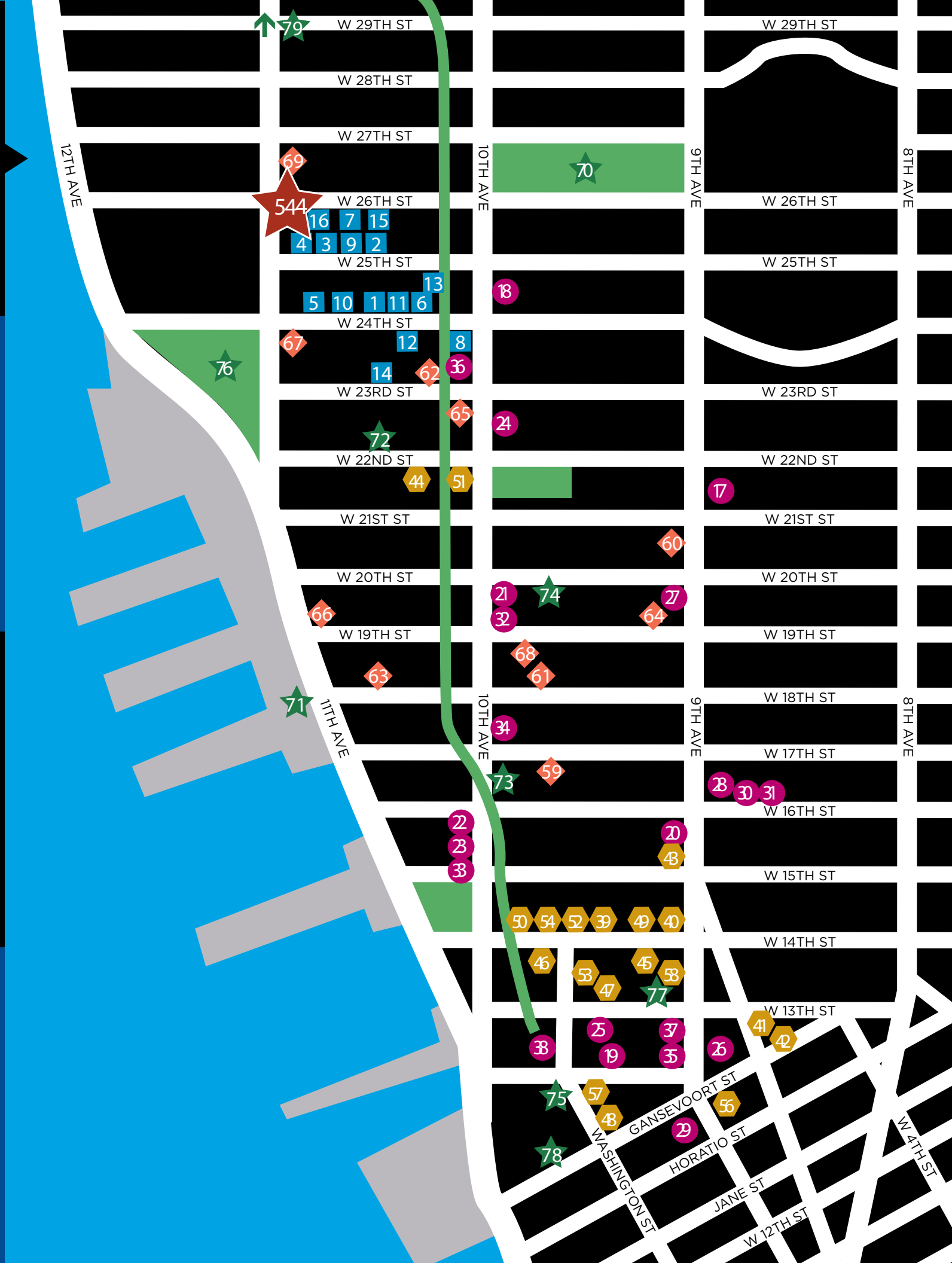
CHELSEA PIERS



THE STANDARD GRILL



THE RED CAT RESTAURANT



GALLERIES

1. Andrea Rosen
2. Betty Cunningham
3. Cheim & Reid
4. Dillon Gallery
5. Gagosian
6. Gladstone Gallery
7. Lehmann Maupin
8. Marianne Boesky
9. Marlborough Gallery
10. Mary Boone
11. Matthew Marks
12. Mike Weiss
13. Pace & Wildenstein
14. Perry Rubenstein
15. Robert Miller Gallery
16. Tony Shafrazi

RESTAURANTS / HOTELS

17. Billy's Bakery
18. Bottino
19. Buddha Bar
20. Buddakan
21. Cookshop
22. Craft Steak
23. Del Posto
24. Don Giovanni's Pizza
25. Fig & Olive
26. Hotel Gansevoort
27. La Bergamote
28. La Bottega
29. Macelleria
30. Maritime Hotel
31. Matsuri
32. Moran's
33. Morimoto
34. The Park
35. Pastis
36. The Red Cat
37. Spice Market
38. The Standard

RETAIL

39. Alexander McQueen
40. Apple Store
41. Calypso St. Barth
42. Catherine Malandrino
43. Chelsea Market
44. Comme Des Garçons
45. Design Within Reach
46. Diane Von Furstenberg
47. Ed Hardy
48. Helmut Lang
49. Hugo Boss
50. Jeffrey
51. Printed Matter
52. Puma The Black Store
53. Scoop NYC
54. Stella McCartney
55. Tesla Motors (511 building)
56. Theory
57. Tory Birch
58. Vitra

NEW RESIDENTIAL DEVELOPMENTS

59. The Caledonia
60. Chelsea Enclave
61. Chelsea Modern
62. HL 23
63. The IAC Building
64. Metal Shutter Houses
65. 10 Chelsea Street
66. 100 Eleventh Avenue
67. 200 Eleventh Avenue
68. 456 West 19th Street
69. Avalon Bay

PUBLIC SPACES / MUSEUMS / CLUBS

70. Chelsea Park
71. Chelsea Piers
72. Dia Art Foundation
73. Equinox Gym
74. General Theological Seminary
75. The Highline
76. Hudson River Greenway
77. Soho House
78. Whitney Museum (planned)
79. Hudson Yards Redevelopment Project

CASH FLOW SUMMARY

Revenue: \$500,000 per year paid quarterly

Expenses: \$26,000 (Insurance and Real Estate Taxes)

NOI \$474,000

LEASE ABSTRACT

- Lease between current Owner and The City of New York
- 7 year lease term with an option for an 8th year. Lease term commences 6/1/07. We have been told that NYC will most likely need the lot for 4-5 years
- NYC to use lot as staging area for tunnel work being done on adjacent lot and is required to return lot to Owner in the same condition as it took over
- NYC can terminate the lease early on six months written notice.
- Annual rental of \$500,000 paid quarterly. If NYC exercises its option for year 8, rent is \$600,000. Holdover rent thereafter is \$1,000,000 per annum
- Landlord entitled to interest at highest legal rate in event of a NYC default
- NYC pays as additional rent, 50% of Real Estate Tax escalations over 2007-2008 base year
- All utilities and services by NYC. No other landlord responsibilities, except maintenance of \$1 MM of liability coverage
- Current environmental cleanup is being performed by Penske pursuant to ancillary agreement and indemnification
- If NYC ends up condemning the lot, the value shall be NO LESS THAN the value on the commencement date of the lease
- NYC must provide an estoppel letter on 30 days notice
- Affirmative covenant by NYC to provide periodic design information with respect to subway work on adjacent lot and to cause the MTA to expeditiously review any design submittals by Landlord with respect to construction on the lot. MTA approval would likely be required due to proximity to MTA facilities on next-door lot.

CLEANUP AND INDEMNIFICATION AGREEMENTS WITH PENSKE

- Penske Truck Leasing Co., LP, (“Penske”) a national credit tenant, was a previous tenant on the lot and caused a fuel spill during its tenancy
- Pursuant to a “General Release” dated April 24, 2002 in connection with its vacation of the property, Penske agreed to undertake, at its sole cost and expense, any environmental cleanup required due to the spill and to defend and indemnify Owner with respect to any claims arising out of the spill
- Since that time, Penske has engaged Groundwater Environmental Services, Inc. (“GES”) to perform the remediation and monitoring as required by and reported to the NYC DEC until a “No Further Action” Letter can be obtained from the DEC
- GES has been doing periodic remediation activities and has installed monitoring wells at the lot
- In connection with the NYC Lease, Penske, Owner and NYC executed an agreement whereby the coordination of ongoing remediation and monitoring activities are coordinated with NYC’s construction activities
- In such agreement, Penske represents (but does not guarantee) that the remediation efforts are expected to last until June of 2008 and the monitoring period of the site is expected to last another 12 months thereafter. Regardless, Penske is liable to complete the remediation and monitoring until a NFA Letter is obtained from the NYS DEC
- NYC is fully indemnified from environmental claims under the agreement and the lease and Owner is indemnified from any such claims under the General Release

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