

Welcome Back One King



Development Plan for One King Place:

Jobs and Homes for Meriden

By

One King LLC

March 2017

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March 17, 2017

Mr. Guy Scaife
City Manager
City of Meriden
Meriden City Hall
142 East Main Street
Meriden, CT 06450

Dear Mr. Scaife;

RE: ONE KING PLACE DEVELOPMENT PLAN AND AGREEMENT

We are pleased to deliver this Development Plan and Agreement for your review. One King LLC was selected by the City of Meriden on October 19, 2016 as its Preferred Developer of One King Place, the former Meriden Hospital. Since that time and with cooperation from the City, we have worked diligently to conduct our due diligence, soft market the property, develop this plan, and secure a financial partner to assist with the redevelopment. We have received significant interest in the property from potential tenants who have expressed a desire to locate and expand in Meriden at the property. We firmly believe that our plan will result in new jobs for the citizens of Meriden, and that new, family-oriented housing opportunities will be available.

We look forward to continuing our work in collaboration with the City. Next steps include entering into the Development Agreement as a means of continuing this work. After many false starts over the last fifteen years, and despite the current condition of the property, we believe our plan provides a strategic path forward to bring the property back to a vibrant Meriden. We have the experience and financial capacity necessary to complete the task.

Thank you for the opportunity to continue our dialogue. The City has been a great partner. We anticipate a continued relationship that is mutually beneficial to realize a shared dream and vision for the citizens of Meriden.

Welcome back, One King!

Very truly yours,



Chester Burley III
Chief Financial Officer

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Introduction

One King LLC, a Delaware limited liability company, is pleased to submit this Development Plan to the City of Meriden, together with its proposed Development Agreement, to further solidify its position as the sole and exclusive developer of the former Meriden Hospital located at One King Street, Meriden, Connecticut. It is our expressed goal to enter into a binding contract (the Development Agreement) with the City of Meriden for the acquisition and subsequent redevelopment of the property.

The hospital has a proud legacy over a 100-year history of prominently serving the citizens of Meriden. It is a fixture in the community. However, where it once stood as a beacon of hope by providing jobs and health care, it today stands for multiple failed redevelopment efforts to transform the behemoth to a vibrant and contributing building to the City's future. Except for the vagrants that have taken occupancy in its shuddered walls, the property has remained vacant for fifteen years. In that time, vandalism and neglect have caused the once bustling property to degenerate into something more akin to the scene from a horror movie. It is unrecognizable from its glorious past.

There is hope. Together with the City we share a vision for the property's redevelopment. In the pages of this Development Plan is the roadmap for a path forward. We are providing the plan, expertise, and capital necessary to rejuvenate the property to its former glory. However, the City must provide the *action* that will allow us all to realize our dreams for the property.

Our vision is of a mixed use property characterized by excellence. Thoughtful, meticulous planning, backed by the financial wherewithal to realize the dream, all orchestrated into action by an experienced team of redevelopers, will methodically transform the dilapidated structure into a vibrant mixed-use center highlighted by new and complimentary uses which will create jobs and add vitality to the City.

For 100 years the property was used in a monolithic manner, focused on a single use, dedicated to bringing essential healthcare services to the citizens of Meriden. When it was sold to a developer, the immediate hope was that it might be reused as a single-use pediatric healthcare facility. That was an unrealized dream. Today, new less restrictive zoning and our recommended solutions are necessary to save the property.

Consistent with the City's articulated vision, we also believe that a mixed-use development is not only possible at, but also the best future for, the former hospital. We envision it to be a special place, strategically located within the Transit Oriented District (the TOD), in close proximity to the City Center and its revitalized railroad station, where the citizens of Meriden can gather to experience new residential offerings, employment opportunities, learning centers, recreational amenities, and dining experiences. These uses will play off of each other, providing a vibrancy, energy and momentum that will draw people within its walls.

Any single use of the massive structure will fail. Instead, we believe it is incumbent on our development team to breathe new life into the old structure by providing a thoughtful, phased approach to the redevelopment that is characterized by this mix of uses and that is driven not by hope, but by the realities of the marketplace.

The building is in the dumps, but it does not have to remain so. Meriden is on the rise. The building's redevelopment can significantly contribute to this ascent. We hope to be the major and pivotal driver of this critical redevelopment. We clearly understand the mistakes and misfortune of the past. It is not

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our intention to repeat them. The citizens of Meriden, and particularly the neighbors who live around the former hospital, deserve to share in our dream and mutual success. Revitalizing the hospital will awaken the neighborhood; and it will remove the ugly blight and dangerous environmental conditions that hang as a cloud over the City.

One King Place will be a catalyst for new energy. It will provide new jobs. It will help to revitalize a marginalized section of the City. It will be a place of care, housing, employment, learning, and – we hope – a respite. We look forward to the day when shopping and dining will happen in this very special place. We believe in a generational mix where the City's elderly interact with its youth. We believe that certain medical needs will once again be offered at the former hospital, and that an array of new opportunities are just over the horizon. The property will be a new beacon of hope and a source of great pride for the City.

We are committed to this vision. We bring the experience and financial capacity to make this dream a concrete reality. Working together with the City, we will realize this goal.

Background

One King LLC was selected through a competitive process by the City of Meriden as its preferred developer of the property on October 19, 2016. In the time since our selection, we have worked diligently to formulate a workable plan for the property's redevelopment. We've tested our planning assumptions through soft marketing to verify the validity of our thinking. We've methodically planned a multi-phased, multi-use, and multi-tenant approach to redevelop the property. Just as importantly, we've secured a financial partner committed to bringing the resources necessary to the project to see it through to its full completion.

Phasing

Our efforts have borne fruit. One of the keys to our redevelopment plan is phasing. Unfortunately, the property's dilapidated condition, and market realities, prevent a turn-key solution. As the City has learned through its previous marketing efforts, there is no single entity or business venture that can quickly acquire and use the property for a single purpose. Instead, a phasing approach that is sensitive to market demand, and that methodically introduces portions of the property into the market, will achieve maximum absorption rates in the quickest possible timeframes. Too much real estate brought to market too fast will choke development and depress the regional market. Too little real estate brought too slowly to market will fail to feed the development with the required cash to sustain both operations and the launch of subsequent phases.

New Tenants

Underlying our confidence in this approach is the initial success we have enjoyed with potential new tenants. In the last few months we've dedicated the time of one of our partners on a full-time basis to cultivate the regional market in a soft launch. This was not an easy task. The condition of the building and issues related to access have not helped. Potential tenants wishing to tour the building are required to execute an intimidating liability waiver complete with fine print and a list of potentially fatal environmental contaminants. Those willing to brave the legalese are met at the site by armed police officers as escorts to protect them from squatters living in the building. An environmental contractor was chased out of the property by a gun wielding "home owner." Before entering the property, our

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potential tenants witness city employees donning HAZMAT suits typically required at major environmental catastrophes. These actions, while perhaps a good safety practice, have only worked to further stigmatize the property.

Despite these obstacles, we are confident in the market's interest, and in our ability to cultivate it to acquire new tenants for the property. We have developed an impressive and long list of quality and proprietary tenants. They represent a cadre of visionaries and first movers in the medical, elderly care, restaurant, grocery chain, commercial office, and light storage arenas. We are in discussions with a group specializing in the utilization of multi-family properties. We have also approached the City with new opportunities for it to better deliver its essential services through the lease of rehabilitated space within the former hospital serving the needs of its elderly and its fire department. Our plans are not wholly dependent on any of these users. Again, we achieve strength through a diversity of uses and tenants.

Financing

Another key to the successful redevelopment is our ability to finance the project to completion. With the Wall Street experience, contacts and expertise of one of our partners, we have the ability to source and structure both debt and equity for this project. We have had numerous discussions with investment funds and private investors who have expressed a strong interest in the property.

Of more significance, we have entered into a binding agreement with a financial partner, Charles-York, with the wherewithal and commitment to fund the project. Charles-York, managed by Paul Saluja and George Colonias, is a private consulting firm that advises foreign corporations and multi-nationals on various business and immigration issues, as well as procuring funding from foreign nationals under the United States Customs and Immigration Services Employment-Based: Preference 5 (EB-5) program. Charles-York identifies strategic investments through its own proprietary network as well as through selective relationships.

Charles-York LLC is a member of the development team and signator of our corporate Operating Agreement. The company specializes in EB5 whereby it aggregates foreign direct investment into real estate projects by representing investors seeking citizenship status in the United States. Charles-York primarily works in the country of India. Within that billion-person market, the company has already identified sufficient financing to redevelop the initial phases of development. It is committed to continuing with the development through its full build out in multiple phases.

The EB-5 visa provides a method of obtaining a green card for foreign nationals who invest money in the United States. To obtain the visa, individuals must invest \$1,000,000 (or at least \$500,000 in a Targeted Employment Area - high unemployment or rural area), creating or preserving at least 10 jobs for U.S. workers excluding the investor and their immediate family. Investments can be made directly in a job-generating commercial enterprise (new, or existing - "Troubled Business"), or into a "Regional Center" - a 3rd party-managed investment vehicle (private or public), which assumes the responsibility of creating the requisite jobs.

If the foreign national investor's petition is approved, the investor and their dependents will be granted conditional permanent residence valid for two years. Within the 90-day period before the conditional permanent residence expires, the investor must submit evidence documenting that the full required

investment has been made and that 10 jobs have been maintained, created or will be created within a reasonable time period.

Our initial planning and mobilization efforts provide great confidence in moving forward. Our EB5 team has shown the Meriden project to its network in India and the response is very solid, giving us the confidence that we are now prepared to take the next steps with the City by executing a Development Agreement.

Site History

The City acquired 1 King Place through tax foreclosure in January 2014 after numerous private attempts to redevelop the property failed. The former hospital building has been in existence for over 100 years. Vacant since the 1990s, the building is debris filled, subject to repeated vandalism, and a burden on the surrounding neighborhood which includes a high concentration of low income and minority residents. Prior to becoming a hospital, the site was previously occupied at various times by a school, bank, and private residences. As the hospital expanded over time, it subsumed other neighboring structures to its current full build-out which spans over a two block area.

The City's redevelopment goals for the site, articulated repeatedly over the last few years, include a mixed use private development complex that includes housing and commercial development. Our plan for One King completes this vision.

Demographic & Market Analysis

A number of studies and appraisals of the property have been conducted over the years. Most of this material is dated at this time, and the forecast for future economic growth is likely spurred by recent public investments in Meriden's city center, including the new green field, Meriden Green, and significant improvements to rail service and the new commuter rail station. Clearly, the City is working hard to improve the city center experience, making it more business friendly, creating an atmosphere conducive to shopping and dining, and enhancing access while promoting a walkable downtown. One King Place, when properly developed, is sure to both benefit from and enhance these efforts.

Demographic Profile

Currently, the City's population is slightly more than 60,000 people, with about 860,000 living in Hartford County. Approximately 43,000 residents are white; 17,000 Hispanic, and 5,000 African-American. Thirty-five percent of the city's residents have received a high school diploma; 8% an Associate's Degree; and 20% a Bachelor's Degree. The poverty rate in 2012 was 14.5%. Slightly more than half of the population live in their own homes. The vast majority of residential transactions to occur in 2012 were between \$100,000 and \$300,000. The labor force in 2013 was about 32,000 people, with about 3,000 unemployed, which is equal to an approximate 9.5% unemployment rate. Major employers include Mid State Medical Center, Cox Communications, Canberra Industries, Verizon Wireless, and Radio Frequency Systems. Median family income is about \$53,000. See Exhibit 1, Demographic and Market Profile.

The upshot of the city's demographic profile is that it alone is not a sufficient market to fully redevelop the property. We have therefore extended our marketing reach to outside the city to Hartford, and most particularly to New Haven, where we believe there is sufficient market potential, combined with

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the Meriden market, to drive sufficient leasing. In order to reach the pertinent market segments, we have identified and are now working with companies within their respective fields capable of leading the development of discrete user segments as identified herein.

Market Profile

Market Definition

The New Haven-Milford Connecticut Metropolitan Statistical Area (New Haven MSA), comprised solely of New Haven County, is located on the northern shore of Long Island Sound, about 80 miles northeast of New York City along Interstate 95. New Haven is the third largest city in Connecticut, after Bridgeport and Hartford. New Haven's economy was once largely based on manufacturing industries which benefited from the easy transportation of goods produced through the Port of New Haven. Like many of its neighboring cities in New England, manufacturing and the Port's role in the economy has diminished.

Market Competitiveness

The beneficial impact of Yale University on the economy is a mainstay of New Haven's economy. Economic growth, however, remains constrained by slow population growth and an aging infrastructure. Furthermore, the New Haven MSA will continue to rely heavily on the health of the region's primary employers in the cyclical Telecom and Defense sectors. New Haven is trying to revitalize its CBD and outlying areas with large-scale development projects with the hope that they help transform New Haven into an economic hub like the neighboring Stamford and Hartford markets, but these projects are still many years away from realization.

A hindrance to New Haven's long-term development as a major commercial center is the state's unrealized plans to improve transportation infrastructure. The ability for New Haven's economy to expand depends greatly on the long-proposed interstate rail system through the north-south Interstate 91 corridor connecting the Hartford MSA to New Haven.

Local Area Analysis

Location

The property is located in the City of Meriden. Generally, the boundaries of the immediate area are Wallingford to the south, Middletown to the west, Cheshire to the east, and Southington to the north.

Access

Local area accessibility is generally good, relying on the following transportation arteries:

Local Roads

Hanover Street, located one block from the subject runs in an east-west direction and provides access to East Main Street and Broad Street, two main thoroughfares in Meriden

Regional Highways

Interstate 91 is located one mile east of the subject property and provides north-south access throughout Connecticut. The Merritt Parkway is also located one mile east and provides access to southwestern Connecticut and the New York Metropolitan Area. Interstate 691, Located just north of the subject provides access to Interstate 84 and points west such as Waterbury.

Mass Transportation

Public Transportation Systems: There is an Amtrak Station in Meriden. There is a new commuter rail station set to open in Jan 2018. Also there is a local municipal bus stop on the corner of Orange and Cook Streets, which is basically on property.

Office Market

New Haven represents the largest city in close proximity to Meriden, and is emerging as a source of tenants for multiple asset classes at One King Place, including office users. As it relates to office product, New Haven Class B space is relatively tight, with CBD vacancies at only 5.3% and Non-CBD vacancies at 9.4%. Yale University, and its many related profit and not-for-profit entities, is a major driver of both employment and market occupancy. See Exhibit 2, New Haven Office Market.

Medical Office

The national trends for medical office space are encouraging, and the properties relatively close location to Yale Medical Systems make it a potential factor for future leasing. Overall, 2016 was a year of expansion for health care real estate in the United States. The national vacancy rate for medical office buildings (MOB) hit an all-time low. Net absorption of MOB space was the highest since 2008 while average rents grew. Investment activity—while down slightly from 2015—remained strong and compressed capitalization rates slightly.

As 2017 gets underway, health care providers and health system owners are facing a variety of considerations that could impact their businesses and real estate strategies. Despite the uncertainty surrounding the Affordable Care Act and rising costs in every facet of the industry, health care real estate fundamentals remain solid and the industry will likely remain buoyed by consumer demand.

National trends are encouraging within this segment:

- **Vacancy:** Strong demand for MOBs pushed the national vacancy rate to an all-time low of 7.4% at year-end 2016.
- **Absorption:** MOB net absorption increased by 25% in 2016 from 18.1 million square feet to 22.7 million square feet—the highest annual total since 2008.
- **Rents:** Full service gross (FSG) MOB rents rose by 8% in 2016 to a national average of \$24 per square foot.
- **Construction:** Following 14.6 million square feet of deliveries in 2015, the 2016 delivery total is set to exceed 22 million square feet—just below the 2008 peak of 24.9 million square feet. Nonetheless, this new supply is still modest in inventory terms, representing only 1.7% of the total MOB universe.
- **Sales:** Total investment in MOBs fell from \$11.6 billion in 2015 to a still-respectable \$9.3 billion in 2016. At 6.7%, average MOB cap rates are in line with the office sector average cap rate of 6.5%.

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Multi-Family Residential

Connecticut's apartment market, its strongest since the late 1980s, continues to experience tight vacancy despite new construction/conversions that are slowing the pace at which landlords can lift rents.

New Haven commercial broker Marcus & Millichap Real Estate Investment Services noted those trends in its 2016 second-quarter multifamily market report for New Haven and Fairfield counties, where vacancies hover around 4 percent and rents average above \$1,300 per month in New Haven County and above \$2,500 in the Stamford-Norwalk metro area.

For Hartford County as of June 30, M&M pegged the apartment-vacancy rate at 3.5 percent. However, the average effective rent in this market is \$1,205 per month, up 1.3 percent in the first half of this year.

In 2015, the average rent rose 1.6 percent to \$1,165. The year before, average monthly rents rose 3.5 percent, to \$1,147, according to the M&M market summary.

Even as rents rise, Connecticut remains a viable option for people who work in New York City yet cannot afford the steep rents necessary to live there. Commuters to New York City are driving CT demand. At the other end of the wage spectrum, growing medical, retail, and defense-related jobs are generating the need for apartments in moderately priced units to the north in areas such as Waterbury and Meriden. Many of the higher-wage households can afford home ownership yet prefer the amenities and convenience afforded by luxury apartments. Some choose to live in the area and commute west, seeking the lower cost of living and rents. In response, builders have more than 3,000 rentals underway market-wide with completion dates through the first quarter of 2019, with the majority consisting of luxury units to be completed in Fairfield County.

There are approximately 2,000 units in Hartford, Middlesex and New Haven counties currently under construction, with another 1,000 on the drawing board. Those include Dakota Partners' 112-unit conversion of the former Hartford Office Supply Building on Capitol Avenue, in the city's mid-town, and New Jersey apartment developer Continental Properties' construction of three communities totaling 489 units in Glastonbury, Rocky Hill and South Windsor.

Near term, the new supply coming on line is likely to dampen net effective rent growth for newer apartment deliveries. As long as renting is a preferred option over ownership and we maintain a mobile demographic, the current trend is likely to continue.

In Hartford County, effective rents rose in June from a year ago (2016) to \$1,205 per month vs. \$1,095 in 2012. However, Hartford's apartment vacancy rate has fallen to 3.5 percent in the second quarter vs. 4.1 percent in 2012. The rental average is depressed by older properties. Newer properties are garnering rental rates between \$1,400 and \$1,800.

New product in the Hartford marketplace is tight. 777 Main has its 285 units more than 90 percent full. Twenty-three, or 87 percent, of The Grand's 26 units are occupied; 179 Allyn St.'s 63 apartments are full; 193-unit Spectra Boutique Apartments overlooking Constitution Plaza, too, is full. Even 121-unit Front Street Lofts, which opened last fall, is nearly full.

- **Employment:** Employers created 8,000 positions in 2016. Payrolls expanded 0.6 percent in 2015, led by financial hiring which grew by 2,500 workers. In the prior year, overall job growth added nearly 5,000 positions.
- **Construction:** Nearly 2,000 units were delivered in 2016, of which more than 1,200 rentals were in Fairfield County with the remainder in New Haven. Nearly 1,700 rentals were completed market-wide last year. More than 3,500 units remain under construction and are slated for completion through January 2019.
- **Vacancy:** Overall vacancy will increase 60 basis points to 3.8 percent this year as more than 1,200 units are absorbed. In 2015, vacancy tightened 40 basis points to 3.2 percent based on the absorption of more than 2,000 units.
- **Rents:** The effective rent will rise 4.2 percent to \$1,633 per month in 2016. A nominal gain of 0.2 percent was recorded in the prior year.

Restaurant & Dining

We seek to secure at least one restaurant into the development of One King Place. We've already engaged a restaurateur to operate the cafeteria. Additionally, we hope to attract a good, mid-priced steak restaurant. Food and dining can be an important component of a redevelopment. People are dining out more often at all price points. New restaurant and food concepts are exploding and opportunities are being created for retail centers of all types, including for properties like One King Place. There are a couple of salient points to consider:

- **Understand the rising role of food in retail** – Even in today's world of online convenience, where you can use an app to get groceries delivered to your doorstep, people still want to dine out. Retail centers are increasingly creating vibrant and lively areas anchored by a collection of food offerings. A restaurant, or two, can be an important anchor at One King.
- **Recognize food evolutions (and revolutions)** – Food trends move quickly but some important shifts are more persistent. Several recent shifts that savvy retailers, owners and operators are keying into include the growth of fast casual, health-oriented and chef-driven dining concepts. We also think that a good, affordably priced steak restaurant will be a welcome addition to the Meriden dining scene.
- **Design for cross-shopping: parking and place** – Whether dining out leads to additional retail spending depends largely on how easy it is to “cross-shop.” In particular, we see thoughtful design supporting cross-shopping in mixed-use developments or “urban enclaves” functioning as suburban downtowns and magnets for millennial workers and employers. This perfectly describes our vision of One King Place.
- **Use technology to your advantage** – New tools can make urban design more efficient and profitable for retailers. Technology also makes consumers more willing to travel to buzzed-about restaurants, bringing traffic to areas that might not typically receive this type of attention. This places a premium on the use of social networking.
- **Specialize, specialize, specialize** – The growth of small, distinctive shops plays into a broader shift toward customization and specialization. Look for fewer chains and more boutiques and high-quality “makers” coming to the market. These types of specialty stores will be an important ingredient in the retail center tenant mix of the future. This is the profile of the restaurateur we're targeting for One King: local, specialized, high quality. We're not looking for a franchise solution. Rather, a great local chef, with an entrepreneurial spirit, is our target.

SWOT Analysis

A Strengths, Weaknesses, Opportunities, and Threat Analysis is a beneficial tool in assessing One King Place. It puts into perspective the realities of the situation in a manner that divorces our planning from

passion. It allows us to see the property as it is, not as we wished or hoped it might be, by crystalizing critical issues and opportunities.

Strengths

- Existing building

The fact that this project is a redevelopment of an existing building has both advantages and disadvantages. On balance, we view this as a plus, because the redevelopment of functionally obsolete properties is our strong suit. That's not to say that a clean slate isn't often advantageous, but we have to and are suited to deal with what we have, and that is a 320,600 SF, multi-story, single-purpose building that was previously used as a hospital. While projects of this nature are always full of surprises, we're comfortable that the redevelopment costs, especially if phased properly, are less than new construction. This represents a strength.
- Parking

It is our opinion that the project could not be successful if it were not for the parking deck. The redevelopment of 1 King Place represents an infill project within the TOD District. The mix of uses and tenants we have slated for the property require nearby parking to serve their respective customer bases, including medical patients, the elderly, office, and grocery. We certainly envision using the parking deck to meet this need, but also anticipate the development of an "in and out" parking lot located at or around the helicopter pad to facilitate quick trips by customers.
- Location to downtown & TOD

The community should rightly have great pride in Meriden's downtown. It may not be quite what it once was, but the city center is on the rise with significant new public investment. We share the dream that Meriden continue to evolve as a walkable community. It is in the tradition of great city planning that commuters have multiple transportation options, including walking and biking. 1 King Place will certainly benefit from this investment and the repositioning of the City in this manner.
- Essential utilities to the building

1 King Place is a total gut job. Virtually nothing in it today will remain through redevelopment. This is an unfortunate and costly reality, but the ravages of time, the elements, and scavenging have rendered the interior completely unusable. The good news, however, is that the essential utility services to the building are in place and, presumably, workable. This represents a significant cost savings to the overall development. These utility systems should not have to be replaced or replicated.
- Support of City

City support is the project's key strength. We have received nothing but encouragement and assistance moving through this project. There is a great desire among city decision makers to see this project through to completion. It will take a continued amount of great resolve and patience to do so. We see the City's support as an incredible benefit that will either make or break the project on a forward basis.

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Weaknesses

- **Environmental condition**
The environmental contamination in the building is well documented. Nothing can happen before this situation is remedied. As it is, we cannot even access the building in an efficient manner in light of the safety protocols imposed by the City. This is a costly issue that must be addressed by the City using available public funds. Very simply, the project will not succeed without the public investment necessary to meet the City's responsibilities as its owner. It is also worth noting that the responsibility to remediate the property belongs to the City whether or not it moves forward with us in the proposed development. At some point, hopefully while there is still public funding and attention available to focus on the property, the City will have to bite this bullet as its legal owner.
- **Stigma**
This is a major negative issue. The property is stigmatized in the marketplace due to its current dilapidated condition and environmental situation. The lag time between abandonment and proposed reuse is significant. There was not a turnkey solution that allowed the property to be quickly reused after it was abandoned. Multiple attempts to sell the building have failed, as the public is aware. The only way to overcome the stigma is with action and good news. We have to quickly demonstrate that the property is being remediated and prepared for reuse. Momentum is an amazing balm that will heal the negative stigma.
- **Size for market**
As our market analysis demonstrates, the size of the local market is too small to absorb a building of this size and magnitude. We overcome this challenge by phasing the project, and by focusing on markets both within and outside of the city.
- **Current condition as attractive nuisance**
Boarded up windows and doors, broken glass, and vagrants living in the property must be addressed. The building must be secured. Redevelopment will solve these problems. What the building most needs at this time is a steady stream of workers reporting to the site on a daily basis and working well into the night to send a positive signal that the One King Place Motel is now closed to trespassers and vandals. The City might consider abandoning a Band-Aid approach that sinks public funds into one more attempted fix. Conveying the property to a private sector developer will unburden the city from this obligation, and allow true and sustained redevelopment to begin.
- **Difficulties in accessing property**
We need to work with the City to find a better solution to accessing the property. The current situation is difficult, and sends the signal that the property is not open for business. HAZMAT suits and waivers are designed to squash liability, but also act to squash market interest. Again, this does not, and should not be, the City's burden. Conveying the property to the private sector allows the City to get out of the business of protecting itself from liability while allowing real development to finally start.

- Cavernous interiors represent redevelopment challenges
The redevelopment of large buildings in smaller markets is always a challenge. This project is exacerbated by the reality that large portions of the building exist as interior spaces with no easy access to doors and windows, depriving the interiors of natural light and easy access. Good planning and a fidelity to basic planning principles will help. For example, we cannot allow tenants to “cherry pick” the very best portions of the building while abandoning the harder spaces for future redevelopment. Similarly, we must avoid the “donut-hole” effect where choice sections are reused in an expedited manner without great thought as to the future redevelopment of the entire property. This places a premium on good planning, working with our tenants to show them what is possible, a good circulation plan, phasing, and a flexible pricing strategy. This challenge can be overcome, but only if it is recognized and dealt with from the beginning.
- Total gut and redo of all mechanical, roofs, and common areas. This is an expensive proposition. The capital improvements required to simply get the property back to a functional state, without regard to the necessary tenant improvements, is significant.
- Structural integrity of the Bradley section
The building is for the most part solid in its construction and represents a viable reuse candidate, but the Bradley section is reported to have some structural issues that are not yet fully understood. It raises the question as to whether it can be reused. More study is necessary, but certainly this will be a major cost driver to either fix the structural issues or demolish this section of the property. Demolition is costly, but it also deprives the project of required cash flow stemming from the existing square footage that otherwise might have been leased.
- Gap in time to product delivery
This is not unique to this property. We deal with this issue in every redevelopment we undertake. There is a constant tension between the need to show space today and the subsequent time gap to its delivery. This places an extra burden on marketing the property. Our partners are targeting those prospective tenants that can be made to understand this situation, and that are patient enough within their own business plans to wait for delivery. Addressing this problem with tenants up front is the key, along with constant and sustained communication so that they understand and accept the issues related to timing.

Opportunities

- Mix of complimentary uses
The building was once used as a single purpose facility, but its redevelopment provides the opportunity to diversify its future use and survival by attracting multiple tenant classes and tenants. This expands the universe of possible tenants while providing a hedge against downturns in specific markets. The property is wonderfully adaptable to meet these multiple uses, and it lays out in a fashion that allows phasing of the property. Thoughtful planning and targeted marketing will foster a complimentary and diverse tenant base, so that clients and customers of one tenant can benefit others. For example, our elderly care provider is excited to

work with our cafeteria tenant to provide an appropriate dining experience for its elderly patrons.

- **Ability to phase development and its financing**
Nothing is more important to the reuse of the property than our ability to phase construction and financing. This is the ultimate key to its success. Phasing allows us to become a going concern in a rapid manner without focusing too many resources at one time in project areas that may be years away from market absorption. Hopefully, the City embraces this reality and thoughtful approach. We cannot and will not focus our time and money in areas of the building that cannot be absorbed by the marketplace in a timely manner. Nor will we approach the financial markets for a loan or investment in the property that requires total financing on Day One. This type of requirement is devoid of the marketplace and financial realities. The capital we bring to bear on the project must demonstrate an adequate return within acceptable timeframes. Phasing allows us to accomplish these critical goals.
- **City as a tenant**
We have had very positive conversations with the City about meeting its future needs within the walls of the property. We believe the property can meet some of the City's needs in a very cost effective manner while enhancing critical services, like caring for the elderly and housing its fire department. These uses are good for the City and its residents, and it will help jumpstart the redevelopment.
- **Immediate tenant interest based upon our soft marketing**
We remain encouraged by the market feedback we have received up to this point in time. The tenants we're talking to believe in us as developers, and believe our representations that we can make this project work for them. That's really the only feedback that matters. At the end of the day, we have to transform market interest into paper leases. We believe we can do this based on the response to our soft market launch and with the finalization of this plan.
- **City's access to public funding for remediation and demolition**
From our first meeting with City officials, we have made it clear that we desire a collaborative approach to this project, whereby the City perform its public role in securing public investment, complimented by our ability to inject private sector investment into the project. This is a significant opportunity that will allow the project to succeed. In our opinion, without public involvement, this project will not adequately pencil for any developer.
- **EB5 funding**
In our opinion, the project requires EB5 financing simply because it is the most practical cost of capital available. This is not a sexy project garnering significant interest from the traditional private market. EB5 financing, with our experienced partner in this arena, will allow us to access affordable investment dollars on patient and flexible terms. This is a huge and exciting opportunity for the City and for the development team.

Threats

- Lack of clean up money

The biggest threat to the development is a potential lack of public money necessary to remediate the contamination. Related to that issue, is the question of the City's will to access available funding. As we see it, this is a legal responsibility the City accepted when it purchased the property. Waiting to clean it up only increases the cost as the property continues to fall into greater disrepair, and it jeopardizes available funding at a time when new policies are being formulated in Washington, D.C. The time to act is now.

- Vandalism, vagrants, and the inability to secure the building

We have already written and spoken frequently about this issue. The building must be quickly secured against existing vandals and vagrants. The two work hand in hand to ruin the chance of redevelopment. For example, vandals have ripped exterior gutters from the building by pulling them into the interior so that water now flows directly from the roof to the interior walls, doing untold and unnecessary visible and unseen damage.

- Time and the elements = further decay

The City and the building are really at a point of no return on this project. Now is the time for action. Every week that goes by adds to the disintegration and decay of the building and at some point may further impact its structural integrity. Further delays will increase costs and decrease the chance that the building can be redeveloped. There is still economic benefit in its reuse, but time is against the City.

- Latent defects not accounted for at this time

The redevelopment of large buildings always holds unpleasant surprises. We do not yet know everything we need to know about the property, despite our best efforts and complete due diligence. There will be costly surprises. We know this is true. We include a healthy contingency number in our project pro forma to address these "known unknowns."

- Residential marketplace glut

New Haven County and its surrounding region is experiencing a revival in new multi-family residential construction, with approximately 3,000 new units coming to market this year. This new product will depress lease rates and make it more difficult to find residential tenants from outside of Meriden. This places a premium on phasing and the cost structure. We intend to deliver a quality product that we'd be proud to call home, but our target market is the Class B multi-family segment. This is important because it is a larger market segment, and also because we believe we have a responsibility to provide a great product at a price the working man and woman can afford.

- Political commitment over the long term

Political commitment is always a project threat inherent to a large, phased project. We must enjoy a sustained positive relationship with the City both during construction and after full occupancy. Our goal is to be a good and participating corporate citizen in Meriden. We understand the critical importance of working collaboratively and transparently with the City.

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- Governmental micro management

There is a great benefit to the City in transferring the property to us. It can and should get out of the property ownership and management business. The City, for all the good work it does and for all the expertise it has in delivering essential public services, is not a developer. Once the building is conveyed to us, we will work within the applicable and required rules, regulations, and laws mandated of the development, including permitting and zoning, but we also will allow the City to divorce itself from the day-to-day aspects of this project, while providing continued support and assistance, so that we can make prudent and timely business decisions.

- Catastrophic market dislocation or significant market downturn

This is not unique to One King Place. Nobody knows the future. A catastrophic market turndown, like that experienced in 2007 or the in terrible aftermath of the terror attack of September 11, 2001, can have severe consequences to our local efforts. This is another reason why we advocate phasing the development and its financing. Phasing is the ultimate hedge against economic or catastrophic downturn.

Competitive Advantages

The SWOT Analysis is helpful in understanding the property's competitive advantages. This is essential to better understanding how to position the property in the marketplace. We need to accentuate the positives in order to effectively market the opportunity. We believe the most salient, positive differentiators are the following:

- Low cost provider

It is not our intention to position the property in the high end of the market. We envision a special place welcoming to all of Meriden's citizens. The age, quality, and location of the property require a sensitive approach to pricing. We will not allow the property to be used for low income housing, for example, but we believe our cost structure must be affordable for working families. This is an advantage in the marketplace.

- Location

Proximity to Boston and New York City, the easy commute to and from Hartford and New Haven, along with the property's location near the City Center and within the TOD, is a compelling mix of geographical advantages. Our marketing efforts will target appropriate companies, commuters, and residents within these markets, accentuating the locational advantages appropriate to each.

- Parking

Despite our collective best efforts to promote healthy and walkable communities, we are still a nation whose mobility is defined by the automobile. The ample parking provided by One King Place is a significant competitive advantage. Sheltered parking in very close proximity to the building is seen as real asset for the men, women and families that will access the building.

- Ability and agility to accommodate many market segments
The property provides a natural flexibility to match the needs of various market segments. Residential, office, commercial, light storage, and medical uses are all prime asset classes to be incorporated into the full build-out. This diversity helps promote a vivacious and compelling atmosphere that is pleasant and desirable. One King Place will be a special experience, not just another location, where a myriad of needs can be conveniently met with one stop shopping.
- Phasing to meet market demand
Phasing the property and its long term financing is a significant competitive advantage that will allow the project to stand on its own two feet, essentially walking before it runs. The careful and thoughtful introduction of property into the marketplace, and the judicious use of capital in a timely manner, allow the property to become viable in a quicker manner, thus making it more competitive and cost sensitive when compared to competing projects.
- Experienced team that understand adaptive reuse and infill
This project is not for just any developer. It takes experience and commitment to see a large, infill project through to completion. We've designed a development and financing structure required to make the project successful. We understand the importance of working collaboratively with the City. We have the experience, frankly borne of other project successes and the learning curve that comes with them, to complete this project and to anticipate its pitfalls.

Development Program

The site at 1 King Place in Meriden, CT contains a 327,600 square foot facility that spans over two city blocks. The structure consists of five sections that have been built and added together over the past 100 years. Its redevelopment is a key component in the City of Meriden's revitalization and mission to provide jobs, housing and vibrant commercial areas for its residents.

Current Condition

The ravages of time, the elements, vandals and vagrants have utterly destroyed the interior of the building. It will require a complete 'redo' of nearly every aspect of its interior. New mechanical systems, interior utility systems, and roof will be required as a starting point to revival. As mentioned, remediation of environmental contaminants must also occur in its entirety. Partial efforts by the City and limited approaches have proven not to work. New windows and doors, walls, elevators and common areas must be installed or rebuilt. Entire exterior walls will have to be replaced or repaired. The Bradley Building must be shored up and made structurally sound.

If a picture is worth a thousand words, then this is what we are dealing with:



Build Out

The redevelopment of this facility is an immense undertaking. Due to the overall size, scope and layout of the structure, it is not feasible to rehab it and attempt to lease it out to one entity in one moment of time. Our studies recommend subdividing the facility and utilizing a mixed use approach with housing, senior housing, medical offices and community services as the anchors. This is the only way to maximize the full potential of the building. As the building was previously a hospital with offices, medical rooms and patient rooms, our plan is an adaptive reuse of these spaces to accommodate each use and tenant that we have. The remaining space in the building will be leased to tenants that have synergy with these anchor tenants. These infill tenants are health services, medical labs, a cafeteria, a pharmacy, a coffee kiosk and a temperature controlled storage facility. All uses are in keeping with the City's redevelopment goal for the site which is a mixed use private development that includes housing and commercial uses which will create jobs. Our estimate is that over 250-300 jobs will be created because of our redevelopment plan for 1 King Place.

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Phasing Plan

The building is a complex mixture of different levels, separate buildings and a high rise. The unique components of the facility lend themselves to the different tenants that we have earmarked for each part of the building.

Once the City has secured the building and completed gutting and remediation of the environmental issues, we will begin rehabbing the interior of the building. Due to extensive vandalism, the majority of the inside of the structure will have to be rebuilt and the exterior repaired. Each section of the facility will need a new roof. There will have to be a complete overhaul of the plumbing, electrical and HVAC systems. We will be replacing each of the eight elevators, sheetrock walls, ceilings, carpet, paint and windows. The open parking lots will be repaved and the site landscaped. It is estimated that the construction phase will cost \$30 million and will create at least 135 construction related jobs.

Each phase of construction will be completed with the anchor tenants and their main uses in mind. Our plan is to initially concentrate on the residential and medical office areas of the development. The residential areas are in the high rise section of the facility overlooking Cooke Ave on floors 2-7. As studies have shown, New Haven County has one of the lowest residential rental vacancy rates in the country. There is a tremendous need for good, affordable rental housing for the young entry level work force, empty nesters and the area elderly.

The other component in this phase of development is the medical office space. This space is located on the King Place side of the facility, floors 2-4. Our study states that there is a strong market for stable, medical office space near hospital campuses. The growing trend is for doctors to have off-campus clinics and offices. Within a 10 mile radius of 1 King Place, there are 6 major healthcare facilities from which to attract doctors. These healthcare facilities are Mid-State Medical, Gaylord Healthcare, Masonic Healthcare, Bradley Memorial Hospital and Yale Medical. The medical tenants we are in talks with are a walk in clinic, an eye doctor, dentists, a dermatologist, a dialysis group, a physical therapist, a lab group, an orthopedic group and a geriatric services group. The medical tenants view the senior housing component as a “feeder” for their medical practices.

The infill tenants will be mainly on floor 2. This is where the pharmacy, coffee kiosk and cafeteria will be located. The cafeteria will be open to the general public, medical office personnel/patients and the senior housing residents. The temperature controlled storage space company will lease space on the first floor which is actually the basement.

Tenants

One of our main tenants is a company that owns and operates elderly care facilities. They plan on opening a 120 bed elderly care facility. They have a vast amount of experience with elderly housing and senior care. Most elderly care facilities in New Haven County are 90% full so there is a need for this use. The demand will only increase in the near future because of the regions aging population.

The other tenant we have is an emergency medical specialist. She is a doctor that has owned and operated walk in clinics in New York City. The Doctor also owns a lab company that screens the human body / blood for cancer and cancer causing agents. She would like to open a walk-in clinic and a lab at 1 King Place. The Doctor and her husband who is also a doctor in NYC are Connecticut residents who would like to work closer to home. Meriden and our proposed medical space at 1 King Place suit their

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needs and requirements. Additional medical tenants we are negotiating with are an eye doctor, a dentist, a dialysis company and a geriatric care provider.

The apartment building we are planning will be located in the Cook Avenue high-rise section of the facility. It will have studios, 1 bedroom and 2 bedroom apartments. Nearby New Haven has one of the tightest residential rental markets in the United States. Our apartments will be priced at \$200 to \$250 a month less than comparable units in New Haven. With Meriden's new train station, New Haven will be even closer and more accessible for people that want to work there but can't afford to live there. Meriden will be an affordable option for them. The apartments will be marketed to the entry level workforce and recent graduates. Our market study has shown there is also a need for apartments for the older demographic (empty nesters) aged 55 and older. The building should be attractive to this group because of its central location and access to public transportation. The building is on the bus line that makes downtown and the new train station easy to get to. More appealing to this group will be that they will be able to age in place. When they get older, they will be able to transition into the on-site elderly care facility if they would like to.

Our plan also includes a cafeteria. We are in discussions with three regional food service companies that are also interested in operating a coffee kiosk in the entry level atrium. The cafeteria will be open to the public but will mainly cater to the medical offices and residents of the senior housing.

The basement of the building was previously used for medical rooms, record storage and conference rooms. It is a temperature controlled area so we are working with a regional storage company to build out the space for private, temperature controlled storage units which will be accessible from the adjacent street.

The remainder of the building will be leased out to other tenants that will complement the anchor tenants. Our development plan calls for space to be leased out for a newsstand, hairdresser, pharmacy, dentists, ophthalmologists and physical therapists.

Our development plan addresses many issues that are of great importance today in the Meriden area. While there is a need for affordable elderly care, apartment's and medical space, there is a great need for jobs. Each of the proposed tenants or uses at 1 King Place will create jobs for many local and area residents both skilled and unskilled. Short term we see at least 135 construction jobs being created. Long term there should be close to 200 jobs created for medical professionals, nurses, aides, food management, maintenance, security, hairdressers and store clerks. New business opportunities will be created in the surrounding neighborhood as well. 1 King Place is a development that will benefit many area people while assisting the City of Meriden as it moves through its final stages of its revitalization.

Historic Layout

Previous uses by floor with full floor total Square Feet are shown herein, together with estimated square feet, anticipated use based on current tenant interest to include, among others, the fire house, storage space, the senior center, medical offices, elderly care and apartments. In the event that these targeted tenants do not step forward, we have alternative tenants and uses for the same space.

Floor 1

Basement: Storage, operating rooms, recovery rooms, small theater, classroom, offices, workshops, mechanicals and boilers

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87,200 SF: 15,000 SF fire house; 60,000 SF temperature controlled store space;
5,544 SF Bradley apartments

Floor 2

Entrance / lobby / atrium, day surgery, recovery room, emergency room, kitchen, cafeteria, storage, large & small offices, common conference rooms, large space for mechanicals / hvac units

88,000 SF: 40,000 SF Senior Center; 20,000 SF medical office space;
20,000 Kitchen/cafeteria; 1,700 SF Pharmacy/gift shop;
480 SF Coffee stand/kiosk
5,544 SF Bradley apartments

Floor 3

Offices, labs, pharmaceutical dispensary, locker rooms, nurses' station, closets, kitchenette

Patient rooms: 15 single, 4 doubles, 1 quad

51,000 SF: 30,000 SF medical office space; 15,000 SF apartments/senior living;
5,544 SF Bradley apartments

Floor 4

Offices, labs, conference room, maternity ward, 2 waiting rooms, nurses station, closets/storage, kitchenette

Patient rooms: 13 single, 20 doubles, 1 quad,

49,200 SF: 30,000 SF medical office space; 13,000 SF apartments/senior living
5,544 SF Bradley apartments

Floor 5

Offices, 2 labs, conference room, cardiac care rooms, 2 nurses stations, exercise rooms, 2 waiting rooms, mechanical/hvac rooms, closets/storage

Patient rooms: 9 single, 6 doubles. This floor has some views of the nearby mountains.

20,000 SF: Apartments

Floor 6

Offices, classroom, waiting room, patient lounge, closets/storage, nurses' station, kitchenette

Patient rooms: 6 singles with 18 offices which were single patient rooms. This floor has views of the City and the nearby mountains.

19,000 SF: Apartments

Floor 7

2 offices, nurses station, conference room, storage space

Patient rooms: 7 singles, 14 doubles. This floor also has views over the City and of the nearby mountains.

13,200 SF: Apartments

Elevators and Stairwells

There are 8 elevators with two extra elevator shafts where future elevators could be installed if needed. Multiple elevators will allow separate entrances to various parts of the building thereby promoting ease of access and greater building security. There are 8 stairwells.

Phasing Schedule

The phasing schedule is intended to provide flexibility to the development. While we have a good idea how to proceed based upon our market studies and the building's condition, the reality is that our phasing schedule will follow the marketplace. Market demand will trigger each phase. What we demonstrate here will certainly change over the course of the next three to five years. We anticipate having all construction work complete within three years. It is conceivable that the schedule will slide, depending on remediation timing and market realities. However, the important point is that we start. We have sufficient market interest, with real tenants, to move forward today. Once we own the property, we will immediately begin construction work.

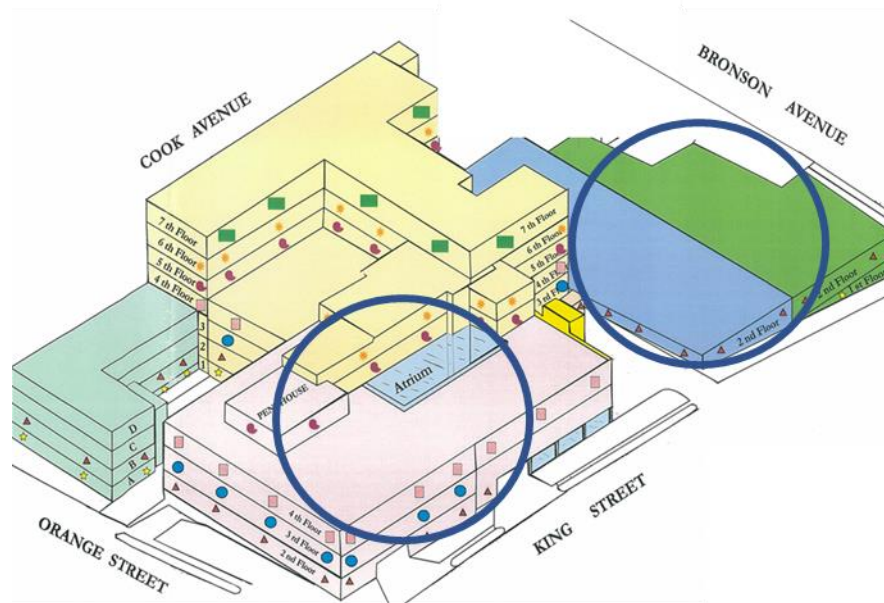
We've also identified alternative uses for each section of the property. Fortunately, the building was constructed in segments over a 100 year history. We view each segment, and each floor within a segment, as potentially stand-alone and discrete construction projects. We also believe there is sufficient market interest from alternative residential and/or office users to treat the Bradley Building as a stand-alone, special purpose facility.

The absorption into the market will be phased. The exact nature of the phasing will change. We will have to be flexible and adaptive, and the City will have to exercise some degree of patience as we work to reposition the property. Matters are exacerbated by the gap in time between showing the property to a potential tenant and the actual delivery date. As noted, this places a premium on sound and sustained communication with our tenants. Also, there simply is no substitute for early victories and the momentum that follows them.

The current snapshot of our phasing schedule follows:

Phase 1: Floors One and Select Areas of Floor 2

YEAR 1

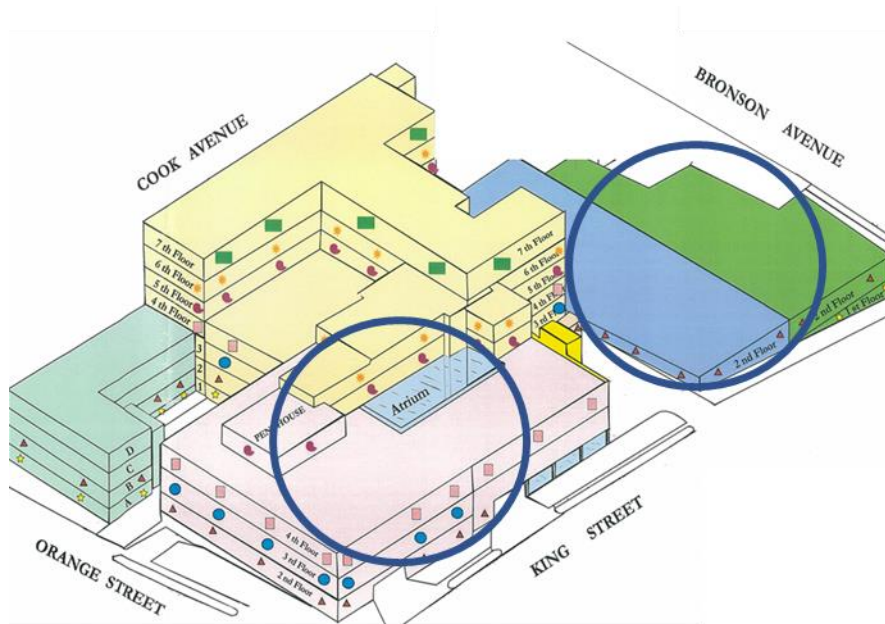


- Floor 1: 15,000 SF firehouse with balance as climate controlled storage;
- Floor 2: Entrance, Lobby and Atrium
- Floor 2: 20,000 SF related retail
- Floor 2: 20,000 SF kitchen and cafeteria
- Floors 2 and 3: 100,000 SF medical lease for walk-in, diagnostic and laboratory uses
- Common areas, stairwells and elevators to connect refurbished space
- Repair, clean and open parking deck
- Replace all mechanicals and utilities within the building
- Re-roof entire building
- Landscaping of exterior
- Pavements maintenance and new parking lot



Phase 2: Grocery and Senior Center

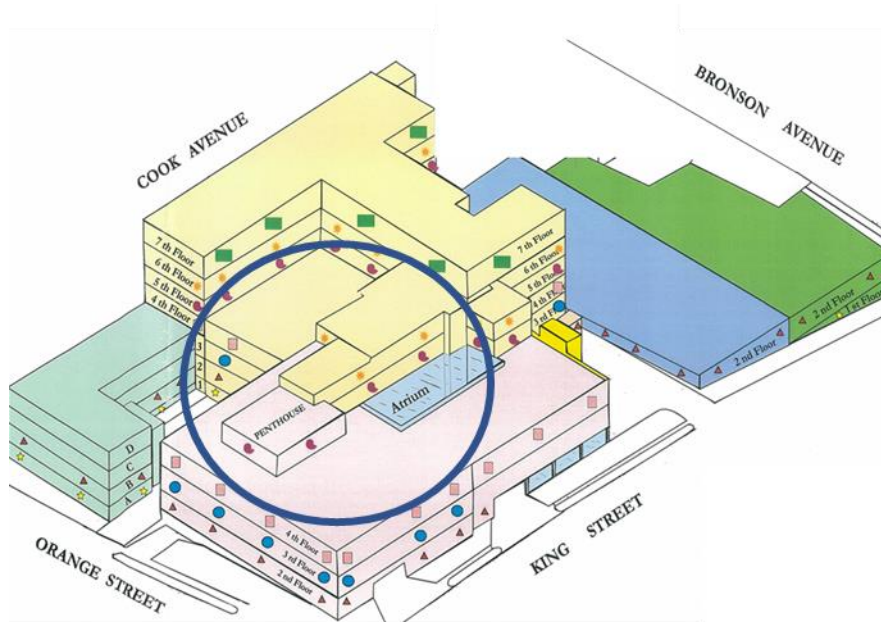
YEAR 2, or sooner depending on progress and market demand



- Floor 2: 40,000 SF Senior Center; alternatively medical office, office
- Floor 2: 20,000 SF medical office/related retail
- Floor 2: 20,000 SF grocery and restaurant
- Floor 2: 1,700 SF pharmacy, coffee kiosk, gift shop
- Floor 3: 15,000 – 45,000 SF residential/senior living
- Common areas, stairwells and elevators to connect refurbished space

Phase 3: Medical Office and Residential Apartments

YEAR 3, or sooner depending on market demand

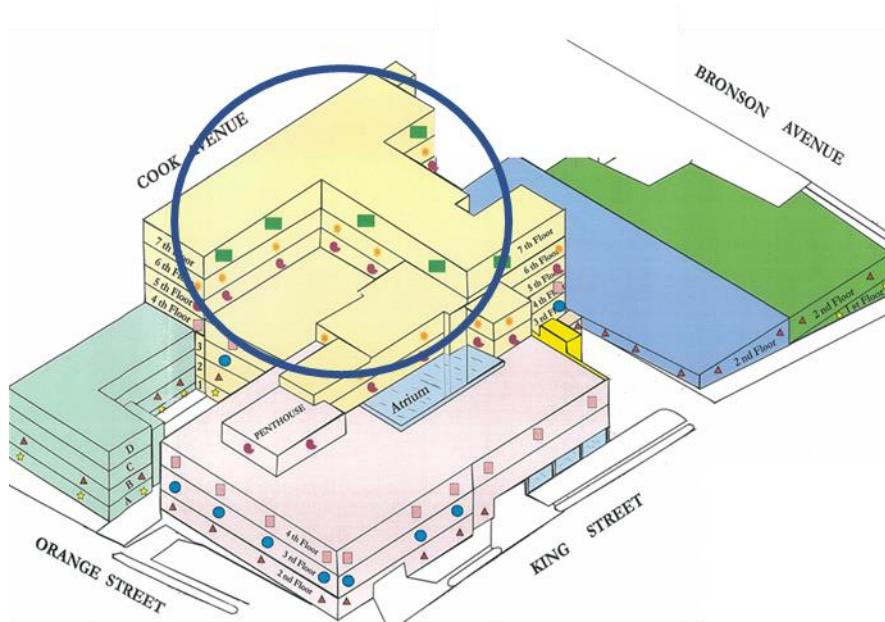


- Floor 3: 13,000 to 43,000 SF medical office, office and/or residential apartments
- Common areas, stairwells and elevators to connect refurbished space

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Phase 4: Residential Apartments

YEAR 3



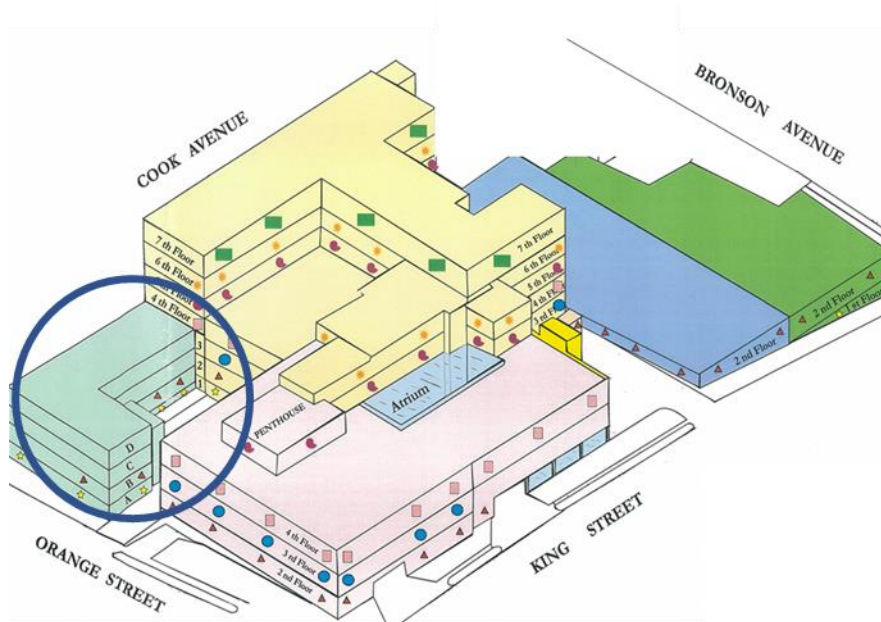
- 59,000 SF Residential Apartments (over three floors)
- Common areas, stairwells and elevators to connect refurbished space



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Phase 5: The Bradley Building

AN INDEPENDENT, STAND-ALONE SECTION TO BE DEVELOPED AS RESIDENTIAL UNITS ANY TIME DURING FIRST 3 YEARS



- Independent, stand-alone parcel that can be easily subdivided
- Common areas, stairwells and elevators to connect refurbished space

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Financial Analysis

Space by Floor

| ONE KING, LLC | | Old Meriden Hospital | | EXISTING SPACE | | | |
|--|-----------|----------------------|---------|----------------|---------|---------|---------------|
| FLOOR | Gross S/F | Net S/f | Net S/f | Net S/F | Net S/F | Net S/F | Total Net S/F |
| 1 | 87,200 | 15,000 | 60,000 | 5,544 | | | 80,544 |
| 2 | 88,000 | 39,500 | 19,500 | 20,000 | 2,180 | 5,544 | 86,724 |
| 3 | 51,000 | 29,500 | 14,500 | 5,544 | | | 49,544 |
| 4 | 49,200 | 29,500 | 12,500 | 5,544 | | | 47,544 |
| 5 | 20,000 | 19,500 | | | | | 19,500 |
| 6 | 19,000 | 18,500 | | | | | 18,500 |
| 7 | 13,200 | 12,700 | | | | | 12,700 |
| TOTALS | 327,600 | | | | | | 315,056 |
| NOTES: | | | | | | | |
| FLOOR 1: Basement: Storage, operating rooms, recovery rooms, small theater, classroom, offices, work shops, mechanicals and boilers | | | | | | | |
| 87,200 SF: 15,000 SF fire house; 60,000 SF temperature controlled store space; | | | | | | | |
| 5,544 SF Bradley apartments | | | | | | | |
| FLOOR 2: Entrance / lobby / atrium, day surgery, recovery rm, emergency rm, kitchen, cafeteria, storage, lg & sml offices, conf rooms, lg space for mechanicals / hvac units | | | | | | | |
| 88,000 SF: 40,000 SF Senior Center; 20,000 SF medical office space; | | | | | | | |
| 20,000 Kitchen/cafeteria; 1,700 SF Pharmacy/gift shop; | | | | | | | |
| 480 SF Coffee stand/kiosk | | | | | | | |
| 5,544 SF Bradley apartments | | | | | | | |
| FLOOR 3: Offices, labs, pharmaceutical dispensary, locker rooms, nurses station, closets, kitchenette | | | | | | | |
| Patient rooms: 15 single, 4 doubles, 1 quad | | | | | | | |
| 51,000 SF: 30,000 SF medical office space; 15,000 SF apartments/senior living; | | | | | | | |
| 5,544 SF Bradley apartments | | | | | | | |
| FLOOR 4: Offices, labs, conference room, maternity ward, 2 waiting rooms, nurses station, closets/storage, kitchenette | | | | | | | |
| Patient rooms: 13 single, 20 doubles, 1 quad, | | | | | | | |
| 49,200 SF: 30,000 SF medical office space; 13,000 SF apartments/senior living | | | | | | | |
| 5,544 SF Bradley apartments | | | | | | | |
| FLOOR 5: Offices, 2 labs, conference room, cardiac care rooms, 2 nurses stations, exercise rooms, 2 waiting rooms, mechanical/hvac rooms, closets/storage | | | | | | | |
| Patient rooms: 9 single, 6 doubles This floor has some views of the nearby mountains. | | | | | | | |
| 20,000 SF: Apartments | | | | | | | |
| FLOOR 6: Offices, classroom, waiting room, patient lounge, closets/storage, nurses station, kitchenette | | | | | | | |
| Patient rooms: 6 singles with 18 offices which were single patient rooms. This floor has views of the City and the nearby mountains. | | | | | | | |
| 19,000 SF: Apartments | | | | | | | |
| FLOOR 7: 2 offices, nurses station, conference room, storage space | | | | | | | |
| Patient rooms: 7 singles, 14 doubles This floor also has views over the City and of the nearby mountains. | | | | | | | |
| 13,200 SF: Apartments | | | | | | | |
| Most offices in the building were single patient rooms. | | | | | | | |
| There are 8 elevators with two extra elevator shafts where future elevators could be installed if needed. | | | | | | | |
| There are 8 stairwells | | | | | | | |

Construction Budget

| | | | | | | |
|--------------------------|---------------|---------------|---------------|---------------|-----------------|------|
| Total SF Retrofit | 327,600 | | | | | |
| Renovation Costs | \$ 32,760,000 | | | | | |
| Reserves & Wking Capital | \$ 1,600,000 | | | | | |
| TOTAL BUDGET | 34,360,000 | \$ 104.88 | psf | | | |
| Equity | \$ 10,150,000 | | | | | |
| Loan Proceeds (69% LTC) | \$ 24,210,000 | | | | | |
| | | | | | | |
| | Square Feet | Cost | Equity | Loan | Renovation Cost | % |
| YEAR 1 | 163,000 | \$ 17,096,093 | \$ 10,150,000 | \$ 6,946,093 | \$ 17,096,093 | 50% |
| YEAR 2 | 88,200 | 9,250,769 | - | \$ 9,250,769 | \$ 9,250,769 | 27% |
| YEAR 3 | 76,400 | \$ 8,013,138 | \$ - | \$ 8,013,138 | \$ 8,013,138 | 23% |
| | 327,600 | 34,360,000 | 10,150,000 | \$ 24,210,000 | \$ 34,360,000 | 100% |

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Project Pro Forma

| ONE KING, LLC Meriden, CT | | | | | | | | |
|---------------------------------|--|-----------|------------|------------|-----------|-----------|-----------|---------------|
| Type of Building | Mixed use of Medical Office/Elderly Care/Apartments/Retail | | | | | | | |
| Gross Square Feet | 327,600 | | | | | | | |
| Net Rentable Sq Ft | 315,056 | | | | | | | |
| | | | | | | | | |
| | FLOOR | Gross S/F | Net S/f | Net S/f | Net S/F | Net S/F | Net S/F | Total Net S/F |
| | | | | | | | | |
| | 1 | 87,200 | 15,000 | 60,000 | 5,544 | | | 80,544 |
| | 2 | 88,000 | 39,500 | 19,500 | 20,000 | 2,180 | 5,544 | 86,724 |
| | 3 | 51,000 | 29,500 | 14,500 | 5,544 | | | 49,544 |
| | 4 | 49,200 | 29,500 | 12,500 | 5,544 | | | 47,544 |
| | 5 | 20,000 | 19,500 | | | | | 19,500 |
| | 6 | 19,000 | 18,500 | | | | | 18,500 |
| | 7 | 13,200 | 12,700 | | | | | 12,700 |
| | | | | | | | | |
| | TOTALS | 327,600 | | | | | | 315,056 |
| | | | | | | | | |
| INCOME | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 | Year 6 | |
| Gross Space Renovated | Renovation | 163,000 | 88,200 | 76,400 | - | - | | |
| Net Rentable Space added | | 154,850 | 85,554 | 74,652 | - | - | | |
| Total Rentable Space | | 154,850 | 240,404 | 315,056 | 315,056 | 315,056 | | |
| Occupancy | | 50% | 60% | 70% | 80% | 80% | | Stabilized |
| Price PSF added space | | \$ 15.00 | \$ 16.00 | \$ 18.00 | - | - | | |
| Average PSF price | | 15.00 | 15.36 | 15.98 | 15.98 | 15.98 | | |
| Rental Income | | 1,161,375 | 2,214,968 | 3,524,745 | 4,028,280 | 4,028,280 | | |
| Tenant Reimbursements | | 468,648 | 774,118 | 1,165,449 | 1,454,230 | 1,521,297 | | |
| Total Income | | 1,630,023 | 2,989,087 | 4,690,194 | 5,482,510 | 5,549,577 | | |
| | | | | | | | | |
| EXPENSES | | | | | | | | |
| Real Estate Taxes | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Insurance | | 120,000 | 145,000 | 180,000 | 190,800 | 202,248 | 214,383 | |
| Gas / Electric | | 190,000 | 340,000 | 440,000 | 580,000 | 626,400 | 663,984 | |
| Salaries/ Security | | 95,000 | 150,000 | 165,000 | 174,900 | 185,394 | 196,518 | |
| Landscaping/Garbage/Sewer/Water | | 22,000 | 36,000 | 68,000 | 82,000 | 88,000 | 92,000 | |
| Management Fee | 4% | - | 46,455 | 88,599 | 140,990 | 161,131 | 161,131 | |
| Maintenance & Cleaning | | - | 125,000 | 180,000 | 220,000 | 233,200 | 247,192 | |
| Mechanical System Maint. | | - | 60,000 | 80,000 | 100,000 | 120,000 | 125,000 | |
| Capital Reserve | | - | 34,841 | 88,599 | 176,237 | 201,414 | 201,414 | |
| Total Expense | | 427,000 | 937,296 | 1,290,197 | 1,664,927 | 1,817,787 | 1,901,622 | |
| | | | | | | | | |
| Net Operating Income | | (427,000) | 692,727 | 1,698,889 | 3,025,267 | 3,664,723 | 3,647,956 | |
| | | | | | | | | |
| Loan | | 6,946,093 | 9,250,769 | 8,013,138 | | | | |
| Cummulative Balance | | 6,946,093 | 16,196,862 | 24,210,000 | | | | |
| Est. floating rate average | 5.75% | | | | | | | |
| Debt Service | | 399,400 | 931,320 | 1,392,075 | | | | |
| Refi: 5/20 years @ 6% | | | | | 2,081,376 | 2,081,376 | 2,081,376 | |
| | | | | | | | | |
| Net Income (Loss) | | (826,400) | (238,593) | 306,814 | 943,891 | 1,583,347 | 1,566,580 | |

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Development Team

Preferred Developer

ONE KING LLC, c/o Thomas P. Brown, 3 Spar Road, East Norwalk, CT 06855 (203) 858-3723

Managing Director Experienced Developer / Design Management
Robert Richardson

Chief Financial Officer and Director Equity & Debt Financing
Chester C. Burley, III

Chief Operating Officer and Director Marketing, Leasing and Site Management
Thomas P. Brown

ONE KING LLC (The Company), a Delaware Limited Liability Company to be formed in 2017 for the express purpose of capitalizing, developing, constructing, holding, marketing and operating a mixed use commercial real estate development located at 1 King Place, Meriden, CT. The company officers will be Robert Richardson, Chester C. Burley III and Thomas P. Brown. Upon commencement of the site construction and pre-leasing program, the Company's offices will be permanently located at the project site. The Company is seeking to develop, eventually own and manage the mixed-use development at 1 King Place Meriden, CT

Biographies

Robert Richardson

Mr. Richardson previously served as Director of Global Real Estate Transactions for a \$20 billion Fortune 100 Company where he had international responsibilities related to an 80,000,000 square foot global portfolio. As Vice President at Industrial Realty Group, Mr. Richardson is credited for having designed and executed a strategy that positioned the company as a leader in military base acquisitions and development; having acquired nearly 15 million square feet of privatized assets during his six year tenure. He also was instrumental in founding the National Center for Domestic Preparedness. The NCDP is America's only school owned by the Department of Homeland Security dedicated to training emergency first responders to weapons of mass destruction contingencies, including nuclear, biological, and chemical terrorist attacks. He has a B.A. from Hillsdale College, a J.D. from Wake Forest University School of Law, and an M.B.A. from Duke University's Fuqua School of Business. He became a licensed attorney in the State of Michigan in 1993.

Chester C. Burley III

Mr. Burley's career in development, investment banking and finance spans over 40 years. Currently he is the CEO of Union Capital Mortgage Corp, a 34 year old commercial real estate finance and consultant group doing business nationwide. Formerly as President & CEO of Maritime Trust Company, a merchant banker to public and governmental agencies, he focused on waterfront re-development projects in order to create opportunities for operating businesses in ports and airports including transportation, logistics, shipping, power generation, insurance, environmental remediation and water

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resources. The rehabilitation of existing structures and the remediation of contaminated and brownfield sites played a key role in these efforts. Prior to Maritime Trust, Mr. Burley spent 20 years on Wall Street with Banque Paribas, Merrill Lynch and Manufactures Hanover Trust. Recruited by Paribas to develop and market global business, he concentrated on middle market cross border (Euro/USA) mergers and acquisitions, arranged financing for transactions and completed over \$920m in new business including the first securitization of European credit card debt. He developed expertise in the European property markets and in European lending. Mr. Burley has a B.A. degree from the Institute of International Studies at USC and has completed numerous graduate level finance and real estate courses at New York and Columbia University.

Thomas P. Brown

Mr. Brown has been in real estate finance and development for 30 years. He is the managing director of Diversified Financial Resources, LLC which is a commercial mortgage brokerage. Mr. Brown began his banking career packaging and selling mortgage backed securities in the secondary market for State Street Bank, Gateway Bank and then First Union. He eventually transitioned into commercial mortgage backed securities which then led to commercial lending for a few institutional lenders as well as private lenders based in Fairfield County. During this time Mr. Brown was also a partner in the development of number of properties, some of which were environmentally impacted. The first contaminated property was an old metal foundry which was impacted with oil and heavy metals. He was responsible for the demolition of the original building and installation of an aeration / well monitoring remediation system to rid the property of any contaminants. He and his team of professionals then redeveloped the property into a FedEx distribution center that was eventually purchased by a national REIT. Tom was also a partner with a group that developed a 52 unit condo development on a contaminated waterway. The site also had buried, contaminated tanks and barrels that had to be removed then the property remediated. This was accomplished and the development was successfully built and sold. Tom was involved with each stage of the development including at his suggestion, the revision of floor plans that led to quicker sales of the units. Mr. Brown graduated from St. Michaels College in Colchester, VT with a degree in finance.

George Colonias

George Colonias is an entrepreneur and businessman with global interests and experience. He is involved with various financial and technology companies and is currently focused on the conclusion of a consulting assignment with Charles-York as the firm pivots to fully fund high quality large scale real estate projects with the goal of creating jobs and reinvigorating the economies where the projects are located. Mr. Colonias is active in his community, serving on various boards as well as being an elected municipal official. He is a graduate of the University of Maryland, New York University and Duke University.

Paul Saluja

Mr. Saluja is an attorney and businessman with both US and international clientele. Mr. Saluja advises both individuals and corporations in corporate law, family law, personal injury and immigration. Mr. Saluja is currently dedicating his focus to Charles-York and the efforts to qualify and procure foreign investment through the EB-5 program. As an engineer, Mr. Saluja specializes in the remediation of lead based paint and asbestos from buildings. Mr. Saluja is active in his community and serves on the board of a major local hospital. He graduated from West Virginia State University, Bachelor's Degree,

Chemistry 1984 – 1988 and Ohio Northern University—Claude W. Pettit College of Law, Doctor of Law (J.D.) 1990 – 1993

Exhibit 1, Demographic and Market Profile

| Demographics | | | | | | | | | |
|--|-----------------------|-------------|---|-------------------------------|--------------|-------------------------|-----------------|----------|-------|
| Population (2012) | Town | County | State | Race/Ethnicity (2012) | Town | County | State | | |
| 2000 | 58,244 | 824,008 | 3,405,565 | White | 43,506 | 649,827 | 2,802,217 | | |
| 2010 | 60,484 | 856,688 | 3,545,837 | Black | 5,276 | 107,283 | 355,660 | | |
| 2012 | 60,674 | 860,995 | 3,572,213 | Asian Pacific | 1,271 | 31,159 | 139,827 | | |
| 2020 | 63,141 | 898,727 | 3,690,997 | Native American | 217 | 2,188 | 8,531 | | |
| '12-'20 Growth / Yr | 0.5% | 0.5% | 0.4% | Other/Multi-Race | 10,404 | 70,538 | 265,978 | | |
| | | | | Hispanic (any race) | 17,180 | 129,612 | 480,185 | | |
| Land Area (sq. miles) | 24 | 606 | 4,845 | Poverty Rate (2012) | 14.5% | 12.0% | 10.0% | | |
| Pop./ Sq. Mile (2012) | 2,556 | 1,421 | 737 | Educational Attainment (2012) | | | | | |
| Median Age (2012) | 39 | 39 | 40 | Persons Age 25 or Older | Town | % | State | % | |
| Households (2012) | 23,787 | 329,956 | 1,360,184 | High School Graduate | 14,374 | 35% | 677,253 | 28% | |
| Med HH Inc. (2012) | \$53,831 | \$62,234 | \$69,519 | Associates Degree | 3,171 | 8% | 177,531 | 7% | |
| | | | | Bachelors or Higher | 8,208 | 20% | 879,089 | 36% | |
| Age Distribution (2012) | | | | | | | | | |
| | 0-4 | | 5-17 | | 18-24 | | 25-49 | | 50-64 |
| Male | 1,859 3% | 5,550 9% | 2,435 4% | 10,641 18% | 5,826 10% | 3,541 6% | 29,852 | | |
| Female | 1,827 3% | 4,890 8% | 2,603 4% | 10,592 17% | 6,038 10% | 4,872 8% | 30,822 | | |
| County Total | 48,174 6% | 143,450 17% | 85,465 10% | 288,194 33% | 171,135 20% | 124,577 14% | 860,995 | | |
| State Total | 200,031 6% | 612,181 17% | 328,661 9% | 1,194,793 33% | 726,725 20% | 509,822 14% | 3,572,213 | | |
| Economics | | | | | | | | | |
| Business Profile (2013) | | | | Top Five Grand List (2013) | | | Amount | % of Net | |
| Sector | Units | Employment | | Connecticut Light & Power | | | \$62,129,118 | 1.9% | |
| Total - All Industries | 1,306 | 21,549 | | Meriden Square Partnership | | | \$61,596,460 | 1.9% | |
| 23 Construction | 102 | 719 | | Yankee Gas Co | | | \$27,413,640 | 0.9% | |
| 31 Manufacturing | 76 | 2,344 | | Computer Sciences Corp | | | \$22,867,640 | 0.7% | |
| 44 Retail Trade | 238 | 2,896 | | Urstadt Biddle Properties Inc | | | \$22,050,000 | 0.7% | |
| 56 Admin,Waste Mgmt, Remediation | 64 | 1,487 | | Net Grand List (2013) | | | \$3,224,902,777 | | |
| 62 Health Care and Social Assistance | 170 | 4,890 | | Major Employers (2014) | | | | | |
| Total Government | 43 | 2,872 | | Mid State Medical Ctr | | Verizon Wireless | | | |
| Local/Municipal Government | 22 | 1,968 | | Cox Communications | | Radio Frequency Systems | | | |
| | | | | Canberra Industries Inc | | | | | |
| Education | | | | | | | | | |
| 2010-2011 School Year | Town | State | Connecticut Mastery Test Percent Above Goal | | | | | | |
| Total Town School Enrollment | 9,246 | 548,313 | | | | | | | |
| Most public school students in Meriden attend Meriden School District, which has 8,279 students. | | | | | | | | | |
| | | | Grade 4 | Grade 6 | Grade 8 | | | | |
| | Town | State | Town | State | Town | State | Town | State | |
| | Reading | 46 63 | 54 76 | 52 75 | | | | | |
| | Math | 51 67 | 51 72 | 48 67 | | | | | |
| | Writing | 45 67 | 41 65 | 38 65 | | | | | |
| | Average SAT Score | | | | | | | | |
| For more education data see: | Students per Computer | Town | State | Average Class Size | | | | | |
| http://sdeportal.ct.gov/Cedar/WEB/ResearchandReports/SSPReports.aspx | Elementary: | 3.2 | 4.1 | Grade K 18.3 | Grade 2 22.3 | Reading | 468 | 502 | |
| | Middle: | 2.5 | 2.7 | Grade 5 23.5 | Grade 7 21.5 | Writing | 473 | 506 | |
| | Secondary: | 3.3 | 2.9 | High School 20.2 | Math | 463 | 506 | | |

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| Housing/Real Estate | | | | | | | |
|------------------------------------|-------------|---------------|---------------------------------|---|----------------------------------|---------------|--------------|
| <i>Housing Stock (2012)</i> | <i>Town</i> | <i>County</i> | <i>State</i> | Owner Occupied Dwellings (2012) | 14,843 | 211,821 | 929,560 |
| Total Units | 26,523 | 361,393 | 1,485,445 | As % Total Dwellings | 56% | 59% | 63% |
| % Single Unit | 53.0% | 59.0% | 64.6% | Subsidized Housing (2012) | 3,810 | 44,028 | 161,379 |
| New Permits Auth. (2012) | 14 | 669 | 4,669 | <i>Distribution of House Sales (2011)</i> | <i>Town</i> | <i>County</i> | <i>State</i> |
| As % Existing Units | 0.05% | 0.19% | 0.31% | Number of Sales | | | |
| Demolitions (2012) | 3 | 236 | 955 | Less than \$100,000 | 34 | 155 | 392 |
| House Sales (2011) | 281 | 2,936 | 13,847 | \$100,000-\$199,999 | 177 | 977 | 3,205 |
| Median Price | \$162,500 | \$230,000 | \$291,000 | \$200,000-\$299,999 | 62 | 857 | 3,494 |
| Built Pre 1950 share (2012) | 37.1% | 33.7% | 30.2% | \$300,000-\$399,999 | 7 | 426 | 2,086 |
| | | | | \$400,000 or More | 1 | 521 | 4,670 |
| Labor Force | | | | | | | |
| <i>Place of Residence (2013)</i> | <i>Town</i> | <i>County</i> | <i>State</i> | <i>Connecticut Commuters (2011)</i> | | | |
| Labor Force | 32,041 | 444,016 | 1,859,934 | Commuters into Town from: | Town Residents Commuting to: | | |
| Employed | 28,987 | 405,962 | 1,715,398 | Meriden | 6,188 | Meriden | 6,188 |
| Unemployed | 3,054 | 38,054 | 144,536 | Wallingford | 1,556 | Wallingford | 3,624 |
| Unemployment Rate | 9.5% | 8.6% | 7.8% | Middletown | 917 | New Haven | 1,570 |
| <i>Place of Work (2013)</i> | | | | Southington | 901 | Middletown | 1,175 |
| Units | 1,306 | 22,940 | 113,697 | Waterbury | 896 | Hartford | 1,144 |
| Total Employment | 21,549 | 356,898 | 1,640,223 | New Britain | 701 | Cheshire | 905 |
| 2000-'13 AAGR | -1.6% | -0.2% | 0.2% | Cheshire | 510 | Waterbury | 788 |
| Mfg Employment | 2,344 | 32,718 | 163,828 | Bristol | 477 | North Haven | 768 |
| | | | | New Haven | 402 | Southington | 670 |
| Other Information | | | | | | | |
| <i>Crime Rate (2012)</i> | <i>Town</i> | <i>State</i> | <i>Distance to Major Cities</i> | <i>Miles</i> | <i>Residential Utilities</i> | | |
| Per 100,000 Residents | 3,313 | 2,433 | Hartford | 17 | Electric Provider | | |
| <i>Library (2013)</i> | | | Boston | 107 | Connecticut Light & Power | | |
| Public Web Computers | 41 | | New York City | 85 | (800) 286-2000 | | |
| Circulation per Capita | 4 | | Providence | 74 | Gas Provider | | |
| <i>Families Receiving (2014)</i> | | | | | Yankee Gas Company | | |
| Temporary Assistance | 1,153 | | | | (800)-989-0900 | | |
| <i>Population Receiving (2014)</i> | | | | | Water Provider | | |
| Food Stamps | 12,552 | | | | City of Meriden Water Department | | |
| | | | | | (203) 630-4256 | | |
| | | | | | Cable Provider | | |
| | | | | | Cox Communication, Meriden | | |
| | | | | | (800) 955-9515 | | |

Exhibit 2, New Haven Office Market

| NEW HAVEN OFFICE VACANCY | | | | | | |
|----------------------------|------------------|---------------------|---------------------|--------------------|-------------------|-------------|
| | INVENTORY | DIRECT AVAILABLE | SUBLET AVAILABLE | TOTAL AVAILABLE | NET ABSORPTION | VACANCY % |
| CBD | | | | | | |
| CLASS A | 1,854,265 | 217,292 | 0 | 217,292 | 8,850 | 11.7 |
| CLASS B | 1,265,081 | 67,055 | 170 | 67,255 | (18,322) | 5.3 |
| TOTAL | 3,119,346 | 284,347 | 170 | 284,517 | (9,472) | 9.1 |
| NON-CBD | | | | | | |
| CLASS A | 687,052 | 291,612 | 37,265 | 328,877 | 5,040 | 47.9 |
| CLASS B | 1,814,867 | 151,137 | 18,789 | 169,926 | 31,845 | 9.4 |
| TOTAL | 2,501,919 | 442,749 | 56,054 | 498,803 | 36,885 | 19.9 |
| TOTAL OFFICE MARKET | | | | | | |
| CLASS A | 2,541,317 | 508,904 | 37,265 | 546,169 | 13,890 | 21.5 |
| CLASS B | 3,074,948 | 218,192 | 18,959 | 237,151 | 13,523 | 7.7 |
| TOTAL | 5,616,265 | 727,096 | 56,224 | 783,320 | 27,413 | 13.9 |

Source: John Keogh - Colliers International

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