The CopyCat & Lebow Clothing Factory Building Complex
Business Plan Analysis

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THE COPYCAT & LEBOW CLOTHING FACTORY COMPLEX

Table of Contents

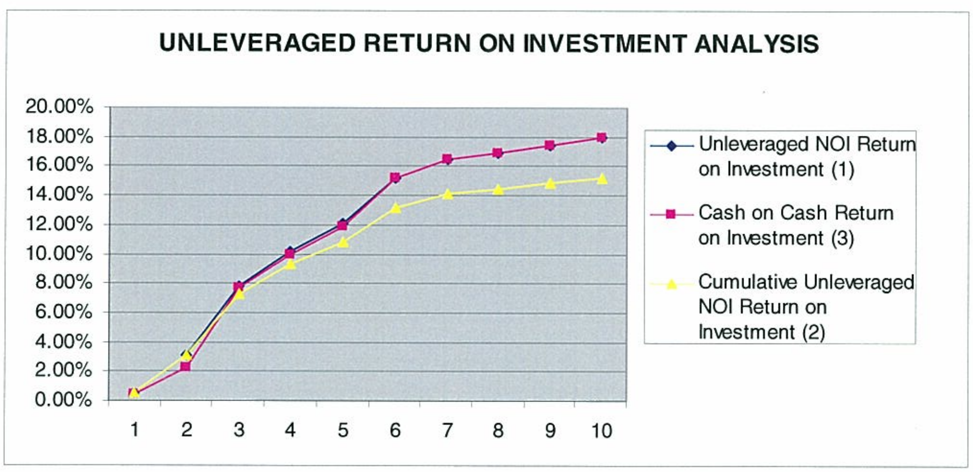
Executive Summary

The Project consists of the development of two existing industrial buildings located in the Station North Arts District in Baltimore City. The two buildings are the *CopyCat Building (CopyCat)*, approximately 233,000 SF, located on Guilford Avenue, and the *Lebow Clothing Factory (Lebow)* building, approximately 118,000 SF, located on the corners of Oliver and Barclay Street encompassing approximately 351,000 square feet of development. The overall scope of this project is to analyze the feasibility of the entire site as one mix-use program the may incorporate new in-fill construction and green space. My purpose for choosing this project is to determine the feasibility of developing a project that possesses challenging site conditions, such as environmental, blight, legal, and the location of the site in a transitional area of Baltimore City. This project will also investigate the feasibility of utilizing governmental aid programs, federal and local, that would provide financial assistance for this project, such as Historic Tax Credits, Brownfields Program, TIF, and City Pilot Studies to assist in developing the investment and financial strategy. The baseline program for this project is the CopyCat as the residential component and the Lebow as public storage facility.

To determine the economic feasibility, the report assigned values utilizing discounted cash flow methods to determine the Internal Rate of Return (IRR), unleverage and leveraged and operating cash flows using ARGUS in a 10 year study with a reversion event commencing in Year 11.

This project will have several risks that will impact the borrowing interest rates. This project is considered an untraditional development or investment that will require high yield rates depending on the investment strategy. Acquisition LTV is quoted at 50/50 with the total cost at approximately $9.8MIL to be combined with quoted LTV rates are in the 30/70 for construction to permanent loans at interest rates at 7.50% for an approximately $17.3MIL construction cost for both buildings. Significant equity will be required that is approximately $5MIL. However, utilizing government subsidies to create eligible basis will assist in the over cost or borrowing. Eligible basis would come from State and Federal Historic Tax Credits (approximately $7.1MIL), Brownfields to address the environmental impact to the buildings (approximately $2MIL), and TIF Program (approximately $5MIL). The total potential eligible basis is approximately $14.1MIL which helps offset the $5MIL required to $566K.

Listed below is the result of the analysis indicating potential return unleveraged and leveraged based on an approximate $17.6MIL of initial development cost after the eligible basis is taken out.



Performance of the Returns after Year 11 Reversion

Initial Equity	$	(566,948.29)
Developers Fee	$	864,950.00
Net Reversion Value	$	28,149,320.45
Loan Balance @ Year 11	$	(15,278,061.57)
Net Return @ Year 11	$	13,169,260.60