

MAG

Mavis Allison Group Properties, LLC

Opportunistic Real Estate Investment Fund 1 (Revised 4Q 2014)



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Executive Summary

All Manhattan price indicators showed robust gains from the prior year quarter, largely driven by low inventory and higher than average demand. Manhattan continued to benefit from unusually high employment growth, low mortgage rates and an above average amount of international buyers. Concerns going into 2015 include the potential for somewhat higher mortgage rates and a stronger U.S. dollar that could temper foreign demand. An increase in inventory levels entering the market in 2015, could put downward pressure on prices and/or increase the absorption rate. High-end new development closings have gained momentum and are expected to skew overall housing prices higher over the coming year, similar to the development cycle observed in the prior decade.

Median sales price jumped 14.6% to \$980,000, second only to the record of \$1,025,000 reached in the second quarter of 2008 before the financial crisis began. Median sales price was \$940,000 year to date, 9.9% above the same period last year. Average sales price increased 13.1% to \$1,740,158 from the prior year quarter, influenced by more closings above \$10 million and especially above \$30 million during the quarter. Average price per square foot increased 9% to \$1,284 over the same period. The 3-bedroom market experienced the largest increase in median sales price, rising 16.4% to \$3,035,000 from the prior year quarter. The 2 bedroom market expanded by 5.4% to a 33.6% share, the largest increase in a size category over the same period. The luxury market, the top ten percent of all sales, began with a threshold of \$3,350,000 in the fourth quarter.

In 2015, quality projects with identifiable differentiators, contemporary architecture provided by leading architects coupled with unique amenities, will outpace the market and perform well.

Luxury Market Matrix	4Q-2014	% Chg (QTR)	3Q-2014	% Chg (YR)	4Q-2013
Average Sale Price	\$7,402,207	2.1%	\$7,252,739	19.3%	\$6,206,155
Average Price per Sq. Ft.	\$2,747	5.0%	\$2,617	18.8%	\$2,313
Median Sales Price	\$4,800,000	-4.0%	\$5,000,000	-2.0%	\$4,900,000
Number of Sales (Closed)	272	-18.3%	333	-17.6%	330
Days on Market (From Last List Date)	160	42.9%	112	45.5%	110
Listing Discount (From Last List Price)	2.4%	-	5.3%	-	3.2%
Listing Inventory (Active)	1,559	-4.2%	1,627	31.0%	1,190
Absorption Rate (Months)	17.2	17.0%	14.7	59.3%	10.8
Entry Threshold	\$3,350,000	3.1%	\$3,250,000	3.6%	\$3,232,944

New Development Market Matrix	4Q-2014	% Chg (QTR)	3Q-2014	% Chg (YR)	4Q-2013
Average Sale Price	\$3,156,968	-2.4%	\$3,235,848	17.2%	\$2,694,436
Average Price per Sq. Ft.	\$1,871	3.5%	\$1,807	17.8%	\$1,588
Median Sales Price	\$1,785,000	9.6%	\$1,629,200	3.5%	\$1,725,000
Number of Sales	272	12.4%	242	-16.8%	327
Days on Market (From Last List Date)	102	15.9%	88	0.0%	102
Listing Discount (From Last List Price)	2.8%	-	4.9%	-	3.6%
Listing Inventory (Active)	1,440	-2.2%	1,473	103.1%	709
Absorption Rate (Monthly, Active)	15.9	-13.1%	18.3	144.6%	6.5
Sales Share of Overall Market	10.0%	-	7.3%	-	9.9%



Market Opportunity

MAG Properties is offering investment opportunities in luxury condominium/rental projects south of 23rd street in lower Manhattan. Opportunistic real estate investments will be acquired at a discount to physical replacement cost and add value using creative market driven solutions. Underutilized assets will be carefully sourced to attract a specific target market and the opportunity to maximize revenue returns.

First three-quarter Manhattan housing market conditions included double-digit price gains from prior year levels as the sales mix shifted to larger units and a growing new development market share targeted the luxury market.

The luxury market, the top ten, percent of all sales, began with a threshold of \$3,350,000 in the fourth quarter. While luxury median sales price slipped 2% to \$4,800,000 from the prior year quarter, luxury median sales price was up 21.2% to \$5,159,000 year to date. There were 39 luxury sales at or above \$10 million, a 143.8% increase from the same period last year. Luxury sales that equaled or exceeded \$30 million reached seven units in the quarter, well above the single sale seen in the prior year quarter.

Luxury listing inventory expanded 31% from the same quarter last year, however re-sale luxury inventory fell 3.1%, while new development luxury inventory more than doubled over the same period. Listing discount, the average percentage difference between the listing price at time of sale and the sales price, fell to 2.4% from 3.6% in the prior year quarter. Days on market, the average number of days to sell all apartments that closed during the quarter, increased 10 days to 105 days over the same period.

There were 2,718 sales, the lowest amount since the first quarter of 2013 and the first time the total fell below the 3,000 sale threshold in nearly 3 years. Despite the 17.6% decline from the prior year quarter, sales remained about 5% above the ten year quarterly average. The decline in sales and the increase in inventory resulted in a slower, but still rapid market pace. The absorption rate, defined as the number of months to sell all inventory at the current pace of sales, was 5.5 months, up from the near record 3.8 month rate in the prior year quarter. The fourth quarter absorption rate was 34% faster than the ten year 8.3 monthly average. Approximately 49.4% of all sales had a price equal or higher than the list price at the time of the sale, the highest market share reached in the six years since the financial crisis began. The overall sales market remained split between cash and financing with 48% of the all apartment transactions paid for in cash. An average of 39% of co-ops and 62% of condos were paid for in cash. The monthly carrying charges for co-ops and condos sold during the quarter increased 3.5% to 1.77 per square foot from the prior year quarter.





Development Strategy

MAG Properties will focus on opportunistic residential product types including; ground up and conversion condominium and \ or rentals and recapitalization \ repositioning deals. Each transaction size will range from 20,000 to 60,000 buildable square feet with an ideal investment size below \$100 million. We anticipate a leveraged IRR above 20% with a three year holding period.

The strategy employed will center around the following five principals:

- Attracting Capital
- Sourcing and Qualifying Investment Opportunities
- Fund and Investment Structuring
- Investor Reporting and Operational Excellence
- Exit Strategies





Sponsor

The Mavis Allison Group was formed to take advantage of opportunistic real estate investments in Manhattan fueled by a 12 year inventory dearth and historic low interest rates. Its founder and Principal Howard A. Royal brings over twenty-five years of national and international industry experience working in diverse locations including Toronto, Bangkok, Boston, and New York. During this time Howard played an instrumental role in the acquisition / disposition and / or development of several multi-million dollars projects. As a seasoned architect with a penchant for finance, Howard has successfully delivered billions of dollars in value to his client base. Historically, some of the residential/commercial projects completed by Howard include:

Residential / Commercial

700 King Street Luxury Loft Condominium, Toronto, Ontario

New \$55 Million, 25 story 100 unit, luxury residential tower located in the lower west side of the city

King's Landing Luxury Condominium, Toronto, Ontario

New \$68 Million 28 story, 110 unit, luxury residential rental building located on the waterfront

Toronto Board of Education Municipal Headquarters, Toronto, Ontario

New \$55 million, 20 story, 280,000 square foot, commercial regional school board head office

620 Bay Street, Office Complex, Toronto, Ontario

New \$50 Million, 25 story mixed use commercial and retail office tower

700 Bay Street, Office Complex, Toronto, Ontario

New \$55 Million, 25 story commercial office tower

University of Toronto, Sidney Smith Building, Toronto, Ontario

New \$45 Million commercial instructional complex with faculty and administration offices

Old City Hall Restoration, Toronto, Ontario

\$25 Million Project and Construction Administration on restoration of historically designated civil court facility for the Attorney General's Office

Cineplex Odeon Theatres, Toronto, Ontario

Design Development/Project and Construction Administration on multiplex theatres in Canada and USA. Projects ranged from \$500,000 to \$25 Million

Marriott Hotel, New York, NY

\$35 Million Construction administration, retrofit and renovation of existing hotel complex including creating a new penthouse restaurant and lounge area; remodeling of several bedroom suits; creation of new administrative levels in existing basement space and creating new exterior canopy for main hotel entrance

Bangkok University Residential Dormitory Towers, Bangkok, Thailand

New \$85 Million, twin 24 story 750 room graduate student and faculty residential complex

Alphatec Luxury Residential Towers Chacheongsao, Thailand

New \$100 Million, four building, 450 unit, residential complex built as part of an 80 acre subdivision development

Yacht Haven, Phuket, Thailand

New \$84 Million (Five Star) Hotel and Marina Resort development including retail, water sport recreational facilities and a championship 18 hole golf course located on the island of Phuket

**Phuket Gardens, Phuket, Thailand**

New \$110 Million 20 story, 160 unit luxury residential condominium complex (two buildings) located in the resort city of Phuket

Dusit Thani Residential Tower, Bangkok, Thailand

New \$77 Million luxury 30 story 120 unit, residential condominium building annexed to the Dusit Thani International hotel located in downtown Bangkok

Tipco - Head Office Commercial/Residential Tower, Bangkok, Thailand

New \$76 Million 33 storey corporate head office for Tipco. Designed by Architects Skidmore Owings & Merrill, this complex includes eight penthouse condominium floors used exclusively by the company's family members

Siam Centre - Shopping Centre Restoration, Bangkok, Thailand

\$163 Million restoration of existing 850,000 square foot shopping complex located in downtown Bangkok

Siam Discovery Centre - Shopping Centre/Commercial Building, Bangkok, Thailand

New \$75 Million, 650,000 square foot multi story luxury shopping complex with 15 story commercial tower above

Thailand Trade and Exhibition Centre, Bangkok, Thailand

New \$150 Million 1.2 million square foot Exhibition and Convention Centre / Hotel

Pathum Thani Water Industrial Treatment Plant, Bangkok, Thailand

New \$1 Billion, multi phase joint venture project between Thames Water Company (England) and Pathum Thani Water Company, (Thailand) to provide fresh water to the rural North/East of the city





Investment Criteria

Target Location

Manhattan South of 23rd Street including: West Village, Greenwich Village, Meatpacking District, Chelsea, Hudson Square, Tribeca, Soho, Bowery, East Village

Property Type

Condominium Conversion, Rentals, New Construction, Re-Purpose

Transaction Size

Off-Market Opportunistic Acquisition with Minimum 20,000 SF - 60,000 SF Buildable Area





Transparency, Reporting and Financial Controls

- MAG Properties recognizes the importance of transparency and accurate reporting to its investors
- Diversification by property type and demographic
- Continuous on-site maintenance to maintain asset value
- Quarterly financial statement reports to investors for each asset
- Transparency to risk exposures, leverage, liquidity of underlying investments, and investment processes
- Regular disclosure documents available to large or strategic investors





Summary of Terms

Objective	Source opportunistic off - market real estate assets, located in designated target locations, which yield above average cash on cash returns
Suitability Requirements	20,000 – 60,000 buildable SF
Fund Size	\$100 million
Sponsor Waterfall	50% of back end
Term	3 - 5 years closed fund. No distribution until project completion
Manager Fees	1.5% per annum on capital committed 4% developer fee on a project by project basis 1% acquisition fee
Organization & Offering Costs	Offering and other incidental costs will be included on a project by project basis
Leverage	The Fund will use moderate leverage, to the extent possible to increase investor returns
Target Preferred Return	20% Gross IRR





Team

Howard A. Royal

Principal and Managing Director, Mavis Allison Group Properties

Howard founded Mavis Allison Group Properties in 2012 after 25 years in the architecture, real estate investment and development industry. He oversees all aspects of company operations including structured finance, acquisitions, development strategy, asset management and property management. Utilizing his background as a managerial architect, coupled with an acute business acumen, Howard developed an expertise for executing and completing complex development/investment deals across all sectors.

Howard received a Bachelor of Architecture Degree, with President and Dean Honors from New York Institute of Technology, School of Architecture. He also received a Master of Finance Degree from Harvard University, Graduate School of Arts and Science.

Sal Paratore

Vice President, Director of Project Management

Sal joined Mavis Allison Group Properties in 2012 after 25 years working as a technical architect managing the day to day activities of active development teams and projects. He will be performing similar responsibilities at MAG Properties. Prior to joining MAG, Sal spent sixteen years with Urbahn Architects in New York City. At Urbahn, he was responsible for managing teams of junior architects during their day to day execution of active design development projects. Sal spent his formative years in New York working with leading architectural and institutional firms.

Mr. Paratore received a Bachelor of Science in Architecture and a Bachelor of Architecture from City College of New York. He also received an Associate Arts Degree in Architectural Technology from New York City Community College.

Gil Even-Tsur

Vice President, Chief Architect

Gil brings over 10 years of experience working with firms in Israel and New York based Pritker Award architect Richard Meier. During his nine years at Richard Meier & Partners, Gil worked on numerous outstanding projects including the AIA prize-winning condominium building 165 Charles Street located in Greenwich Village and the Ara Pasic Museum on the bank of the Tiber River in Rome, Italy. Gil also served as project architect of the luxury residential tower 'Meier on Rothschild' in the center of the White City of Tel Aviv. Gil acted both as the design architect for the project, and as the Israeli liaison, mediating between the design team in New York and the execution team in Israel. Gil also studied and developed synagogue building types for both religious and secular communities throughout Israel and the US.

Gil received his Bachelor of Architecture Degree from the City College of New York School of Architecture (Magna Cum Laude). He is also an adjunct professor at the New York Institute of Technology School of Architecture and Design and frequently acts as a visiting critic at City College School of Architecture, Pratt Institute, and Cooper Union.



Advisors

Jeffery Schleider, Principal - Managing Director
Miron Properties, LLC

Miron Properties is one of the fastest growing real estate brokerage houses in New York City with offices in NYC, Brooklyn, Staten Island and New Jersey. Only three years old, Miron has grown to include five office locations and over 60 agents. Jeffery has an astute understanding of Manhattan real estate market trends and neighborhood pricing and provides timely opinions on product placement.

Hesham M. Gaber, Alternate Investments, Leveraged Investment Group
Credit Suisse Securities, LLC

Hesham runs one of wall streets most revered real estate investment funds garnering billions of dollars annually in investment profits for their institutional client base. He provides an expertise in real estate structured finance and leveraged product positioning.

Hugh Finnegan, Attorney
Partner, Sullivan Worcester, LLP

Hugh P. Finnegan is a partner and the co- director of the Real Estate Department. Prior to joining the firm, Mr. Finnegan was a partner in the New York law firm of Siller Wilk LLP. He has over 27 years of experience as a real estate attorney with particular expertise in the following areas: commercial real estate financings (acquisitions, bridge, construction, project and mezzanine), loan restructurings and workouts, representing lenders and borrowers; sales and acquisitions of undeveloped and developed properties, including so-called "Green" developments; representing landlords and tenants in leasing transactions for offices, warehouses, shopping centers, restaurants and other retail users; and construction matters.

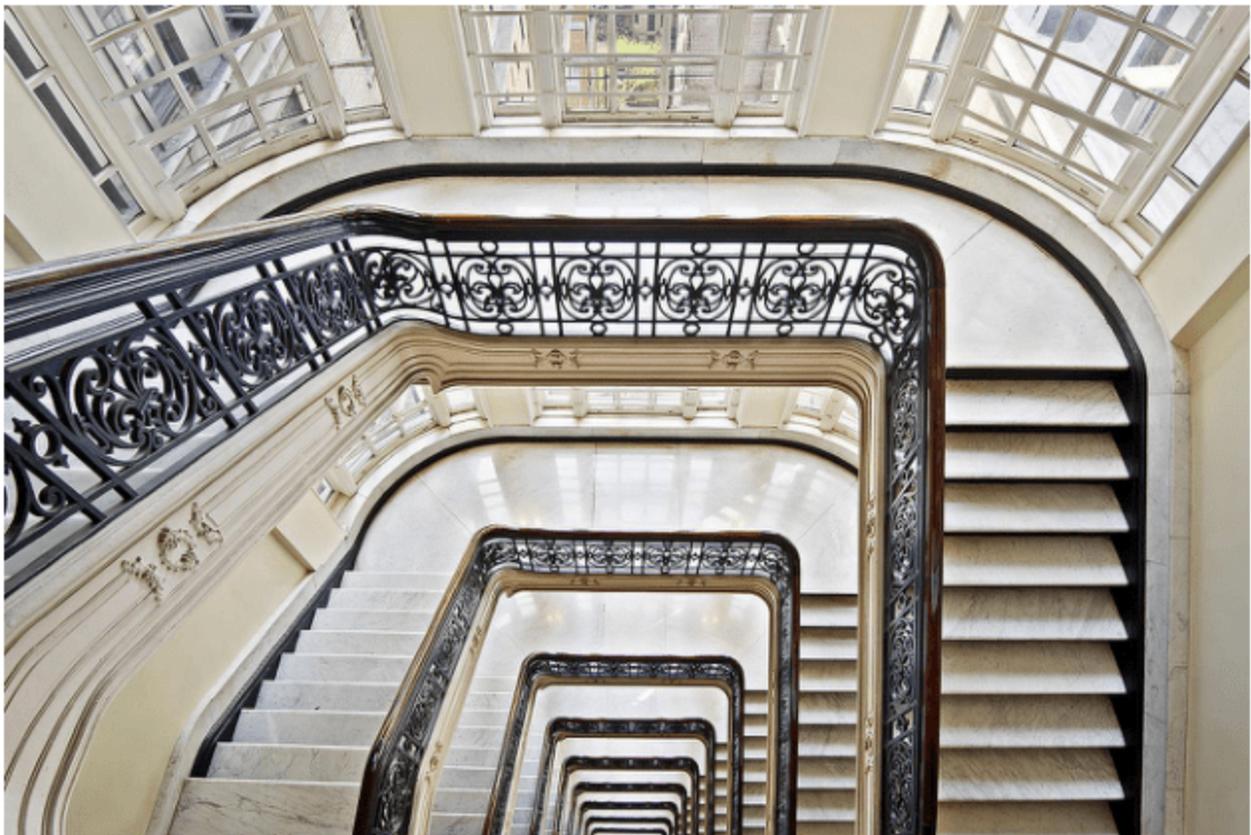






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Howard A. Royal, Principal

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