

PHILADELPHIA BROAD & VINE DEVELOPMENT

Philadelphia, PA 19102

TRANSFORMATIONAL
DEVELOPMENT/REDEVELOPMENT
OPPORTUNITY IN THE
HEART OF CENTER CITY

OFFERING MEMORANDUM

RACE STREET
ASSEMBLAGE

VINE STREET
ASSEMBLAGE

MARTINELLI PARK
ASSEMBLAGE

BROAD ST

NEWMARK

 SSG[®]
CAPITAL ADVISORS, LLC



PROPERTY DISCLAIMER

THIS IS A CONFIDENTIAL OFFERING MEMORANDUM intended solely for your own limited use in considering whether to pursue negotiations to purchase 222-248 N Broad Street, 201- 219 N 15th Street, 200-214 N Broad Street, and 221-223 N 15th Street, 300-304 N Broad Street and 325 N. 15th Street, Philadelphia, Pennsylvania (the "Properties"). Newmark & Company Real Estate, Inc., a New York corporation d/b/a Newmark Real Estate and SSG Advisors, LLC (Collectively, the "Agent") have been engaged jointly as the exclusive sales representative to sell the Property by 'Center City Healthcare, LLC' (the "Seller"). No other agent or broker is authorized to offer the Property.

This confidential offering memorandum contains brief, selected information pertaining to the Properties and has been prepared by the Agent. Although this confidential memorandum has been reviewed by representatives of the Seller, it does not purport to be all-inclusive or to contain all of the information which a prospective purchaser may desire. Neither the Seller nor the Agent, nor any of their partners, officers, employees or agents have independently verified the information contained herein and they are not responsible for any errors or inaccuracies in the information. No representation or warranty, express or implied, is made as to the accuracy or completeness of this confidential memorandum or any of its contents, or any other written or oral communication transmitted to a prospective purchaser in the course of its evaluation of the proposed sale of the Properties. There is no representation as to the environmental condition of the Properties.

You agree that the memorandum and its contents are confidential, that you will hold and treat it in confidence and that you will not disclose this memorandum or its contents to any other firm or entity without prior written authorization. Photocopying or other duplication is prohibited. You will use this confidential memorandum only for the purpose of evaluating the possible acquisition of the Properties. All prospective purchasers agree that they will conduct their own independent investigation of those matters which they deem appropriate in order to evaluate this offering.

Seller expressly reserves the right at its sole discretion to reject any or all proposals, offers, or expressions of interest in the Properties and to terminate discussions with any party at any time with or without notice.

BANKRUPTCY DISCLAIMER

Center City Healthcare LLC, d/b/a Hahnemann University Hospital ("CCH") and certain of its affiliates filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware and are operating as Debtor-in-Possession (Case No.19-11466). Pursuant to a Settlement approved by the Bankruptcy Court, the parcels of real estate referenced above (the "CCH Parcels") have been substantively consolidated with the bankruptcy estate of CCH. The sale(s) of the CCH Parcels will be subject to Bankruptcy Court approval.

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***“A GENERATIONAL OPPORTUNITY
IN THE CENTER OF IT ALL”***



EXECUTIVE SUMMARY



THE OFFERING

Newmark Southern Region LLC (“Newmark”) and SSG Advisors LLC (“SSG”), jointly as exclusive advisor, are pleased to present this generational development/redevelopment opportunity at the gateway to Center City, Philadelphia. The offering includes six parcels with exceptional frontage on Broad Street, the main north/south arterial in Philadelphia, and benefit from immediate access to the major thoroughfares of Interstates 676, 76, and 95. In addition, the sites offer spectacular views of Center City Philadelphia, the western and northern suburbs, and the Delaware River. When combined with the size and favorable CMX-5 zoning, the sites represent an opportunity to redefine a prominent part of the Philadelphia skyline.

All parcels share the same CMX-5 zoning, Philadelphia’s most favorable rating, which is meant to encourage dense, mixed-use development in its application.

The Vine Street Assemblage encompasses the North and South Towers of the former Hahnemann University Hospital, with frontage located on both Broad Street and Vine Street. These parcels currently consist of two buildings which total approximately 717,366 square feet; the North Tower is 22 stories built in 1978 and the South Tower is 20 stories constructed in 1928.

The Race Street Assemblage encompasses a low-rise building and surface parking lots, and attendant service ramps, and fronts 15th Street, Race Street, and Broad Street. The site sits on 1.56 acres and has a potential FAR at 1200% of 815,000+ square feet with additional bonus potential.

The Martinelli Park Assemblage is located on the Northwest corner of the intersection of Broad Street and Vine Street and includes the access ramp and underground parking area situated under the Stiles Hall building. The Martinelli Park assemblage shares the same zoning as both the Vine and Race Street assemblage sites. Measuring at 0.76 acres (33,081 square feet), the site has a potential FAR at 1200% of approximately 397,000 square feet with additional bonus potential.

Center City Healthcare LLC, d/b/a Hahnemann University Hospital (“CCH”) and certain of its affiliates filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware and are operating as Debtors-in-Possession (Case No. 19-11466). Pursuant to a Settlement approved by the Bankruptcy Court, the parcels of real estate referenced above (the “CCH Parcels”) have been substantively consolidated with the bankruptcy estate of CCH. In order to effectuate the sale of the

real estate, Newmark and SSG have been retained, on a joint basis, to market the opportunity to acquire the CCH Parcels. The sale(s) of the CCH Parcels will be subject to Bankruptcy Court approval.

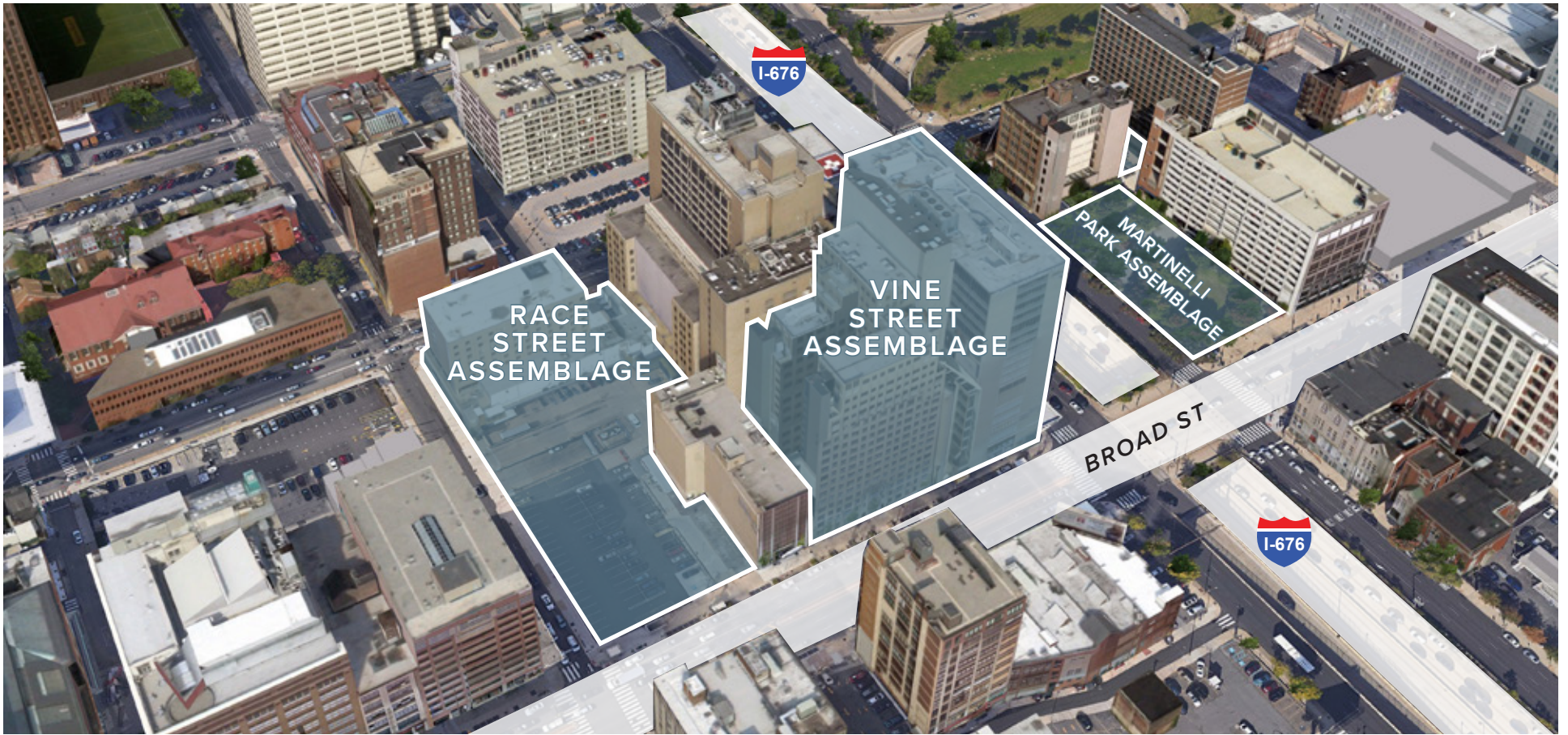
CCH and its advisors are flexible regarding the form and structure of the Transaction, and contemplate the following:

- Primary consideration will be given to a buyer that maximizes the value that will ultimately inure to all of the stakeholders
- Primary consideration will be given to a buyer that structures the Transaction as a purchase of all of the parcels in its entirety
- Primary consideration will be given to cash buyers
- Primary consideration will be given to a buyer whose offer has few, if any, contingencies

**LARGE SCALE
PREMIER INFILL
REDEVELOPMENT/DEVELOPMENT
OPPORTUNITY WITH
FAVORABLE CMX-5 ZONING**

**UNDENIABLE
LOCATION
AT THE GATEWAY
TO CENTER CITY**

**UNMATCHED
ACCESSIBILITY ALONG THE
THRIVING NORTH BROAD
CORRIDOR**



PARCEL NAME	ADDRESS	ACRES	LAND SIZE (SF)	EXISTING FAR	1200% FAR	ZONING	OPA ACCOUNT #
MARTINELLI ASSEMBLAGE							
MARTINELLI PARK	300-304 NORTH BROAD STREET	0.76	33,081	-	396,972	CMX-5	885620242
STILES ALUMNI HALL UNDERGROUND	325 N. 15TH STREET	0.38	16,622	-	-	CMX-5	881038202
VINE STREET ASSEMBLAGE							
NORTH TOWER & SOUTH TOWER	222-248 NORTH BROAD STREET	1.03	44,821	717,366	537,852	CMX-5	772025002
RACE STREET ASSEMBLAGE							
SHSH BUILDING AND ACCESS RAMPS	201-219 N. 15TH STREET	0.89	38,822	136,139	465,864	CMX-5	772028496
LAND NEXT TO SHSH BUILDING	221-223 N. 15TH STREET	0.04	1,628	-	19,536	CMX-5	772028498
SURFACE PARKING / REDEVELOPMENT LAND	200-214 N. BROAD STREET	0.63	27,492	-	329,904	CMX-5	885467862
TOTAL		3.73	162,466	853,505	1,750,128		

LARGE SCALE OPPORTUNITY TO TRANSFORM THE CITY SKYLINE

The Offering encompasses a once-in-a-generation opportunity to acquire and develop approximately 3.7 acres in heart of downtown Philadelphia. Located at the gateway to Center City, the development parcels have incredible visibility and sight lines in every direction.

CITY HALL

CONVENTION CENTER

PHILADELPHIA
BROAD
& VINE
DEVELOPMENT

TWO LIBERTY PLACE

ONE LIBERTY PLACE

COMCAST CENTER

COMCAST TECHNOLOGY CENTER

BROAD STREET SLIP RAMP

BROAD STREET

I-676

15TH STREET

16TH STREET

**BEN FRANKLIN
BRIDGE**



**CITY
HALL**

**CONVENTION
CENTER**

**PHILADELPHIA
BROAD
& VINE
DEVELOPMENT**

TRANSIT ORIENTED SITE WITH UNPRECEDENTED VISIBILITY

Located on Broad Street, the main North/South arterial through the heart of Philadelphia, the sites benefit from immediate access to Interstate 676 which enable short driving distances to both Interstates 95 and 76, connecting the majority of the eastern seaboard and the western Philadelphia suburbs. Suburban Station, a major public transportation hub, is located a short 5-minute walk from the site. The location has unabated site lines and on a typical day, can be seen from miles away traveling southbound on Interstate 95.

INTERSTATE 95
 **295,000** CARS
PER DAY

INTERSTATE 676
 **146,000** CARS
PER DAY

BROAD STREET
 **25,000** CARS
PER DAY

VINE STREET
 **17,000** CARS
PER DAY

BEN FRANKLIN PARKWAY

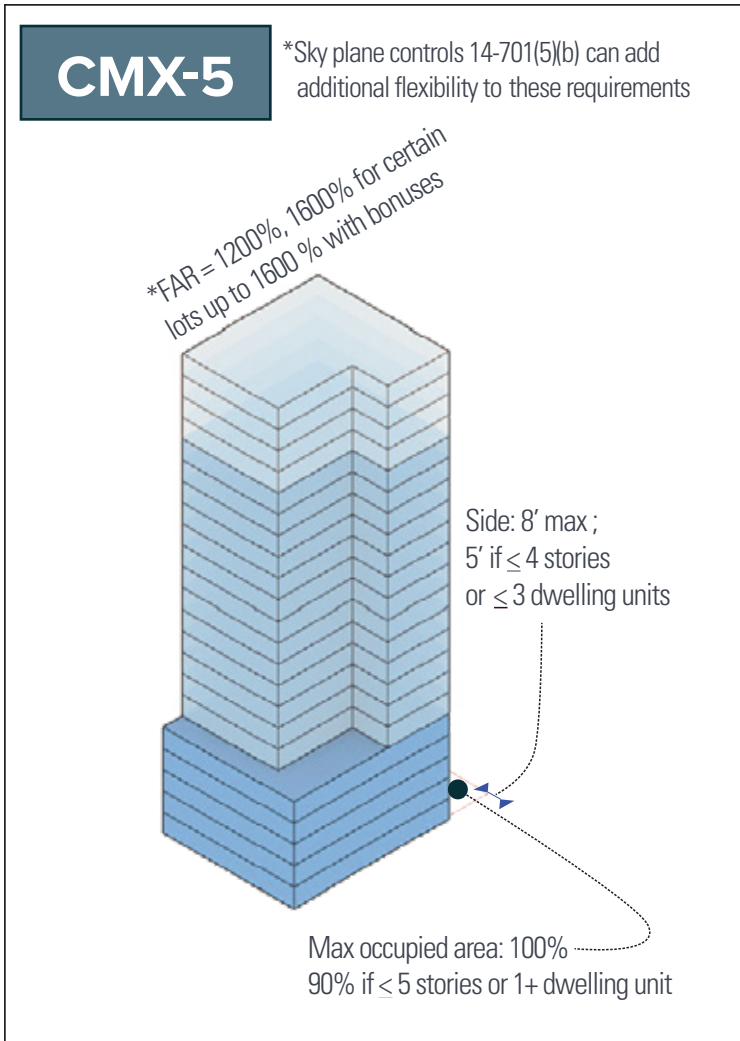

BULLSEYE LOCATION WITHIN THE DYNAMIC AND GROWING NORTH BROAD CORRIDOR

The North Broad Street corridor continues to experience transformational growth and revitalization. Commercial, residential, and institutional development along the corridor has accelerated as investment capital have both seized opportunities to adapt historic properties to modern uses and identified spaces for new development. The strong growth and development activity along Broad Street has given way to a thriving corridor and vibrant community. The introduction of new commercial, retail, entertainment, recreational, and residential space results in both expanded housing options and access to a growing plurality of stores, employers, entertainment, and recreation. The redevelopment of previously vacant and older, historic buildings and parcels throughout the corridor, is an outstanding case study in the preservation of the history and diversity that differentiates this extremely noteworthy and vital area within the City of Philadelphia.



CMX-5 ZONING

All of the sites benefit from the CMX-5 zoning code application, the City of Philadelphia's highest designation. CMX-5 allows for a FAR of 1200%+ (with additional bonuses) that includes uses of office, multifamily, life sciences, healthcare, hotel and retail. This by-right designation provides for ultimate flexibility to provide a new vision for the site.





SITE OVERVIEW

The Offering encompasses six sites which are bound by their parcel assemblages and locations within the city block. The Vine Street Assemblage sits at the corner of Broad Street and Vine Street, where the former North and South Towers of Hahnemann University Hospital presently sit. The Race Street Assemblage sits between 15th Street and Broad Street, running along the entire frontage of Race Street. The Martinelli Park Assemblage, which is located on the Northwest corner of Broad Street and Vine Street, and includes the underground parking garage below Stiles Alumni Hall, is also included in this Offering.



VINE STREET ASSEMBLAGE

The Vine Street Assemblage is located at the corner of Broad Street and Vine Street, the gateway to Center City, Philadelphia. The site has approximately 290 feet of frontage along Broad Street, the major North/South arterial within the Central Business District, and approximately 260 feet of frontage along Vine Street. The site provides unprecedented access to Interstate 676 in both directions via slip ramps located within a block of the property and providing almost immediate access to both Interstate 95 and Interstate 76.

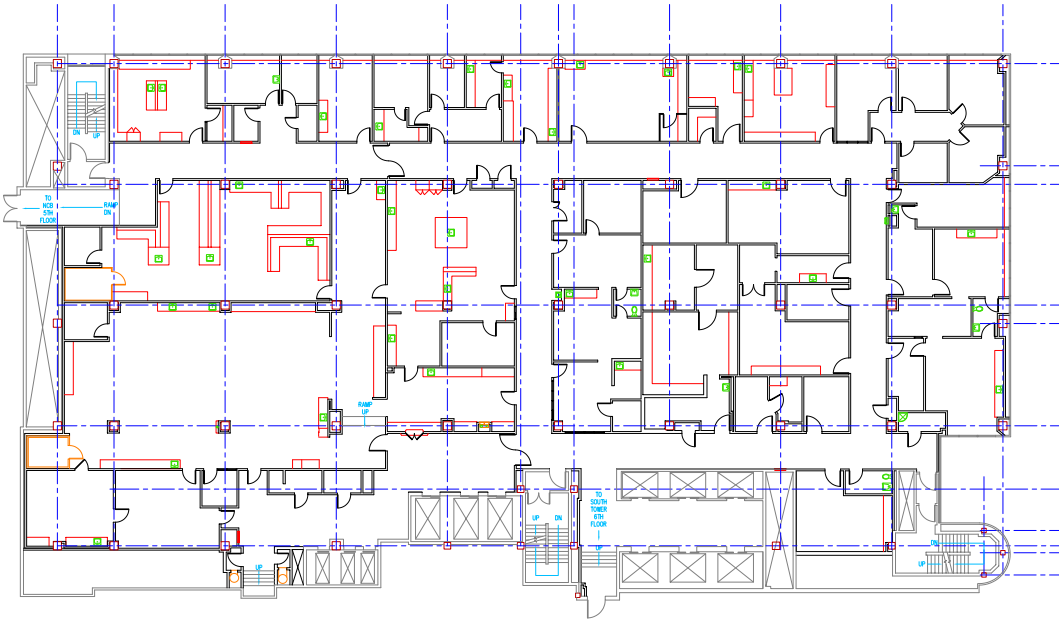
The site has incredible site lines in all directions with unobstructed views to the North, West and East. To the South, site lines will be dependent on future development which occurs on the surrounding parcels on the city block. At street level, City Hall, the Philadelphia Convention Center, Suburban Square transit artery and Market Street are all within a 5 block walk, making this site incredibly walkable.



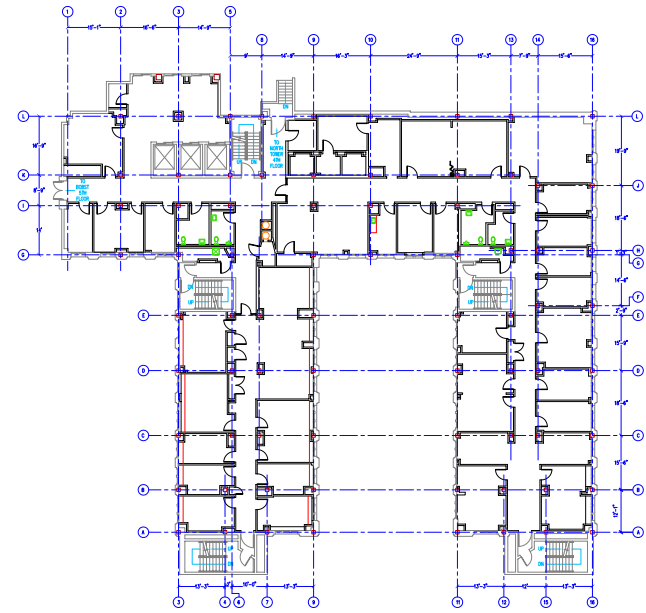
VINE STREET ASSEMBLAGE	
Property Address	222-248 North Broad Street
Zoning	CMX-5
FAR potential	1200%+ (with additional bonuses)
Total Exterior Gross Area:	North Tower 460,909 square feet
	South Tower 256,462 square feet
	Total 717,366 square feet
Lot Size	1.02984 Acres/44,821 square feet
OPA Tax Parcel	772025002



TYPICAL NORTH TOWER FLOOR PLAN



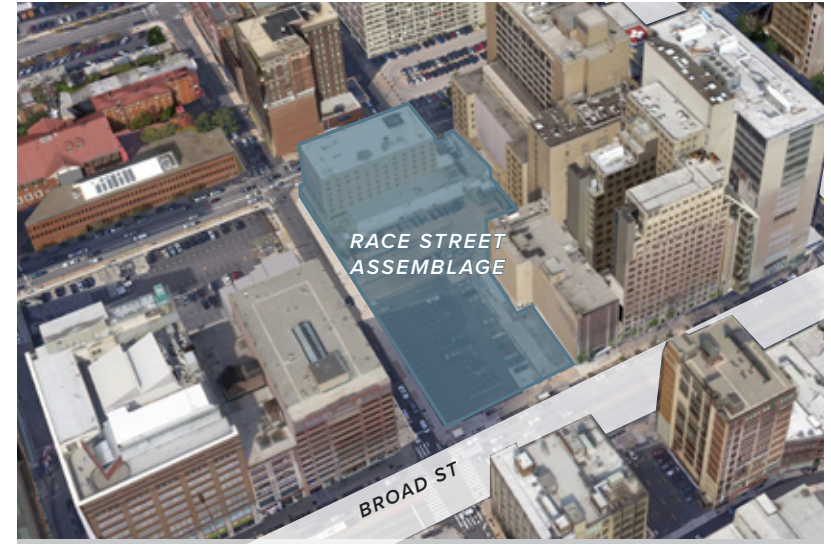
TYPICAL SOUTH TOWER FLOOR PLAN



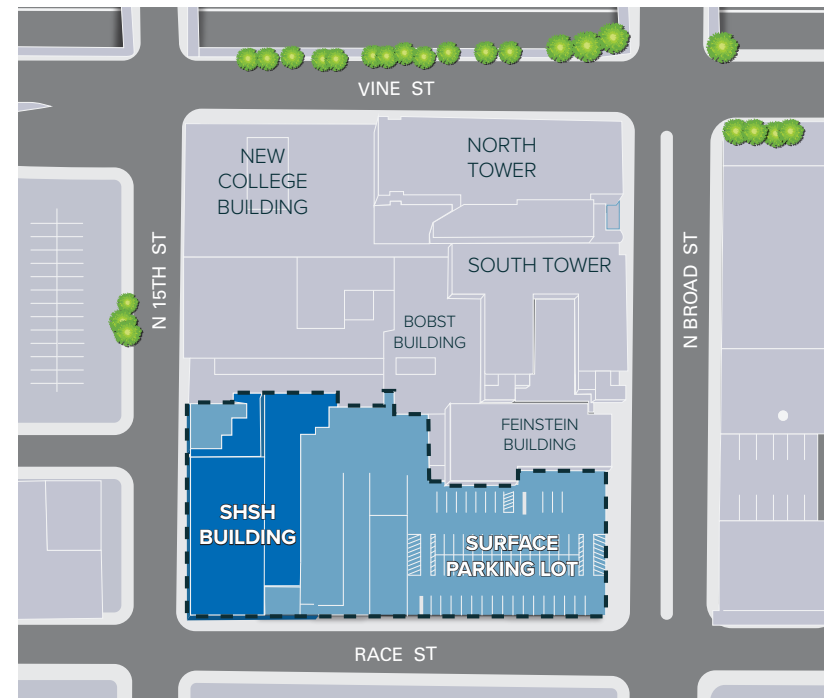
RACE STREET ASSEMBLAGE

The Race Street Assemblage is bounded by Race Street frontage on its southern edge. This frontage spans approximately 430 feet from Broad Street to 15th Street. The site also offers frontage on both Broad Street (150 feet) and 15th Street (210 feet). Like the Vine Street Assemblage, the Race Street Assemblage site offers immediate access to Interstate 676 and is located minutes from Interstate 95 and Interstate 76.

The site has incredible site lines with nearly unobstructed views to the South, West and East. To the North, site lines will be dependent on future development which occurs on the surrounding parcels on the city block. At street level, City Hall, the Philadelphia Convention Center, Suburban Square transit artery and Market Street are all within a 5 block walk making this site incredibly walkable.



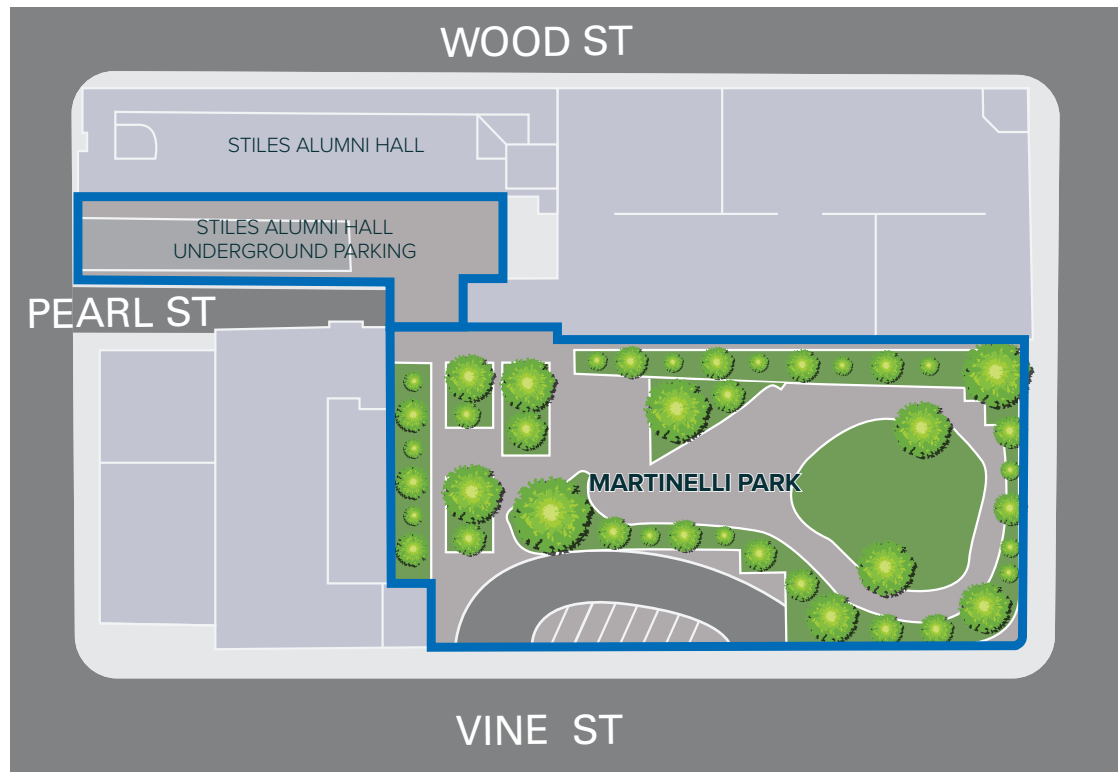
RACE STREET ASSEMBLAGE				
	SHSH Building	Land next to SHSH Building	Surface Parking/ Redevelopment Land	Total
Property Address	201-219 N. 15th Street	221-223 N. 15th Street	200-214 N. Broad Street	
Zoning	CMX-5	CMX-5	CMX-5	
Acres	0.89	0.04	0.63	1.56
Land Size	38,822 SF	1,628 SF	27,492 SF	67,942 SF
Existing FAR	136,139 SF	—	—	136,139 SF
1200% FAR	465,864 SF	19,536 SF	329,904 SF	815,304 SF
OPA Account #	772028496	772028498	885467862	



MARTINELLI PARK ASSEMBLAGE

Martinelli Park is located on the Northwest corner of Broad Street and Vine Street. The site is currently utilized as private park for special events. The site has CMX-5 zoning.

The site has frontage along Vine Street spanning approximately 250 feet and frontage on Broad Street of approximately 120 feet. Martinelli Park is immediately to the south of the Wood Street Garage and proximate to Stiles Hall. The Martinelli Park Assemblage also includes the underground parking garage below Stiles Hall and an accompanying right of first refusal with respect to Stiles Hall.



MARTINELLI PARK

Property Address	300-304 North Broad Street
Zoning	CMX-5
FAR potential	1200%+ (with additional bonus)
1200% FAR	396,972 SF
Lot Size	0.76 Acres/33,081 square feet
OPA Tax Parcel	885620242

STILES ALUMNI HALL UNDERGROUND

Property Address	325 N 15th Street
Zoning	CMX-5
Lot Size	0.38 Acres/16,622 SF
OPA Tax Parcel	881038202



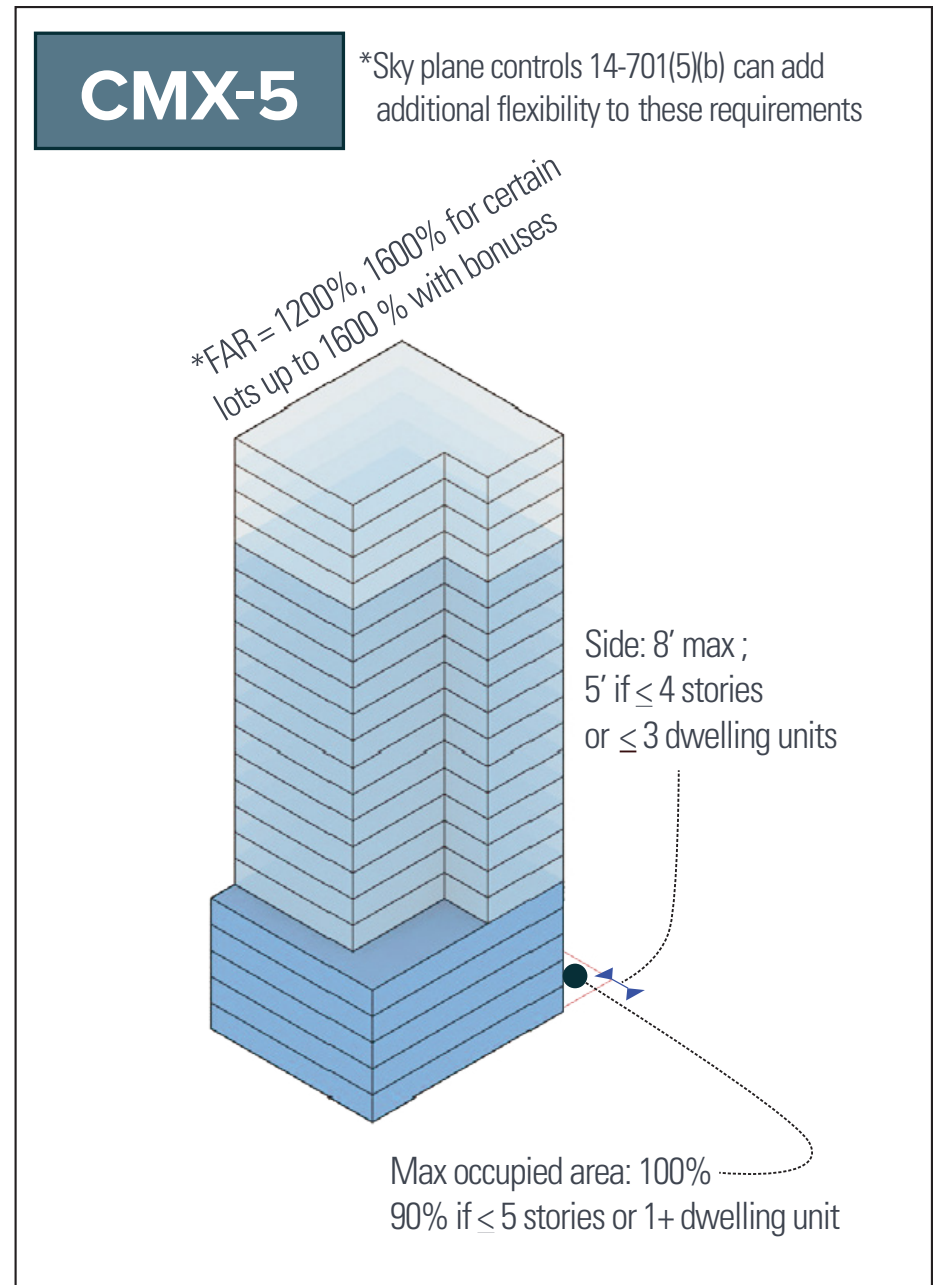
ZONING

ZONING ORDINANCE

All six parcels are zoned CMX-5, Philadelphia's highest zoning designation. CMX-5 is designed to accommodate large, mixed-use development to service the community and surrounding region. Within the CMX-5 designation, the following uses are permitted as of right:

- **Office, including but not limited to:**
 - general business and professional services
 - government services
 - healthcare related services
- **Multifamily**
- **Hospital/Healthcare**
- **Retail**
- **Hotel**

Maximum allowable Floor Area Ratio (FAR) is 1200% with potential for bonus FAR by providing community benefit features like mixed-income housing or green building technology. While CMX-5 zoning provides great flexibility for by-right development, City of Philadelphia will certainly require Community Design Review (CDR) Board approval for a project with the scale and prominence presented by these properties.



REAL ESTATE TAX SUMMARY

All six parcels are located in Philadelphia, Pennsylvania and are subject to real estate taxes from the City of Philadelphia. Additionally, the sites lie within the boundaries of the Center City District and are therefore subject to the CCD special tax assessment. The chart below details the tax assessment and burden for on each parcel.

PROPERTY ADDRESS	PROPERTY NAME	TAX PARCEL NUMBER	2023 ASSESSED VALUE	2023 RE TAXES	CCD TAXES (APPROXIMATION)
222-48 N BROAD ST	North & South Tower (Vine Street Assemblage)	772025002	\$20,169,100	\$282,327	\$32,842
200-14 N BROAD ST	Race Street Assemblage	885467862	\$14,433,300	\$202,037	\$23,502
201-19 N 15TH ST	Race Street Assemblage	772028496	\$9,687,800	\$135,610	\$15,775
221-23 N 15TH ST	Race Street Assemblage	772028498	\$325,600	\$4,558	\$530
300-04 N BROAD ST	Martinelli Park Assemblage	885620242	\$9,499,600	\$132,975	\$15,468
325 N 15TH ST	Martinelli Park Assemblage	881038202	\$2,290,200	\$32,058	\$3,729

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RECENT DEVELOPMENT PROJECTS



RECENT INSTITUTIONAL QUALITY DEVELOPMENT PROJECTS



2222 MARKET STREET

DEVELOPER: PARKWAY CORPORATION

Parkway leased the 19-story, 305,000 square foot office building to Morgan, Lewis & Bockius, a prominent Center City Philadelphia law firm. The project is anticipated to be delivered in 2023 and will be the first new commercial office property delivered in 30 years that is not a Comcast tenanted building. Morgan Lewis & Bockius executed a 20 year lease for the project, with a starting rent of \$45 per square foot on a triple net basis.



2000 ARCH STREET – CHUBB

DEVELOPER: PARKWAY CORPORATION

Property and casualty insurance company Chubb will be the anchor tenant of a new 18-story office building at 2000 Arch Street in Center City. The new 18-story tower will have 438,000 square feet of rentable space and will cost \$430 million to build.

RECENT INSTITUTIONAL QUALITY DEVELOPMENT PROJECTS (CONTINUED)



545 N BROAD STREET

DEVELOPER: ELK STREET MANAGEMENT

Elk Street Management is currently constructing a 9 story, 108-unit mixed use structure. The building will hold 152,635 square feet of space and cost an estimated \$20 million to build.



THE HANNAH

DEVELOPER: LINDEN LANE CAPITAL PARTNERS

Developed by Linden Lane, the Hannah will stand seven floors tall and hold 181 residential units upon completion. Located in a Qualified Opportunity Zone, all of the units will be market rate and the Property will also host 3,208 SF of ground floor retail. Additionally, 51 parking spaces will be included in the development. The 184,679 square foot structure will cost an expected \$18 million to build.

RECENT INSTITUTIONAL QUALITY DEVELOPMENT PROJECTS (CONTINUED)



LVL NORTH

DEVELOPER: ALTERRA PROPERTY GROUP

Completed in 2022, LVL North is a 500,000+ sq ft, 7-story project, featuring 410 Class-A apartments, 300+ internal parking spaces in a two-level underground garage, a full-service grocery store on the ground floor, and over 60,000 square feet of additional commercial space on the second floor.



BROAD AND NOBLE

DEVELOPER: TOLL BROTHERS

Toll Brothers' 18-story, 362,000 square foot multifamily tower will sit at the entrance to the first phase of the Philadelphia Rail Park. The project calls for over 280,000 square feet of residential space including 368 apartment units and ground floor retail. An underground parking garage will contain 46 parking spaces.

RECENT INSTITUTIONAL QUALITY DEVELOPMENT PROJECTS (CONTINUED)





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AREA OVERVIEW



GREATER PHILADELPHIA OVERVIEW

Greater Philadelphia sits at the heart of the Northeast Corridor and acts as an important logistical hub, offering convenient access to major highways and rail networks. The Greater Philadelphia area spans thirteen counties in Southeastern Pennsylvania, Southern New Jersey and Northern Delaware. The city's strategic geographic position enables the region to pull from the 25% of the U.S. population that lies within a day's driving range. According to The U.S. Bureau of Economic Analysis, Greater Philadelphia is the nation's seventh largest metropolitan area in terms of population, with 6.25 million people living within its boundaries, and is projected to have a Gross Metropolitan Product of \$490 billion, the ninth largest in the United States. Fueling this economic momentum is a diverse cross-section of businesses, a high concentration of top tier medical programs and educational facilities, strong population density, and extensive transportation networks. The region offers its residents significant benefits including a vibrant arts and cultural community, ample outdoor trails & gardens, and a low cost of living relative to other comparable major metropolitan areas. In addition, Greater Philadelphia has earned top accolades as the "Top U.S. City to Visit in 2020" and was ranked #6 & #7 in the world for food & drink. Zahav was voted the #1 restaurant in America at the 2019 James Beard Awards, further cementing the area's strong appeal.

MARKET AT A GLANCE

- Lower cost of living than the other major northeast metros including New York, Boston, Washington D.C. and Baltimore
- Population – 6.2 million (7th among large U.S. metros)
- Employment – 3.1 million (6th among large U.S. metros)
- Personal Income - \$337 billion (5th among large U.S. metros)
- Philadelphia's Amtrak station is the 3rd busiest in the country
- Three major shipping ports served by one of the few regions with Class 1 railroads
- Average of 125 cultural events take place every day
- 13 companies on the Fortune 500 list with their headquarters (HQs) in the region; 30 on the Fortune 1000 list have their HQs here
- Third most populous downtown in the country

ECONOMY

Greater Philadelphia has one of the most diverse economies in the nation. Sectors such as Education and Health Services, Professional and Business Services, and Financial Services require highly educated and skilled workers, which make up 46% of the region's total employment.

#	COMPANY	INDUSTRY	FTEs
1	University of Pennsylvania and Health System	Educational Services & Healthcare	46,554
2	Thomas Jefferson University and Jefferson Health	Educational Services & Healthcare	42,700
3	Children's Hospital of Philadelphia	Healthcare	24,945
4	The Giant Company	Grocery & Supermarket	17,850
5	Temple University and Health System	Educational Services & Healthcare	17,752
6	Comcast Corp	Media & Technology	15,362
7	Virtua Health	Healthcare	14,000
8	Vanguard	Investment Products	11,700
9	Cooper University Health	Healthcare	8,932
10	Independence Health Group	Health Association	7,800
11	Inspira Health	Healthcare	6,811
12	Trinity Health	Healthcare	6,811
13	Drexel University	Educational Services	6,372
14	Wells Fargo Bank	Finance & Insurance	5,668
15	Crozer Health	Healthcare	4,607
16	Universal Health Services	Healthcare	4,581
17	University of Delaware	Educational Services	4,473
18	Rowan University	Educational Services	3,964
19	SAP America	Programming Services	3,473
20	Villanova University	Educational Services	2,963

TRANSPORTATION INFRASTRUCTURE & ACCESS

- 100 million people are within a one-day drive
- Served by 30 airlines offering more than 550 daily departures to 128 cities, including 40 international destinations
- New York City and Washington D.C. are within a 2.5 hour drive; high-speed Amtrak Acela and Metroliner service to both
- Philadelphia is home to the 3rd busiest Amtrak station in the U.S.
- 3 Class 1 railroads — Canadian Pacific, CSX, and Norfolk Southern provide direct service to the Port of Philadelphia
- The Delaware River Port Complex comprised of active, full-service marine terminals in Delaware, New Jersey and Pennsylvania, is an active conduit for international trade and comprises three major ports with full-service docking facilities





CENTER CITY FAST FACTS

<p>45.6M</p> <p>SF OF OFFICE</p>	<p>202K+</p> <p>RESIDENTS</p>	<p>309,471</p> <p>TOTAL WAGE & SALARY JOBS</p>	<p>70%</p> <p>RESIDENTS WHO WALK, BICYCLE OR RIDE PUBLIC TRANSPORTATION TO WORK</p>	<p>78%</p> <p>RESIDENTS WITH A BACHELORS DEGREE OR HIGHER</p>
<p>110,300</p> <p>TOTAL ENROLLMENT IN HIGHER EDUCATION</p>	<p>\$114K+</p> <p>MEDIAN HH INCOME</p>	<p>12</p> <p>COLLEGES & UNIVERSITIES</p>	<p>360</p> <p>ARTS & CULTURAL INSTITUTIONS</p>	<p>1,780</p> <p>HOUSING UNITS COMPLETED IN 2021</p>
<p>\$499,950</p> <p>AVERAGE HOME SALE PRICE IN 2021</p>	<p>\$2,384</p> <p>AVERAGE ASKING RENT (REIS INC.)</p>	<p>4</p> <p>HOSPITALS</p>	<p>1,000+</p> <p>RESTAURANTS, BARS & CAFES</p>	<p>13K+</p> <p>HOTEL ROOMS</p>

SUMMARY

The Greater Philadelphia region is an area rich in history and prosperity. As the seventh largest metropolitan center in the United States, the region offers an extensive array of cultural, historical and recreational facilities. From its position in the center of the eastern megalopolis to its diverse economy, the Greater Philadelphia region is poised for continued growth and prosperity into the 21st century.





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MARKET OVERVIEW



PHILADELPHIA CBD MULTIFAMILY

MARKET OVERVIEW

The Center City Philadelphia multifamily market is economically driven by the diversity of the economy. The education and medical services sector have long been the primary economic drivers in Center City, making up 20% of the jobs in one sector alone. However, beyond the 'eds and meds' density, Philadelphia also is home to many financial services, real estate and information technology firms. While these uses are typically seen as secondary to the primary economic drivers, they make up approximately 40% of jobs in the CBD.

Over the last 10 years, new additions to the submarket have totaled over 10,901 units, amounting to an annualized inventory growth of 5.5%, which is more than four times the metro's annualized average growth of 1.7%. In 2021, the Center City submarket added 1,780 market rate rental units, with another 3,519 units under construction for delivery in 2022 and 2023. Center City continues to see an increase in demand for quality rental housing, fueled by the desire to live in an urban environment with walkability to employment, recreation, culture, entertainment and transit. Underscoring this trend is the increase in population, which has grown by 38% in the last two decades, making it the fastest growing section in Philadelphia and in the region. Conversely, half of the City's rental inventory was completed prior to 1980. With such a significant amount of older product, the new, modern developments have been continuously in demand by the growing, affluent renter base in the City.

CENTER CITY APARTMENT STATS – Q3 2022

CLASS A AVERAGE
MONTHLY ASKING RENT

\$2,825

CLASS A RENT GROWTH

10.1%

NEW LEASE TRADE-OUTS AVERAGE

12.8%








FIVE-YEAR PROJECTED RENT GROWTH

4.3%*

**represents overall projected market rent growth; not just Class A*

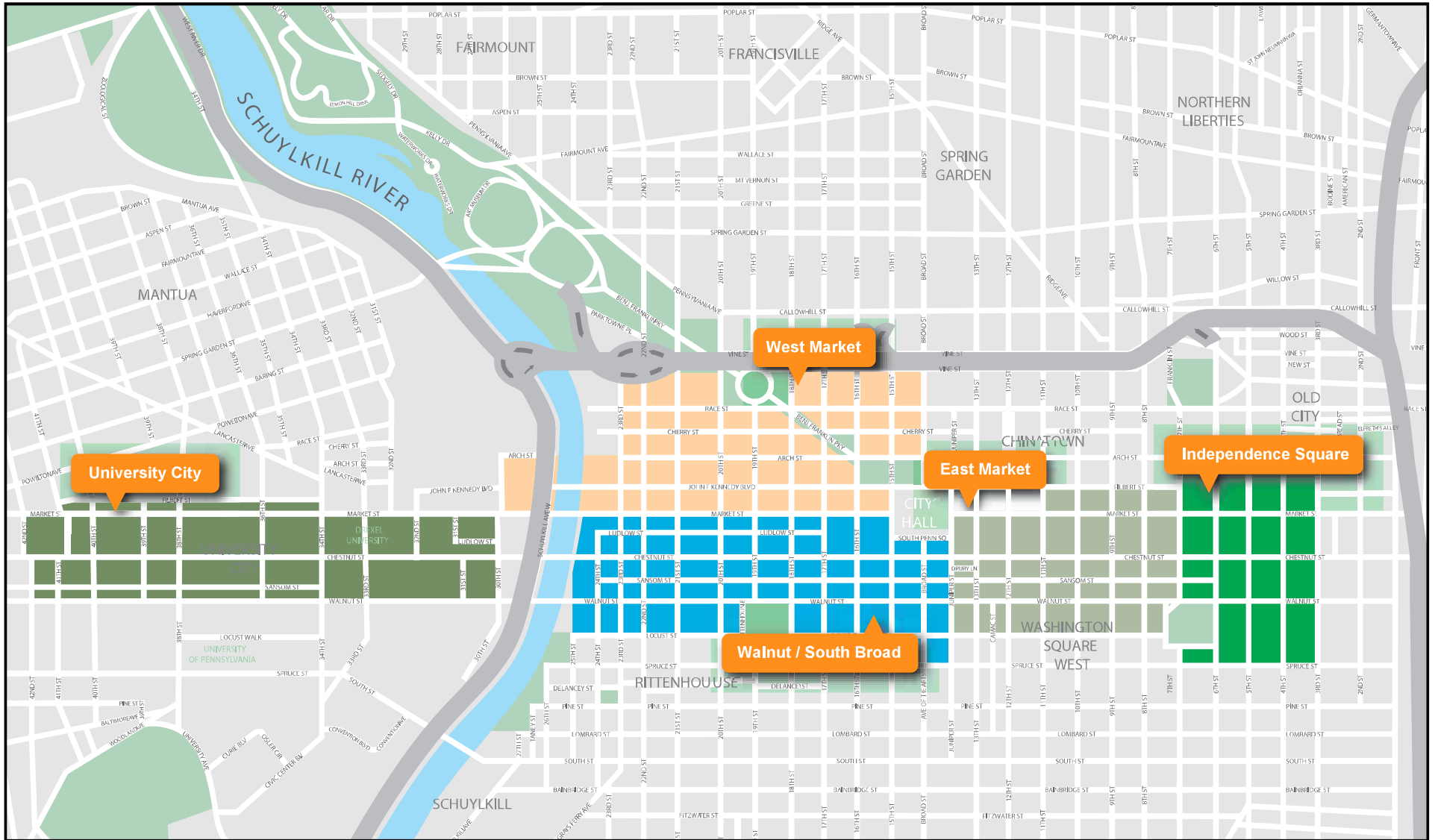


RENT COMPS

	PROPERTY	OWNER	YEAR BUILT	OCCUPANCY	UNIT COUNT	AVG. UNIT SIZE	LEASED RENT	LEASED RENT/SF
	ALEXANDER	LDS	2017	96%	277 UNITS	1,033 SF	\$2,979	\$2.88
	1600 CALLOWHILL	IVY REALTY	2018	93%	96 UNITS	846 SF	\$2,653	\$3.14
	322 ON NORTH BROAD	UDR	2017	98%	339 UNITS	916 SF	\$2,237	\$2.44
	THE HAMILTON	RADNOR PROPERTY GROUP	2018/2022	97%	576 UNITS	582 SF	\$2,194	\$3.77
	FRANKLIN TOWER	PMC PROPERTY GROUP	2019	95%	549 UNITS	737 SF	\$2,152	\$2.92
	LVL NORTH	ALTERRA PROPERTY GROUP	2022	LEASE-UP	410 UNITS	544 SF	\$1,906	\$3.50
	ONE CITY	ALTERRA PROPERTY GROUP	2020	94%	323 UNITS	435 SF	\$1,704	\$3.92
OVERALL TOTAL/AVERAGE				96%	2,570 UNITS	693 SF	\$2,185	\$3.15

PHILADELPHIA CBD OFFICE

The Philadelphia CBD office market consists of 45,628,261 square feet, in approximately 114 buildings. The market is split between five submarkets, the largest of which, West Market, includes the Property. The West Market submarket is the dominant submarket in the CBD, with 54% of the total space. A map of the submarkets is below.

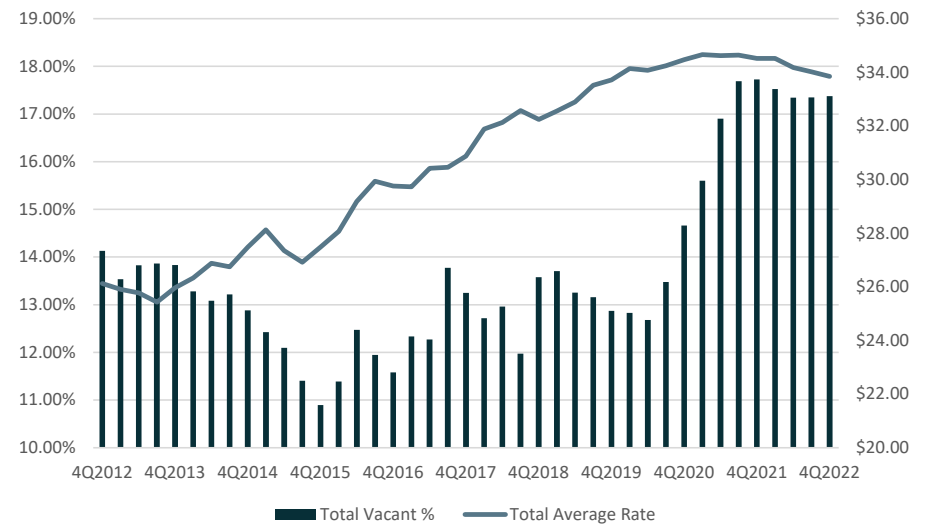


Details of the five CBD submarkets are below.

	TOTAL INVENTORY (SF)	UNDER CONSTRUCTION (SF)	TOTAL VACANCY RATE	QTR ABSORPTION (SF)	YTD ABSORPTION (SF)	CLASS A ASKING RENT (PRICE/SF)	CLASS B ASKING RENT (PRICE/SF)	TOTAL ASKING RENT (PRICE/SF)
EAST MARKET	6,331,084	-	19.70%	-6,670	-13,193	\$36.37	\$27.42	\$32.14
INDEPENDENCE SQUARE	5,380,384	-	17.80%	-25,380	7,570	\$29.69	\$32.73	\$31.13
UNIVERSITY CITY	5,142,776	848,000	8.00%	-29,150	496,341	\$39.64	\$38.91	\$39.25
WALNUT/SOUTH BROAD	3,977,064	-	20.10%	2,754	1,152	\$32.30	\$32.59	\$30.37
WEST MARKET	24,796,953	308,000	18.20%	44,998	35,595	\$37.51	\$28.64	\$35.19
CBD TOTAL	45,628,261	1,156,000	17.40%	-13,448	527,885	\$36.98	\$30.20	\$33.85

Tenants continue to look for short-term and flexible space options to satisfy their real estate needs. Lease renewals remain prevalent; however, available sublease and coworking space for tenants relocating within the Philadelphia CBD has been a popular option. For some tenants opting for relocation, there has been an uptick in flight to quality to attract employees back to the office. Landlords currently offering concessions continue to be vital to compete for deals. Due to increased concessions and declining rental rates, tenants previously occupying Class B space are looking more to Class A and trophy building options. Most tenants in the market are on the smaller side, with only a limited number of large requirements currently exploring options.

PHILADELPHIA CBD VACANCY & ASKING RENTS



PHILADELPHIA CBD LIFE SCIENCES

MARKET OVERVIEW

PHILADELPHIA: A TOP 10 U.S. LIFE SCIENCE MARKET

Greater Philadelphia is one of the largest life science markets by employment (32,105 jobs) and laboratory inventory (11.6 million square feet) nationwide, supported by its rich concentration of colleges and universities, renowned healthcare institutions and strong legacy of pharmaceutical manufacturing. Additionally, public and private funding for life science firms across Greater Philadelphia has grown dramatically in recent years. Overall, Pennsylvania was ranked as the fifth-largest recipient of NIH grants in the country in 2022 with institutions and firms in the state awarded nearly \$2.2 billion, a 6.0% increase over 2021. More than half of this funding was allocated to institutions within the city of Philadelphia.

Greater Philadelphia's world-class healthcare and educational institutions continue to foster expanding innovation in biotechnology research and development, especially relating to novel gene and cell therapies. This has led to Greater Philadelphia adopting the moniker "Cellicon Valley" and caused out-of-market life science firms working in these spheres to relocate or establish satellite facilities in the region. However, the dearth of existing laboratory availabilities in University City, Greater Philadelphia's primary life science submarket, is driving tenant demand – which presently totals nearly two million square feet – to proposed projects and is encouraging landlords of traditional office properties to pursue partial or full conversions.

Consequently, Greater Philadelphia is ranked among the top 10 life science markets in the United States according to an analysis by Newmark Research, which considered a combination of four factors – market maturity, market momentum related to capital markets and leasing activity, demographic and structural components that support the life science cluster, and future growth potential – to generate life science cluster scores for major cities across the country on a scale of 100.

LIFE SCIENCES INNOVATION IS IN UNIVERSITY CITY'S DNA

University City's world class-concentration of 'eds & meds' is at the heart of the region's commercial and scientific expansion, importantly in the cutting-edge medical fields of gene and cell therapy. The City of Philadelphia has three Tier 1 universities (University of Pennsylvania, Drexel University and Temple University), second on a city-basis only to New York City. Two of those three are located directly in University City, along with some of the nation's most lauded research hospitals and medical institutions.

Starting back in 1993 with the pioneering work of James M Wilson, MD at University of Pennsylvania's Institute of Human Gene Therapy, nearly two decades of innovation in this cluster culminated in the first two FDA-approved gene and cell therapies to enter the national marketplace in 2017, created by University City-based entities: Children's Hospital of Philadelphia spinoff Spark Therapeutics, and a partnership between University of Pennsylvania and Novartis. More innovations in these fields have followed: 27 of 30 approved gene therapies today were developed at the University of Pennsylvania. Philadelphia has received \$5.5 billion in NIH funding for projects since 2018, the fourth most of any city in the country during this period. University City is the primary driver of this funding, with its institutions receiving 91.6% of Philadelphia's allocations in 2022. The University of Pennsylvania ranks fifth in the nation in total NIH funding.

Spin-off start-ups from University City's nexus of 'eds & meds', particularly those within the field of cell and gene therapy, are also attracting significant venture capital funding and interest from major pharmaceutical firms. Since 2018, biotech companies based in Philadelphia have raised more than \$1.68 billion. In 2019, Spark Therapeutics was acquired by the Swiss pharmaceutical giant Roche for \$4.8B, the largest venture-capital backed exit in Philadelphia history. As the birthplace of gene and cell therapy treatments, University City is primed to

TOP 10 INSTITUTIONS RECEIVING NIH GRANTS

ORGANIZATION	CITY	STATE	AWARDS	FUNDING
JOHNS HOPKINS UNIVERSITY	BALTIMORE	MD	1494	\$839,852,301
UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	SAN FRANCISCO	CA	1510	\$823,760,533
UNIVERSITY OF PITTSBURGH AT PITTSBURGH	PITTSBURGH	PA	1270	\$675,447,236
DUKE UNIVERSITY	DURHAM	NC	1007	\$672,506,294
UNIVERSITY OF PENNSYLVANIA	PHILADELPHIA	PA	1350	\$668,378,172
STANFORD UNIVERSITY	STANFORD	CA	1144	\$651,714,427
UNIVERSITY OF MICHIGAN AT ANN ARBOR	ANN ARBOR	MI	1333	\$644,315,349
LEIDOS BIOMEDICAL RESEARCH, INC.	FREDERICK	MD	83	\$625,102,662
WASHINGTON UNIVERSITY	SAINT LOUIS	MO	1113	\$620,587,925
COLUMBIA UNIVERSITY HEALTH SCIENCES	NEW YORK	NY	1061	\$616,772,648

see accelerated activity in these fields: cell and gene therapy’s global market capitalization is forecast to grow at a CAGR of 24.4% over the next five years. According to the American Society of Gene+Cell Therapy, of the 1195 identified gene therapy trials active in in the U.S. in 2023, 150 were occurring in the Greater Philadelphia area. This signals a deepening of a trend that University City has

pioneered: cell and gene therapy startups spinning out of the academic and medical institutions that foster them. Companies in these fields have emerged as the primary driver of heightened demand for lab space in University City over the past five years and will continue to be an increasingly instrumental part of the region’s future expansion.

PHILADELPHIA LIFE SCIENCES STATS – YEAR ENDING DECEMBER 2022

DEMAND
2MSF+
LAB TENANTS IN THE MARKET

UNDER CONSTRUCTION
IN PHILADELPHIA
1.26M SF

1
GENE AND CELL THERAPY HUB
IN THE COUNTRY

PHILADELPHIA
5
RANKED LIFE SCIENCES
CLUSTER IN 2021

VACANCY
18% (MARKET-WIDE)
8.0% (UNIVERSITY CITY)

RENT
\$39.25/SF
ASKING RATE IS HIGHEST IN CBD

NIH FUNDING
3
RANKED CITY FOR
GRANTS AWARDED

NIH FUNDING
4
RANKED CITY
FOR FUNDING

PHILADELPHIA LODGING MARKET

MARKET OVERVIEW

As the largest city in Pennsylvania, and the seventh-most populous U.S. city, Philadelphia benefits from nearly 1.6 million residents and an estimated GDP of \$477 BN. The city serves as a critical business capital of the east coast anchored by companies including Comcast, Aramark and FMC, and boasts a diverse set of additional demand generators including Independence National Historical Park, a robust convention calendar, universities and educational centers, sports teams, and renowned restaurants, among others. Given the city’s dynamic attributes, the lodging market has remained strong historically, and is expected to exceed 2019 ADR levels by 2023 per CoStar due to its existing fundamentals, drive-to capability and limited reliance on international business. As of Q4 2022, the projected 2023 year-end lodging metrics were 68.4% and \$144.69 for occupancy and rate, respectively. It is important to note, however, that throughout COVID the city has benefited from strong short-term historical length of stay growth (5.9%) and is the 17th best city above the average in terms of total rooms sold (8.54 MM).

Through its impressive transportation system, supporting both domestic and international travelers, Philadelphia is able to command consistent visitation year-over-year. The main rail station (30th Street Station) is one of Amtrak’s busiest stations and services over 12 million customers across Amtrak, SEPTA and NJ Transit. The Philadelphia International Airport (PHL) services over 21 million passengers annually, generates \$16.8 BN to the economy and accounts for 106,000 full-time annual jobs. Pre-COVID, Philadelphia hit a record of 46 million visitors, with approximately 39 million of those who came for leisure purposes. Given the city’s dynamic attributes, the lodging market has remained strong historically, and is expected to recover from COVID-19 and exceed 2019 levels by 2023-2024, according to Tourism Economics. Its existing fundamentals, drive-to capability, expanded leisure offerings, and limited reliance on international business will allow it to be an elastic metro market compared to other top U.S. cities. As of Q1 2023, the projected 2023 year-end lodging metrics were 64.8% and \$144.69 for occupancy and rate, respectively according to CoStar.






HISTORICAL AND PROJECTED TOPLINE PERFORMANCE			
YEAR	OCC	ADR	REVPAR
2015	69.5%	\$131.26	\$91.23
2016	70.7%	\$135.61	\$95.88
2017	69.5%	\$133.37	\$92.69
2018	72.0%	\$135.53	\$97.58
2019	70.7%	\$137.73	\$97.38
2020	39.8%	\$101.86	\$40.54
2021	55.0%	\$120.53	\$66.32
2022	59.9%	\$123.56	\$86.95
2023F	64.8%	\$144.69	\$93.78
2024F	68.4%	\$150.09	\$102.71
2025F	68.7%	\$153.73	\$105.69

SOURCE: COSTAR AS OF Q1 2023 FOR ALL HOTELS IN PHILADELPHIA METRO



HOTEL NIGHTLY RATE COMPS










PRIMARY COMPETITORS – OPERATING PERFORMANCE

PROPERTY	NUMBER OF ROOMS	OCC.	AVERAGE RATE	REVPAR	OCCUPANCY PENETRATION	YIELD PENETRATION
 HILTON INN AT PENN	245	80-85%	\$200-\$210	\$160-\$170	100-110 %	95-100%
 HOMEWOOD SUITES BY HILTON UNIVERSITY CITY PHILADELPHIA	136	80-85%	\$190-\$200	\$160-\$170	100-110%	95-100%
 SHERATON PHILADELPHIA UNIVERSITY CITY HOTEL	332	70-75%	\$170-\$180	\$130-\$140	90-95%	70-75%
 STUDY AT UNIVERSITY CITY	212	75-80%	\$200-\$210	\$160-\$170	100-110%	90-95%
 AKA UNIVERSITY CITY @ CIRA CENTRE SOUTH	133	70-75%	\$325-\$350	\$240-\$250	90-95%	140-150%
SUB-TOTALS/AVERAGES	1,058	78.60%	\$209.52	\$165.00	100%	95.20%
SECONDARY COMPETITORS	2,538	78.20%	\$227.00	\$178.00	100%	102.70%
TOTALS/AVERAGES	3,596	78.40%	\$220.63	\$173.00	100%	100.00%

*SPECIFIC OCCUPANCY AND AVERAGE RATE DATA WERE UTILIZED IN OUR ANALYSIS, BUT ARE PRESENTED IN RANGES IN THE ABOVE TABLE FOR THE PURPOSES OF CONFIDENTIALITY
SOURCE: HVS

HOTEL NIGHTLY RATE COMPS

SECONDARY COMPETITORS – OPERATING PERFORMANCE

PROPERTY	NUMBER OF ROOMS	OCC.	AVERAGE RATE	REVPAR
 NOTARY HOTEL AUTOGRAPH COLLECTION	499	70-75%	\$190-\$200	\$140-\$150
 HOTEL MONACO PHILADELPHIA	268	80-85%	\$240-\$250	\$200-\$210
 HOTEL PALOMAR PHILADELPHIA	230	80-85%	\$230-\$240	\$190-\$200
 LE MERIDIEN PHILADELPHIA	202	80-85%	\$200-\$210	\$170-\$180
 RITTENHOUSE HOTEL	118	75-80%	\$350-\$375	\$270-\$280
 SOFITEL PHILADELPHIA	306	80-85%	\$230-\$240	\$180-\$190
 LOGAN PHILADELPHIA CURIO COLLECTION BY HILTON	391	75-80%	\$250-\$260	\$200-\$210
 WARWICK HOTEL RITTENHOUSE SQUARE PHILADELPHIA	301	75-80%	\$190-\$200	\$140-\$150
 CAMBRIA HOTEL PHILADELPHIA DOWNTOWN CENTER CITY	223	65-70%	\$200-\$210	\$140-\$150
TOTALS/AVERAGES	2,538	78.20%	\$227.00	\$177.57

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SOURCE: HVS



PHILADELPHIA BROAD & VINE DEVELOPMENT

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