

The Art of the Contrarian: What's the deal?

Perspectives from Greenburger, Bendit, Meringoff, Moelis and Rabina



Is it possible for a group of contrarians to agree on anything?

In the case of those who spoke at CollabNet's "Art of the Contrarian" event to a capacity audience on November 15, the answer is a resounding "yes."

What they agreed on is that in business, it's often beneficial to be a contrarian.

This particular group of contrarians included keynote speaker Francis Greenburger, the chairman and CEO of Time Equities, Inc. (TEI), which owns more than 28 million square feet.

"Francis Greenburger is the most interesting guy I know in the business."

— STEPHEN MERINGOFF

Greenburger was interviewed by Harry Dublinsky, managing director of EisnerAmper and co-founder of CollabNet.

The other contrarians were panelists Charles Bendit, Co-CEO and founding partner of Taconic Investment Partners; Stephen Meringoff, managing partner of Himmel + Meringoff Properties; Ron Moelis, CEO and founding partner, L+M Development Partners; and Mickey Rabina, chairman and CEO, Rabina Properties.

Caroline Harcourt, partner of Pillsbury Winthrop Shaw Pittman, LLP, moderated the panel discussion.

What exactly is a contrarian? Meringoff's definition is "someone who goes against the grain," and "doesn't listen to the conventional wisdom."

He sees Greenburger, whom he describes as "the most interesting guy I know in the business," as a good example.

"If you listen carefully to his real estate strategies - what he's doing, it makes extreme sense," Meringoff said. "But it's contrarian. It's against the grain."

Dublinsky asked Greenburger to identify a few of these strategies.

One is the acquisition and stabilization of under-occupied office buildings. In many cases, the discounts on such buildings are "very, very strong," Greenburger explained.

TEI also looks at "certain market segments that fall out of favor," he continued.

One such segment is retail, which the firm thinks is overly discounted today. Other undervalued opportunities exist in the international market. Over the past 18-24 months, TEI has bought 25 or so office buildings in The Netherlands, which experienced a sustained recession. As for returns, Greenburger

estimates current cap rates in the 9-percent range.

What contrarian strategies have the other speakers pursued?

Bendit's "contrarian career" began in 1993, when he left Jones Lang Wootton during a deep recession to start a business.

"People thought I was crazy," he recalled.

Subsequent contrarian moves included the purchase of 1500 Broadway in 1995, the purchase of the Sylvan Lawrence portfolio, and the lease to a then-emerging firm called Google, at 111 Eighth Avenue.

Such contrarian strategies have borne fruit: Since 1997, Taconic has successfully acquired, developed, redeveloped, and repositioned over 15 million square feet of space.

"It's a matter of looking at opportunities that come our way and figuring out how to make them work, when other people may not have seen that type of strategy," Bendit concluded.

Rabina, too, has employed successful contrarian strategies.

His firm, which has owned over 25 million square feet during its 60-plus-year history, bought real estate in the late 80s, "a pretty scary time" when the property values were dropping.

"People thought I was crazy."

— CHARLES BENDIT

In 1996, when many people felt that the Internet was replacing the need for offices, his firm bought 110 Fifth Avenue for \$100 a foot. Today, he noted, rents are approaching \$100/foot at that building.

At other times, the firm plays it safe, especially in frothy markets. "Be objective," he advised. "Don't follow the herd."

Moelis's experiences support such advice.

He started in real estate in the mid-80s, when the market was, as he saw it, overinflated. Around this time, he took advantage of a "counter-cyclical opportunity" arising from the 1986 Tax Reform Act, which provided tax credits to public private partnerships, and he developed affordable housing.

Today, L&M is one of NYC's most prominent developers of affordable housing, and Moelis continues to seek out contrarian opportunities.

Consistent with their history of contrarian successes, several of the panelists view today's market as "frothy" and consequently, are proceeding with caution.

Rabina said: "We're not that comfortable, frankly, investing in this market ...

we're candidly expecting a down cycle and we're just fine sitting around waiting for it."

Meringoff, whose firm's portfolio is valued in excess of \$2.0 billion, noted a lack of "real buying opportunities" in New York City. He added: "We're sit-

"We're not that comfortable, frankly, investing in this market."

— MICKEY RABINA

ting on the sidelines waiting. I'd rather miss a great opportunity than make a bad deal. Taconic's approach, meanwhile, is to be "very, very selective," according to Bendit.

Whether their contrarian strategies involve holding or folding, the panelists are likely to enjoy continued success,

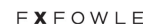
given their strong track records.

Greenburger's is a case in point. As he said: "I put my [career] batting average, although I never computed it, at .650. Everyone here who is a baseball fan knows .650 ain't bad."

CollabNet was established by Dublinsky, investor/media executive Mark Pearlman, and conference producer Karen Gamba of Ellipsis, LLC, to provide a forum for industry leaders to share actionable insights with their peers in a collegial setting. Sports and Arts in Schools Foundation of New York, for which Greenburger serves as chairman of the board, presented the event with CollabNet. Sponsors included bmbj, City National Bank, Conner Strong & Buckelew, EisnerAmper, OneTitle, Pillsbury, The Quest Organization, and Real Estate Weekly (media sponsor).

We are Grateful to our
World-Class Sponsors

(Representative examples)



REAL ESTATE WEEKLY



Come Collab with Us

www.thecollabnet.com

ART OF THE CONTRARIAN

The Sport of Real Estate



Francis Greenburger

REAL ESTATE DEVELOPER & PHILANTHROPIST



Team: Time Equities Inc. (TEI)
Position: Chairman & CEO
Owns: 28.1 million sq. ft.
Development: 1.4 million sq. ft.

Batting Average: .650 - My approach is to make a lot of money on the upside and lose as little as possible when something goes wrong. Nobody bats a thousand.

Recent Home Run: A 50% occupied 450,000 SF class B suburban Cleveland office complex that recovered 100% of our investment in less than three years through advantageous refi that left us with a seven-figure excess cash-flow.

Worst Error: A golf course community in northern Ontario with a developer partner from Toronto. However, after ten years, we seem to have just pre-sold a breakthrough product: micro stay and play units. Maybe this endless saga will have a happy ending after all.

Playing Strategy: "I pick jockeys, not horses."

Field of Dreams (Development Project): 50 West Street – It took ten years, but it changed the skyline of lower Manhattan.

Must Meet: The Pope (and I am not Catholic)
Must Read: "Sapiens" by Yuval Noah Harari
Must Give: Ending the deinstitutionalization movement that caused our country to have vastly insufficient mental health facilities. The result has been mass incarceration. The U.S. prison population is 2.3 million, and one million of those incarcerated have some form of mental illness.

9th Inning Takeaway: "Vision without the ability to execute is just a daydream."

CollabNet Close-up

Francis Greenburger: 2017 Keynote and All-Star Contrarian Investor

CollabNet had many questions for our keynote speaker, Francis Greenburger, which he answered both on and off the podium. As one would expect from an admitted contrarian, he was not shy about sharing his opinions. Below are excerpts from these thoughtful discussions.

On DiBlasio's Re-election: Message to the Mayor

"I think the Mayor has to pay attention to the real estate business are hurting big time. We are the goose that laid the golden egg that is paying for his admirable educational and social initiatives. The golden goose isn't feeling so well today. [The mayor] needs to recognize that."

"We should be investing in infrastructure rather than giving tax cuts to already successful corporations and wealthy people."

On the President's Tax Proposal

"I think the tax proposal will have very negative long-term effects on the national economy ... We have a tax structure that is mostly working and incentivizing our economy in many important ways. We should not FIX what isn't broken."

On U.S. Infrastructure

"Our economy is doing well, and we should certainly be investing in infrastructure rather than giving tax cuts to already successful corporations and wealthy people."

On Obamacare

"I think Obamacare is working for most Americans; some changes are necessary, but this is something our country should have adopted a long time ago. Personally, I cannot be comfortable knowing I am receiving first-class healthcare, and my neighbors' children have a terminal disease and are not being treated."

"Our public schools are the future of our democracy. That's why I feel so committed to them."

On Lessons from the Presidential Election of 2016

"We need to change our electoral system to one decided by the popular vote, to be fairer and end divisive politics. And polls are far from accurate."

"A vote expert once said to me, 'Do you know what people vote?' They don't vote their self-interest, as what we think they vote. They vote their gut. They vote their emotional response to candidates." Unfortunately, Hillary didn't pass that test as well. She passed it, but not as well as she needed."

On Public Schools

"Our public schools are the future of our democracy."

That's why I feel so, so committed to them."

On Contrarian Strategy

"It's not thinking the way the crowd does, [but] trying to make independent, highly informed decisions based on your view of the markets."

On TEI's Contrarian Approach: Three Key Strategies

"If you buy high and something goes wrong, it's a long way down. If you buy low, it's a lot less of a fall."

"Right now, we are big buyers of under-occupied office buildings, with occupancy levels that are below submarket norms, with low per-pound pricing."

"Just as an example, we're under contract in Milwaukee, Wisconsin, for a 600,000-foot office building at sub-\$40 a foot. It's only probably 40-percent occupied ... in an 85-percent submarket. We think we can bring it back to stability and health. When we do, we end up with a double-digit cap rate, which is where we're looking to end up."

"We are buying retail, shopping centers and malls because cap rates are in the double digits. Although we understand the e-commerce problem, we think it's perceived worse than it is, and that there's still a future for retail and for malls."

"If you're not changing, if you're not adapting, you're being left behind."

"We started buying in Europe two or three years ago, because we felt, and it's already evidence, that Europe's recession would be coming to an end and its economy would be growing, which is what has happened over the last 24 months."

"We're always on the lookout for new ideas, but once we identify a niche, we usually follow it until other people start piling in and cap rates go a bit down and pricing goes up."

On the Development of Contrarians – Nature versus Nurture

"[Contrarian skills] are partially genetic and partially developed or acquired. It is a way of thinking and it is a way of looking at risk. Some people feel safe in the status quo and others feel safe trying to make things better and anticipate the future. I think you have to look at these two personality traits, and then the learning comes in."

On Going Against the Grain

"Prices are high and returns are low when you invest in the status quo, and prices are low and potential returns high when you invest in change and in the future. Also if you buy high and something goes wrong, it is a long way down. If you buy low, it is less of a fall. I

prefer the latter."

On Tolerance for Change

"I think that there's a tendency, certainly in the real estate business, to fall in love with your own ideas. And often ideas work for a period of time, in a given set of circumstances. It's important to recognize when those circumstances have changed, or that the entry pricing has changed because other people see the opportunity and then it's no longer as compelling as it was before. So you can't keep doing the same thing regardless of circumstances, even if it worked extremely well for you."

"If you're not changing, if you're not adapting, you're being left behind."

On Exit Strategies

"When an idea is working but pricing moves up rapidly, the blinking yellow light goes on."

"I sell when I have a problem I do not believe I am capable of fixing."

On Emotional Attachments and Investing

"Sometimes we develop a competency in a certain area of the real estate business and tend to follow it even though pricing is moving up rapidly. I had to give up our very large position in the condo conversion business in 1985, because leather ended up costing more than shoes. Competitors of mine who chased the market ended up losing fortunes and not surviving."

On Diversification

"In my career, specific submarkets, project types, and economic regions cycle for reasons that are not fully predictable. By being highly diversified, one can offset unanticipated risks in certain parts of the country with well-performing properties in unaffected markets. For example, I did not anticipate the very high current

"I sell when I have a problem I do not believe I am capable of fixing."

vacancy rate in New York retail and the slowdown in high-end condos."

On Intelligent Risk

"Intelligent risk is not buying into high prices and low cap rates, because a certain class of properties is favored at a given point [in] time. Look beyond market pricing to understand the true dynamics and fundamentals of the marketplace and the property you are considering acquiring. Drill down on the facts ... generally I would rather take a risk on things improving than perfection getting more perfect."

On Expecting the Unexpected

"My experience in life is that highly significant problems occur with some regularity. Build your business and life in a way that you can absorb the shocks, which are sure to come. Survival is the number-one strategy."

ART OF THE CONTRARIAN

Messages to the Mayor: Reflection and Recommendations

Francis Greenburger, our keynote contrarian, describes the real estate sector as "the goose that laid the golden egg that is paying for [the mayor's] admirable educational and social initiatives," and warns that "the golden goose isn't feeling so well today."

What other messages do he and his colleagues have for Bill de Blasio, as the mayor prepares for his second term? In addition to Greenburger, CollabNet asked for input from Charles Bendit, Co-CEO and founding partner of Taconic Investment Partners; David Newton, Managing Director, PyN Investments LLC; and Seth Pinsky EVP, Fund Manager, RXR Realty. Here is what they had to say:

Q: What are your hopes and dreams for the mayor's second term?

I hope that the mayor and the governor work together to improve the quality of living in the city. This would encompass improvements to transportation infrastructure and the educational system. -- Bendit

That he is proactive about helping strengthen the New York City real estate market through tax adjustments, reducing administrative burdens and reducing bureaucratic delays. -- Greenburger

Like any New Yorker, my biggest hope is that he's successful. If he's successful, we will all be successful. -- Pinsky

Q: What is the one specific recommendation you have for him as he commences his second term?

Focus on the economic prosperity of the city and everything that goes along with that. -- Bendit

The most important area is to proactively reduce real estate taxes on retail properties. Vacancies in some neighborhoods are over 25%. The city sets taxes relative to rental income, particularly when it goes up. Now that it is going down, the city should quickly and pro-

actively reduce taxes before the problem gets worse. The same can be said for residential condos and market-rate rental units. Sale and rental velocity is way down and proactive tax relief is required here as well. -- Greenburger

Bill de Blasio should concentrate on improving NYC's quality of life. Learn from the success of your two immediate predecessors -- that's how you will create a legacy. ... Compassionate leadership has its place, but economic vitality "trumps" everything else. -- Newton

I hope that the mayor recognizes that addressing the challenge of affordability, which he has properly identified as one of the biggest challenges facing New York, must involve more than the creation of rent-regulated housing units. To truly overcome this challenge, we need to increase the supply of housing overall quite dramatically -- a task that really can only be achieved if we spread development across the breadth of the region. For this reason, there is no better investment in affordable housing than investments in transportation infrastructure. -- Pinsky

Q: What do you want to commend him on?

I give him credit for establishing universal pre-K. He's also done a good job at keeping the city safe. -- Bendit

Improving education, including after-school programs; supporting criminal justice reform; and advancing affordable housing. -- Greenburger

Displaying compassion is a good thing, but it shouldn't be at the expense of the City's quality of life. He needs to find a better balance, or else his legacy will be considered ineffective. -- Newton

The mayor deserves an enormous amount of credit for universal pre-K and for not just keeping crime down, but also bringing it down, while simultaneously making meaningful reforms in the way the police force operates. -- Pinsky

Nominate Now: Contrarian Investment Hall of Fame

We are seeking nominations for our Contrarian Investment Hall of Fame to honor those extraordinary investment strategies that have successfully challenged conventional wisdom. The process is community-based, and nominees will be recognized by their peers in the industry.

Let your voice be heard. To submit a nomination, please send your suggestion to connect@thecollabnet.com.

Below are our nominations to date:

From Seth Pinsky, EVP, Fund Manager, RXR Realty:

The true visionaries are those that create vibrant communities out of areas that historically were viewed as peripheral. One can see their best work along the Brooklyn and Queens waterfront, on the Far West Side and in the neighborhoods throughout the City that have been literally transformed over the last two decades.

From Charles Bendit, Co-CEO and founding partner of Taconic Investment Partners:

- Related's investments in Hudson Yards, which have totally transformed the area.
- Larry Silverstein's investments along 42nd Street in the Far West Side, at a time when no one was building apartments on 11th and 12th Avenues.
- David Walentas's investments in DUMBO, which is now a very desirable place to live and work.

From David Newton, Managing Director PyN Investments LLC:

- Reichmann's purchase of Urin Properties in 1977, just as the City seemed on the verge of bankruptcy. Everything else pales when compared to this accomplishment. They set the standard.
- You can also include George Comfort & Sons' purchase of Worldwide Plaza in 2009, which they later sold for an enormous profit.

From Steven Simkin, Partner, Paul Weiss

- Edward Minskoff's development of 51 Astor Place which is now the home of IBM Watson Group. It was an architectural gem built at a time during the economic crisis in a questionable neighborhood and built totally on speculation at great risk to Mr. Minskoff.

Eric Anton, Senior Managing Director, Marcus & Millichap

- Leonard Stern's purchase of several massive tracts in Secaucus of marshland catapulted his firm, Hartz Mountain, into one of the largest owners of industrial and suburban office space in the Northeast. Nobody saw the value of this land at the time, and it was quite a risky contrarian bet to acquire such a parcel. This initial bet has resulted in the firm owning 38mm sq. ft. of space as well as class A hotels and office in New York City.
- Donald Trump's acquisition of 40 Wall Street in 1995 was an amazing example of contrarian investing. The entire market of lower Manhattan was in distress. Bankruptcies and foreclosures were the norm. Trump acquired a long-term lease on the building for about 8mm, for over 1.2mm square feet. Today the leasehold is probably worth more than 500mm.

The Sport of Real Estate

Hall of Fame Contrarian Investment



HUDSON YARDS RELATED

CollabNet

Our DNA



- Premier Partners
- Headline Industry Leaders
- Insightful and Actionable
- Optimize Participants' Time
- Principals Only: No-Fee Zone
- Informal "Tiger 21-Type" Platform - Collegial and Discreet
- Worthy of Recommendation



Come Collab with Us
www.thecollabnet.com

ARE YOU PAYING TOO MUCH FOR YOUR ENERGY?

Call today for a **FREE** consultation with our experts.



F&D Partners proudly helps over 600 large clients reduce their energy costs by 25% on average.

F&D PARTNERS SERVICES:

- Energy Procurement (Electric, Gas and Heating Fuel Oil)
- Local Law 84 (Only \$149 per building a year) & Local Law 87
- Demand Response & LED Retrofits
- Mechanical Services (Boiler Conversion, Maintenance etc)

Call Today at
(212) 843-1869/70

or e-mail at
info@fanddpartners.com
for a free consultation.

www.FandDpartners.com



ART OF THE CONTRARIAN

Rules of the Road

The "rules of the road" for contrarians are that there are no rules of the road. Instead, there is rule-bending and rule-breaking. But some people are more comfortable with the status quo.

Says Francis Greenburger: "People hold on to the status quo because they feel more secure in the known than the unknown."

But he also points out that "the world is constantly changing, and static approaches or answers are not sustainable and therefore not secure."

What do contrarians do differently? Here are some actionable insights from a few of our favorite contrarians:

"The art of the contrarian is somebody who knows when to hold them and when to fold them ... when to wade in

where others fear to go, how to go in and gear up for risk, and [assess] risk correctly. It's not stuck with just being a contrarian. Sometimes you go with the flow, sometimes you go with the grain, sometimes you go in the same direction as the crowd, but sometimes you don't. And, to me, that's the art of it. It's not just being a contrarian, it's knowing when to be a contrarian and how." — **Steve Meringoff**

"You look for the patterns. Be objective, don't follow the herd. Most people in our industry are ... it's a nation of sheep, to some degree, where a herd mentality type players, and what everyone else is doing, we get comfort in that and we do that ourselves. Don't do that. Sit back."

"Let the cash flow dictate whether you should be a buyer or seller. If you can figure out a way to stabilize at a num-

ber that you're satisfied with and you have the capacity to carry it, go for it. But if you don't, then sit back and wait for better times." — **Mickey Rabina**

"Every five, six years, we've been looking to our contrarian point of view as to how to take our industry and our expertise, and look at ways to ... benefit and maximize those opportunities. And [these have] been the most successful opportunities that we've had as a business, where we could jump out of the herd and look around and say what's the next wave going to be. And do it in a way that — I don't think it's a thumbing our nose at the experts necessarily — but saying how can we look at what's happening here and tweak it a bit and make it a path for success." — **Ron Moelis**

CollabNet Pulse: Actionable insights from industry leaders

Here are what four industry leaders say about their investing mottos, their best contrarian investment, and the market opportunities and obstacles they envision for 2018.

INDUSTRY LEADER/MOTTO	Best Contrarian Investment	2018 Market Opportunities	2018 Market Obstacles
 <p>Charles Bendit, Taconic Investment Partners</p> <p>"Go with your gut."</p>	<p>The acquisition of 111 Eighth Avenue. No one was looking in this area at the time, and no one had a strategy that was similar to ours. I guess that's why we were successful in winning the bid.</p>	<p>In the residential sector, housing in the boroughs and Upper Manhattan, especially in areas that are transportation hubs. By buying and renovating existing properties and developing new ones in these areas, we can assist in the transformation of these neighborhoods.</p> <p>On the commercial side, the renovation of Midtown office buildings, as tenants vacate and move to newer buildings in the future. The limiting factor is pricing. You have to trade for a price that allows you to invest enough for renovation. You also need largely vacant possession.</p> <p>The Far West Side will continue to attract tenants. And we are looking at the Lower East Side, a Manhattan hub that's close to Brooklyn. We are betting that there will be demand from tenants who want to differentiate themselves from businesses in Midtown.</p>	<p>The economy, interest rates, and capital flows. A capital-constrained market is not a good situation. Those are the uncertainties we'll need to grapple with. Additional ones are tax reforms and immigration policy — these will shape demand for space, both residential and commercial.</p>
 <p>Seth Pinsky, RXR Realty</p> <p>"We focus on opportunities that generate healthy returns for our investors, and present us with the opportunity to do unique value-add projects, while also improving the New York region."</p>	<p>Because of our exclusive focus on the New York region, RXR is often able to observe trends before others in the market observe them. This has served us well. For example, the company returned to the NYC market after the 2008 downturn earlier than many did. We invested in the Far West Side with our purchase of the Starrett-Lehigh building ahead of many in the market. And, more recently, we invested in transit oriented developments in suburban downtowns at a time when few of our institutional peers were doing so.</p>	<p>What's tough about the New York region is that in the prime markets there is too much capital chasing too little inventory. Consequently, prices for land and buildings in those markets are very full. The trick, therefore, is to find places where one can manufacture opportunities. This means targeting geographic areas that the market has not yet discovered, or targeting "hairy situations" where investors can unlock value that others don't see, overcoming entitlement risks, environmental contamination, and transit and infrastructure needs.</p>	<p>Nationally, there are winds that are blowing that bear watching by anyone investing in NYC. For example, there are tax reform and Federal immigration policy, both of which could potentially be very harmful to New York. And the chaos that's been created internationally by our leadership in Washington always has the potential to create blow back for NYC, no matter how insulated from the rest of the world we sometimes feel that we are. Locally, the challenges are two-fold. First, there is the potential impact that actions in Washington might have on state and city budgets. Second, there is the need to address our increasingly dire infrastructure needs.</p>
 <p>Brian Roy, Aichemy-ABR Investment Partners</p> <p>"It's pretty simple: create value, grounded in integrity, through every step of the investment process. Our three key words are creativity, integrity, and teamwork."</p>	<p>Our entire philosophy is to try going against the grain by acquiring and developing properties counter-cyclically, and with various asset classes. But if I had to single out one investment, it would be 211 East 43rd Street in Manhattan, an office building we acquired and are currently repositioning because we believed in the potential of the Midtown East submarket and its proximity to Grand Central, supply and demand drivers, and our ability to deliver smaller floor plates and quality pre-builts.</p>	<p>The debt and capital markets are healthy, and the economy remains steady in many ways. There's a growing demand for urban, walkable lifestyles in cities. Developers in New York City and around the country can feed this excitement by staying the course and building high-quality, affordable and creative product. There are also opportunities in office and retail, selectively. And keep in mind that there are incredible inflows of capital from around the world and across the U.S.</p>	<p>Pricing is still very expensive. We have to fit a certain set of return parameters into our investments, and it's difficult to achieve those in today's climate. It has also gotten difficult to finance land slated for development, but we feel our track record and execution capabilities will enable us to overcome that.</p>
 <p>David Stumer, CEO of MHP</p> <p>"We are conservative by nature and don't put ourselves in risky situations, so our mottos are: 1) Don't highly lever yourself, and 2) ride out every storm. That said, we also invest when everyone else is afraid. There is always more product — and market value when fewer people are out there."</p>	<p>The investments we made in 2008 and 2009 would all qualify. Very few people were buying during this time period because it was so hard to get a loan. While other groups were sitting on the sidelines, we took a chance on what we thought were good opportunities, and executed on four or five different deals.</p>	<p>For 47 years, we have focused on value-adds to commercial office buildings on the island of Manhattan. The profile of the buildings we seek will not change in 2018. But it's harder to find buildings that meet our criteria in the areas of Midtown where we've focused in the past, so we're now looking at opportunities Downtown and on the Far West Side, especially along 8th and 9th Avenues. We wouldn't have looked in these areas in the 2000s.</p>	<p>The biggest hurdle is the amount of money that's out there and the lack of product. The competition has grown fierce.</p>

CollabNet Classics: Words to Invest By

CollabNet's goal is to provide "actionable insights," which are generated from both panel discussions at our events and on-site video interviews. Here are some highlights from our 2017 conversations:

Daniel Rose, Chairman of Rose Associates

CollabNet Moments - videotaped at Infrastructure Marketplace Event (10/3). (Please visit CollabNet website or YouTube Channel to view.)

Investing Approach

"There has to be a rational balance between risk and reward, between present and future. One of the classic definitions of luck is an opportunity for which you are prepared. So as an investor, you have to be aware of the various alternatives and you have to make seasoned rational judgments."

"You don't put all your eggs in one basket, but you have to understand that some of them will fail, so there has to be a rational balance. And there's a certain amount of dumb luck, but you have to assume that the good luck you'll get on the dramatic rises will [more than balance out] the bad-luck ones."

Multi-forms of Capital

"As a practical matter, you're anticipating where will there be growth and incremental value. How can I get leverage where a relatively small amount of imaginative capital has rewards out of all proportion? And the answer is that [leverage] usually comes from emerging needs, or from the better, the very much-improved



use of existing facilities. Capital today involves financial capital, physical capital, social capital, and human capital. How do you integrate all of these forms of capital? Dollars are the cheapest easiest ways if you get all the other [forms] in order."

Infrastructure Needs and Solutions

"We tend to oversimplify -- look for quick fixes -- and the truth is life is more complex than we realize. We need both Robert Moses' thought on infrastructure transportation and Jane Jacobs' thinking about cities that are livable, and we need the thought of an Edward Banfield about social class differences."

Russell Appel, Founding Principal, Praedium Group, at Real Estate Master Class Event (5/9)

Investment Horizon

"Like other industries, real estate is getting more difficult to look at from a long-term outlook. The challenge investors have is that real estate is a long-term asset class, yet demand for space -- with the exception of housing -- is being impacted by myriad technological changes. Forget looking out 10 or 15 years from now; it's even challenging to look five years ahead."

Responding to the Rental Marketplace

"We have to be more sensitive to changes in different types of industries ... because we ultimately have to satisfy the demand of our tenants. Building owners can talk about strategic issues on panels all they want, but at the end of the day, they still have to lease space."

Market Cycle

"On the investment side, there's clearly recognition that real estate is in the later point in the cycle, even if the new admin-



istration is hoping to change that thinking."

"If potential returns compress, then investors will use leverage as a way to extend higher returns. However, there is sensitivity in the market in respect to leverage and risk this time around, given that the downturn was only 10 years ago."

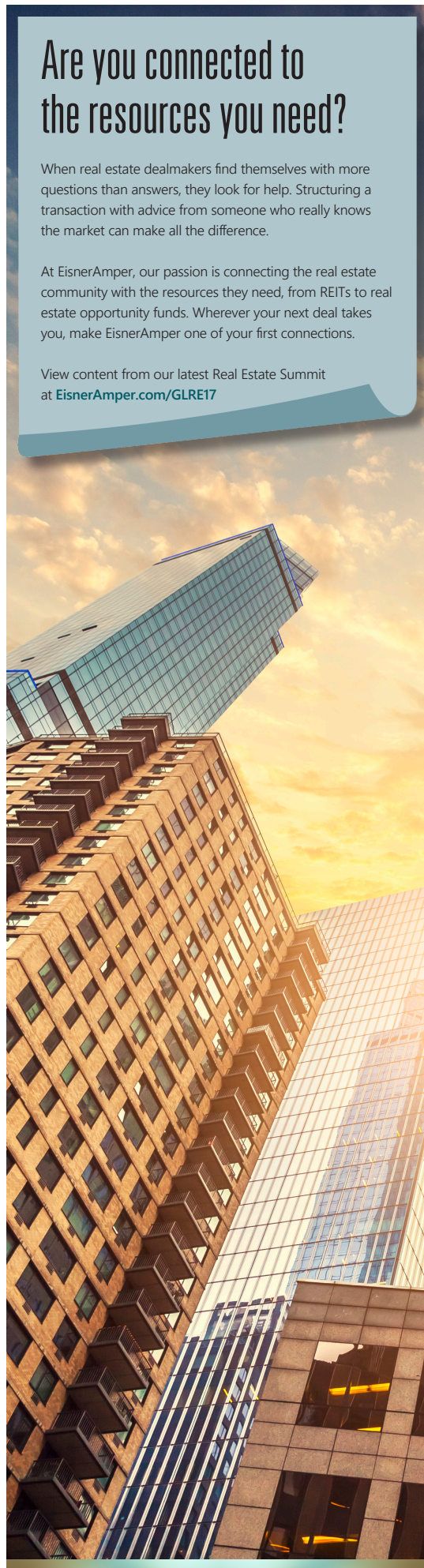
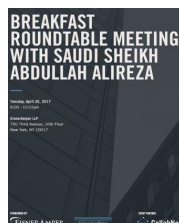
Are you connected to the resources you need?

When real estate dealmakers find themselves with more questions than answers, they look for help. Structuring a transaction with advice from someone who really knows the market can make all the difference.

At EisnerAmper, our passion is connecting the real estate community with the resources they need, from REITs to real estate opportunity funds. Wherever your next deal takes you, make EisnerAmper one of your first connections.

View content from our latest Real Estate Summit at EisnerAmper.com/GLRE17

CollabNet Event Tombstones 2017 Recap



The Art of the Contrarian Event – November 15, 2017



L to R: Mickey Rabina, Rabina Properties and Ron Moelis, L+M Development

Guests gathered at CollabNet's inaugural "Art of the Contrarian" breakfast forum held at the New York Bar Building. The event featured keynotespeaker, Francis Greenburger, Chairman and CEO of Time Equities, Inc. The event drew more than 200 guests in the real estate and finance industries.



L to R: Stephen J. Meringoff, Himmel + Meringoff Properties and Charles R. Bendit, Taconic Investment Partners



AnaTracey Hawkins, Richter + Ratner



Harry Dublinsky, EisnerAmper during his Q&A with Francis Greenburger of Time Equities



L to R: David Newton, PyN Investments, Brandon Williams, City National Bank and Mark Pearlman, CollabNet



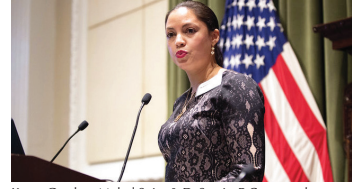
Maureen Fonseca, President, SASF shares greetings at the event



L to R: A guest speaks with Fred Leffel, Kaufman New Ventures



L to R: Lisa Forster, Time Equities and Stephanie Weber, CBC Advisors



Karen Gamba, Molod Spitz & DeSantis, P.C. opens the event and introduces speakers



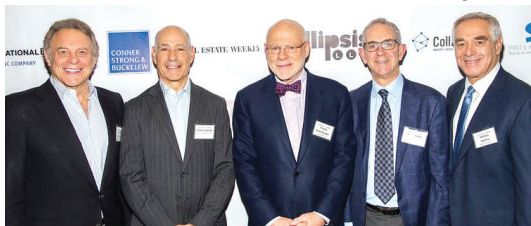
Guests listen in on the "Art of the Contrarian" Q&A



L to R: Paul Homsey, Esq., Noonmark Capital Partners, LLC and Jared Green, Langan



Brandon Williams, City National Bank, offers welcome remarks



L to R: Stephen J. Meringoff, Himmel + Meringoff Properties; Charles R. Bendit, Taconic Investment Partners; Francis Greenburger, Chairman & CEO of Time Equities; Ron Moelis, L+M Development and Mickey Rabina, Rabina Properties.



Caroline Harcourt, Pillsbury Winthrop Shaw Pittman, LLP moderates a panel discussion at the event

SASF
SPORTS & ARTS IN SCHOOLS FOUNDATION
Giving students the edge they need to succeed.

"Public schools are the future of our democracy."
Francis Greenburger, The Art of the Contrarian, 11/15/17

Give students the edge they need to succeed.

Get involved: Contact Kate McGowan, 347-417-8160 or kmcgowan@sasfny.org

CollabNet Pulse: Year-End Charity Giving

Our Pulse interviewees don't think only about investment strategies; they also think about giving strategies. With this in mind, we asked our "Fab Four" to identify their favorite year-end charities. The results:

Charles Bendit, Taconic Investment Partners

My favorite charities are in the area of public education. I'm on the board of Bank Street College and a nonprofit called Pencil, and will continue to support public education in the city.

Seth Pinsky, RXR Realty

My wife and I have a long list of favorites, but, given events since last November, we have been especially focused on areas such as civil rights and civil liberties, the environment, the arts and education.

Brian Ray, Alchemy-ABR Investment Partners

George Washington University, my alma mater. I give back to the school because I like investing in our students, our university, and its Center for Real Estate and Urban Analysis, which is doing great research into Urban Walkable Communities and the future of real estate.

David Sturner, MHP

Any charity that revolves around children. Examples include St. Jude's Children's Research Hospital, Starlight Children's Foundation, and the Make-a-Wish Foundation. We feel that it is our duty to look after people who can't look out for themselves.