



***The Premier Broker for
Senior Housing and Healthcare Facilities***

Jim Baranello, Vice President

484.995.6114 Cell

JBaranello@PrestigeGroup.com

Richard Natow, President

610.348.7400 Cell

RNatow@PrestigeGroup.com

610.902.3900 or 800.866.5876



“PENN WYNN HOUSE”

2201 Bryn Mawr Avenue
Philadelphia, Pennsylvania 19131
Philadelphia County

17 Story ~ 232 Unit
High Rise Apartment Building

\$16,000,000

www.PrestigeGroup.com

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Philadelphia, PA

1. Introduction to the Penn Wynn House: Built in 1960 by Penn Wynn, Inc. a family owned corporation, the Penn Wynn House is a 17 story 232 unit high rise apartment building located at 2201 Bryn Mawr Avenue, Philadelphia, Pennsylvania 19131. The Penn Wynn House sits on 1.96 acres of ground in the Wynnefield section of Philadelphia being situate:

- less than 5 miles from Center City Philadelphia,
- less than 7/10ths of a mile from the campus of Saint Joseph's University and
- less than 1.5 miles from the Philadelphia College of Osteopathic Medicine.

VIEW OF CENTER CITY PHILADELPHIA SKYLINE FROM PENN WYNN HOUSE



¹ IT IS MOST IMPORTANT TO NOTE: that the entire net operating loss carry forward was not generated by operations at the Penn Wynn House; rather, the entire amount of the net operating loss carry forward was acquired statutory tax-free merger effected on 7-31-2015 by Penn-Wynn, Inc. and other entities under 100% common ownership with Penn-Wynn, Inc.

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The Penn Wynn House sits directly in front of the Wynnefield train station which is serviced by the SEPTA Cynwyd commuter rail line with westbound service to Bala Cynwyd and eastbound service to the two center city Philadelphia commuter rail hubs.

The 232 Penn Wynn House rental units consist of the following apartment types:

Type	No.
One Bedroom	82
Junior One Bedroom	16
Two Bedroom - 1 Bath	50
Two Bedroom - 2 Bath	30
Three Bedroom - 2 bath	3
Studio/Efficiency	<u>51</u>
Total	232

The Penn Wynn House has open air (non-revenue) parking for over 100 automobiles, plus 42 rental garage parking spaces in a two level indoor parking garage. The building's construction is steel and reinforced concrete with a brick façade. All but 19 of the 232 units have individual walk-on balconies.³

Three modern elevators service the building. HVAC service is provided by in-unit air conditioners and steam heat throughout the building, fired by two boilers that can burn natural gas or No. 2 home heating oil. In addition to apartment and garage space rentals, the Penn Wynn House receives rental income from two cellular carriers and periodic royalties from cable and laundry room licensees.

Each apartment unit is separately metered for electricity consumption, meters are read internally and electricity is billed through a private third-party biller.

2. Management of the Property:

2.1 Background: Historically, the Penn Wynn House was managed by its shareholder/officers with average occupancy levels in excess of 92%. However, due to the long-term illness and death of a senior office/shareholder, ownership turned over management of the property to outside professional management on February 1, 2014⁴ with the goal being to cure a number of endemic problems that had developed prior thereto.

³ Nineteen (19) of the fifty-one efficiency (studio) apartments do not have balconies.

⁴ Stonehenge Advisors, Inc.

2.2 Cures and Corrections Effected by Professional Management: In addition to running day-to-day operations at a high/professional level, the professional managers have addressed and cured all of the management issues that had developed prior to its retention, including, without limitation, the following:

- (a) Eviction and replacement of all tenants in breach or default of their leases;
- (b) Substantial correction/improvement of collections;
- (c) Repairs, upgrades and replacements of older apartment units.
- (d) Replacement and upgrade of maintenance, leasing and office personnel.
- (e) New common area signage and lighting.
- (f) Landscaping upgrades.
- (g) Creation of strong relationship with Philadelphia Housing Authority, resulting in higher quantity and quality of "Section 8" referrals.
- (h) Correction and cure of outstanding code violations.

3. Recent Capital Improvements:

- A majority of apartment units have been upgraded including installation of new laminate hardwood floors.
- New radiators steam heaters installed throughout 95% of the building. Total radiator count is 501, with 23 remaining to be installed.
- Three new elevator cabs installed in 2001 with new cabling and computer system.
- Dry standpipe system converted to Fire Code compliant "wet" system in 2015.
- New Fire Code compliant fire alarm system installed throughout the building in 2015.

4. Planned/Future Capital Replacements: The key capital upgrades/replacements on the drawing boards include the following:

- **Existing Roof:** Presently serviceable with long term replacement planned. Minor patching/sealing required for four corner penthouse apartment decks.

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- **Boiler Replacements:** Long term boiler replacement indicated for better fuel efficiency. Presently one of two boilers fully operational. Second boiler requires tube replacements and replacement burner. Other minor boiler room replacements should be performed.
- **Hot Water Tanks:** One of two hot water tanks requires replacement.
- **Façade:** pointing and sealing should be performed.
- **Pool Deck & Pool:** Deck sealing required. Pool has not been closed and not used for 20 years, so inspection required to determine extent of upgrade and/or refurbishing.
- **Driveway Sealing & Repair:** Currently serviceable, but long term work required.

5. Available Apartment Units & Occupancy: Nine (9) of the 232 Penn Wynn House apartment units require overhaul and are presently classified as “out of service”; thus leaving 223 units that are occupied or ready for occupancy. At present, six (6) of those 223 units are non-revenue units:

- One occupied rent-free by the Penn Wynn House Chief Engineer,
- Two utilized as lobby-level administrative offices, and
- Three reserved for corporate shareholders.

Of the remaining 217 units, 193 were under lease @ May 31, 2016. As of July 1, 2016, the “rented” count has increased by 12 to a rented count of 205 units and the August 1 lease commitments in place as of this writing will increase the “rented” count to 207. In graphic form, the increase can be shown, as follows:

	5/31/16	7/1/16	8/1/16
Percentage of Rentable			
Rented	193	205	207
Rentable	217	217	217
% Rented: Rentable	88.9%	94.5%	95.4%
Vacant Rentables	24	12	10
Vacant Rentables % of Rentable	11.1%	5.5%	4.6%
Percentage of Total			
Rented	193	205	207
Total Units	232	232	232
% Rented: Total	83.2%	88.4%	89.2%

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6. Rental Values: The key base rent data for the property can be summarized as follows:

100% Occupancy - Market Rates

All 232 Apartments @ Market Rates	\$2,581,560
Add: Existing Cellular Leases @ Actual Rents	<u>\$31,800</u>
Total	<u>\$2,613,360</u>

100% Occupancy - Current Average Rental Rates in Place @ 5-31-2016

All 232 Apartments @ Market Rates	\$2,387,911
Add: Existing Cellular Leases @ Actual Rents	<u>\$31,800</u>
Total	<u>\$2,419,711</u>

Actual Occupancy Data

Actual Occupancy @ 5-31-2016

193 apartments @ existing rental rates	\$2,003,112	
Add: Existing Cellular Leases @ Actual Rents	<u>\$31,800</u>	
Total	<u>\$2,034,912</u>	\$2,034,912

Actual Occupancy Projected to 8-1-2016

14 apartments @ existing rental rates	\$148,920
Total @ 8-1-2016	<u>\$2,183,832</u>

7. Net Operating Income:

7.1 Current NOI Data: As shown on the attached schedule, the Penn Wynn House Net Operating Income ("NOI") for the 12 months ending April 30, 2016 was \$913,901.⁵

Updated NOI figures through June 30, 2016 are being compiled and will be released as soon as available.

7.2 Projected NOI Data: Updating the April 30 trailing 12 month to pick up all rent increases projected to August 1, 2016, the Penn Wynn House will generate annualized Net Operating Income of \$1,029,097 based on the following data⁶:

NOI for 12 Months Ended 4-30-2016		913,901
Base Rents for 12 Months Ended 4-30-2016	2,036,836.00	
Base Rents Based on 5-31-2016 Leases	<u>2,003,112.00</u>	
NOI Reduction - 12 Months ended 5-31-2016	<u>(33,724.00)</u>	(33,724.00)
NOI Increase from 14 New Leases June 1 - Aug 1, 2016		\$148,920
Projected NOI as at 8-1-2016		<u><u>1,029,097</u></u>

⁵ The \$913,901 NOI figure does not include "Administrative and Indirect Expenses" since all of those expenses consist of the annual management company fee plus management company expenses, none of which would be incurred when the property is owner managed.

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8. **Attached Schedules:** The following schedules are attached:

- *OCCUPANCY GRID-FLAT-MW 5-31-2016.xlsx*⁷
 - *Penn Wynn House RENT ROLL @ 5-31-2016*⁸
 - *P&L Flat-MW.xlsx*⁹
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END OF MEMORANDUM – PICTURES & DATA FOLLOW BELOW

⁶ Any and all expenses incurred in readying units for occupancy are treated as capital expenses and do not impact the NOI “bottom line”; likewise, increases and decreases in base rents also go directly to that same NOI “bottom line”.

⁷ **OCCUPANCY GRID-FLAT-MW 5-31-2016.xlsx:** This file sets forth the Penn Wynn House occupancy data “as at” May 31, 2016. The “grid” summarizes in statistical format all of the data set forth on the “rent roll” plus includes the projected occupancy through August 2016. Data updated to June 30, 2016 will be available shortly.

⁸ **PWH RENT ROLL @ 5-31-2016:** Data updated to June 30, 2016 will be available shortly.

⁹ **P&L Flat-MW.xlsx:** This file sets forth line-by-line income and expense data on a monthly basis for the period beginning March 2014 and ending May 2016. To the right of the month-by-month columns are “trailing 12 month” data for each 12 month period beginning with April 2014 all the way up to May 2016.

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PICTURE OF BRYN MAWR AVENUE SIDE OF PENN WYNN HOUSE



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VIEW OF CENTER CITY PHILADELPHIA SKYLINE FROM PENN WYNN HOUSE



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PICTURE OF SEPTA CYNWD STATION BEHIND Penn Wynn House

N.E edge of Penn Wynn
House

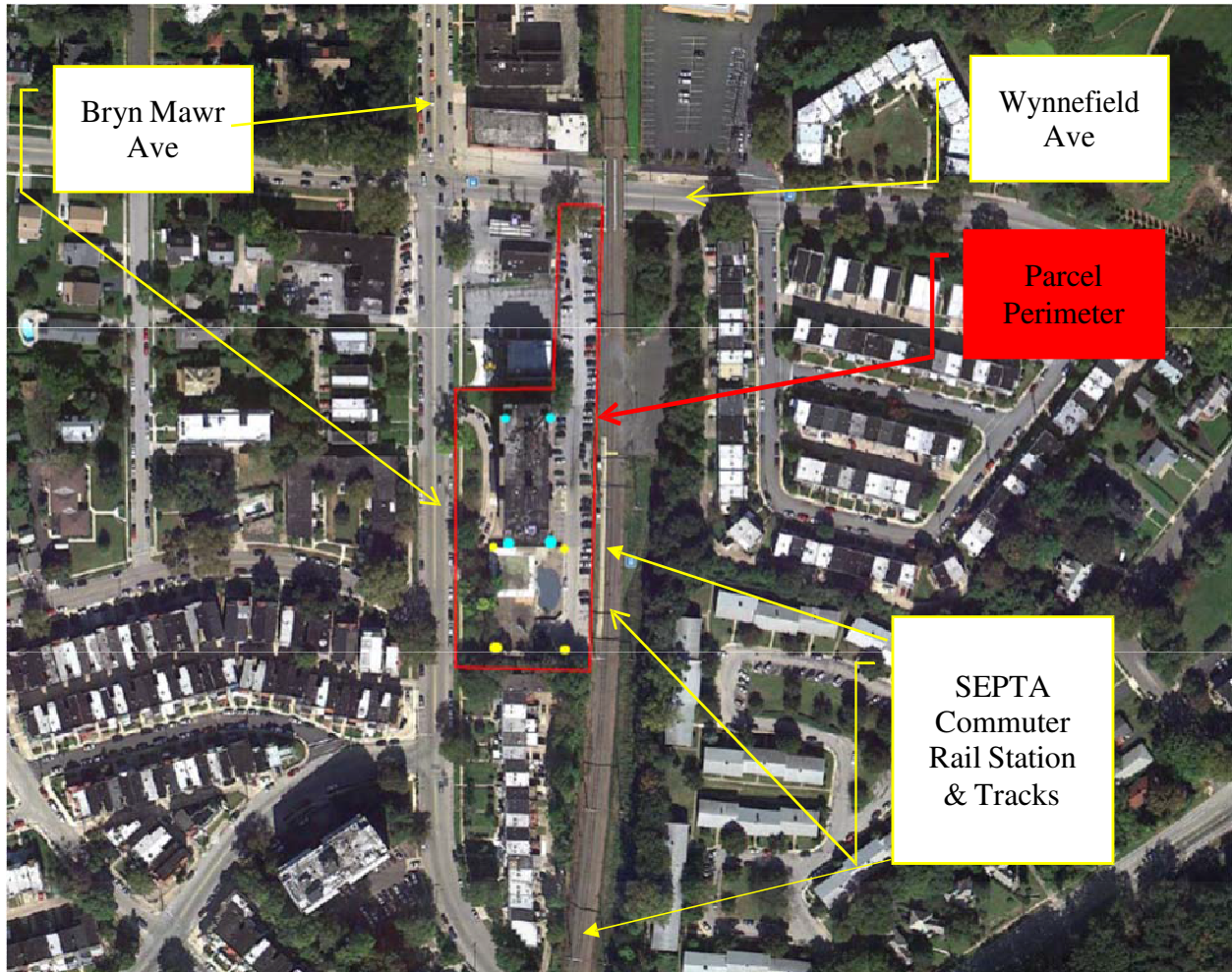


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PROPERTY PERIMETER – SATELLITE VIEW



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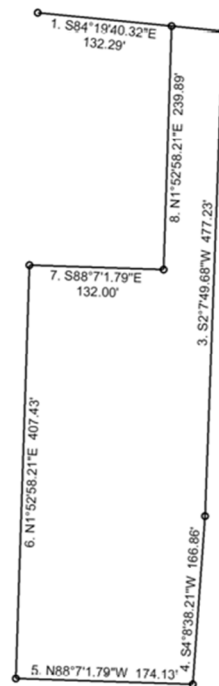
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PROPERTY PERIMETER PER LEGAL DESCRIPTION



Scale: 1 Inch = 124 Feet



Errors and Omissions Excepted.

1. S84°19'40.32"E 132.29'
2. S84°19'40.32"E 50.88'
3. S2°7'49.68"W 477.23'
4. S4°8'38.21"W 166.86'
5. N88°7'1.79"W 174.13'

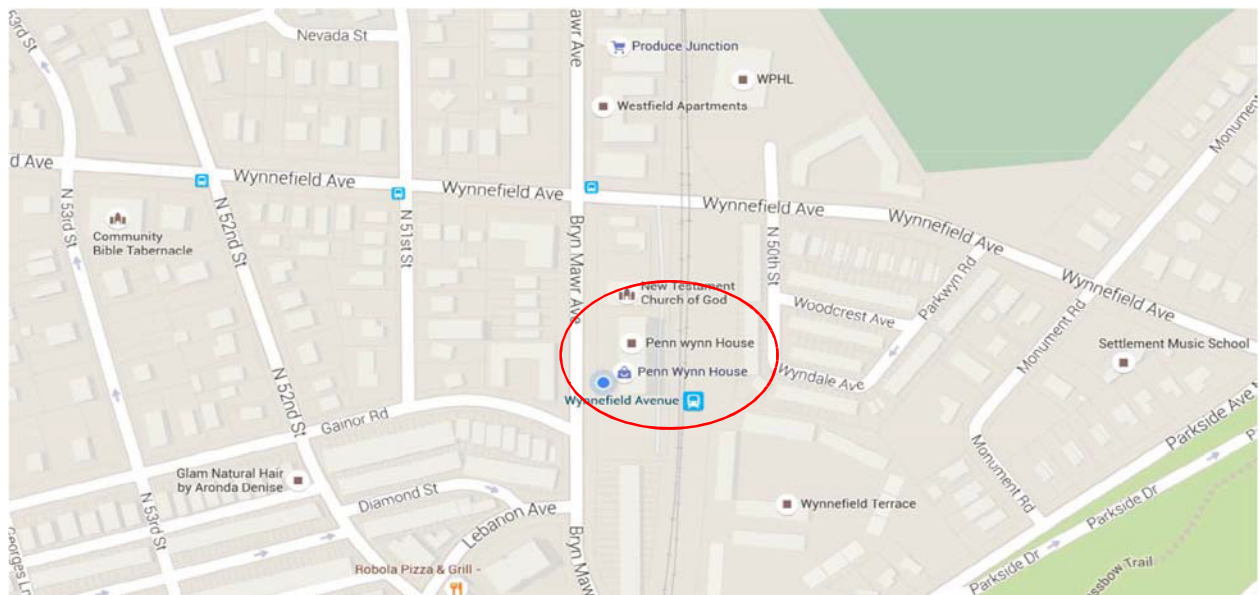
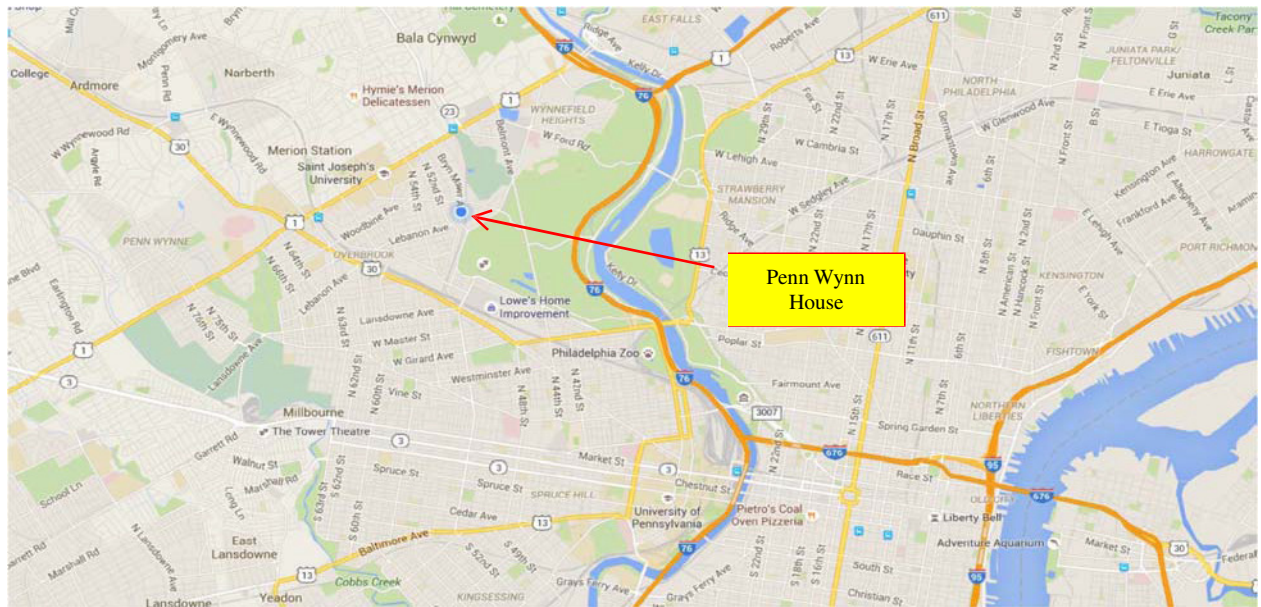
6. N1°52'58.21"E 407.43'
7. S88°7'1.79"E 132.00'
8. N1°52'58.21"E 239.89'

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AREA MAPS



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This information is believed accurate though subject to errors, omissions and changes without notice