

Trinity Place Holdings, Inc. (TPHS) is a real estate company in some trouble:

August 17th – 8k filing revealed the company’s auditors discovered an accounting error that rendered the previous financial statements unreliable.

August 23rd – TPHS received a notice from the NYSE that they were no longer in compliance with listing standards due to the revised filings being overdue (would later be resolved on October 5th).

September 7th – 10q filed for the 2nd Quarter, revealed TPHS would not meet certain September 28th deadlines under its mezzanine loan facility and mortgage loan on its biggest real estate asset, causing certain events of default. Management expressed they expected to amend the mortgage loan agreement:

“(We have) already held productive discussions with our 77 Mortgage Lender and currently expect to enter into an amendment to the 77 Mortgage Loan agreement and the mezzanine loan to extend the Final Completion milestone within the next several weeks. If we are not successful in completing the amendment as contemplated above, and the 77 Mortgage Lender or the lender under our mezzanine loan facility accelerated their respective loan, cross-defaults would also exist, and we would have insufficient cash and liquidity to service our debt and pay operating expenses and other obligations.”

Below is a summary of TPHS’s financial situation from the second quarter 10q:

- Debt: \$248.15m (ST Debt: \$9.25m)
- Cash & Eq: \$3.11m, Restricted Cash: \$13.3m, Available Secured Credit: \$3.5m
- Equity: \$44.9m, LTM EBITDA: -\$5.03m (Interest Expense: \$7.43m)

September 9th – 8k filing detailed ‘new strategic plan’:


“(We have) entered into an exclusivity period with a large asset manager during which time the parties will attempt to negotiate and execute binding documents which would call for refinancing’s at improved economic terms reflecting the reduced risk profile of the Company. Additionally, these documents would call for the availability of new cash and financings for the purpose of making a substantial investment in one or more mutually approved new business opportunities that may activate certain Company attributes.”

Today – Still no updates on strategic partnership or refinancing efforts, third quarter filing is due in the next two days...











Despite its troubles, there can be no doubt that TPHS owns some very valuable properties:

1. **77 Greenwich** (Lower Manhattan, NY): 90-unit upscale condo with a 476-seat NYC District 2 elementary school and 7,500 square feet of retail space
 - o SCA paid TPHS ~\$42m for the ownership and construction of the elementary school
 - o They also reimbursed TPHS for \$51m of construction costs
 - o Original construction facility = \$189.5m
 - o [TCO's received 3 days ago](#) for the luxury 29th floor and up units, 29A is in contract for \$4.35m, 36A is listed for \$5.5m
 - o At least \$22.75m has been generated (pre-commissions, etc.) on closed 77 Greenwich sales since the 2nd quarter ended (6/30):

Date	Unit	Price	Listing status	Beds	Baths	ft ²	Floorplan
11/07/2022	#18C	\$2,250,000	Sold (cannot find gov't record)	2 beds	2.5 baths	1,328 ft ²	
10/11/2022	#17D	\$2,135,000	Sold (cannot find gov't record)	2 beds	2.5 baths	1,371 ft ²	
09/19/2022	#22A	\$3,500,000	Sold (cannot find gov't record)	3 beds	2.5 baths	1,721 ft ²	
09/19/2022	#25A	\$3,750,000	Sold (asking: \$4,155,000.00 -9.75%)	3 beds	2.5 baths	1,721 ft ²	
08/31/2022	#23C	\$2,295,000	Sold (cannot find gov't record)	2 beds	2.5 baths	1,328 ft ²	
08/15/2022	#19A	\$3,363,543	Sold (asking: \$3,840,000.00 -12.41%)	3 beds	2.5 baths	1,721 ft ²	
08/05/2022	#16D	\$2,010,457	Sold (asking: \$2,000,000.00 0.52%)	2 beds	2.5 baths	1,371 ft ²	
08/02/2022	#26C	\$2,495,000	No Longer Available on StreetEasy	2 beds	2.5 baths	1,328 ft ²	
07/22/2022	#21A	\$3,450,000	Sold (asking: \$3,930,000.00 -12.21%)	3 beds	2.5 baths	1,721 ft ²	

I know this at least mostly accurate because in the 2Q (3/31 – 6/30), TPHS recorded \$5.1m of gross sales from Greenwich units, and that lines up well with the \$5.4m sold according to the information online:














06/24/2022	#31B	\$3,110,000	No Longer Available on StreetEasy	2 beds	2.5 baths	1,487 ft ²	
05/27/2022	#29B	\$2,850,000	Sold (asking: \$2,995,000.00 -4.84%)	2 beds	2.5 baths	1,487 ft ²	
05/26/2022	#21D	\$2,580,000	Sold (asking: \$2,580,000.00)	2 beds	2.5 baths	1,371 ft ²	
05/03/2022	#35C	\$4,645,000	No Longer Available on StreetEasy	3 beds	3.5 baths	1,905 ft ²	
05/03/2022	#29C	\$3,775,000	No Longer Available on StreetEasy	3 beds	3.5 baths	1,905 ft ²	
05/03/2022	#36B	\$3,325,000	No Longer Available on StreetEasy	2 beds	2.5 baths	1,331 ft ²	
05/03/2022	#25D	\$2,760,000	No Longer Available on StreetEasy	2 beds	2.5 baths	1,371 ft ²	
05/03/2022	#22C	\$2,655,000	No Longer Available on StreetEasy	2 beds	2.5 baths	1,328 ft ²	

2. **237 11th** (Brooklyn, NY): 12-story, 105-unit multi-family property
 - o 99.1% leased as of 6/30
 - o 80,000 rentable square feet
 - o Purchased for \$81.2m
 - o Property benefits from a 15-year Section 421-a real estate tax exemption

3. **250 North 10th** (Brooklyn, NY): 234-unit multi-family property
 - 10% interest through a JV
 - Purchase for \$137.75m in 2020 (10% = \$13.78m)
 - 98.3% leased as of 6/30
4. **Paramus** (Paramus, NJ): occupied by retail tenants
 - 100% leased as of 6/30
 - 77,000 total square feet of rentable space
 - 73,000 square feet presently leased to Restoration Hardware
 - Currently exploring a sale

There is no question in my mind that the value of these assets is enough to cover the debt and some, but not at fire sale prices. Unfortunately, time is working against TPHS. Given the ongoing negotiations to refinance/enter a strategic partnership, my analysis on the terms of the debt obligations and the consequences is probably not worth presenting/reading at this time. Additionally, who-ever the strategic partner is will almost certainly demand some type of equity, perhaps the lenders as well. It seems though that it would be in all parties' best interests, to extend TPHS a lifeline so that they can monetize the property assets at the best possible price.

The current listings of 77 Greenwich units from the property's website are below:

RESIDENCE	BEDROOMS	BATHS	SQ FT	PRICE	FLOORPLAN
22B	1	1.5	842	\$1,575,000	
26B	1	1.5	842	\$1,749,000	
17D	2	2.5	1,371	\$2,135,000	
18C	2	2.5	1,328	\$2,250,000	
26C	2	2.5	1,328	\$2,495,000	
27D	2	2.5	1,371	\$2,695,000	
30B	2	2.5	1,487	\$2,850,000	
15A	3	2.5	1,721	\$3,000,000	
18A	3	2.5	1,721	\$3,360,000	
31C	3	3.5	1,905	\$3,495,000	
23A	3	2.5	1,721	\$4,055,000	
28A	3	2.5	1,983	4,325,000	
36A	4	3.5	2,277	\$5,500,000	

Evidently, most of the expensive units have not been listed yet. Perhaps this is intentional on the part of the Company, as they wish to wait for real estate pricing to recover, or an effort not to flood the market. Maybe it also means that they are confident in the strategic partnership/refinancing efforts, as presumably they would otherwise be forced to sell these units for whatever cut rate they could get. Before the announcement of the refinancing, you could calculate what price/square foot, the market was implying TPHS would be able to sell the rest of their inventory at. But because we are in the dark regarding the debt, you cannot realistically do that anymore. However, what is important to note is that

of the 27 sold units, only 8 have been above the 21st floor, and only 4 of the sold units were in the “A” line:

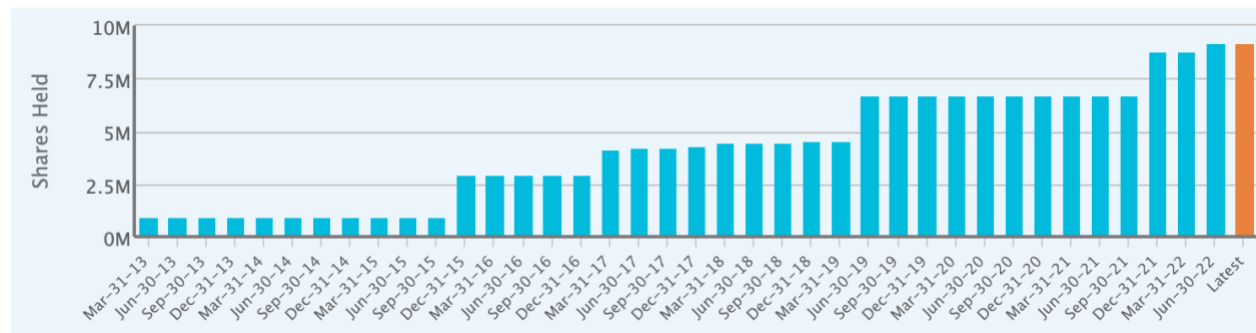
Floor	Sales Price				Square Foot				Per Square Foot			
	A	B	C	D	A	B	C	D	A	B	C	D
42												
41												
40												
39												
38												
37												
36	5,500,000				2,277	1,331			2,415			
35					2,277	1,331						
34					1,983	1,487	1,905					
33					1,983	1,487	1,905					
32					1,983	1,487	1,905					
31			3,495,000		1,983	1,487	1,905				1,835	
30		2,850,000			1,983	1,487	1,905					
29	4,350,000	2,850,000			1,983	1,487	1,905		2,194	1,917		
28	4,325,000	2,875,000			1,983	1,487	1,905		2,181	1,933		
27				2,695,000								1,966
26		1,749,000	2,495,000	2,400,000	1,721	842	1,328	1,371		2,077	1,879	1,751
25	3,750,000				1,721	842	1,328	1,371	2,179			
24		1,639,000			1,721	842	1,328	1,371		1,947		
23	4,055,000	1,612,000	2,295,000		1,721	842	1,328	1,371	2,356		1,728	
22	3,500,000	1,575,000			1,721	842	1,328	1,371	2,034	1,871		
21	3,450,000	1,450,000	2,495,000	2,580,000	1,721	842	1,328	1,371	2,005	1,722	1,879	1,882
20		1,500,000			1,721	842	1,328	1,371				
19	3,363,543	1,380,000	2,250,000		1,721	842	1,328	1,371	1,721	1,639	1,694	
18	3,360,000	1,380,000	2,250,000	2,120,750	1,721	842	1,328	1,371	1,952	1,615	1,694	1,547
17		1,325,000	2,125,000	2,135,000	1,721	842	1,328	1,371		1,574	1,600	1,557
16		1,315,000	2,229,000	2,010,457	1,721	842	1,328	1,371		1,562	1,678	1,466
15	3,000,000	1,295,000	2,485,000	1,995,000	1,721	842	1,328	1,371	1,743	1,538	1,871	1,455

■ Asking Price
■ Under Contract
■ Sales Price

(This spreadsheet was adapted from @thepupil's on twitter. I have simply updated the sales/listings/under contracts, but this is really his work. Also, some square foot data is missing)

You can come up with your own assumptions as for how much/when the rest of the units will sell – I don't have the experience in this space to make an accurate judgement. But if you start plugging in the numbers, it isn't hard to see why this situation is potentially fascinating. At current prices the market seems to believe the more expensive upper-level units will sell at a \$/per square foot below what the cheaper lower-level inventory has sold at. Though there needs to be a massive discount for the debt and uncertainty about what future obligations will look like, and it's impossible to know right now if the market is assigning a discount that is appropriate.

Legendary value investor, Michael Price, who unfortunately passed in March was an investor in TPHS through his fund since 2013. He increased his position substantially in a couple of recent periods:



At one-point TPHS was a \$30m holding in his fund, was their 4th largest holding at the time. Even at the time of his passing, it was a top 15 holding, at around \$15m. Obviously this decline was due to the share price tanking, not selling on his part. The same holds true today as it is now only a \$6.5m position. Obviously, funds can window dress their holdings and the data doesn't include foreign positions, or non-equity securities, but it's still interesting that such a renowned value investor was big on TPHS. Price and many other value investors have been burned by TPHS in the last decade or so, and it's never a good

idea to buy something just because someone well known did. I only present this information because I think it's interesting.

In summary, TPHS has been left for dead, but not for no reason. Unfortunately, I currently lack the experience and expertise to make a decisive judgement call, but it's a situation to monitor.