
From the Orlando Business Journal:
<https://www.bizjournals.com/orlando/news/2021/03/02/orlando-fashion-square-redevelopment-construction.html>

Analysis: What this New Jersey developer's entry into Orlando Fashion Square deals means for the mall's redevelopment

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Questions linger about how a new developer will fit into the puzzle of Orlando Fashion Square's redevelopment plans — and what the future is for a \$1 billion vision to transform the mall.

On Feb. 24, *Orlando Business Journal* first reported Lodi, New Jersey-based developer JMP Holdings Corp. was in discussions with Philadelphia-based The Bancorp Inc. (Nasdaq: TBBK) whose related TBB Orlando LLC owns the mall's improvements, or the buildings above the dirt.

Meanwhile, Orlando-based Unicorp National Developments Inc. and **Maury L. Carter & Associates Inc.**, the owners of the dirt beneath the buildings, are pressing ahead on their \$1 billion plans to redevelop the mall northeast of Maguire Boulevard and Colonial Drive near downtown Orlando into apartments, retail, restaurants, office space, a hotel and a parking garage. The two companies have been in talks with Bancorp for over a year to buy the improvements in order to start the redevelopment process.

Lease language

Representatives with Bancorp and JMP Holdings weren't available for comment. "We expect to continue our efforts to dispose of the mall, which was appraised in June 2020 for \$17.5 million," according to a Bancorp Nov. 9 filing to the Securities and Exchange Commission.

Unicorp President Chuck Whittall said Feb. 24 that Bancorp wasn't going to have success getting anything done without working with



RYAN LYNCH/OBJ

The now closed JCPenney at Orlando Fashion Square.

the Orlando developer.

Experts who aren't involved in the deal say the entire redevelopment deal hinges on the language of the long-term ground lease between the landowners and the building owners. The terms of that lease, which aren't publicly known, dictate how these two sides would work together in order to redevelop the mall.

"It all depends" on the ground lease, said [Lisa Dilts](#), principal of Winter Park-based real estate advisory company [Compspring LLC](#), who is not involved with Orlando Fashion Square. "The owner of the land obviously benefits from the value of what's built there."

Financing a deal

That said, a ground lease may create hurdles when financing a redevelopment project. [Gregg Logan](#), Orlando-based managing director of RCLCO, said he was involved in a deal with an 80-year ground lease where a developer came in, made improvements and was able to get the project financed despite the lease. "Relative to to getting something financed, that would be influenced by how much time remains on the ground lease," said Logan, who is not involved with Orlando Fashion Square. "If a short term is remaining, that could make capital providers like investors or banks hesitant to provide financing for the redevelopment."

However, the landowner typically is in a less risky position than the improvements owner when it comes to redeveloping a property with a ground lease. After all, the landowner must be paid in a timely manner by the improvements owner for its ground lease or risks defaulting. Many times, a default triggers the landowner in taking ownership of the buildings.

"The landowner has the benefit of watching to see what ground lease tenant will do," said [Blaine Strickland](#), CEO of Winter Garden-based real estate consulting firm HBS Resources Inc, who isn't involved with Orlando Fashion Square. "If [a redevelopment project] works, the landowner receives ground lease payments. If it doesn't work, it's like evicting a tenant."

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