



# NMHC

## Emerging Leaders Group

### ***Mock Investment Committee Session***

Moderator: Kara Wiard - Eastdil

#### *Panelists:*

Andy Green  
*TriBridge Residential*  
Value Add

Cliff Chandler  
*Greystar*  
Value Add

John Gray  
*Lennar Multifamily*  
*Communities (LMC)*  
Development

#### *Investment Committee:*

Ziv Cohen  
*Resmark*

Clyde Holland  
*Holland Partner Group*

Steven Shores  
*Pollack Shores*





**VALUE-ADD ACQUISITION – The Ashford Apartments**  
**Atlanta, Georgia**  
**PRESENTED BY – ANDY GREEN, TRIBRIDGE RESIDENTIAL**





## PROPERTY OVERVIEW

- The Ashford is a 221 unit garden style apartment community location in Brookhaven, an affluent submarket of Atlanta – average home value within 1-mile is \$353,000.
  - The community is comprised of 15 residential buildings which sit on 23 acres at the corner of two heavily trafficked roads, Johnson Ferry Rd (14k cars) and Ashford Dunwoody Rd (23k cars).
- The property features a townhome like living environment with large floor plans and parking available in front of each unit.



Unit Mix	Units	% Mix	SF
1 Bedroom - 1 Bath	31	14%	908
2 Bedroom - 2 Baths	172	78%	1,265
3 Bedroom - 2 Baths	18	8%	1,607
Total/Average	221	100%	1,243

- The property underwent significant renovation in 2005 with all new roofs, windows and HVAC systems and a modernization of unit interiors from their original 1960's finishes.
  - While unit interiors were modernized, they were not finished to the level of comparable class-A product.

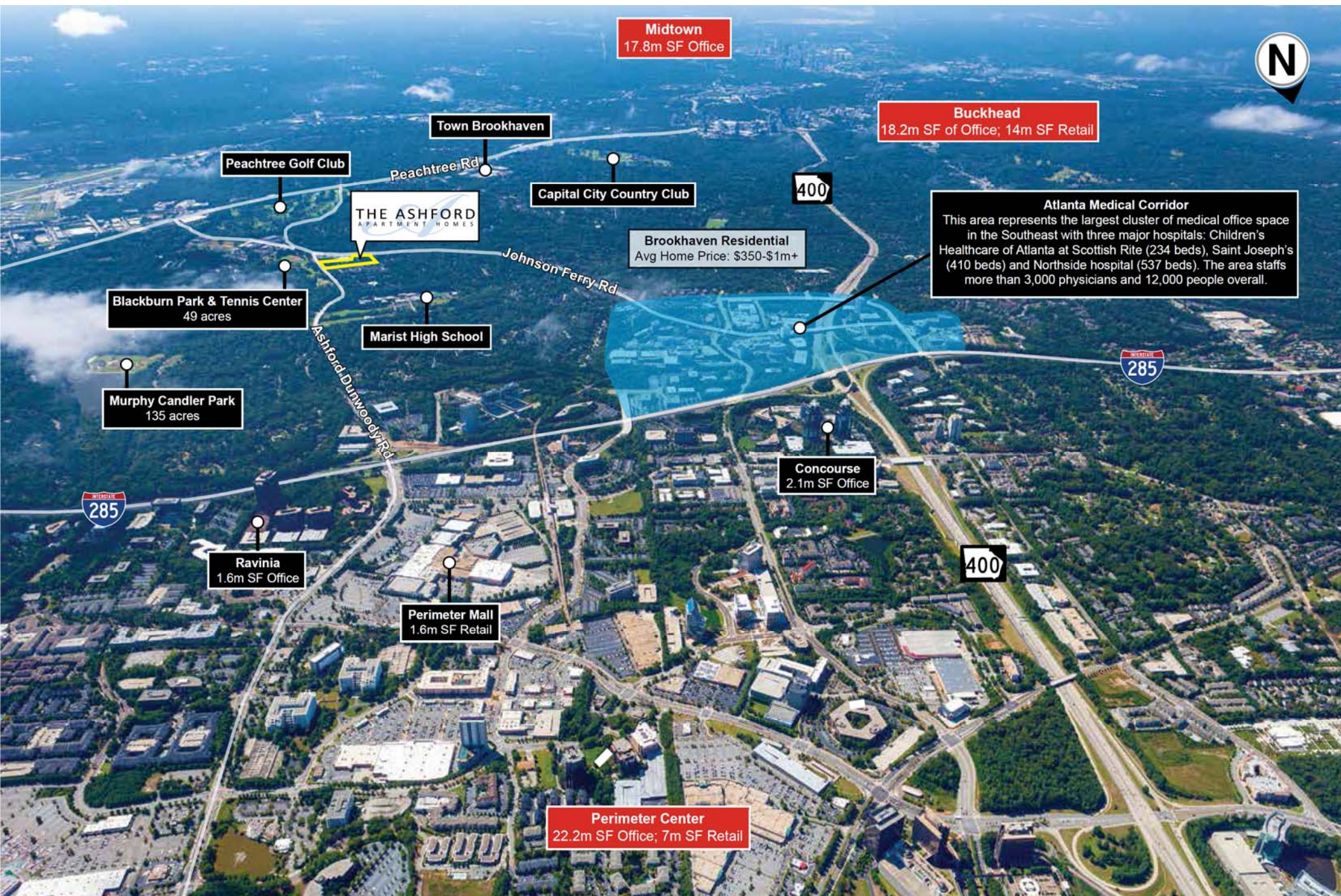


# AERIAL





# AERIAL





- **Low Leverage – High Cash Flow**

- The JV will close on the asset with an approximate 7.5% cash-on-cash return.
- The existing loan will be assumed and will provide leverage at a conservative 50% while having a low 3.65% fixed rate with 5 years of term left, all interest only.
  - The debt service coverage ratio at closing will be 3.1x.

- **High Barrier Infill Location**

- Brookhaven is Nearly Impossible to Zone for New Apartments
  - Brookhaven became an incorporate city in December 2012. While several new apartment projects have delivered in the past couple of years, these were residual entitlements given by DeKalb County prior to the City of Brookhaven being established.

- **Take Advantage of Renters' Ability to Pay More Rent**

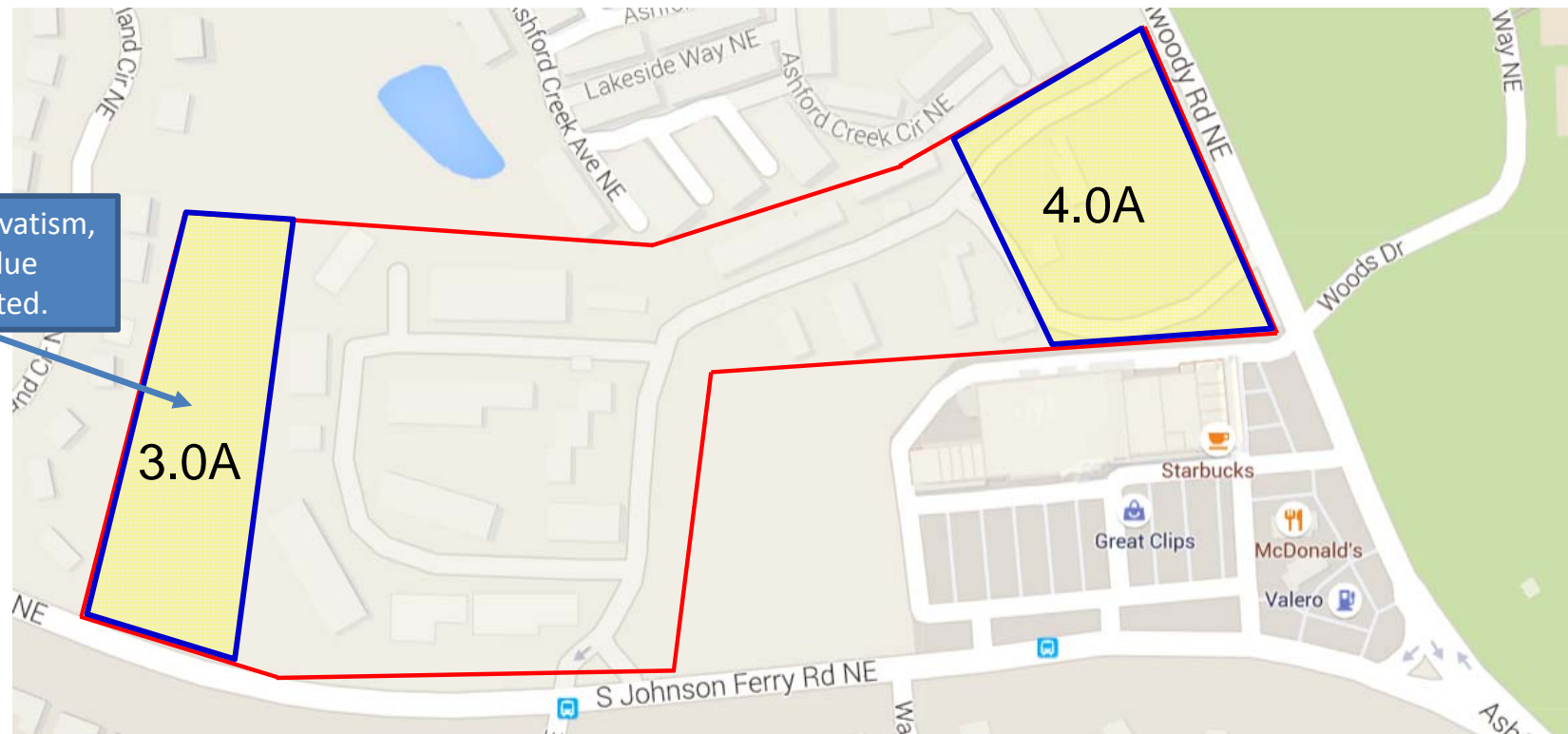
- Median Household Income
  - The median income at the property is \$86,077.
  - Tenants can afford rent equal to 1/3<sup>rd</sup> of their gross income, or in this case, a monthly rent of \$2,391. This is a greater than \$1,100 gap between the current rents and the amount the renters are able to pay.
- Large Rent Gap Relative to New Product
  - Newest property in submarket, Heights at Brookleigh, achieving \$2,000 rents on similar sized units compared to The Ashford at \$1,227, an approximately \$775 gap.



# INVESTMENT THESIS

- **Opportunity to Profit from Additional Land and Entitlements**

- Property sits on 23 acres with density of 9.6 units per acre and is zoned for 12 units per acre or 276 units – 55 more units than are currently on the site.
- Preliminary conversations with townhome developers suggest land worth \$100-\$125k per developable pad, or \$4.8-\$6.0m for the front 4.0 acres at 12 homes per acre.





## BUSINESS PLAN

- **Unit Interiors:** \$6,511 per unit interior renovations \$150 rent premiums.
  - The bulk of the renovation dollars will be spent in the kitchen.
  - The renovation scope can be found in the table to the right.
- **Amenities:** The JV will spend \$150,000 on a light FF&E upgrade in the clubhouse, fitness center and pool deck.
  - Clubhouse is an old home from the 1940's that was significantly renovated by the prior owner.
- **Sell Excess Land:** Potential upside through selling excess land and entitlements (55 units) to townhome developer.
  - While the JV estimates the value of the 4.0 acre parcel to be as much as \$6.0m, the underwriting currently contemplates netting only \$4.0m for that land.
  - The back 3.0 acres would be ideal for an additional 7 single family homes. This additional land is worth approximately \$1.4m, of \$200k per pad. No value is being attributed to this land in the underwriting.

Renovation Scope		
Kitchen Granite		\$1,231
Kitchen Faucet & Sink		\$396
New Appliances		\$2,250
Appliance Install		\$121
Tile Backsplash		\$901
Lighting Fixtures		\$288
Bathroom Hardware		\$214
Cabinet Pulls		\$140
Blinds		\$651
Demo/Punch Out		\$69
Subtotal		\$6,261
PM Fee	4.00%	\$250
<b>Total</b>		<b>\$6,511</b>

# Property Photographs





# BUSINESS PLAN

- The chart below is an analysis that shows the returns of the project in three cases:

- [A] Only the front 4.0 acre parcel is sold and the JV nets \$4.0m. No value is given for the back 3.0 acre parcel and no units are renovated.
- [B] All units are renovated for \$6,511 per unit to earn a \$150 rent premium. No land is sold.
- [A+B] Both the 4.0 acre parcel is sold for \$4.0m and all units are renovated.

Pro Forma				
	In-Place At Closing	[A] In-Place After Land Sale	[B] Year 3 Post-Reno.	[A+B] Land Sale and Reno.
Total Income	\$3,399,392	\$3,399,392	\$3,956,934	\$3,956,934
Total Expenses	(\$1,526,455)	(\$1,526,455)	(\$1,594,917)	(\$1,594,917)
Net Operating Income	\$1,872,937	\$1,872,937	\$2,362,018	\$2,362,018
Debt Service	(\$604,988)	(\$458,988)	(\$604,988)	(\$458,988)
Cash Flow After DS	\$1,267,949	\$1,413,949	\$1,757,030	\$1,903,030
Land Sale	\$0	(\$4,000,000)	\$0	(\$4,000,000)
Basis	\$33,258,000	\$29,258,000	\$34,866,600	\$29,258,000
<b>Unlevered Yield</b>	<b>5.6%</b>	<b>6.4%</b>	<b>6.8%</b>	<b>8.1%</b>
Total Equity	\$16,683,000	\$16,683,000	\$18,291,600	\$18,298,879
<b>Levered Yield</b>	<b>7.6%</b>	<b>8.5%</b>	<b>9.6%</b>	<b>10.4%</b>
5 Year Average Cash-on-Cash		9.1%	9.2%	9.9%
<b>Levered IRR</b>		<b>15.7%</b>	<b>15.6%</b>	<b>19.0%</b>
<b>Equity Multiple</b>		<b>1.88x</b>	<b>1.90x</b>	<b>2.17x</b>

# UNDERWRITING METRICS

Project Summary	
Units	221
Rentable Square Feet	274,610
Parking Ratio	2.0

Type	Units	Size	T-12	PSF
1 x 1	31	908	\$958	\$1.06
2 x 2	172	1,265	\$1,248	\$0.99
3 x 2	18	1,607	\$1,491	\$0.93
<b>Totals</b>	<b>221</b>	<b>1,243</b>	<b>\$1,227</b>	<b>\$0.99</b>

Project Costs	\$ Amount	Per Unit	Per SF
Purchase Price	\$32,000,000	\$144,796	\$117
Interior Upgrades	\$1,458,600	\$6,600	\$5
Aminity Upgrades	\$150,000	\$679	\$1
Deferred	\$300,000	\$1,357	\$1
Closing Costs	\$958,000	\$4,335	\$3
<b>Total Costs</b>	<b>\$34,866,600</b>	<b>\$157,767</b>	<b>\$127</b>

Project Capitalization	\$ Amount	Total %
Equity at Closing	\$16,683,000	48%
Capital Calls	\$1,608,600	5%
Debt	\$16,575,000	48%
<b>Total Capitalization</b>	<b>\$34,866,600</b>	<b>100%</b>

Loan Assumption Details	
Lender	Freddie Mac
Rate	3.65% Fixed
Amortization	Interest Only Through Maturity
Term Remaining on Loan	5 Years

Major Assumptions	Detail
<i>Timing and Cost:</i>	
Interior Upgrades Timing	~ 9 per month 24 months
Interior Upgrades Cost	\$6,511
Rent Increase	28% \$150
Occupancy During Renovation	93.00%
Stabilized Occupancy	95.00%
<i>Income and Expenses:</i>	
T-12 Effective Rent	\$1,227/unit \$0.99
5 Year Rent Growth	3.00%
Other Income - Excluding Reimb.	As % of GRP 7.54%
Expenses Per Unit	43% Expense Ratio \$6,607
Property Tax Reassessment	95% of Purchase Price
<i>Exit:</i>	
Hold Period	5 Years
Cap Rate	6.25%
Gross Sales Price Per Unit	\$193,256

Projected Returns (Assumes No Land Sale)	
In-Place Return on Cost (At Closing)	5.6%
Stabilized Return on Cost (Yr 3)	6.8%
5 Year Average Cash-on-Cash	9.2%
Unlevered IRR	9.9%
Levered IRR	15.6%
Equity Multiple	1.90x

Projected Returns (Including Land Sale)	
Net Proceeds from Sale of Land	\$4,000,000
Unlevered IRR	9.9%
Levered IRR	19.0%
Equity Multiple	2.17x





# RENT COMPS

## Rent Comparables Summary

<i>Property Name</i>	<i>Year Built</i>	<i>Unit Count</i>	<i>Square Feet</i>	<i>Asking Rent</i>	<i>Asking PSF</i>	<i>\$ vs. Ashford</i>
The GoodWynn at Town: Brookhaven	2009	372	1,103	\$2,017	\$1.83	\$790
1105 Town Brookhaven Apartments	2014	299	976	\$1,863	\$1.91	\$636
Aspire Perimeter	1996	296	1,146	\$1,834	\$1.60	\$607
Brookleigh Flats	2013	335	997	\$1,748	\$1.75	\$521
Windsor at Brookhaven	2010	287	945	\$1,662	\$1.76	\$435
Exchange at North Haven	2001	406	1,052	\$1,519	\$1.44	\$292
Miller Station on Peachtree	2006	200	1,039	\$1,478	\$1.42	\$251
The Ashford - Post-Renovation	1967/2005	221	1,243	\$1,377	\$1.11	\$150
Rock Creek at Ashford	1987	222	830	\$1,289	\$1.55	\$62
Post Brookhaven	1992	735	933	\$1,253	\$1.34	\$26
The Ashford	1967/2005	221	1,243	\$1,227	\$0.99	\$0
<b>Total / Weighted Average</b>		<b>3594</b>	<b>1,030</b>	<b>\$1,560</b>	<b>\$1.52</b>	<b>\$333</b>

## 2 Bedroom

<i>Property Name</i>	<i>Year Built</i>	<i>Unit Count</i>	<i>Square Feet</i>	<i>Asking Rent</i>	<i>Asking PSF</i>	<i>\$ vs. Ashford</i>
The GoodWynn at Town: Brookhaven	2009	155	1,432	\$2,345	\$1.64	\$919
1105 Town Brookhaven Apartments	2014	119	1,239	\$2,300	\$1.86	\$874
Brookleigh Flats	2013	172	1,215	\$2,008	\$1.65	\$582
Aspire Perimeter	1996	88	1,431	\$1,955	\$1.37	\$529
Windsor at Brookhaven	2010	118	1,166	\$1,900	\$1.63	\$474
Exchange at North Haven	2001	185	1,209	\$1,689	\$1.40	\$263
Miller Station on Peachtree	2006	80	1,259	\$1,646	\$1.31	\$220
The Ashford - Post-Renovation	1967/2005	172	1,265	\$1,576	\$1.25	\$150
Rock Creek at Ashford	1987	88	1,154	\$1,482	\$1.28	\$56
The Ashford	1967/2005	172	1,265	\$1,426	\$1.13	\$0
Post Brookhaven	1992	375	1,013	\$1,415	\$1.40	(\$11)
<b>Total / Weighted Average</b>		<b>1724</b>	<b>1,208</b>	<b>\$1,740</b>	<b>\$1.44</b>	<b>\$325</b>



## Strengths:

- Barriers to Entry in Wealthy Atlanta Neighborhood:
  - Brookhaven has been historically unwilling to rezone land as apartments. This provides an absolute barrier to new supply.
- Very Low Leverage:
  - Closing on the transaction with 50% leverage and a 3.0x DSCR provide meaningful downside protection.
- Multiple Profit Centers:
  - Ability to create value through the value-add plan, additional land, and entitlements provides the JV with multiple opportunities to create value.

## Risks / Unique Issues:

- Property Age:
  - The property's age could impact rent increases as renters may opt for a newer property rather than paying more in rent for an older property.
- 5-Year Loan Term:
  - Not having a more typical 7 to 10 year loan term exposes the JV to added interest rate risk.







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2016 NMHC Annual Meeting  
**January 19-21, 2016**

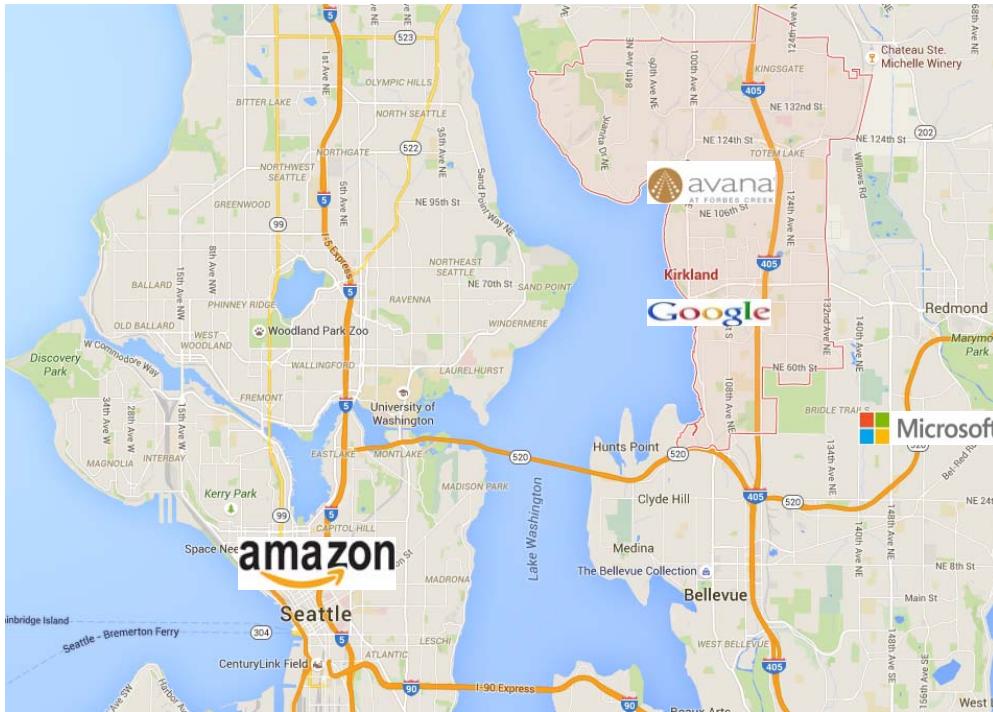
# Executive summary



- **Opportunity:** *purchase a 496-unit (1988 vintage) garden property with value-add potential in the affluent eastside submarket of Kirkland, WA. Property will be purchased at a significant discount to replacement cost.*
- **Irreplaceable asset:** Property is truly irreplaceable given its extremely low density (60 acres & 8-units to the acre) and high barriers to entry given the fact that it is very difficult to develop in Kirkland, with almost no developable land
- **Rare Kirkland trade:** Seller is bringing the property to market for the first time since it was developed by in 1988. Kirkland is a thinly traded submarket, with only 7 trades >\$25M since 2008 (15 trades since 1998)
- **Value-add potential:** While Seller partially renovated 191 units (~39% of the property), our value-add strategy will focus on renovating these units to a higher scope – and then fully renovating the remaining 305 units. Additional value will be created through selective enhancements and repositioning to the common areas, as well as constructing additional detached parking garages
- **Limited supply risks:** While there are ongoing supply concerns in downtown Seattle's urban core, Kirkland is mostly insulated from the MSA's supply risk
-



# Map / aerial





# Asset photos





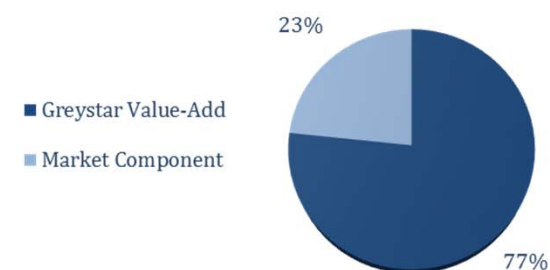
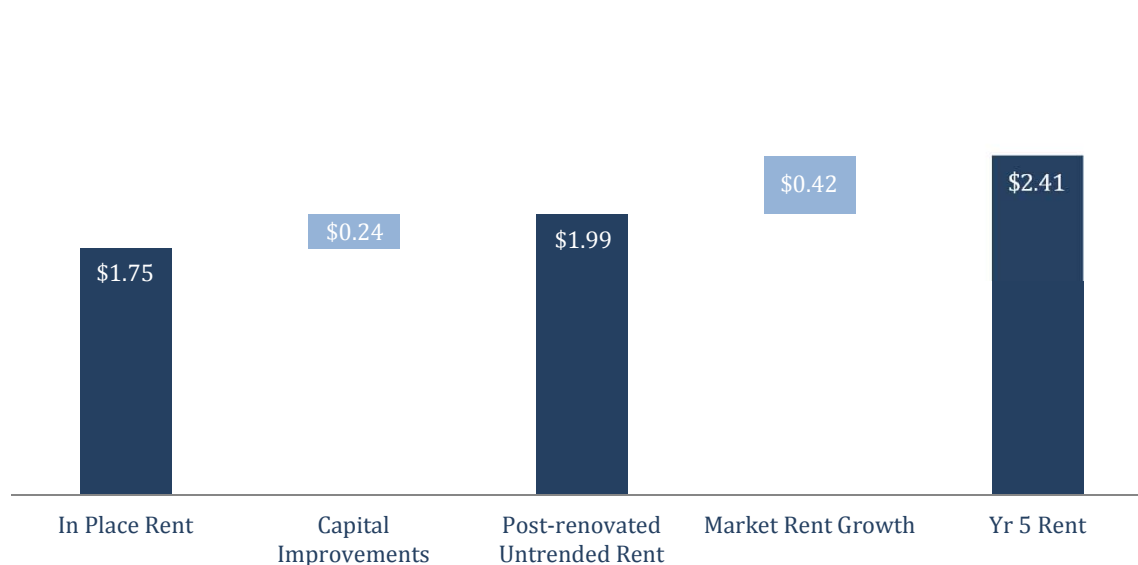
# Highlights & economics

Metric	Executive Narrative
Location Quality	Located in affluent submarket of Kirkland, 15-mi. east of downtown, 8-mi. west of Microsoft/Redmond, 3-mi. from Google campus.
Supply & Demand	563 units of undersupply (759 units supply / 1,323 units demand) projected over next 5+ years; high barriers to entry.
Basis / Yields	Purchase price of \$128.0M (\$258k/u or \$314psf) is ~31% below replacement cost. Recent leases yield = 4.42% (Year 1 yield = 4.70%).
Rents	Increase rents from \$1,436/\$1.75psf to \$1,639/\$1.99psf (\$389 or 19% below comp set).
Rent Growth	UW assumes avg. annual market rent growth of 4.00%, vs. 3rd Party avg. of 3.63% (REIS = 3.96%) and Concord Group forecast avg. of 4.50%.
Value-Add Potential	61% of interiors untouched, partial value-add on remaining units. Control majority of value creation; stabilized yield = 5.54%.
Capital Renovation Plan	Full renovation of 305 original interiors, upgrade renovated 191 units to higher scope; enhance fitness center. Total value-add capital = \$4.5M or \$9.1k/u.
Exit	Exit at 5.10% cap (75bps expansion vs. mkt spot cap).
Market Expertise	Greystar owns 4 properties (~1,380 units) and manages ~27,600 units across 150+ properties in the Seattle MSA.

Units   Product Type	496	Garden
Vintage   MSA	1988	Seattle
Purchase (K)   Per Unit (K)   Per SF	128,000	258   314
Lead Equity   Debt Proceeds	57,827,232	80,000,000
Loan to Cost   Loan to Purchase	58.0%	62.5%
Recent Lease Yield   Year-1 Yield	4.42%	4.70%
Untrended Yield   Stabilized Yield	5.02%	5.54%

Exit Cap Rate   Expansion	5.1%	75 bps
5 Yr Average COC   ROE	7.5%	8.3%
Unlevered IRR   Multiple	8.9%	1.48 x
Levered IRR   Multiple	16.1%	1.87 x
Unlevered   Levered NCF	\$63.5M	\$50.4M

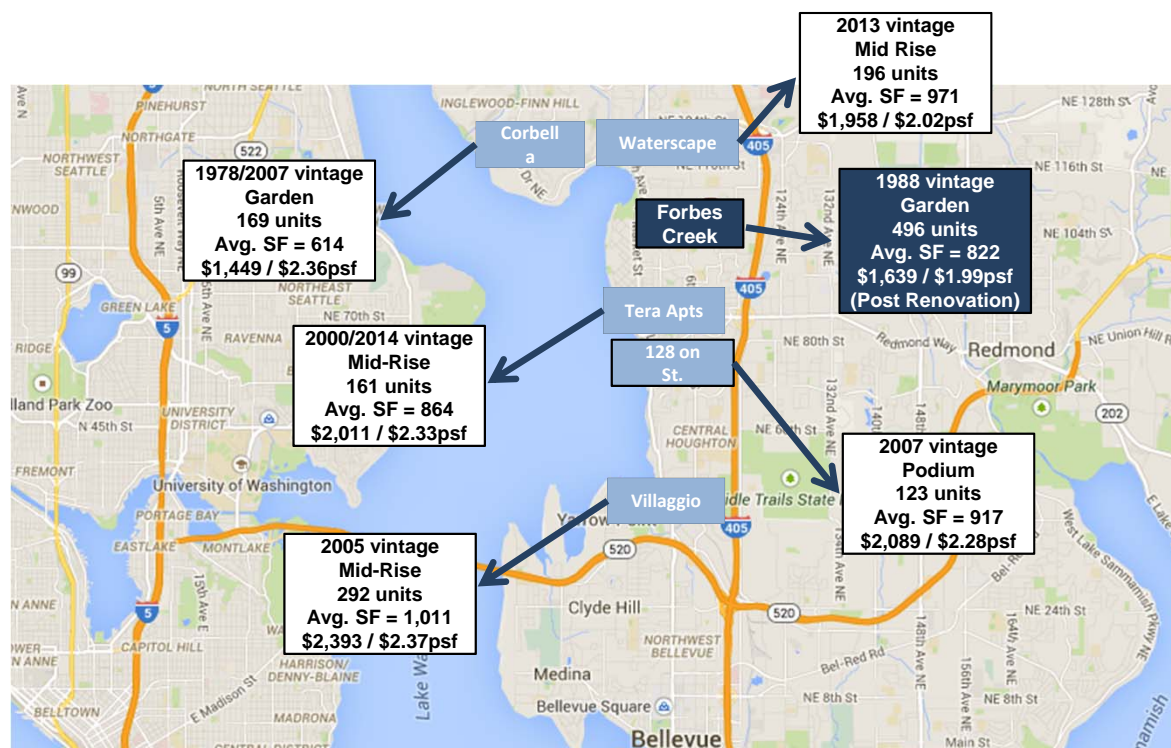
# Rent walk & value creation



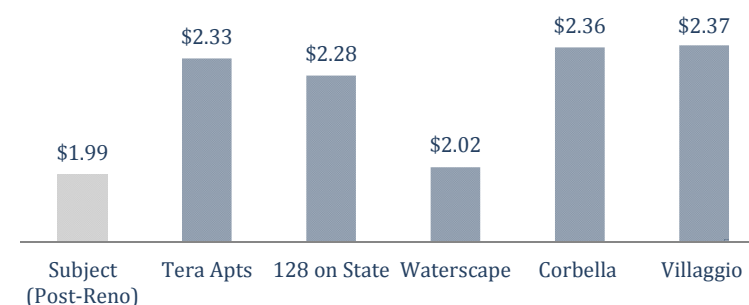
	Unlevered IRR Accretion	% of Unlevered IRR
Greystar Value-Add	6.8%	76.6%
Market Component	2.1%	23.4%
<b>Unlevered IRR</b>	<b>8.9%</b>	<b>100.0%</b>



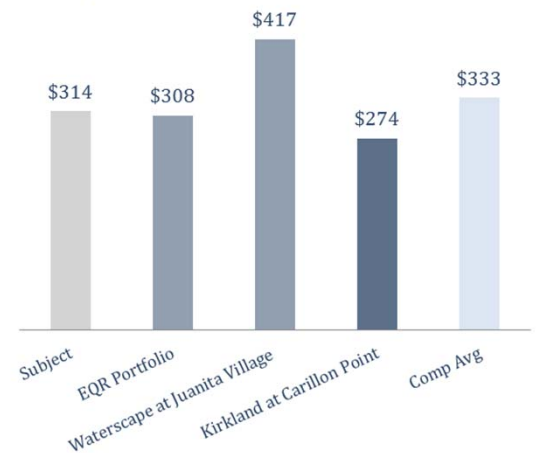
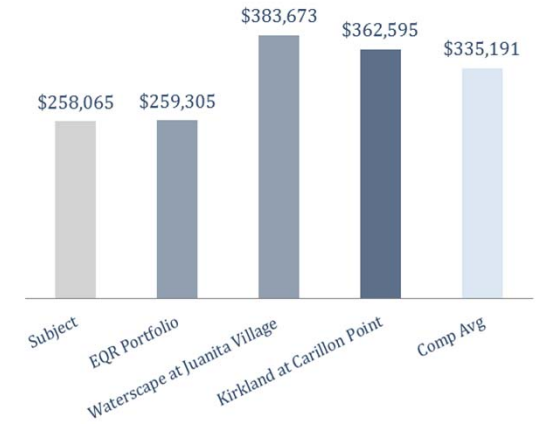
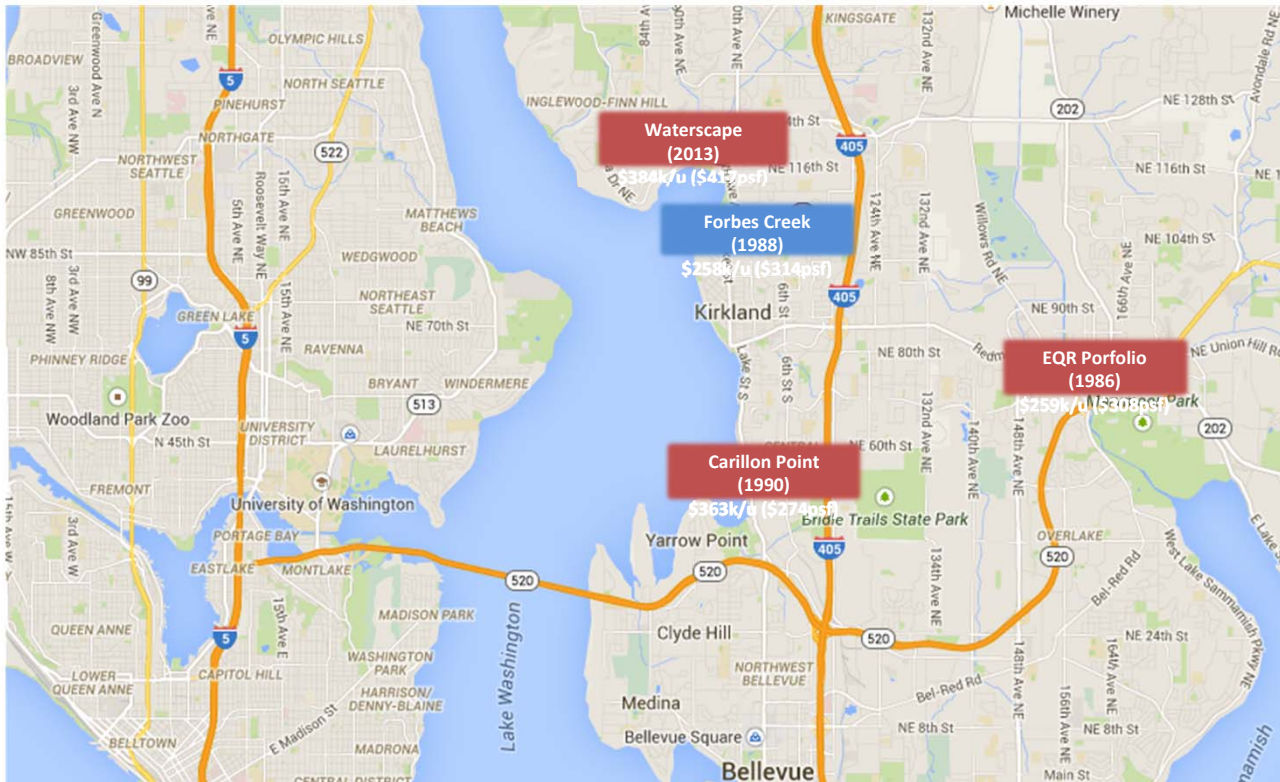
# Rent COMPS



Comp	Property Name	Asset / Location	Asset Type	Vintage	# Units	Avg SF	Effective Rent	Effective Rent / SF
1	Tera Apts (Renovated Units)	A- / A+	Mid Rise	2000 / 2014	161	864	2,011	\$2.33
2	128 on State	A- / A+	Podium	2007	123	917	2,089	\$2.28
3	Waterscape at Juanita Village	A / A-	Mid Rise	2013	196	971	1,958	\$2.02
4	Corbella at Juanita Bay	B / A-	Garden	1978 / 2007	169	614	1,449	\$2.36
5	Villagio on Yarrow Bay	B / A	Mid Rise	2005	292	1,011	2,393	\$2.37
Average (all comps)					188	894	2,028	\$2.27
Avana at Forbes Creek (Post Renovated)		A- / A	Garden	1988	496	822	1,639	\$1.99
Discount to All Comps							(389)	-\$0.27
							-19%	-12%
Discount to Tera							(372)	-\$0.33
							-18%	-14%
Discount to 128 on State							(450)	-\$0.28
							-22%	-12%



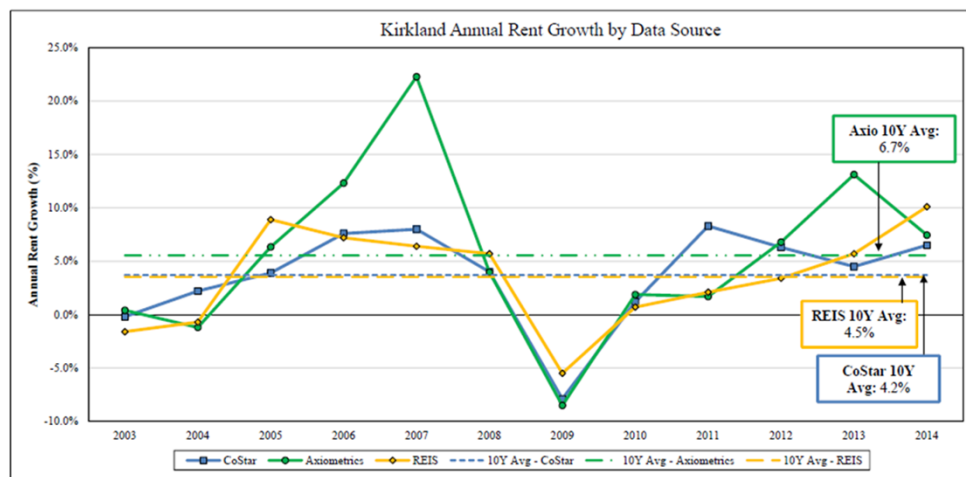
# Sales comps





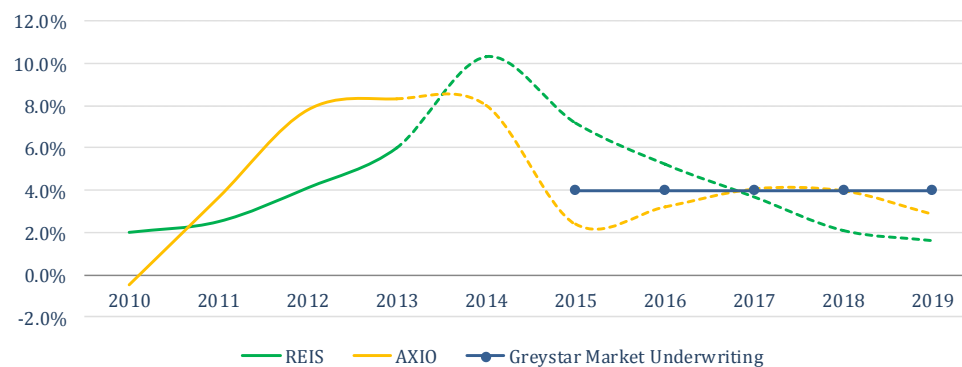
# Market Rent Growth

Data Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	10-Year Average
CoStar	-0.2%	2.2%	3.9%	7.6%	8.0%	4.0%	-7.9%	1.2%	8.3%	6.3%	4.5%	6.5%	4.2%
Axiometrics	0.4%	-1.2%	6.3%	12.3%	22.3%	4.0%	-8.5%	1.9%	1.7%	6.8%	13.1%	7.4%	6.7%
REIS	-1.6%	-0.7%	8.9%	7.2%	6.4%	5.7%	-5.5%	0.7%	2.1%	3.4%	5.7%	10.1%	4.5%



Sources: CoStar, Axiometrics, REIS

## Historicals and Forecasts

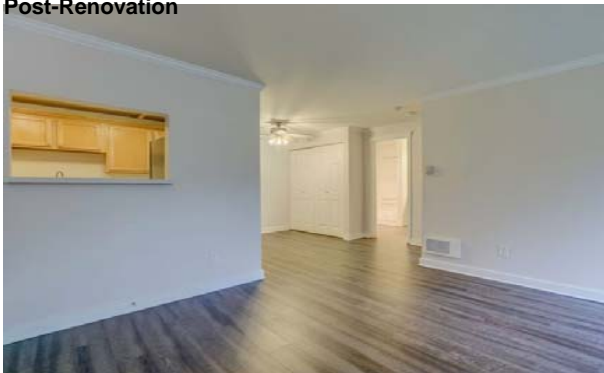


# Interior renovations

Pre-Renovation

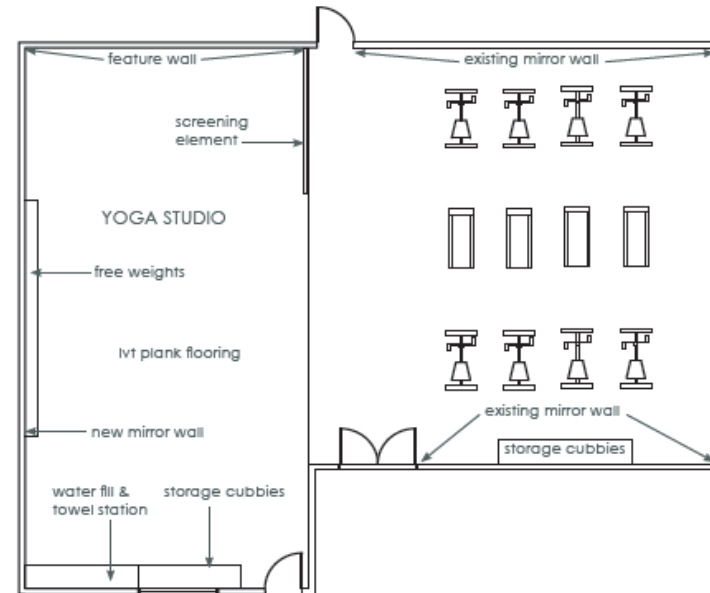
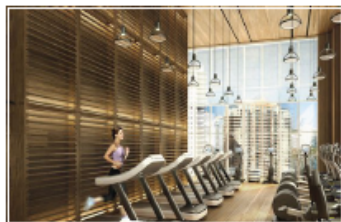
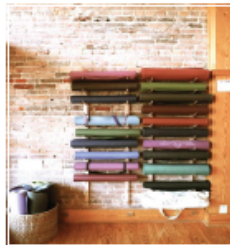
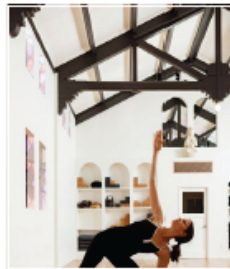


Post-Renovation





# Fitness center concepts



SPACE PLAN



WOOD LOOK LVT PLANK FLOORING PAINT COLORS WOOD FEATURE WALL

# Investment risks

- **Post-renovated rents:** UW assumes post-renovated rents of \$1,639 (\$1.99psf), which would be 19% or \$389 below competitive set rents. The post-renovated pricing has been proven by Seller's partial renovation of the asset with an inferior scope. We believe that closing the rent-gap between the Subject and the rent comp set through a higher end value-add repositioning is achievable.
- **Affordability:** Greystar's Lease File Audit revealed annual avg. tenant income of \$70,843, which yields an in-place income-to-rent ratio of 4.19x on T3 rents.
- **Supply risk:** While there are ongoing supply concerns in downtown Seattle's urban core, we believe Kirkland is primarily insulated from the MSA's supply risk. The Concord Group projects ~563 units undersupply over the next 5+ years (supply of 759 units vs. demand of 1,323). As the current pipeline of new supply indicates, new construction in the infill Kirkland submarket will be podium or wrap product. Estimated replacement cost for podium product is \$375k/door.
- **Exit price:** Exit at a 5.10% cap rate (75 bps expansion vs. spot market cap rate). Post-renovation, Forbes Creek would be uniquely positioned as the best garden-property alternative to newer podium and mid-rise product in Kirkland.





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Gateway West Loop – Development Summary  
*Chicago, Illinois West Loop/Fulton Market submarket*

2016 NMHC Annual Meeting  
January 19-21, 2016



# Lennar Multifamily Communities (“LMC”)

Inception to Date



- Started operations in June, 2011
- Over 315 Associates
- Headquartered in Charlotte with development executives locally based in 13 divisional offices
- Have entered into 51 apartment development joint ventures since 2012
- Joint Ventures formed to date total development cost of \$3.9 billion with an additional \$2.5 billion under active predevelopment
- LMC’s fund and individual joint venture partners include some of the world’s most sophisticated apartment investors: Global pension funds, institutions, private equity firms and both domestic & international publicly traded companies









# Project Summary

- 167 units laid out over 17 story concrete building
- Located in well-established West Loop / Fulton Market submarket of Chicago
- Adjacent to Whole Foods and Marianos, Chicago's two high end grocers
- JV formed and construction started in June of 2014





**444 W LAKE**  
UNDER CONSTRUCTION



McDermott  
Will & Emery



**150 N RIVERSIDE**  
UNDER CONSTRUCTION

*William Blair*

**HYATT**

**NAVIGANT**  
RESEARCH

**POLSINELLI**

**WILLIS TOWER**

**JOHN HANCOCK  
CENTER**

**111 NORTH CANAL**



**twitter**

**WHOLE  
FOODS  
MARKET**

**MADISON STREET**

**MONROE STREET**



**ADAMS STREET**

**HALSTED STREET**

**MARIANO'S**  
Fresh Market

**GREEN STREET**







# Why West Loop?

- Employment
  - Google, Twitter, Uber, Gogo burgeoning tech scene within walking distance
- Transit
  - Within blocks of the elevated train, quick access to jump on i-90/94 and i-290
- Resident base growing up demographically and financially
  - During boom of 2003-2006, West Loop was the spot for renters fresh out of college due to price point
  - Those renters haven't left the neighborhood, but are better positioned to pay higher rents today (0.5 mile avg HHI \$125,000)



## Slide 31

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WU1

Average HHI within 0.5 miles is \$125,000

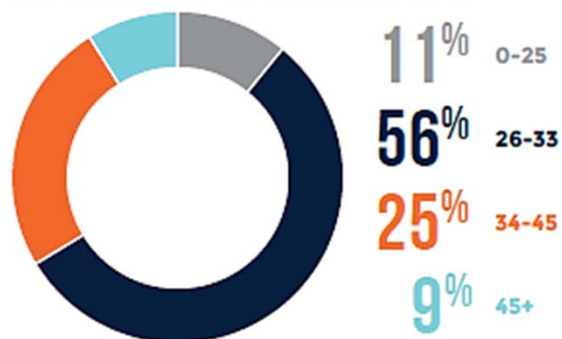
Windows User, 1/16/2016



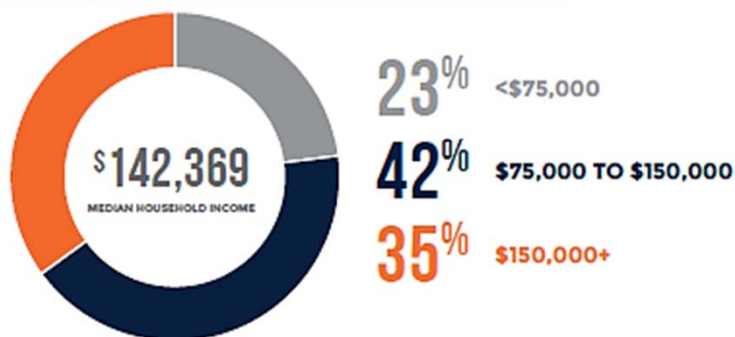
## RESIDENT DEMOGRAPHIC SNAPSHOT

DIVERSE AND AFFLUENT RESIDENT BASE AT  
GATEWAY WEST LOOP

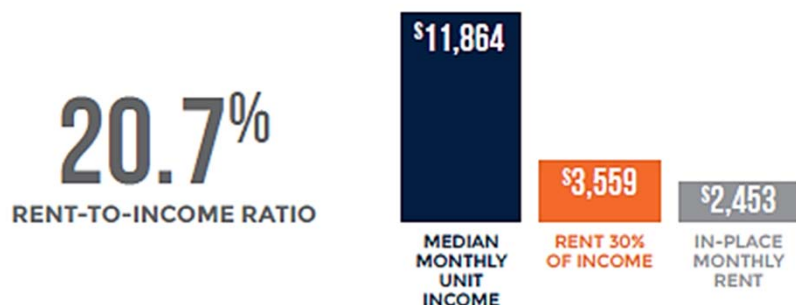
### RESIDENT AGE SEGMENTATION



### HOUSEHOLD INCOME SEGMENTATION



### AVERAGE HOUSEHOLD INCOME VS. IN-PLACE RENTS

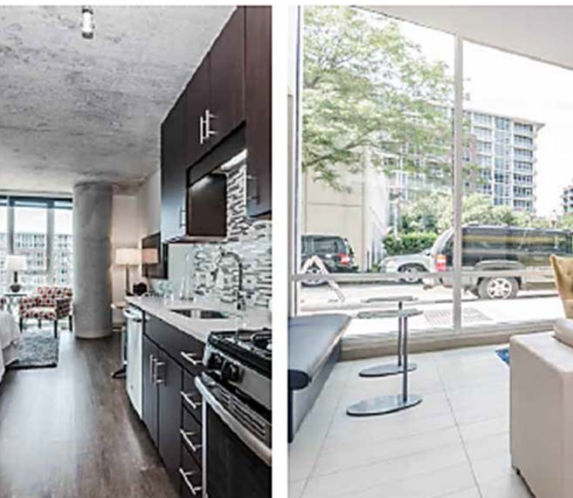
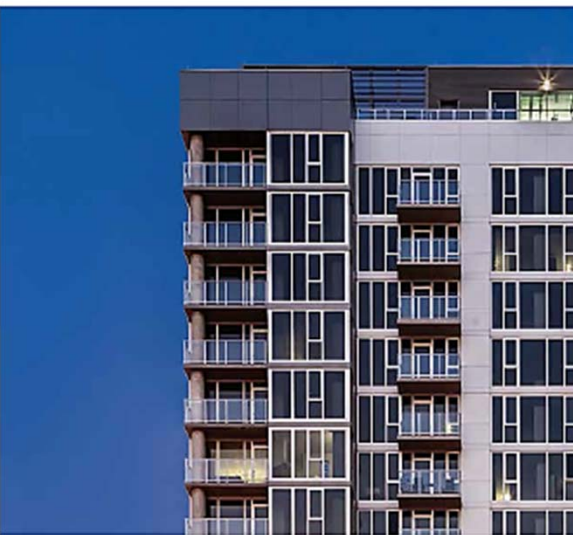






# Why this building?

- Placed amenities on 17<sup>th</sup> floor to capture unobstructed views of downtown
- Extraordinarily efficient floorplate due to site size and parking requirements
  - Walsh Construction was GC
  - 14,000 foot floorplate; maximum size for single day concrete pour, 3 day pour cycle per floor.
  - Smaller project in terms of unit count made for quick construction – first units month 13
  - Fully leased up 19 months after groundbreaking









# Supply?.. Of Course

## WEST LOOP APARTMENT PIPELINE

**RAPID ABSORPTION OF RECENT SUPPLY AND LACK OF NEW CONSTRUCTION EXPECTED TO DRIVE RENT GROWTH**

PROPERTY	DEVELOPER	DATE	OCC.	UNITS
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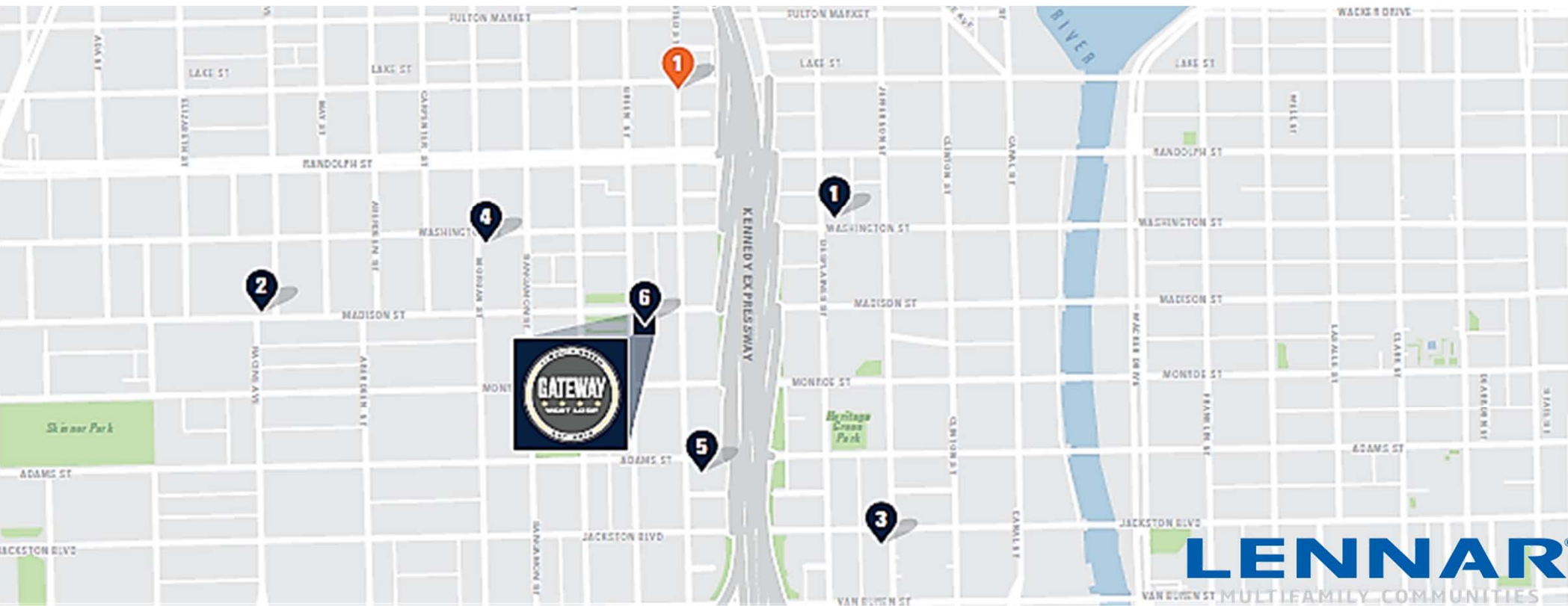
### RECENTLY COMPLETED:

1	Catalyst	Marquette/Urban R2	2014	97%	223
2	The Madison at Racine	Ascend Real Estate	2015	98%	216
3	JeffJack	Moceri + Roszak	2015	86%	190
4	Circa 922	Focus Development	2015	96%	104
5	Arkadia	White Oak Realty	2015	77%	350
6	Gateway West Loop	Lennar	2015	53%	167
Recently Completed					1,250

### UNDER CONSTRUCTION:

1	Halsted & Lake	Focus/Atlantic/Shapack	2016	N/A	227
Under Construction					227

Source: Axiometrics; Internal research







# Absorption

- Class A apartment market is at 95.0% occupancy in 2Q 2015,
- Absorption in 1Q 2015 was 1,139 units – a record in the downtown market according to ARC

## ABSORPTION OF NEW RENTAL UNITS

### NEW SUPPLY RAPIDLY ABSORBED BY MARKET

BUILDING	SUBMARKET	DELIVERED	# UNITS	OCCUPANCY	LEASED UNITS	REMAINING TO 95%
Jones Chicago	220 W Illinois	Dec 2014	188	82%	154	25
Arkadia	765 W Adams	Mar 2015	350	77%	270	81
North Water	340 E North Water	Mar 2015	398	46%	183	195
State & Chestnut	845 N State	Jun 2015	362	58%	210	134
Eight O Five	805 N LaSalle	Jun 2015	276	59%	164	98
Gateway	11 S Green	Jul 2015	167	53%	105	53
Residences at New City	1457 N Halsted	Jul 2015	199	6%	12	177
Average			1,940		1,076	793

Source: ARC 2Q15; Gateway updated to reflect current occupancy

# Financial Metrics



## Returns & Metrics

Total Project Cost (\$m)	\$55.6
Units	167
Total Project Cost per Unit	\$332,955
Average Unit Size	772
Cost Per NRSF	\$431
NRSF	128,924
Anticipated Project IRR	81.6%
Anticipated Multiple	2.4x
Equity Dollars Invested (\$m)	\$19.7
Gross Cashflow (\$m)	\$47.7





# What are our comps selling for?



Community	Sales Date	Avf. SF/Home	Price	Price Per Home	Price Per SF
<i>Gateway West Loop (Cost)</i>	TBD	772	\$55,603,434	\$332,955	<b>\$431</b>
<i>Jeff Jack</i>	Aug-15	707	\$82,300,000	\$433,158	\$613
<i>Circa 922</i>	May-15	842	\$75,000,000	\$503,356	\$598





# Past vs. Present

1. Land costs are way up (estimated 80% vs LMC purchase)... if you can find and entitle the land
  2. Hard costs are way up (33% from July '14 to today)
  3. Margin is thinner, but development returns are still there if you could find the land
  4. Building still dramatically outsizes returns vs. a value add or core purchase. Estimated cost \$425,000 per unit to replicate today, still a 20% margin to current sales
- Risk Mitigation for an LMC Development deal:
    - Corporate completion guarantee from S&P 500 balance sheet
    - In-house management focused on LMC assets only
    - Significant sponsor co-invest of 25%

