

50 Unit Class "A" Apartment or Condominium Development Project
in Glendale California

- **Project Summary**

- This is an opportunity to purchase +/- .51 acres that has entitlement approvals and design development complete for a 50-unit attached project. This project is building permit ready, construction could start in 90 days or less.
- Watch a [Google Earth Tour](#) of the location, site and great neighbor (total time approximately 6 minutes).
- We can close with permit ready plans. The project is in building plan check now and should be permit ready within a couple of months.
- The project was originally designed to be developed as a condominium project. As a result there are more plan types (12) than typical for an apartment project and at +/- 1,300 square feet the average unit size is larger than typical.
- Located in key LA county urban finance center.
- The project is adjacent to a significant 'downtown' urban mixed use venues, the Americana at Brand shopping, entertainment and residential mixed use project that was brought on line in 2008.



Architectural rendering 1 - Superimposed on Night Photo of Street

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- **History/Location**

- The site sits on the main street in Glendale known as Colorado Blvd and is about ½ a block west of Brand Avenue. Brand has long been recognized as a key financial and business section in Glendale.
- The proposed project has its new entitlements fully approved and is ready going through building plan check for the construction documents and has its tentative map in process.



Figure 1 - Front Elevation
(Colorado Blvd)

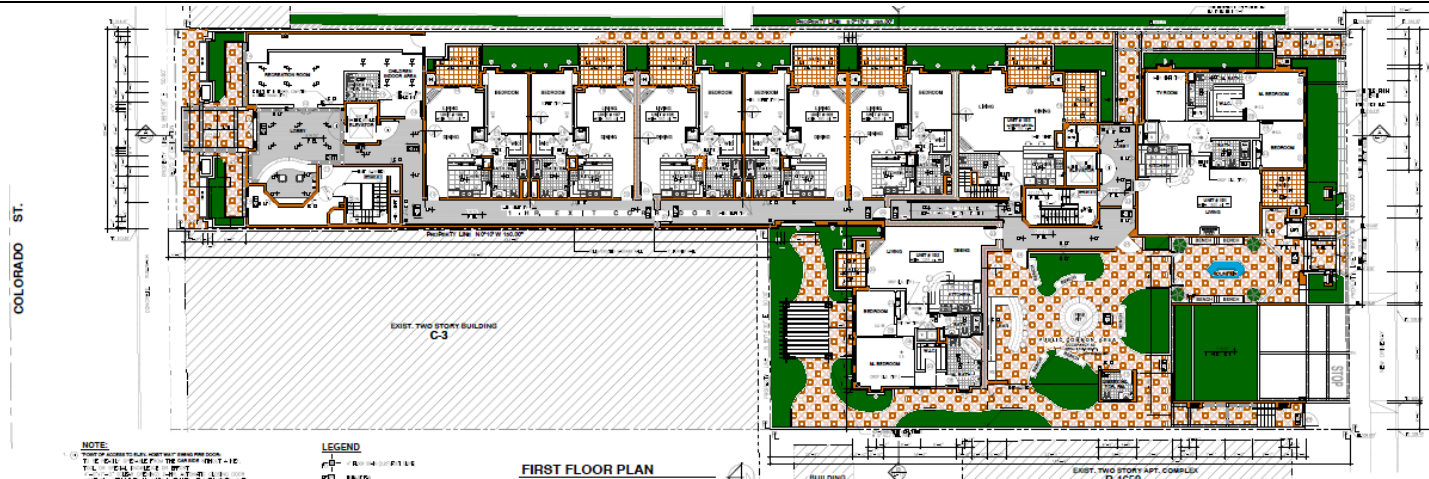
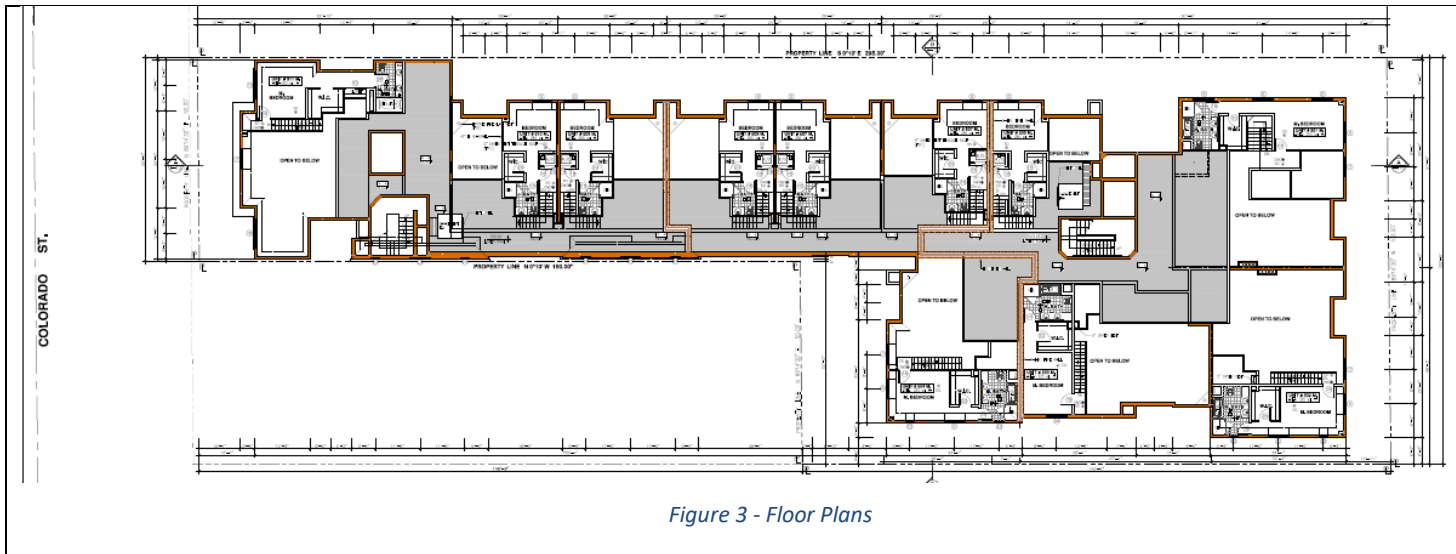


Figure 2- Decks and Common Amenities

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- **The Project**

- We plan on closing 30 days after a standard 60-day due diligence period.
- With the existing approvals, the number of units will be 50 market rate units ranging in size from 850 sf to 2,200 sf. Essentially the risk associated with this investment is limited to the market decision to develop a condominium project or an apartment project. Construction time and costs will fall within normal ranges for this type of product.
- We assume a 6-month period to revise the construction documents and obtain permits followed by a construction cycle of 17 months will be needed before the first occupancy.
- We will need to obtain a construction loan of about \$17,000,000 in the first few months so we can start construction.

- **The Value**

- Our offer price is \$3,800,000. This is about \$76,000 per entitled & permitted unit. We believe this price is just below the average market price per door being paid at this time in this market.
- Our Argus financial model shows the project should generate about \$1,900,000 gross revenue in its first full year of operation.
- We have had a market study snap shot prepared by Market Profiles. The revenues we project in the pro forma and cash flow reflect their recommendations. Once in due diligence we will have a full market study prepared by another research firm. We expect this more thorough regional study that looks at every project in the local market and surrounding area will verify the current assumptions and further make specific pricing recommendations based on the amenities we plan to build into the community.

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- **Our Offer**
 - We have been negotiating with the seller since January of 2013. We were told this past week we will be selected as the buyer.
- **Timing**
 1. We assume due diligence ends August 30, 2013;
 2. Closing on September 30;
 3. With six months to process design and construction documents and pull permits, construction will commence in Q2 of 2014.
 4. A construction cycle of 17 months allows first occupancies in month 24 of the project.
 5. If we decided to market the project as an apartment project, construction completion will be followed by a +/- six months to stabilization and acquiring a mortgage which should happen in Q3 of 2016.
- **Financial Assumptions APARTMENT PROJECT:**
 1. Acquisition: \$3.8 million;
 2. Total project construction cost: \$15.6 million;
 3. Design, management and fees of \$2.6 million;
 4. Total development costs of +/- \$24.1 million;
 5. First year revenue: \$1.8 million;
 6. Total Profit: At a 4 CAP and up to \$5.9;
 7. Project Value: At a 4 CAP rate suggest the project will have a value in excess of \$30.9 million;
 8. Total Project Revenue including cumulative NOI: \$34.3 million;
 9. Primary Equity: *Estimated at* \$6.7 million
 - *Preferred Return:* \$2.7 million;
 - *Profit:* \$2.2 million
 - *Total:* \$ 4.9 million
 - *IRR:* 13.26%
 10. Co-investment: *Estimated at* \$750,000;
 - *Preferred Return:* \$308,000
 - *Profit:* \$325,000
 - *Total:*\$635,000
 - *IRR:* 15.0%
- **Financial Assumptions - CONDO PROJECT:**

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1. Acquisition: \$3.8 million;
 2. Total project construction cost: \$15.6 million;
 3. Design, management and fees of \$2.6 million;
 4. Total development costs of +/- \$24.1 million;
 5. First year revenue: N/A;
 6. Total Profit: *from individual unit sales* \$5.3;
 7. Project Value: \$33.16 million;
 8. Total Project Revenue including NOI: N/A;
 9. Primary Equity: *Estimated at* \$6.99 million
 - *Preferred Return:* \$1.1 million;
 - *Profit:* \$2.8 million
 - *Total:* \$ 3.9 million
 - *IRR:* 23.9%

 10. Co-investment: *Estimated at* \$776,000;
 - *Preferred Return:* \$214,000
 - *Profit:* \$793,000
 - *Total:* \$1.008
 - *IRR:* 29.6%
- **Exit Strategies**
 - Our plan is to sell the apartment project in bulk to another entity.
 - However, because the project's original conceptual design was processed as a condo plan we will have the option of selling individual condominiums should this prove to be the more profitable exit strategy.

 - **Capital Partner:**
 - We are looking for a financial partner with prior experience with this type of project and product. We are looking to form a standard investment structure where this investor will provide 90% of the required equity. We estimate the required equity will be about \$6,750,000
 - The co-investment equity required will be about \$750,000.
 - Our modeling estimates the construction loan for costs exclusive of interest will be about \$17,470,000.

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- **Relationship & Disclosure:**

- Complete information package will be disclosed upon formal indication of interest and execution of a Confidentiality Agreement.
- Sponsor is a residential developer and home builder with over 30 years of experience in the industry.
- Although this information has been received from sources deemed reliable, we assume no responsibility for its accuracy.