

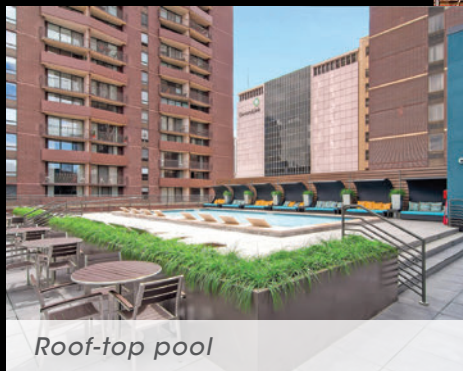


# Nelson Brothers

STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS

## AURARIA STUDENT LOFTS

1051 14th Street, Denver, CO 80202



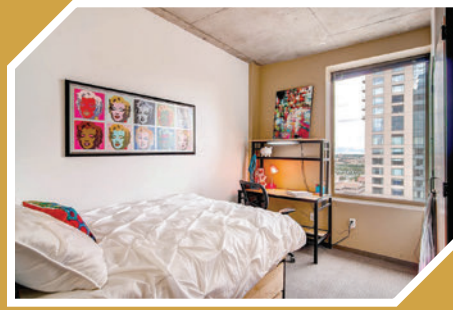
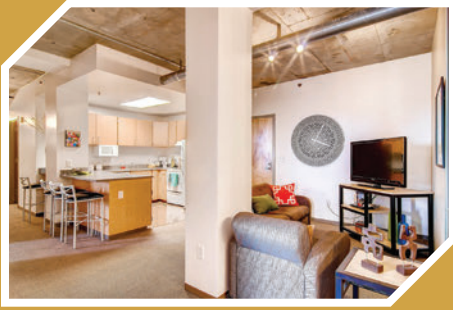
Roof-top pool



Roof-top patio picnic area



On-site fitness center



The Auraria Student Lofts are a high-end, fully amenitized student housing property with what we believe to be an ideal location within walking distance to the Auraria Campus in downtown Denver. The Auraria campus is the largest in the state of Colorado and boasts a current enrollment of over 43,000 students hosting three institutions: the University of Colorado Denver, Metropolitan State University and Community College of Denver.

In 2012, due to the high demand and limited supply for student housing in the downtown area, the Auraria Student Lofts were created as part of a \$1.2 million renovation plan at The Inn at Auraria. As a result, the first 14 floors were re-branded as the Curtis Hotel and the upper 16 floors were re-purposed for the Lofts.

The Lofts consist of 438 bedrooms and 125 total units consisting primarily of 2 and 4 bedroom units. Each student has his or her own private bedroom and the units are furnished with a full size bed, full size kitchen, loft style accents and beautiful mountain and city views. Average rent per bed is currently \$674 per month.

## NEW RENOVATIONS AND AMENITIES

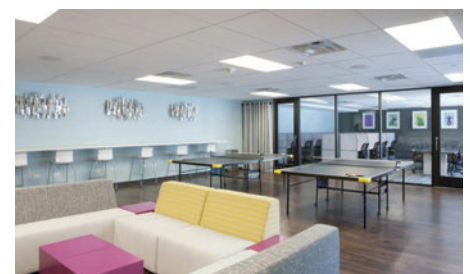
In June 2013, an additional \$2 million in renovations were used to improve the facade, signage, units, lobby area and common areas. In addition, an impressive variety of new amenities were added to enhance the student experience. These include a new rooftop pool with an outdoor lounge, tanning space, a grill area and turf grass for lawn games. The upgrades also include a brand new state of the art, 2000 square foot fitness center, on-site laundry facilities, a clubhouse with flat screen TVs and a contemporary lobby space was added equipped with a fireplace, lounge area and iMacs.

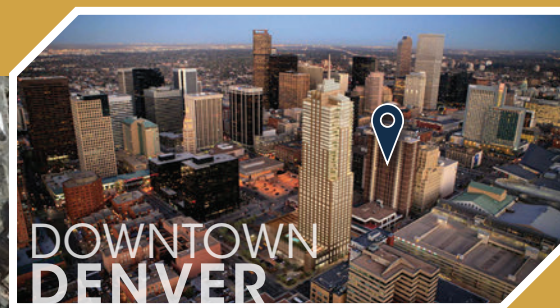
## LOCATION

The Auraria Student Lofts is centrally located in downtown Denver with numerous restaurants, bars, entertainment venues, shopping and nightlife within a few blocks. The property is just two blocks from the 16th street Mall, a pedestrian mall lined with outdoor cafes, historic buildings, sparkling glass-walled skyscrapers, shops, restaurants and retail stores.

## LEASING

The Lofts are currently 100% leased for the 2013-14 school year and 99% leased for the 2014-15 school year. All leases are for 12-month terms. As the lease up was stronger than expected this year, management raised rents an additional 12% over previous rents for the last 20% of leases signed.





## AURARIA STUDENT LOFTS

<b>Number of Units</b>	125
<b>Number of Beds</b>	438
<b>Number of Stories</b>	30 (Floors 1-16: Curtis Hotel, Floors 17-30: ASL)
<b>Year of Construction</b>	1973 (Renovated 2012)
<b>Net Rentable SF</b>	114,338 SF

## OFFERING DETAILS

<b>1st Year Targeted Cash-on-Cash Return</b>	7.5%
<b>Offering Price</b>	\$40,145,000
<b>Total Loan Amount</b>	\$27,225,000
<b>Total Investor Equity</b>	\$12,920,000
<b>Loan-to-Value</b>	67.82%

<b>Minimum Investment</b>	\$50,000
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## LOAN DETAILS

Non-recourse. 10-year loan, 30-year amortization, 3-years interest-only from Ladder Capital. DST structure.

*The investment is for the Auraria Student Lofts (student housing floors) only and not the attached Hotel.*

## DENVER METRO MARKET

During the 4th quarter of 2012, the average vacancy rate in Downtown Denver fell to 4.93%, down from 5.60% in the same quarter of 2011. In addition, rents increased 9.5% year-over-year, to an average of \$1.73 per square foot. The Downtown Denver submarket remains one of what we believe to be the strongest in metro Denver as demand grows for young professionals to live downtown.

*Source: 4Q 2012 Apartment Insights Metro Denver Market Report.*

## THE CITY OF DENVER'S NOTABLE RANKINGS

- Denver is the #1 city where 25-34 year olds are moving (Brookings Institution, 2011)
- Denver is the 2nd best city for doing business (Area Development Magazine, 2011)
- Denver is the 4th best city for recent college graduates (CareerBuilder.com, 2011)
- 2nd most educated population, by percentage of residents with a BA or higher (U.S. Census Data, 2010)
- 2nd top state for high-tech business (U.S. Chamber of Commerce, 2012)

## TARGETED FINANCIAL PRO FORMA\*

	Y1	Y2	Y3	Y4	Y5	Y6	Y7
<b>Revenue</b>	\$3,687,502	\$3,835,002	\$3,950,052	\$4,068,554	\$4,190,610	\$4,316,329	\$4,445,819
<b>Expenses</b>	\$1,330,493	\$1,370,408	\$1,397,816	\$1,425,772	\$1,454,288	\$1,483,373	\$1,513,041
<b>NOI</b>	\$2,357,009	\$2,464,594	\$2,552,236	\$2,642,782	\$2,736,323	\$2,832,955	\$2,932,778
<b>Debt Service</b>	\$1,321,625	\$1,321,625	\$1,725,552	\$1,725,552	\$1,725,552	\$1,725,552	\$1,725,552
<b>Cash Flow After Debt Service</b>	\$1,035,384	\$1,142,969	\$826,684	\$917,229	\$1,010,770	\$1,107,403	\$1,207,225

## TARGETED CASH-ON-CASH DISTRIBUTION

7.50%	7.50%	7.75%	7.75%	8.00%	8.00%	8.50%
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*\*There is no guarantee the property will achieve these results. Actual results will vary, based on assumptions from historical performances and estimates of 3% annual revenue growth and 2% annual expense growth, which management believes are reasonable. Please review the Private Placement Memorandum for detailed risk factors to be considered and for details on financial targets.*

*For more information on the future events and circumstances that may cause actual results to materially differ from our assumptions, please review the section of the PPM under the caption "Risk Factors," including "Forward-Looking Statements."*

# AURARIA CAMPUS STATISTICS

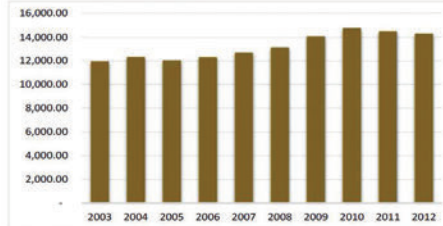
## UNIVERSITY OF COLORADO DENVER

- The University of Colorado Denver is the largest research institution in Colorado, attracting more than \$375 million in research grants annually, and granting more graduate degrees than any other institution in the state.
- UC Denver, along with University of Colorado Hospital and University Physicians, Inc., employs more than 12,200 Coloradans, making it one of the metro Denver area's top employers.
- The single university is the result of the 2004 consolidation of the "University of Colorado at Denver" and "University of Colorado Health Sciences Center".

### UNIVERSITY OF COLORADO DENVER ENROLLMENT STATISTICS

2012 Total University Enrollment	14,325
2012 Undergraduate Enrollment	9,771
Beds on Campus	685
Percentage of Total Students on Campus	4.8%

### CU DENVER ENROLLMENT HISTORY



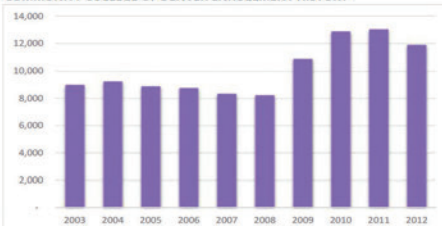
## COMMUNITY COLLEGE OF DENVER

- One of 13 institutions in the Colorado Community College System, CCD is a point of entry to higher education for the City and County of Denver.
- The Community College of Denver offering four degrees: Associate of Arts, Associate of Science, Associate of Applied Science, and Associate of General Studies. With more than 100 areas of study in subject areas ranging from articulation and transfer, general education, career and technical education, to health sciences and nursing, Community College of Denver awards more than 700 associate degrees and certificates annually, serving almost 12,000 students per semester.

### COMMUNITY COLLEGE OF DENVER ENROLLMENT STATISTICS

2012 Total University Enrollment	11,901
2012 Undergraduate Enrollment	11,901
Beds on Campus	0
Percentage of Total Students on Campus	0%

### COMMUNITY COLLEGE OF DENVER ENROLLMENT HISTORY



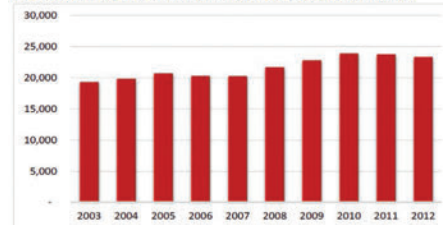
## METROPOLITAN STATE UNIVERSITY OF DENVER

- As of 2009, Metropolitan State University had the second-largest enrollment of undergraduates of any college in Colorado.
- With 54 majors and 90 minors, the college is noted for a wide array of liberal arts and science programs as well as teacher education, business, aviation, and criminal justice programs.
- In fall 2010, the university began offering master's programs in teacher education and accounting, with social work to begin in fall 2011
- On April 18, 2012, Metro State achieved university status.

### METROPOLITAN STATE UNIVERSITY OF DENVER ENROLLMENT STATISTICS

2012 Total University Enrollment	23,381
2012 Undergraduate Enrollment	23,019
Beds on Campus	0
Percentage of Total Students on Campus	0%

### METROPOLITAN STATE UNIVERSITY DENVER ENROLLMENT HISTORY



## NELSON BROTHERS INVESTMENT STRATEGY

Nelson Brothers believes the Lofts offer the potential for a wide array of investment benefits. The target strategy is to provide monthly cash flow, tax efficiency and long-term appreciation potential on what we feel is a high end asset in a high demand metro area. The key to executing this strategy will be working to preserve high occupancy levels and securing healthy rental rate growth.

Nelson Brothers views the Lofts' downtown location and close proximity to the largest college campus in the state of Colorado as key to providing a stable demand anchor. With a core infill, urban location, upgraded features and a modern look and feel, Nelson Brothers believes it may be difficult for prospective competitors to duplicate or compete which provides us with a potential competitive advantage going forward.

 **Nelson Brothers**  
STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS

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