



STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS

■ NB THE PLAZA, DST

PLAZA on BROADWAY

955 Broadway Street, Boulder, CO 80302



CLASS "A" STUDENT HOUSING NEAR UNIVERSITY of COLORADO



TARGETED BENEFITS

- 7% TARGETED 1ST YEAR CASH-ON-CASH RETURN
- HIGH-END LUXURY STUDENT HOUSING
- LOCATION, LOCATION, LOCATION:
ACROSS THE STREET FROM CAMPUS
- TAX EFFICIENCY THROUGH DEPRECIATION

ANCHORED BY THE HISTORICAL STABILITY OF THE UNIVERSITY OF COLORADO BOULDER

An aerial photograph of the University of Colorado campus, showing the large stadium, various buildings, and surrounding greenery under a blue sky with mountains in the background.

UNIVERSITY
of COLORADO



Campus view from bedroom

Plaza on Broadway is a new, 2013-built, Class A property within a block to the 31,000-student CU campus.

The property is located in a prestigious area known as "The Hill", just west of campus on the foothills of the mountains home to Greek Row, student centered attractions such as bars, theatres and shopping. Nelson Brothers believes the Hill is the most popular living destination for students and attractive to higher-end, affluent students. In particular, Nelson Brothers believes the Plaza's unique location between Greek Row and campus helps set it apart from the competition. The city has instituted a moratorium on new student housing development on The Hill. This may help limit new competition and allow Plaza to market itself as the newest - or one of the newest - properties on The Hill.



PROXIMITY TO CAMPUS

Plaza sits directly across the street (Broadway) from campus. Plaza residents are closer to classrooms than most student parking lots. Nelson Brothers views this as an A location, something that is very important to students and difficult for competitors to replicate.



Quaint outdoor common areas



View of campus from the north side of Plaza on Broadway.

ANTICIPATED LOAN TERMS*

Non-recourse. 10-year fixed interest rate loan, 30-year amortization, 4-year interest-only loan from Ladder Capital. DST structure.

**Loan terms may be subject to change prior to close of escrow*

GROUND LEASE

The property is ground-leased from a fraternity who turned over the use of the property for development of Plaza on Broadway. The ground lease is 70 years with more than 68 years remaining. With any large-scale campus like CU that has been around since 1850, land this close to campus is inherently scarce. Nelson Brothers believes the ground lease helps provide a sustainable competitive advantage by enabling all-new construction at such a unique location across the street from a major university. Nelson Brothers does not foresee issues associated with the ground lease as even with a 5- 7- or 10-year hold, there would still be 58 to 63 years left on the lease for the next buyer. Further, because there is no ownership in land, this allows virtually the entire investment to be depreciable and help optimize tax efficiency through depreciation.

OFFERING DETAILS

Offering Price	\$27,250,000
1st Year Targeted Cash-on-Cash Return	7%
Anticipated Loan Amount	\$18,900,000
Anticipated Investor Equity	\$8,350,000
Anticipated Loan-to-Value	69.36%
Minimum Investment	\$50,000

UNIT MIX

Unit Type	Units	SF	Net Rentable SF	Market Rent/Unit	Market Rent/SF	Monthly Rent
2BR/2BA	1	756 SF	756 SF	\$2,400.00	\$3.17/SF	\$2,400
3BR/3BA	2	1,201 SF	2,402 SF	\$3,300.00	\$2.75/SF	\$6,600
4BR/4BA	36	1,323 SF	47,628 SF	\$4,300.00	\$3.25/SF	\$154,800
TOTAL/WTD. AVERAGES	39	1,302 SF	50,786 SF	\$4,200.00	\$3.23/SF	\$163,800

BARRIERS TO ENTRY

The city council of Boulder currently has a moratorium placed on new development on "The Hill" submarket. Nelson Brothers anticipates that this moratorium may continue as it seems borne out of a desire to limit the student influence in this region as an attempt to keep the economy more balanced and less dependent on the university. With the potential for growing demand through increasing enrollment and limited new supply in the submarket, this could result in highly favorable economics for the Plaza.

MARKET HIGHLIGHTS

- In Q3, 2014, average occupancy for the university area in Boulder was near 98%
- Average rental rates for the university area in Boulder increased from approximately 11% from Q4 2013 to Q3 2014
- Apartment Association of Metro Denver projects 2015 occupancy to remain near 95%
- CU Enrollment increased to 341,700 in 2014 from 28,839 in 2013

PROPERTY PROFILE

Year built	2013
Number of units	39
Number of beds	152
Net rentable SF	50,786
County	Boulder
Property Interest	Leasehold - <i>Subject to Ground Lease</i>
Ground Lease Terms	60-Year Term (<i>58 years remaining</i>)
Lot Size	1.44 AC
Parking	Underground Parking Available

UNIVERSITY OF COLORADO

CU has maintained a strong draw from rural Colorado and Denver suburb students. But the university also boasts several compelling selling points that resonate with affluent students from both coasts; the academic reputation, proximity to the mountains and easy access from Denver all have helped contribute to continued enrollment growth. According to university sources, year-over-year applications for enrollment were up over 33% in 2013 and another 12% in 2014. Another key change fueling this growth is the athletic conference upgrade to the Pac-12, a move that has significantly increased athletic revenues and has helped draw more interest from affluent west coast students.

TARGET STRATEGY

The primary investment strategy is to leverage what Nelson Brothers sees as a sound location to maintain consistently high occupancy, monthly cash flow, income tax efficiency through depreciation and appreciation potential. Nelson Brothers' goal is to raise rents in the 5% to 7% range annually while securing the leases by requiring 12-month lease terms and parental guarantees. Given Plaza's close proximity to campus, Nelson Brothers expects the property to attract students without the need for high-end amenities and features. Without a pool and other large fixed expenses, Nelson Brothers hopes to mitigate ongoing expense growth. If the property can succeed in growing rental rates, a lower expense ratio can help optimize the impact on the bottom line.

Targeted Pro Forma Analysis*

Investor Equity	\$8,350,000
Revenue Growth Rate	3%
Expense Growth Rate	2%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Totals	
Revenue	\$1,981,898	\$2,132,057	\$2,196,019	\$2,261,900	\$2,329,757	\$2,399,649	\$2,471,639		
Expenses	\$504,619	\$659,761	\$673,809	\$688,164	\$702,832	\$726,259	\$748,047		
NOI	\$1,477,279	\$1,472,296	\$1,522,210	\$1,573,736	\$1,626,925	\$1,673,390	\$1,723,592		
Debt Service	(\$831,600)	(\$831,600)	(\$831,600)	(\$831,600)	(\$1,135,726)	(\$1,135,726)	(\$1,135,726)		
Cash Flow After Debt Service	\$645,679	\$640,696	\$690,610	\$742,136	\$491,199	\$537,664	\$587,866		
Cash on Cash Distributions	7.00%	7.00%	7.25%	7.25%	7.50%	7.50%	7.75%		
Investor Equity % Return	7.00%	7.00%	7.25%	7.25%	7.50%	7.50%	7.75%	51.25%	Targeted return does not include any appreciation potential.
Principal Reduction	0.00%	0.00%	0.00%	0.00%	3.78%	3.95%	4.13%	11.86%	
Total Return	7.00%	7.00%	7.25%	7.25%	11.28%	11.45%	11.88%	63.11%	

*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."



ABOUT UNIVERSITY OF COLORADO

Location: Boulder, CO
 Founded: 1876
 Total Enrollment: 31,702
 Endowment: \$1.5 Billion
 Conference Affiliation: Pac-12



CU-Boulder freshman class sets record for academic qualifications and diversity

September 18, 2014

The University of Colorado Boulder welcomed a freshman class of 5,869 students, a slight increase by 0.4 percent over last year, and in the process achieved the most academically qualified and diverse incoming class in the campus's history.

Fall 2014 census figures show a total enrollment of 29,772 degree- and licensure-seeking students, 447 students more than last year.

A total of 3,083 Colorado residents enrolled as new freshmen in the fall class, as well as 2,786 from out of state and a record 386 freshman international students, a 41 percent increase from last year.

That overall rise in applications included even larger jumps in the number of prospective students from out-of-state — a 43 percent increase — and from other countries, with international applications up 65 percent...

Source: <http://www.colorado.edu/news/>

Hot housing market: Boulder County home buyers are lining up for less inventory

By Alicia Wallace and Vince Winkel

Posted: 03/01/2015 06:52:33 AM MST

Wintertime used to bring a chill to home-buying activity in Boulder County.

That's not the case right now: Even snowy day open houses are crammed with a couple of dozen prospective buyers.

"It's a feeding frenzy," said Lisa Wade, president of the Boulder Area Realtor Association and Realtor with Re/Max of Boulder.

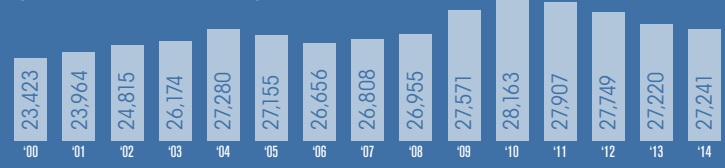
The number of available houses for sale in the county is at a 10-plus-year low, jolting appreciation, creating bidding wars and pricing some people out in the process.

The market is reminiscent of what the region saw during the tech boom days in the early '90s, local real estate observers say. Sales prices then jumped more than 20 percent in a year's time, said Lou Barnes, a mortgage lender with Premier Mortgage Group in Boulder.

The year-over-year appreciation in Boulder County from 2013 to 2014 is much more muted — percentage gains are sitting in the low- to mid-single digits. But there's a considerable difference now: The county is almost built-out and the city of Boulder is weighing some development restrictions...

Source: http://www.timescall.com/business/local-business/ci_27614117/hot-housing-market-boulder-county-home-buyers-inventory

University of Colorado College Enrollment Spring enrollment yearly figures

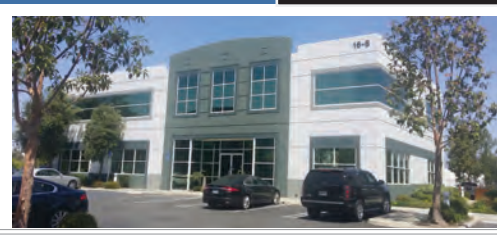


ENROLLMENT GROWTH

In fall 2013, applications were up over 30%. In 2014, they were up an additional 2014.

Nelson Brothers

STUDENT HOUSING AND ASSISTED LIVING INVESTMENTS
 16B Journey | Aliso Viejo, CA 92656
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Nelson Brothers recently purchased and renovated 16-B Journey, a 10,000 sf office building in Aliso Viejo (South Orange County) to serve as company headquarters.

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