



CHICAGO

ILLINOIS Medical District

UIC UNIVERSITY OF ILLINOIS AT CHICAGO

ROOSEVELT UNIVERSITY

NATIONAL LOUISIANA UNIVERSITY

ADLER UNIVERSITY

American Academy of Art

DeVry University

ILLINOIS INSTITUTE OF TECHNOLOGY

UIC UNIVERSITY OF ILLINOIS AT CHICAGO

ART INSTITUTE OF CHICAGO

DEPAUL UNIVERSITY

Rush

ARGOSY UNIVERSITY

EASTWEST UNIVERSITY

Chicago-Kent College of Law

Columbia COLLEGE CHICAGO

The Illinois Institute of Art - Chicago

LOYOLA UNIVERSITY CHICAGO

JOHN MARSHALL LAW SCHOOL

Chicago-Kent College of Law

ILLINOIS INSTITUTE OF TECHNOLOGY

Kendall College

LEXINGTON COLLEGE

HARRINGTON COLLEGE OF DESIGN

WESTWOOD COLLEGE

the BUCKINGHAM

ROOSEVELT UNIVERSITY

Columbia COLLEGE CHICAGO

Northwestern Memorial Hospital

DEPAUL UNIVERSITY

Kendall College

IIT Institute of Design

University of Phoenix

ADLER SCHOOL

International Academy of Design & Technology

WESTWOOD COLLEGE

the BUCKINGHAM

ROOSEVELT UNIVERSITY

Columbia COLLEGE CHICAGO

NBPC
NB Private Capital

27-Story Student Housing
— DOWNTOWN —
CHICAGO



THE BUCKINGHAM 59 E VAN BUREN ST, CHICAGO, IL 60605

3RD LARGEST CITY IN THE US

ONE OF THE **LARGEST & DIVERSIFIED** ECONOMIES

2 OF THE BUSIEST AIRPORTS IN THE COUNTRY

CHICAGO'S "LOOP" OFFERS NEARLY 80 MILLION SQUARE FEET OF OFFICE SPACE AND APPROXIMATELY **450,000 JOBS**

6 MAJOR LEAGUE SPORTS TEAMS

2ND LARGEST TRANSIT SYSTEM IN THE US

NEARLY **3 MILLION** CITY RESIDENTS

OVER **9 MILLION** PEOPLE WITHIN MSA

MORE THAN **4 MILLION** EMPLOYEES

SITE SELECTION MAGAZINE RANKED CHICAGO **THE NO. 1** CITY IN THE U.S. FOR CORPORATE INVESTMENTS FOR THE FOURTH YEAR IN A ROW (2017)

Chicago is recognized as one of the most important financial, cultural, and industrial centers in the United States. More than 400 major corporations, including 34 Fortune 500 companies, are headquartered in Chicago. Anchored by its central location, extensive talent pipeline and overall quality of life, Chicago represents one of the world's largest and most diversified economies. Chicago's abundant art and culture, strong economy, and mid-continent location make it a central hub of the U.S. and an incredibly desirable market for college students looking to launch their careers.

COMPANY HIGHLIGHTS

- > **Over \$500M** in real estate under management
- > **21 Properties:** 12 states
- > **Redstone — 3rd Party Manager:** Manages over 21,000 beds. 98% collective occupancy for 2017-18 school year
- > **Full Cycle Properties: 7** (average 50%+ total return)*
- > **Predecessor firm, NPRE:** Inc. 500 2017, #129 fastest growing private companies in the U.S.*



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DST PERFORMANCE

- > **100% current** on all 13 NBPC DST controlled properties
- > Average Distribution: **6.75%**
- > **98% - Collective Occupancy** for 2017-18 School year
- > **100% Tax shelter** through depreciation on most student housing assets for 2017

NB The Buckingham, DST | 1031 ELIGIBLE TARGETED BENEFITS

- > **Location:** Downtown Chicago within the Loop
- > **6.25%:** Targeted first year cash-on-cash return
- > **Tax Efficiency:** Pass through depreciation**
- > **Track Record:** 100% occupancy – 8 consecutive years
- > **Underserved Market:** In the Loop, 58,000 student with only 2,600 off campus student housing beds
- > **Value-Add Opportunities:** Modern interior upgrades, all-new rooftop amenities, additional study rooms

www.thebuckinghamchicago.com
27-STORIES. 129 UNITS. 438 BEDS.

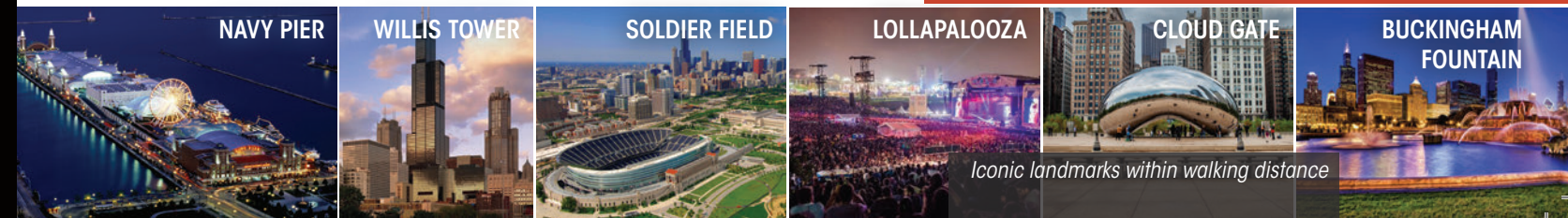
*In 2017, NB Private Capital's predecessor, Nelson Brothers Professional Real Estate was nominated by Inc. 500 as #129 fastest growing private company. See additional commentary from Brian Nelson on the back page.
** 2017 tax returns showed 100% tax shelter for the vast majority of NB Private Capital properties.

LOCATION, LOCATION, LOCATION: There are 22 colleges or universities serving more than 58,000 students within one mile of The Buckingham. Students can enjoy the excitement of a downtown college experience in a high security building but still enjoy the company and community of living with other student peers. Not only is the Buckingham close to school, it is also steps away from some of Chicago's finest parks, museums, theaters, and sporting venues, as well as Grant Park and the Museum Campus.

GRANT PARK: "Chicago's Front Yard," Grant Park features iconic landmarks such as Millennium Park, Buckingham Fountain, the Art Institute of Chicago and home to the city's largest food and music festivals including The Taste of Chicago, as well as The Grant Park Music Festival, and Lollapalooza.

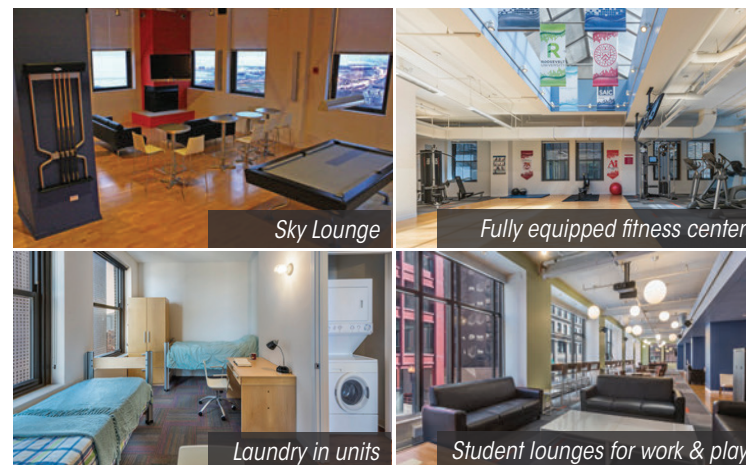
THE MUSEUM CAMPUS: This site offers a collection of some of the city's most notable attractions such as Soldier Field, Adler Planetarium, Shedd Aquarium, and the Field Museum of Natural History.

*Full cycle properties andx Inc. 500 designation were achieved under Nelson Brothers Professional Real Estate. The predecessor for NBPC. According to principal Brian Nelson: "Inc. 500 recognition was amazing. But it incited the fear we may be growing too fast. Our team had proven we could accomplish world class achievements. But that's not what we're about. NBPC was created to take the same energy with a dead-centered focus on performance and dramatic improvements with investor relationships, communication and services. Primarily in the DST market space."
NBPC_BuckinghamExSum01 | 7.13.18



PROPERTY SUMMARY

The Buckingham is a 27-story, 129-unit, 438-bed made-for-student housing property. Built in 1929, this historical landmark is located in the heart of downtown Chicago's vibrant Loop and just a few blocks away from key landmarks such as Cloud Gate, Willis Tower, Grant Park and over 13 colleges and universities (see list of schools on the back page). For students, The Buckingham offers a well-balanced and secure living experience that features a number of unmatched community amenities and features within the units to help foster a well-balanced and safe living environment encouraging the social community with other students through entertainment, physical fitness, private study rooms and best-in-student-market and 24/7 on-site courtesy patrol.



TARGET STRATEGY

With a central location, secure environment and best-in-class amenities, NB believes the Buckingham is well-positioned in a tight, underserved market place and as a result, can potentially deliver a variety of compelling benefits.

Stability: Historical track record of 98%+ occupancy since conversion to students in 2008. CBD location.

Monthly Cash Flow: Targeted first year at 6.25% with steady increases

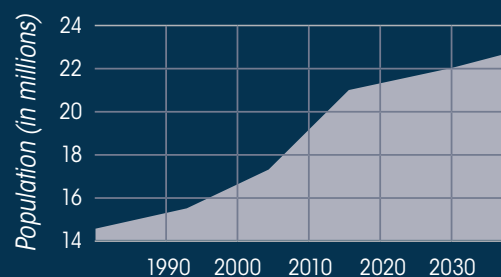
Tax Shelter: NB believes depreciation may be favorable given a potentially high building-to-land ratio.

Capital Growth: NB plans a handful of initiatives to potentially drive growth (See figure below)

Competitive Advantages: NB believes location, pricing (9-month model), living experience and amenities and security are potentially sustainable and difficult to replicate.

All are supported by enrollment at the estimated 60+ colleges and universities in the general Chicago area that may not be correlated to real estate cycles or the general market (see graph below).

U.S. COLLEGE ENROLLMENT POPULATION GROWTH



College enrollment over the past few decades shows almost no correlation to the economy.

Student enrollment expected to grow 13% over the next 10 years*
*Source: National Center for Education Statistics

Student Safety a Top Priority

While living in a major metro area can be a thrilling experience, there is a unique way student housing properties can differentiate themselves from non-student apartments and that is to provide extra safeguards. Not only do the students feel safe, but it helps put nervous parents at ease.

- 24/7 on-site courtesy patrol provided by Andy Frain Services.
- Surveillance cameras on all entrance doors.
- Fob key required for after-hours entry, elevator, amenity rooms and room entry.
- For front lobby, tenants are required to swipe fob for both entry and exit. Computer logs all activity.
- Attendants must log all guests in with security prior to arrival.

CAPITAL GROWTH STRATEGIES

As part of NB's proprietary buying model for student housing, capital growth is an integral component. NB evaluates potential growth through a variety of lenses. Whether it's favorable market dynamics, an excellent buying strategy, opportunities to proactively add value or operational efficiencies; NB deploys a number of initiatives designed to help drive appreciation. Below are a few potential factors:

Acquisition Price: Acquired at a 5.7% cap rate, NB believes this is exceptionally favorable cash flow given the property's central location in a major U.S. city; the large numbers of colleges and the lack of competitive student properties; and the increased commercial demand for stabilized student housing throughout the U.S.

Tight Underserved Market: Data shows that there are more than 112,000 students attending college in the Loop area, and only 2,600 dedicated student housing beds.

Market Barriers to Entry: NB believes properties in the prestigious South Loop come at a premium. While student housing may be an underserved market, it may not be the most profitable use of space. As a result, potential entrants are likely to shy away or come in at an exceptionally high cost point. Potentially making it difficult to compete existing properties on value and pricing.

Expense Ratio: Historical financials on the property show a 30% to 33% expense-to-revenue ratio. Another way to look at this is that for every \$1 spent, \$3 of revenue come in. NB views a favorable expense ratio as an off-overlooked diamond in the rough. NB believes this helps maintain a stronger debt coverage ratio by providing a measurable cushion for profitability. In addition, NB believes any increase in revenues (market-driven rental growth, greater occupancy through more shared rooms, rental growth correlated to value-add upgrades) to low-expense ratio properties, may have a stronger impact on growing the net operating income and the property's sale price.

Value-Add Initiatives: The game plan is to enhance the student experience and further some of the property's competitive advantages by adding more amenities and leveraging the property's unique location.

In all, NB plans to spend an estimated \$1.45 million dollars in modest improvements.

- **Rooftop Amenity Space:** With stunning lake views to the east and Willis Tower / downtown to the west, NB plans to turn the seldom used roof space as extra square footage for students to relax and to socialize. Current plans include: Structural upgrades, all-season glass sundeck, modern glass railing, barbecues, fire pits, furniture and seating, outdoor games, turf and possibly into a hot tub. (Estimated budget: \$1.05M)
- **Basement Amenities:** Convert seldom used basement space into an art studio, music room, fashion cut/sew room and additional study rooms. (Estimated Budget: \$100k)
- **Interior Unit Enhancements:** Quartz countertops, contemporary faucets, accent paint, backsplashes, bathroom flooring, modern shower heads. (Estimated budget: \$300k)

LOCATION

Best-in-Class Amenities

The Buckingham was fully renovated in 2007 with recent updates in 2016 and 2017. The property features high-end amenities such as a fitness center, movie theater, student lounge, study space and a sky lounge with breathtaking views of Lake Michigan and Grant Park. Apartments come complete with modern furnishings, full-size kitchen appliances, in-unit washer and dryer, hardwood-style flooring, and free Wifi.

COMMUNITY AMENITIES

- SKY LOUNGE with spectacular views
- Movie theater
- Fully-equipped fitness center
- Student lounge and private study rooms
- Bicycle storage
- Starbucks vending
- 24/7 security
- One block from public transit options

UNIT AMENITIES

- Spacious kitchen with updated appliances
- In-unit washer and dryer
- Flat screen HD TV with cable
- Hardwood-style flooring
- 13 foot ceilings

UNIT MIX

	UNITS	BDRMS	SF/UNIT	TOTAL SF	AVG RENT/ BED/MO	AVG RENT/ MO/SF	TOTAL RENT/MO
Studio - Single	10	10		4,800	\$1,789	\$3.73	\$17,890
Studio - Double		-	480		-	-	-
1BD/1BTH Single	5	4	515	2,575	1,972	3.83	7,886
1BD/1BTH Double		1			999	3.87	1,998
2BD/2BTH Single	25	49	718	17,591	1,332	3.71	65,245
2BD/2BTH Double		1			944	5.25	1,888
3BD/2BTH Single	50	105	917	45,850	1,301	4.25	136,559
3BD/2BTH Double		45			947	6.20	85,230
4BD/2BTH - Reg Single	38	133	1,133	43,054	1,270	4.48	168,917
4BD/2BTH - Reg Double		19			941	6.64	35,756
4BD/2BTH - Jumbo Single	1	3	2,376	2,376	1,398	2.35	4,194
4BD/2BTH - Jumbo Double		1			959	3.23	1,918
Total/Average	129	371*	904	116,246	\$1,204	\$4.52	\$527,482

The property has 371 physical bedrooms. However, many of the 3-bedroom units allow for one of the rooms to be shared with two occupants. This allows less expensive rent to the tenant and more revenue to the property. Currently, about 67 beds have been added for shared rooms.

UBS Loan Details Interest Only – 3 Years, 10 year term, Fixed Interest Rate – 5.23%

SUMMER MONTHS

NB's typical leasing structure for student housing is to require 12-month leases. This helps minimize volatility with cash flow during the off-peak summer months. However, given the Buckingham's Central Business District (CBD) location, it has become a premium destination for several corporate (undergraduate) internships over the summer season. Not only does the program bring in healthy revenue, it also helps provide a significant cost advantage over competitors (all require 12-month leases), with the cost-friendlier nine-month lease terms.

Key highlights of the summer rental program:

- 100% summer occupancy, 6 years in a row
- 100+ person waitlist, rent collected upfront, \$265 admin fee per student
- Property's brand recognition has resulted in strong leasing numbers
- Attendance is primarily students from Notre Dame, Indiana University, U. of Wisconsin, and U. of Illinois.

OFFERING DETAILS

1st Year Targeted Cash-on-Cash Return	6.25%
Total Offering Price	\$89,784,811
Total UBS Loan Amount	\$45,300,000
Total Investor Equity	\$44,484,811
Loan-to-Value	50.4%
Capital Improvement Reserves (funded at close)	\$1,457,379

PROPERTY PROFILE

Year Built	1929
Year Renovated	2007
Acres	0.56 Acres
Number of Units	129
Number of Beds	438
Number of Stories	27 stories
Average SF/Unit	904

TARGETED PRO FORMA ANALYSIS

(Master Lease Structure)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Total Operating Income	6,742,547	7,390,659	7,745,089	7,977,441	8,216,765	8,463,268	8,717,166	8,978,681	9,248,041	9,525,482
Total Expenses	1,576,586**	2,238,299	2,431,940	2,481,487	2,532,117	2,583,856	2,636,729	2,690,760	2,745,977	2,802,406
Expense Ratio	23.4%	30.3%	31.4%	31.1%	30.8%	30.5%	30.2%	30.0%	29.7%	29.4%
NOI	5,165,962**	5,152,361	5,313,149	5,495,955	5,684,647	5,879,411	6,080,437	6,287,920	6,502,064	6,723,076
Debt Service	(2,369,190)	(2,369,190)	(2,369,190)	(2,995,049)	(2,995,049)	(2,995,049)	(2,995,049)	(2,995,049)	(2,995,049)	(2,995,049)
Cash Flow After Debt Service	2,796,772	2,783,171	2,943,959	2,500,906	2,689,598	2,884,362	3,085,388	3,292,871	3,507,015	3,728,027
Distributions %	6.25%	6.25%	6.35%	5.35%	5.45%	5.45%	5.55%	5.55%	5.75%	5.75%

** Certain large expenses such as taxes and insurance are pre-paid at the close of escrow. As a result, NB removes these as recurring itemized expenses in year one. Total expenses and NOI in year one are heavily skewed. Subsequent years should have more accurate reflections of property expenses and NOI going forward.

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