



NB Private Capital



NEW OFFERING COMING SOON JULY 2018



THE RIDGE

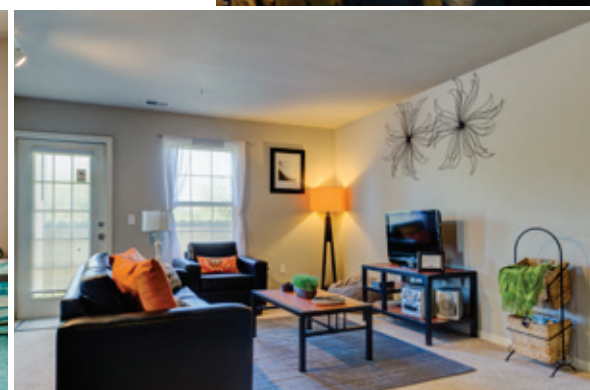
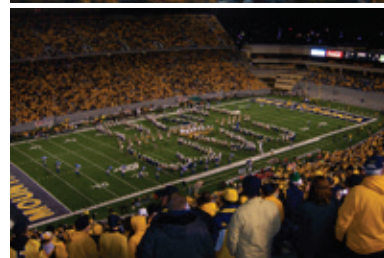
350 Wedgewood Dr.
Morgantown,
West Virginia 26505



6.00% Targeted Average Cash-on-Cash

Built 2002

168 Units – 644 Beds



OPPORTUNITY

The Ridge is situated less than one mile from West Virginia University in Morgantown, WV. This investment provides a perfect opportunity to acquire a property at a Tier one University in the Big 12 conference. The fully amenitized property was built in 2002 and has an outstanding location and legacy within the WVU market.

Although the property was nearly 100% occupied for the 2016-2017 academic year, it has experienced a slower leasing velocity and lower current occupancy at 77 percent for the 2017-2018 academic year. As pockets of the national student housing market begin to mature and go through peaks and troughs we believe The Ridge presents itself as a value centric investment opportunity.

Mark Twain's investment advice was, "Buy a stock and sell it when it goes up. If it doesn't go up, don't buy it." NB Private Capital is not Mark Twain so our approach is not foolproof but we do agree that buying low helps investment returns in the long run. We believe the acquisition price is relatively low compared to what the property value could potentially be using our operational strategy that we have in place over the next couple of years if enrollment begins to climb.

The Ridge is currently being priced at around \$23,000 per bed which is about half of what the average price per bed was in 2017 for national B/C* student housing transactions. It is also the lowest price per bed compared to the most recent sales comparables. This is why we believe this property to be the most compelling in location, cleanliness and amenities it has to offer.

We believe as the market continues to improve, we will invest in the property providing minor cosmetic upgrades to improve its competitiveness and potentially drive rents higher. Over time, these improvements can potentially bring back the property's valuation to be in line if not more than the comparables.



WEST VIRGINIA STUDENT HOUSING RECENT SALE COMPARABLES

	Date of Sale	Price/Bed
COPPER BEACH	4/25/2017	25,984
THE PROVINCE-DAYTON	7/27/2017	38,052
MOUNTAIN VALLEY	11/30/2016	53,951
UNIVERSITY COURTYARD	11/30/2016	35,172
THE LEX	9/28/2017	61,633

THE PROPERTY

Location

The Ridge is one of the closest comparable properties located less than one mile north of the Evansdale Campus, providing an exceptional advantage for location near the new advanced engineering research building, college of engineering and mineral resources, WVU's medical school, hospital (which employs over 6,000), law school and the football stadium. The university is also currently building a new agricultural sciences building, Evansdale Crossing (Student Service Center) and Milan Puskar Stadium expansion all located on/near the Evansdale campus.

The Ridge, outside of its six comparables located near Evansdale campus, has little competition from class D properties that are what we believe to be unsuitable for college students.

Unit Mix

The property is the only comparable property that has a 4 bedroom 2 bathroom unit mix. It has a standard and deluxe size 4 bedroom 2 bathroom which both units account for 85 percent of the property's beds; the other 15 percent are 3 bedroom 3 bathroom units.

BED / BATH	SF	UNITS	BEDS
3 Bed/ 3 Bath	1,107	28	84
4 Bed/ 2 Bath	1,076	84	336
4 Bed/ 2 Bath Deluxe	1,305	56	224
Subtotal	-	168	644

*The Ridge is what we would consider a Class B property.

FORECASTED MARKET SUPPLY AND DEMAND

Year	Total Enrollment	Enrollment Growth	Change in Enrollment	Purpose Built Bed to Enrollment	Total New Supply (on-campus and off campus)*
2013	29,466	-0.8%	-241	40.8%	418
2014	29,175	-1.0%	-291	39.9%	-377
2015	28,776	-1.4%	-399	41.0%	177
2016	28,488	-1.0%	-288	44.5%	856
2017F	28,346	-0.5%	-142	45.2%	141
2018F	28,544	0.7%	198	44.9%	0
2019F	28,915	1.3%	371	44.5%	54
2020F	29,378	1.6%	463	43.5%	-88

*Source: Axiometrics



MARKET ANALYSIS

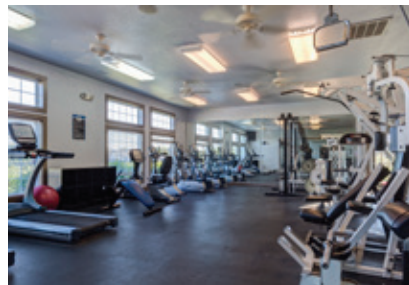
Negative enrollment in combination with a surplus of new student beds has impacted the property's recent performance. However, we believe we are buying the property close to a turning point in the market based on no new off campus supply currently planned over the next three school years and enrollment growth turning positive and projected to increase by an average of 1.2% per year thru 2022.

Axiometrics forecasts the ratio of purpose built bed to enrollment to normalize around 43% if enrollment continues to see positive growth and the number of students comes close to a level seen pre Fall 2013. We believe other buyers have begun to see the same opportunity in the market; and that is to buy at a perceived low cost per bed in a market that will recover over the next couple of years and invest in upgrading the property. A total of three properties are either in escrow or on the market to be sold (which includes The Ridge) and one that can currently be disclosed at the time of this writing is Campus Evolution.

STRATEGY

The opportunity to purchase, at what we believe to be a low enough acquisition price, allows us to underprice market rents to a level where we can return the property's occupancy to 90 percent occupancy. Based on our research, we believe leasing can be accelerated if the 4 bedroom 2 bathroom units are discounted to a greater extent to the 4 bedroom 4 bathroom comparable units in the market. The reduction in rents and 90 percent occupancy we believe will still provide the support the property needs to allow us to target a 5.75 percent distribution before the market fully recovers.

UNIT	RIDGE	COMPARABLES	TARGET
4 bed 2 bath	374	-	330
4 bed 2 bath deluxe	383	-	350
4 bed 4 bath	-	436	





TOTAL FALL 2017 ENROLLMENT	28,346
CONFERENCE	BIG 12
TUITION IN-STATE	\$8,345
TUITION OUT-OF-STATE	\$23,500



Home to over 28,000 students, West Virginia University offers 353 majors in diverse programs including agriculture, business, creative arts and nursing in 15 colleges. Recently, several of its graduate programs including law, engineering and education are ranked in U.S. News and World Report's 2017 edition of America's Best Graduate Schools. Among its students, 24 are Rhodes Scholars, 22 are Truman Scholars and 40 are Goldwater Scholars. WVU's faculty is nationally recognized and 19 have been named Carnegie Foundation Professors of the Year.



130 Vantis suite 160 Aliso Viejo, Ca 92656 • (877) 827-NBPC (6272)

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