

THE DYLAN at 4711

PROJECT SUMMARY -

The Dylan, consisting of a maximum of 187 units, is designed to be a multi-family residential development on The Country Club Plaza in Kansas City, Missouri. The Plaza is recognized as the first suburban shopping center in the United States. Our neighborhood is graced with office buildings, hospitals, retail shopping, jewelry stores, casual, chic and fine dining, theatres, art galleries, museums, public parks, golf clubs, public gardens, universities and the premier residential neighborhoods in the metropolitan area.

Enclosed you will find a preliminary project brochure, a professional opinion regarding tax depreciation of the planned improvement, a preliminary construction schedule, recent multi-family market forecasts for the Kansas City area and a Plaza focused market research schedule. Please review these documents and respond if you are interested in this exceptionally located, luxury, multi-family project.

Additional notes:

- The zoning ordinance for The Dylan at 4711 was passed by the City Plan Commission on May 10, and sealed on May 11, 2017.
- A full set of drawings can be completed in approximately five months.
- Market research indicates no new competing project in the Plaza vicinity for at least several months after completion of construction of the Dylan.
- Competitive lease rates.

The best and most appropriate amenities and elements have been incorporated into The Dylan. This project is directed to a market that can afford an apartment to come home to that feels like and looks like a resort. Amenities include a coffee/ craft beer lounge, physical fitness room, community room, concierge, dog wash, car wash, bicycle repair station, steam room and pool. Prospective tenants will be seduced by the management team that greets them and by what they see.

Each member of our seasoned development team has made significant contributions to creating this concept and the resulting proforma and drawings. The developer's concept has been greeted by neighborhood homes associations, city planning and city council with "wow".

Follow "The Dylan" on thedylan@4711.com

Project Description

187 Luxury Apartments

1,500 SF of Retail Space

Amenities Include:

- Concierge
- Package Delivery System
- Club Room
- Media Room
- Coffee/ Craft Beer Lounge
- Gym and Yoga studio
- Steam Room
- Beauty Salon
- Dog Walk
- Dog Wash Station
- Bicycle Storage & Repair Station
- Electrical Vehicle Charging Stations
- Garden Terrace
- Pool & Pool Patio
- Roof Terrace Overlooking Pool
- Convenience Shop

Projected Rent

Rent for The Dylan at 4711 ranges from \$1,376 to \$4,305 per month with an average rent rate of \$2.25 per square foot. This rate is competitive based upon actual market conditions.

Vacancy and Collection Loss

The pro forma vacancy and collection loss rate is 5%. This figure is based assessing the performance of the nearest comparable apartment communities, each of which have been operating at between 96% to 100% occupancy. Current Plaza occupancy is 97%, a Kansas City market high according to a recent study by Vogt Strategic Insights dated May 9, 2017.

Total Expenses

Operating expenses were conservatively set at roughly 30% for the purposes of proforma providing more than adequate resources to operate the property as a first-class community.

Absorption

The developer expects to lease 9 units in the 16th month of construction. Thereafter, 18 to 20 units per month, in accordance with the 2017 JLL Market Study. Leasing 18 units per month for 7 months results in stabilized project at 22 months after commencement of construction.

Market Overview

The Dylan at 4711 is an exceptional stand-alone development opportunity based on the market study and pro forma analysis. Most importantly, however, this project represents an outstanding opportunity to capitalize on a unique set of circumstances.

Project Overview

The project is located on a 1.17-acre site on Belleview Avenue. This site is surrounded by single family neighborhoods on the West, multi-family buildings, art museums theaters and the major entertainment districts of the Country Club Plaza and Westport on the East, hospitals to the North and with nearby shopping, restaurants, offices and parks in every direction. There are north and southbound bus stops less than a block away.

The developer's strategy is to provide luxury, upscale residential units that reflect the best in first class, on-site amenities. The objective for this community is a resort-feel home for the renter

Anticipated Demand

The targeted renter is late 30's to early 70's. New and existing inventory is being leased at historically high levels. Vacancy rates remain low, (nationally occupancy is near an all-time high of 95.8%) and rents continue to rise, (3.9% expected in 2017, nearly double historical average). Tightened credit markets and continued marginal economic growth has enabled fewer people to own their own homes. Younger demographics continue to delay home formations while Baby Boomers are seeking, "lock and leave" situations to afford more flexibility. We are in a time of renting by choice for those consumers who could chose to buy a home, but instead rent for convenience and flexibility. This new renter is searching for an amenity-driven, resort-style, luxury space. This project delivers the our customer the ability to have all the amenities of an upper-end, new, single family home, with the capability to lock the door and leave for the week. As a result, our community will be the perfect option for active adults, as well as, the new generation of working millennials.

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Decreasing Supply

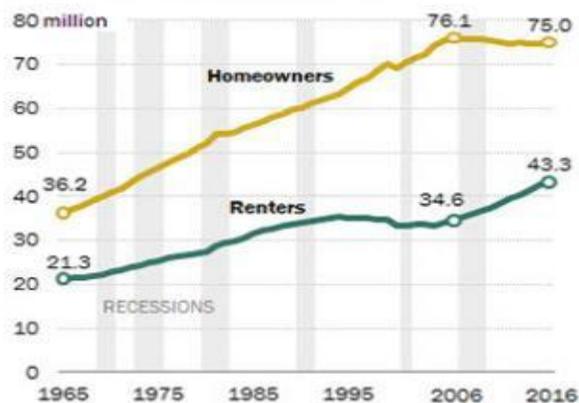
Despite the increased production of new multi-family units, household formation continues to outpace the combination of single family and multifamily units. Per Freddie Mac's 2016 MF Outlook, the total number of housing starts in 2015 (including one unit, two-four unit, and five plus unit buildings) were down 30% to the historical average between 1970-2007. As many former homeowners and younger people have become renters, vacancy rates for rental properties have fallen fast, (Nationally approximately 6.5%) which is the lowest vacancy since the mid-1980's. This continual shortage of housing implies more increases to single family home pricing, in turn driving rental demand. As a cumulative effect, we will continue to see historically low vacancy rates further supporting this new development.

Per MarketWatch's July '17 article, "More U.S. households are headed by renters than at any point since at least 1965, according to new analysis of Census Bureau data by the Pew Research Center, a nonprofit think tank in Washington, D.C. "The total number of households in the United States grew by 7.6 million between 2006 and 2016 But over the same period, the number of households headed by owners remained relatively flat, in part because of lingering effects of the housing crisis." The rise in renters is significant, even accounting for the growth in the population over the last half-century."

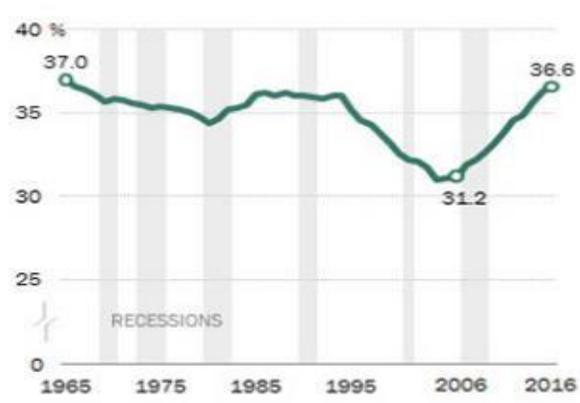
The number of households renting their home has fallen since the peak of the U.S. property bubble in 2006, while the percentage of households renting rose to nearly 37% last year from just over 31% in 2006. The 2016 rate is slightly less than the 37% in 1965. "Certain demographic groups — such as young adults, nonwhites and the lesser educated — have historically been more likely to rent than others," Pew found. "However, rental rates have also increased among some groups that have traditionally been less likely to rent, including whites and middle-aged adults."

Significant growth in the number and share of households renting their home since 2006

Number of household heads, in millions



% of household heads that rent their home



Note: Data labels are for 1965, 2006 and 2016. Figures for 1979, 1981, 1989, 1993 and 2000-2016 reflect revised estimates. Source: Pew Research Center analysis of U.S. Census Bureau estimates of housing inventory.

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Closing

Prospective lenders, City Planning, neighborhood groups and other developers have consistently complemented the design of this apartment development. The Dylan at 4711 offers an outstanding investment opportunity. I am looking forward to hearing from you.