Multifamily 3.0: Value Add Strategies That Are Working Today

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Overview

I. Independent and diversified financial services firm with expertise in Investment Management, Global Markets, Insurance Services and Consulting

II. Founded in 1937 - employee-owned and privately-held

III. Headquartered in Chicago with approximately 1,200 employees globally in offices across the United States, London and Hong Kong

IV. Premier provider of alternative investment management solutions with total firm assets under management of $76.5 billion as of March 31, 2013(1)

V. A deep infrastructure in areas such as: client service, legal & compliance, IT, human resources, communications, economic research and accounting.

Mesirow Financial Alternative Asset Management Platform

- Real Estate
- Hedge Funds
- Private Equity
- Commodities
- Currencies
- Agriculture

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Mesirow Financial Real Estate Value Fund, L.P.

- **Capitalization:** $379.325 million
- **Structure:** Closed-end Fund
- **Strategies:**
  - Multifamily Value-added: renovations, repositionings, substantial lease-ups and management enhancements
  - Multifamily Development: targeted JV developments not to exceed 20% of the portfolio
- **Term:** 8 years, inclusive of a 3 year investment period
- **Geographic Focus:** Nationwide with approximation to NCREIF Property Index diversification (West: 35%, Midwest 10%, East 35%, South 20%)
- **Target Return:** 14% - 16% gross of fees and expenses
- **Leverage:** Up to 65% on a portfolio basis
- **Final Closing:** June 30, 2012
Target Markets for Multifamily Investments

- Seattle
- Portland
- San Francisco / Oakland
- Los Angeles / Orange County
- San Diego
- Denver
- Las Vegas
- Chicago
- Minneapolis / St. Paul
- Nashville
- Austin
- Dallas / Fort Worth
- Nashville
- Houston
- Atlanta
- Raleigh
- Charlotte
- Jacksonville
- Orlando
- Tampa / St. Petersburg
- Miami / Ft. Lauderdale
- NYC / N. NJ
- Philadelphia
- Baltimore
- D.C. Metro
- San Jose
- Boston
- San Antonio
Garden Style Value Renovation Strategy
Terra Vista
Littleton, Colorado
324 units
Value Add Purchase Strategy

Eleven North

Nashville, Tennessee

302 units
Joint Venture Development Strategy
Platform 14
Portland, Oregon
177 units
Case Study: Apartments at Windbrooke Crossing
Buffalo Grove, Illinois (Chicago MSA)
236 units
Case Study: Summary Acquisition and Renovation Plan

**Acquisition Attributes**

- 1986 – vintage, townhome-style garden property with 236 units (25% 1BR, 75% 2BR)
- Family-oriented suburb 30 miles outside Chicago with excellent school system
- Transit-oriented: commuter rail to Chicago and to O’Hare Airport
- Attractive value-add play due to average unit size of 900 sf and lack of common area amenities
- Acquired December, 2011
Case Study: Summary Acquisition and Renovation Plan

Renovation Plan

- Common area enhancements: expanded clubhouse (from 1,950 sf to 4,450 sf) with new fitness center and cyber café, new hallway carpeting, lighting and signage

- Unit renovations: new cabinets, granite countertops, stainless appliances, faux wood vinyl flooring. Average cost of $8,700 /unit.

- 90 of 236 units completed to date at ROC of > 20%

- Current cash yield on cost of > 10%
Windbrooke Crossing Clubhouse Plan
Local Development Project
15th and Market
San Diego
242 units