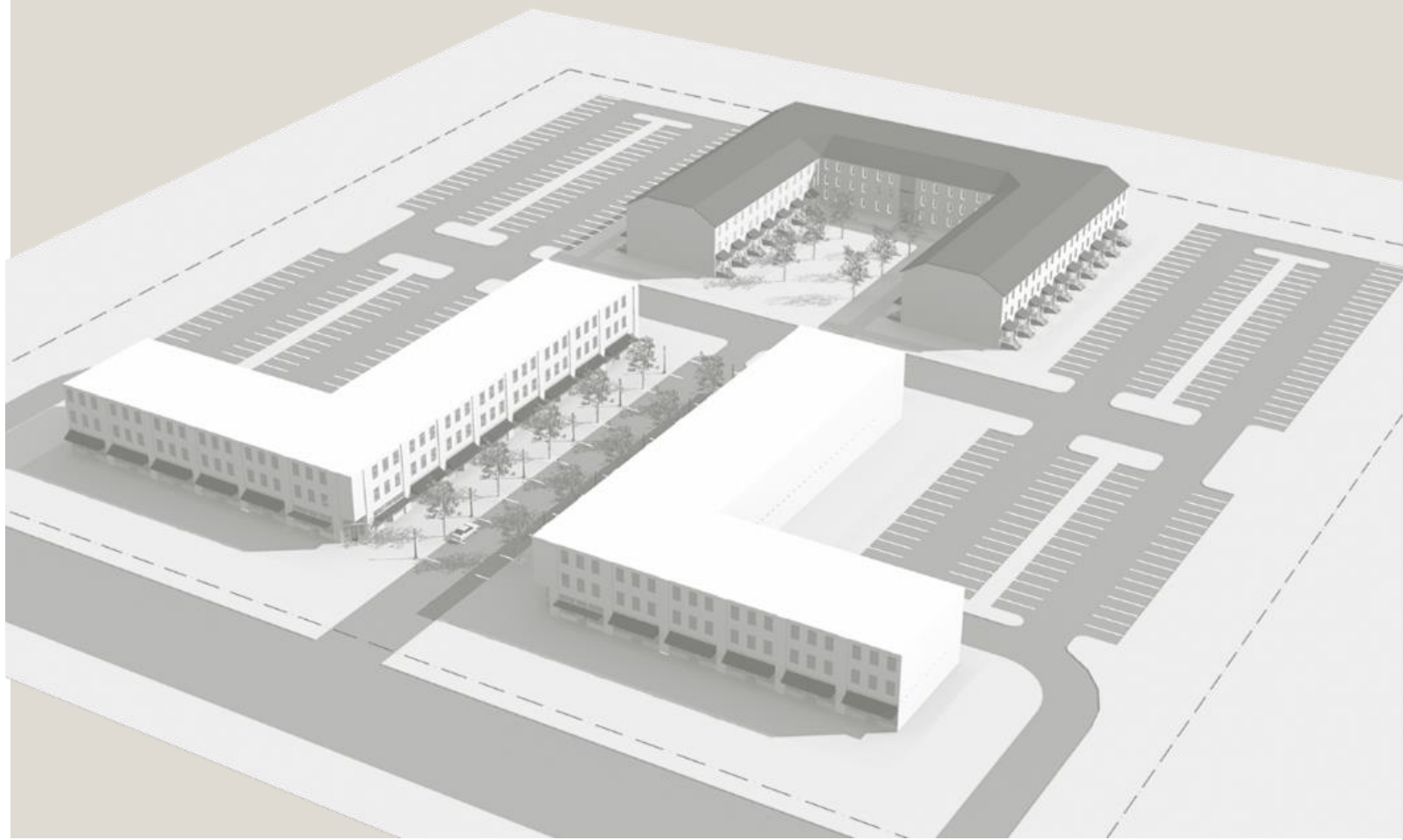




VOORHEES COMMONS

STZ Development Corp.

Jakob Schneider, Chris Townley, Steven Zimmerman



The Development

Rethinking Development in New Brunswick:

An innovative mixed-use community near the Rutgers New Brunswick campus with great transportation access

A New Direction...

□ **For New Brunswick**

- An alternative to the high-rise mania and isolated residential-only apartment complexes that dominate new development in the city
- Designed to meet the needs of diverse students, workers and families who value innovation and the convenience that mixed-use development offers

□ **For STZ Development**

- Building on our exemplary residential development record, we are making a small step into the mixed-use market demonstrating our pragmatic approach to firm growth and sustainability
- Bringing together the tools of planning, design, and finance to offer profitable opportunities for investors who seek stable and high returns

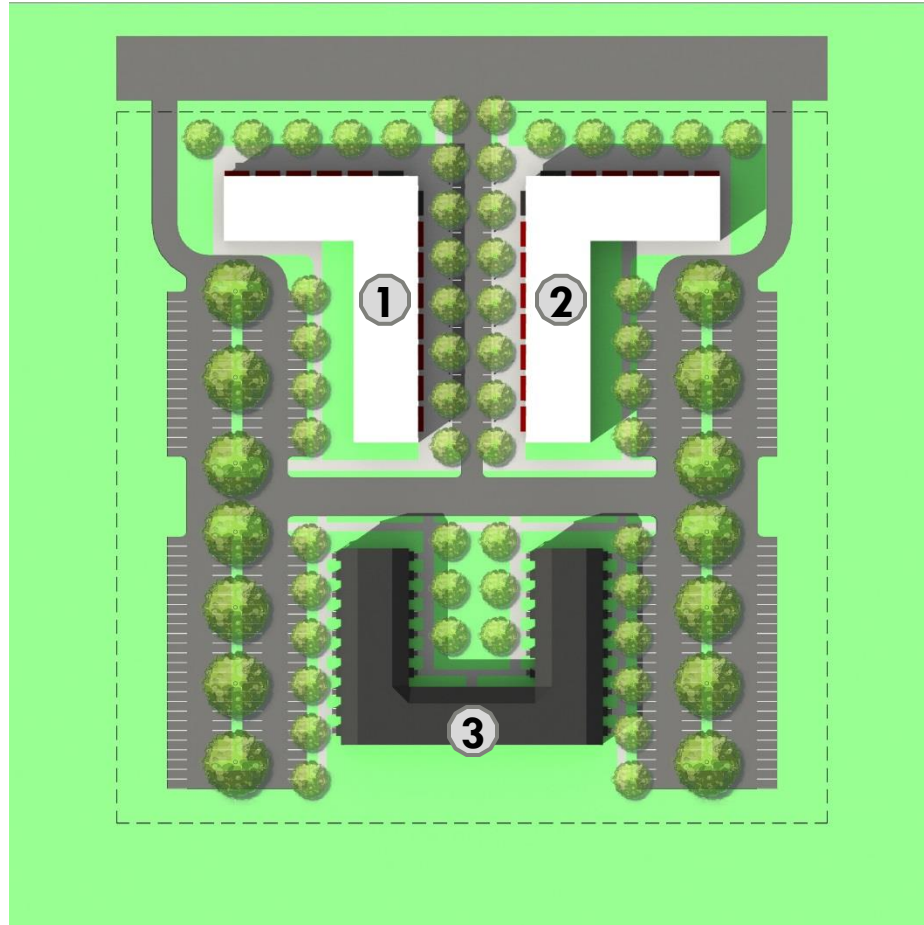
Site Plan

Buildings 1 & 2:

Three story buildings with ground floor retail with high-visibility and apartments above.

Building 3:

Residential building with a combination of townhomes and apartments.



Project Overview

Quick Facts:

Residential

Gross: 168,000 ft²

Leasable: 151,200 ft²

Retail

Gross: 42,000 ft²

Leasable: 42,000 ft²

Total

Gross: 210,000 ft²

Leasable: 193,200 ft²

□ Mixed-Use Development

▣ Residential

| Units | Type | SQFT | Monthly Rent |
|-------|----------------|------|--------------|
| 10 | Studio | 500 | \$970 |
| 85 | 1 Br Flat | 650 | \$1200 |
| 48 | 2 Br Flat | 1200 | \$2400 |
| 17 | 3 Br Townhouse | 1950 | \$3250 |

▣ Retail

| Units | Type | SQFT | Monthly Rent |
|-------|------------|--------|--------------|
| 1 | Building 1 | 21,000 | \$30/SF |
| 2 | Building 2 | 10,500 | \$30/SF |

Financial

Financial Overview

Quick Facts:

Equity: \$11.9 million

Debt: \$26.6 million

Unlevered

IRR: 14%

Cash Return: 6%*

Levered

IRR: 20%

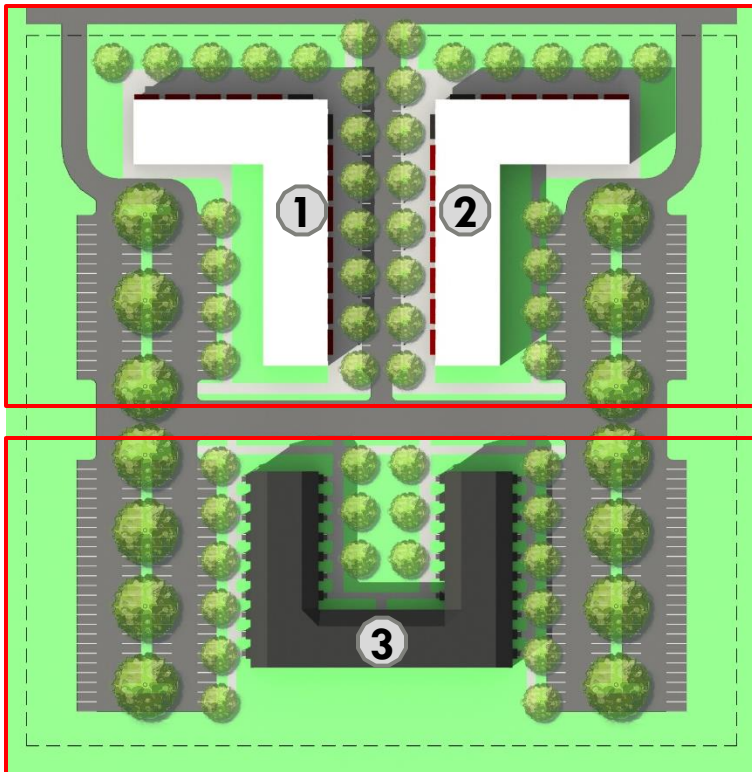
Cash-on-cash: 10%*

*First year of full operations

- Land Acquisition
 - ▣ \$4 Million
- Project Construction Costs
 - ▣ \$33 million
- Construction Financing
 - ▣ Terms: Interest-only at 5.50%
- Refinance at Year 3
 - ▣ Terms: 5.50% / 25 year amortization

Project Phasing

Phase 1



Phase 2

- Phase 1: Buildings 1 & 2
 - ▣ Retail: 42,000 SF
 - ▣ Residential:
 - (10) Studio Units
 - (45) 1 Br Flats
 - (38) 2 Br Flats
- Phase 2: Building 3
 - ▣ Residential:
 - (48) 1 Br Flats
 - (16) 2 Br Flats
 - (17) 3 Br Townhouses

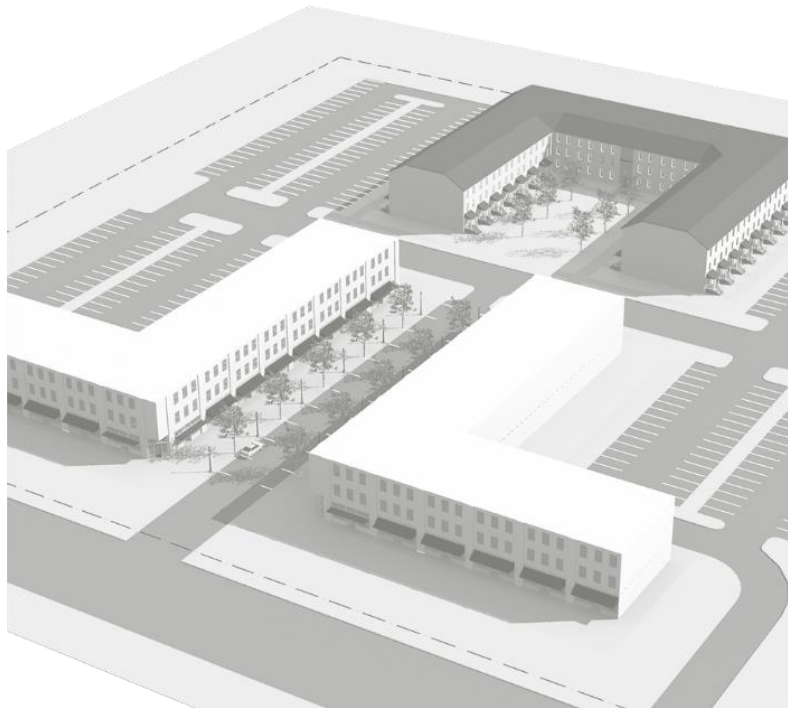
Construction & Funding

Voorhees Commons | Financing Information

| Construction Loan | |
|-------------------|------------------|
| Amount | \$ 26,625,000 |
| Rate | 4.50% |
| Description | 75.0% of Cost |
| Permanent Loan | |
| Amount | \$ 26,625,000 |
| Rate | 5.50% |
| Amortization | 25 year (annual) |
| Description | 75.0% of Cost |
| Equity | |
| Amount | \$ 11,964,703 |
| Total Investment | |
| Amount | \$ 38,589,703 |



Voorhees Commons | Construction Phase



| | Purchase | Construction Phase | | |
|-------------------------------------|-----------------------|------------------------|--------------------------|-----------------------|
| Apartments | 0 | 1 | 2 | 3 |
| Rent Income | - | - | - | \$ 1,663,200 |
| Vacancy/Credit Loss | - | - | - | \$ (66,528) |
| Total Operating Income | - | - | - | \$ 1,596,672 |
| Operating Expenses | - | - | - | \$ (1,008,000) |
| Unit Turnover Cost | - | - | - | \$ - |
| Taxes | - | - | - | \$ (151,200) |
| Total Operating Expenses | - | - | - | (1,159,200.00) |
| Apartments NOI | - | - | - | 437,472.00 |
| | | | | |
| Retail | 0 | 1 | 2 | 3 |
| Rent Income | - | - | - | \$1,260,000 |
| Vacancy/Credit Loss | - | - | - | (37,800.00) |
| Net Rent Income | - | - | - | \$1,222,200 |
| Taxes | - | - | - | 63,000.00 |
| Operating Expenses & CAM | - | - | - | 189,000.00 |
| Recoverable Expenses | - | - | - | 252,000.00 |
| Taxes | - | - | - | (63,000.00) |
| Operating Expenses & CAM | - | - | - | (189,000.00) |
| Total Operating Expenses | - | - | - | (252,000.00) |
| Retail NOI | - | - | - | 1,222,200.00 |
| | | | | |
| Total NOI | - | - | - | 1,659,672.00 |
| | | | | |
| Capital Expenditures | 0 | 1 | 2 | 3 |
| Tenant Improvements | - | - | \$ (840,000) | |
| Leasing Commission | - | - | \$ (315,000) | |
| Capital Total | - | - | \$ (1,155,000.00) | \$ - |
| | | | | |
| Development Costs | 0 | 1 | 2 | 3 |
| Land Cost | \$ (4,000,000) | - | - | - |
| Construction Costs | - | \$ (10,500,000) | \$ (10,500,000) | \$ (10,500,000) |
| Residual Value | - | - | - | - |
| Unlevered Cash Flow | \$ (4,000,000) | \$ (10,500,000) | \$ (11,655,000) | \$ (8,840,328) |
| | | | | |
| Debt Service | 0 | 1 | 2 | 3 |
| Principal | - | - | - | - |
| Interest | - | \$ (1,198,125) | \$ (1,198,125) | \$ (1,198,125) |
| Total Principal and Interest | - | \$ (1,198,125) | \$ (1,198,125) | \$ (1,198,125) |
| Loan | - | \$ 8,875,000 | \$ 8,875,000 | \$ 8,875,000 |
| Cash Flow After Debt Service | \$ (4,000,000) | \$ (2,823,125) | \$ (3,978,125) | \$ (1,163,453) |

| | Operation Phase | | | | | | | | | | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|
| Apartments | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Rent Income | \$ 3,477,600 | \$ 3,773,952 | \$ 3,924,910 | \$ 4,081,906 | \$ 4,245,183 | \$ 4,330,086 | \$ 4,416,688 | \$ 4,505,022 | \$ 4,595,122 | \$ 4,687,025 | \$ 4,780,765 |
| Vacancy/Credit Loss | \$ (139,104) | \$ (150,958) | \$ (156,996) | \$ (163,276) | \$ (169,807) | \$ (173,203) | \$ (176,668) | \$ (180,201) | \$ (183,805) | \$ (187,481) | \$ (191,231) |
| Total Operating Income | \$ 3,338,496 | \$ 3,622,994 | \$ 3,767,914 | \$ 3,918,630 | \$ 4,075,375 | \$ 4,156,883 | \$ 4,240,021 | \$ 4,324,821 | \$ 4,411,317 | \$ 4,499,544 | \$ 4,589,535 |
| Operating Expenses | \$ (1,028,160) | \$ (1,048,723) | \$ (1,069,698) | \$ (1,091,092) | \$ (1,112,913) | \$ (1,135,172) | \$ (1,157,875) | \$ (1,181,033) | \$ (1,204,653) | \$ (1,228,746) | \$ (1,253,321) |
| Unit Turnover Cost | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) | \$ (33,600) |
| Taxes | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) | \$ (302,400) |
| Total Operating Expenses | (\$ 1,364,160) | (\$ 1,384,723) | (\$ 1,405,698) | (\$ 1,427,092) | (\$ 1,448,913) | (\$ 1,471,172) | (\$ 1,493,875) | (\$ 1,517,033) | (\$ 1,540,653) | (\$ 1,564,746) | (\$ 1,589,321) |
| Apartments NOI | \$ 1,974,336 | \$ 2,238,271 | \$ 2,362,216 | \$ 2,491,539 | \$ 2,626,462 | \$ 2,685,711 | \$ 2,746,145 | \$ 2,807,788 | \$ 2,870,664 | \$ 2,934,797 | \$ 3,000,213 |
| Retail | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| Rent Income | \$ 1,285,200 | \$ 1,310,904 | \$ 1,337,122 | \$ 1,363,865 | \$ 1,532,983 | \$ 1,594,302 | \$ 1,626,188 | \$ 1,658,712 | \$ 1,691,886 | \$ 1,725,724 | \$ 1,760,238 |
| Vacancy/Credit Loss | \$ (38,556) | \$ (39,327) | \$ (40,114) | \$ (40,916) | \$ (45,989) | \$ (47,829) | \$ (48,786) | \$ (49,761) | \$ (50,757) | \$ (51,772) | \$ (52,807) |
| Net Rent Income | \$ 1,246,644 | \$ 1,271,577 | \$ 1,297,008 | \$ 1,322,949 | \$ 1,486,993 | \$ 1,546,473 | \$ 1,577,402 | \$ 1,608,950 | \$ 1,641,129 | \$ 1,673,952 | \$ 1,707,431 |
| Taxes | \$ 64,260 | \$ 65,545 | \$ 66,856 | \$ 68,193 | \$ 76,649 | \$ 79,715 | \$ 81,309 | \$ 82,936 | \$ 84,594 | \$ 86,286 | \$ 88,012 |
| Operating Expenses & CAM | \$ 192,780 | \$ 196,636 | \$ 200,568 | \$ 204,580 | \$ 229,947 | \$ 239,145 | \$ 243,928 | \$ 248,807 | \$ 253,783 | \$ 258,859 | \$ 264,036 |
| Recoverable Expenses | \$ 257,040 | \$ 262,181 | \$ 267,424 | \$ 272,773 | \$ 306,597 | \$ 318,860 | \$ 325,238 | \$ 331,742 | \$ 338,377 | \$ 345,145 | \$ 352,048 |
| Taxes | \$ (64,260) | \$ (65,545) | \$ (66,856) | \$ (68,193) | \$ (76,649) | \$ (79,715) | \$ (81,309) | \$ (82,936) | \$ (84,594) | \$ (86,286) | \$ (88,012) |
| Operating Expenses & CAM | \$ (192,780) | \$ (196,636) | \$ (200,568) | \$ (204,580) | \$ (229,947) | \$ (239,145) | \$ (243,928) | \$ (248,807) | \$ (253,783) | \$ (258,859) | \$ (264,036) |
| Total Operating Expenses | (257,040.00) | (262,180.80) | (267,424.42) | (272,772.90) | (306,596.53) | (318,860.39) | (325,237.60) | (331,742.35) | (338,377.20) | (345,144.74) | (352,047.64) |
| Retail NOI | \$ 1,246,644 | \$ 1,271,577 | \$ 1,297,008 | \$ 1,322,949 | \$ 1,486,993 | \$ 1,546,473 | \$ 1,577,402 | \$ 1,608,950 | \$ 1,641,129 | \$ 1,673,952 | \$ 1,707,431 |
| Total NOI | \$ 3,220,980 | \$ 3,509,848 | \$ 3,659,224 | \$ 3,814,487 | \$ 4,113,455 | \$ 4,232,184 | \$ 4,323,548 | \$ 4,416,739 | \$ 4,511,794 | \$ 4,608,749 | \$ 4,707,644 |
| Capital Expenditures | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Apartments | | | | | | | | | | | |
| Cap Ex Reserve | \$ (38,556) | \$ (39,327) | \$ (40,114) | \$ (40,916) | \$ (45,989) | \$ (47,829) | \$ (48,786) | \$ (49,761) | \$ (50,757) | \$ (51,772) | |
| Retail | | | | | | | | | | | |
| Cap Ex Reserve | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | \$ (50,400) | |
| Tenant Improvements | - | - | - | - | \$ (840,000) | - | - | - | - | - | |
| Leasing Commission | - | - | - | - | \$ (315,000) | - | - | - | - | - | |
| Capital Total | (\$ 88,956.00) | (\$ 89,727.12) | (\$ 90,513.66) | (\$ 91,315.94) | (\$ 1,251,389.48) | (\$ 98,229.06) | (\$ 99,185.64) | (\$ 100,161.35) | (\$ 101,156.58) | (\$ 102,171.71) | |
| Development Costs | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Sale Value | - | - | - | - | - | - | - | - | - | \$ 85,593,535 | |
| Sale Costs | - | - | - | - | - | - | - | - | - | \$ (1,711,871) | |
| Residual Value | - | - | - | - | - | - | - | - | - | \$ 83,881,664 | |
| Unlevered Cash Flow | \$ 3,132,024 | \$ 3,420,120 | \$ 3,568,711 | \$ 3,723,171 | \$ 2,862,066 | \$ 4,133,955 | \$ 4,224,362 | \$ 4,316,577 | \$ 4,410,637 | \$ 88,388,242 | |
| Debt Service | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Principal | \$ (520,502) | \$ (549,129) | \$ (579,331) | \$ (611,194) | \$ (644,810) | \$ (680,275) | \$ (717,690) | \$ (757,163) | \$ (757,163) | \$ (757,163) | |
| Interest | \$ (1,464,375) | \$ (1,435,747) | \$ (1,405,545) | \$ (1,373,682) | \$ (1,340,066) | \$ (1,304,602) | \$ (1,267,187) | \$ (1,227,714) | \$ (1,227,714) | \$ (1,227,714) | |
| Total Principal and Interest | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | (\$ 1,984,877) | |
| Loan | - | - | - | - | - | - | - | - | - | \$ (19,923,359) | |
| Cash Flow After Debt Service | \$ 1,147,147 | \$ 1,435,244 | \$ 1,583,834 | \$ 1,738,295 | \$ 877,189 | \$ 2,149,079 | \$ 2,239,486 | \$ 2,331,701 | \$ 2,425,760 | \$ 66,480,006 | |

Exit Strategy

Quick Facts:

Cap Rate:
5.5%

Year 11 NOI:
\$4,708,000

Discount Rate:
10%

- **Sale Value**
 - ▣ **Gross: \$85,594,000**
 - ▣ **Commission: \$1,712,000**
 - ▣ **Net Sale: \$83,882,000**

- **Return Sources**
 - ▣ **Residual/Sale Value: 100.0%**
 - ▣ **Cash Flow: 0.0%**