

UNIVERSITY ORCHARD

SALISBURY, MARYLAND



Legacy Capital Partners (Legacy) has created LAC University Orchard LLC (Company) to provide accredited investors the opportunity to invest in University Orchard, a 648-bed (204-unit) purpose-built student housing community serving Salisbury University in Salisbury, MD. University Orchard was opened for the 2014/15 academic year and represents an opportunity to invest in a well-located Class A purpose-built student housing community that will provide stable in-place cash flow and value appreciation through operational improvements and increased rental rates based on minor physical enhancements and providing a high level of service through property management.

Legacy entered into a joint venture with Cocks Finkelstein, Inc. (CFI), to acquire University Orchard on December 15, 2016. This represents the seventh joint venture between Legacy and CFI. The purchase price was \$41,350,000 and the total cost, including \$2,390,000 for renovations, contingencies and closing costs, was \$43,740,000. This represents a purchase price of \$63,800/bed and a total cost of \$67,500/bed which compares favorably to replacement cost and to other similarly situated purpose-built student housing assets nationally. The acquisition and renovation was capitalized with an assumed loan in the amount of \$34,000,000 and equity in the amount of \$9,740,000. Legacy invested \$7,792,000 and CFI invested \$1,948,000.

The investment strategy is to improve the common areas, amenities and clubhouse during the first 12 months of ownership and aggressively manage the operations and lease renewals to ensure rental rate increases and maintain occupancy over the investment period. Approximately \$500,000 has been capitalized to complete these improvements. The underwriting assumes the improvements combined with new management will allow the Project to achieve modest rental rate increases of approximately \$22/bed/month during the first leasing period and an increase of \$23/bed/month during the second leasing period. Given the stability of the school and lack of new development, the planned renovations and operating improvements should allow University Orchard to compete favorably with comparable properties and generate the desired financial performance.

The Company is offering 57.0 Membership Units for an aggregate purchase price of \$2,850,000, or \$50,000 per Membership Unit. The minimum investment will be two (2) Membership Units for an aggregate purchase price of \$100,000. However, the Manager may, in its sole discretion, accept investments for less than two (2) Membership Units. Investors will receive an 8% preferred return on their invested capital paid from net cash flow, refinance proceeds or sale proceeds. After the preferred return is paid current, investors will receive 80% of excess net cash flow. Once the preferred return is paid current and 100% of the investors' capital has been returned, the investors will receive 80% of excess refinance and/or sale proceeds.

To request a Private Placement Memorandum please contact us at legacy@LCP1.com or 216-381-2303.

RETURNS

The returns below assume a 7 year investment period and a sale at \$73,740/bed

- ▶ The average annual cash yield is projected to be in excess of 9.0%
- ▶ An initial investment of \$100,000 is projected to generate a total return of \$205,000
- ▶ 60%+ of the return on investment is projected to be derived from cash flow



HIGHLIGHTS

- ▶ Highest quality and most amenitized purpose built student housing option on/off campus
- ▶ 99% leased for 2016/17 school year (12 month leases)
- ▶ Well located less than 1 mile from main entrance to campus
- ▶ Strong in-place cash flows with management upside
- ▶ Experienced sponsor and student housing management company