



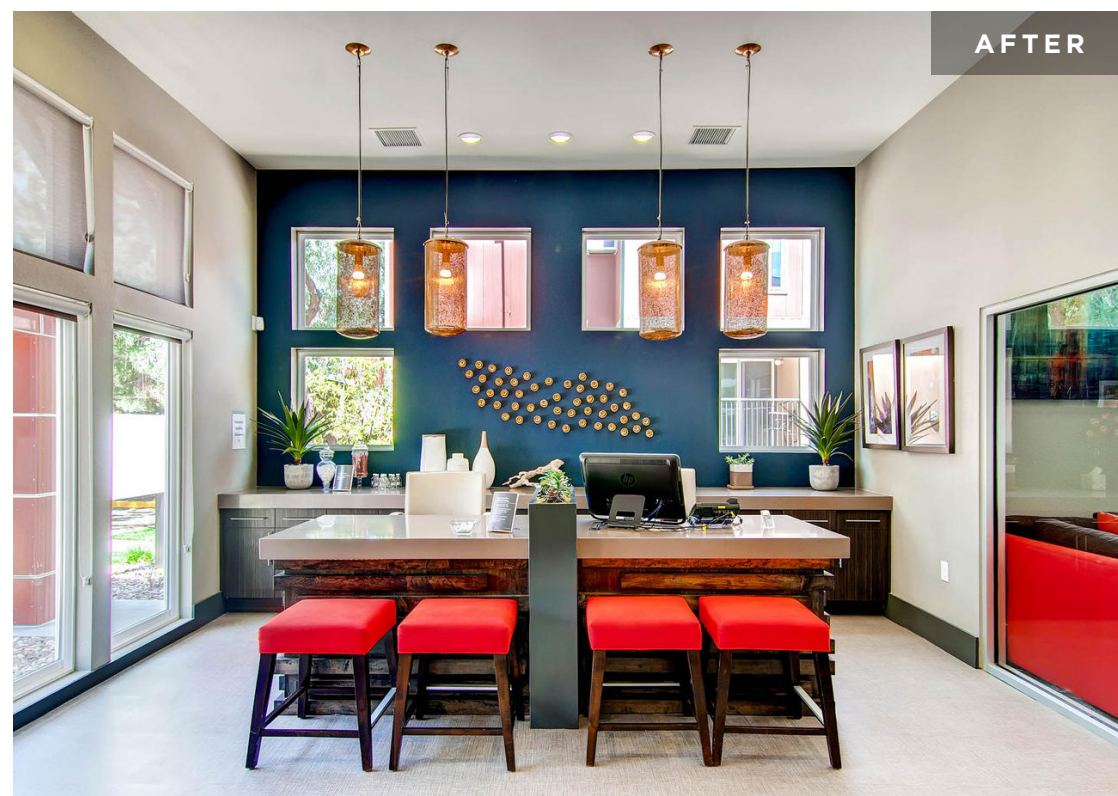
Generations of
Excellence

CASE STUDY

ROCKLEDGE
BEAR VALLEY

230 UNITS | DENVER, CO

NEW LEASING OFFICE AND FITNESS CENTER



Rockledge Bear Valley Overview

- In 2012 ColRich partnered with Harbert Capital Corporation to purchase Rockledge Bear Valley ("the Property") from Carmel Partners for \$15.9 million (\$69,130 per door). The purchase price represented a 7% cap rate on trailing 3 months income and 12 months expenses at the time of purchase. The Property – renovated, rebranded and transformed from a B- asset to a B+ asset – was sold in 2014 for \$26.25 million.
- ColRich assumed a \$7.85 million fixed rate loan at 5.31% and secured a co-terminus supplemental loan of \$3.57 million at a 4.02% interest rate. In addition, ColRich secured a \$1.4 million preferred equity tranche from Morrison Street Capital, which earned 14% (8.5% paid monthly and 5.5% accrued and paid at exit). The all-in leverage inclusive of preferred equity was 65% loan-to-total-cost.
- ColRich identified Rockledge Bear Valley as a prime reposition candidate located in a strong submarket with little new supply. The purchase price was 41% below replacement costs at the time of purchase and significant upside was evident through renovation. Upon completion, the Property was rebranded as Rockledge Bear Valley.



BEFORE



AFTER

Rockledge Bear Valley Investment Abstract

Property Basics

Property Type	Multifamily
Date Acquired	March 2012
Number of Units	230
Year Built	1977
Class	B-
NOI Increase	49%
Close of Escrow	October 2014

Debt

Loan Amount	\$11,420,000 (two loans)
Interest Rate	4.91% (blended rate)
Loan to Purchase/Costs	80.6%/65%
Lender	PNC – Fannie Mae
Maturity Date	June 2019

Deal Level Return Metrics

	Actual	Budget
Initial Equity	\$4,943,650	\$4,943,650
Profit	\$6,842,382	\$8,453,743
Multiple	2.4	2.7
IRR	41%	24%
NOI Increase	49%	25%*
Hold Period (Years)	2.5	5

Investor Returns

	Harbert	ColRich**
Initial Equity	\$3,460,555	\$1,483,095
Profit	\$3,625,277	\$3,217,104
Multiple	2.05	3.17
IRR	34%	60%

*In year 3

**Net of Promote



BEFORE



AFTER



AFTER

Rockledge Bear Valley Renovation & Return Synopsis

- ColRich spent over \$2 million to renovate and transform the leasing office and common areas into modern spaces reflective of new, urban properties. Renovations included a larger, state-of-the-art fitness center, rentable clubhouse, updated outdoor patio, new furniture, fitness equipment, TVs and computers.
- Interior units were upgraded with new kitchen countertops, pantry additions, plumbing fixtures, wood vinyl flooring and hardware. Living rooms and bedrooms were enhanced with wood vinyl flooring, new carpet, new ceiling fans, door hardware, baseboards and electrical fixtures. Bathroom renovations encompassed new countertops, cabinets, fixtures, and wood vinyl flooring.
- ColRich successfully boosted net operating income by 49% over the 2.5-year operating period through renovations, expense savings and market growth. At the deal level, Rockledge Bear Valley generated over **\$6.8 million in profit, a 2.4 multiple, and 41% IRR** on a \$4.9 million initial investment. Investors generated **\$3.2 million in profit, a 3.2x multiple, and 60% IRR** on a \$1.5 million equity investment.
- Fully renovated units achieved a **\$125 premium and 19.9% ROI (\$7,581/unit total cost)**. Partially renovated units attained **\$60 rent premiums, and a 27.0% ROI (\$2,663/unit total cost)**.