



WORK HORSE
PARTNERS

AMERICAN PLAZA I
77 West 200 South
Salt Lake City, UT 84101



Overview

American Plaza I is currently a 64,000 SF, 5 story office building located on .59 acres in the heart of downtown Salt Lake City. This is an adaptive reuse project. Work Horse Partners (WHP) will renovate the building to retail/restaurants on the first floor (8,000 SF) and 73 units on floors two through five. The unit mix will comprise of 60 1-Bedroom 1-Bath and 13 Studio apartments. The construction/absorption period is projected to be 15 months. The Stabilized NOI is projected to be \$1.8M.

Key Indicators

- 10-yr IRR—17%
- 4-yr IRR—25%
- MOIC 3.5X
- Stabilized Cash on Cash 5.8%
- Return on Cost—5.6%
- Refinance/return of Equity 3rd year estimate—51%



Common Amenities

Community Amenities will include a fitness center, a year around hot tub, BBQ, fire pit, secure bike rack, dog wash, dog park, several community type meeting rooms, club house, leasing office, secure parking, storage units and shared offices.

Apartment Amenities

Apartment Amenities will include all newly constructed studio and 1-Bedroom units with a view, full sized washer and dryers, vinyl plank flooring, 10-ft. ceilings, new kitchens with LED light fixtures, modern plumbing fixtures including a farm sink, full sized stainless appliances, internet (1 gig/unit) and a smart home system.

Location/Neighborhood

This is a prime location for the urban city lifestyle. Public transportation, shopping, entertainment, restaurants, and errands are walkable from this project.

0.2 Miles (5 min. walk) – Gallivan Plaza Station (light rail) which provides access to 100,000 jobs
500 feet – Salt Palace/Salt Lake City Convention Center

0.5 Miles – Harmons Grocery store

0.3 Miles – City Creek Shopping Mall (1.4M square feet)

0.6 Miles – Vivant Smart Home Arena (Home of the Utah Jazz)

0.4 Miles – Temple Square

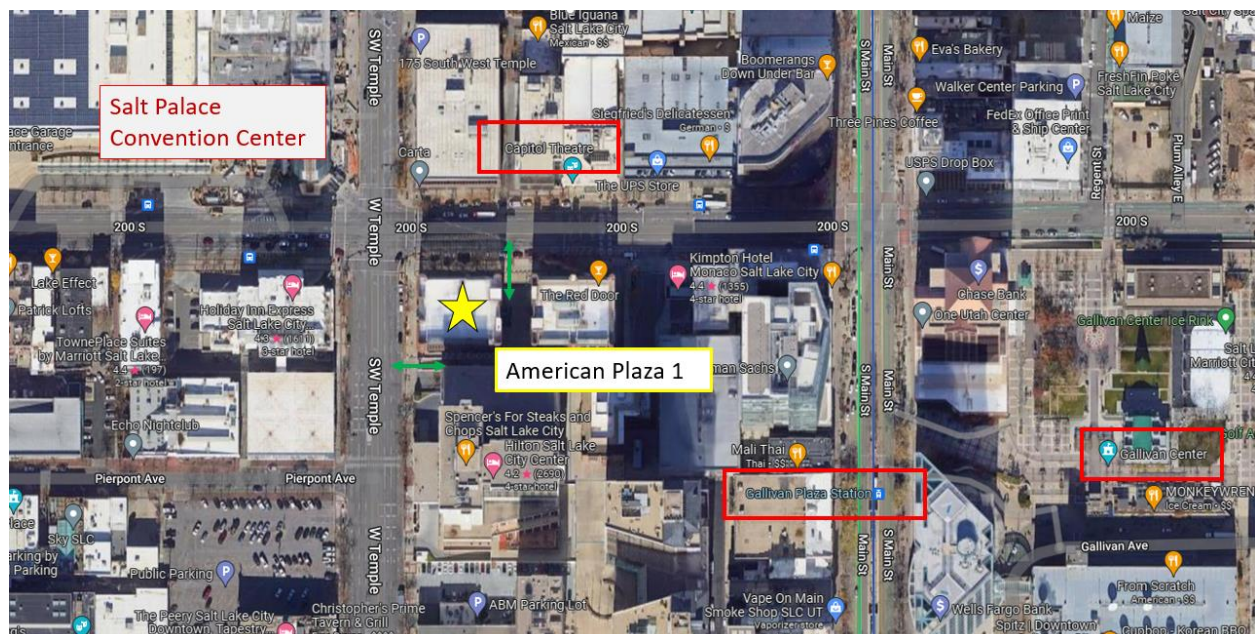
0.7 Miles – SLC Public Library

2.2 Miles – University of Utah

3.3 Miles – University Medical Center

7.8 Miles – SLC International Airport

Other Places of interest within 1 Mile: Ruth's Chris Steak House, Benihana, Capital Theatre, Eccles Theatre, Post Office, Cupla Coffee, and Red Door Cocktail Bar





Replacement Cost

The cost per unit for new construction of downtown Salt Lake City Apartments, including land is \$400,000 per unit. When the value of the restaurants is removed, the cost per unit for these apartments is \$361,600. This is substantially lower than the \$400,000 per unit cost.

Market Analysis

Affordability:

Salt Lake County Area Median Income is \$102,400 and thus if one-third of their income was used to pay rent they could afford to make monthly rent payment of \$2,850. The project's one-bedroom monthly rents average \$1,990 and the studios average about \$1,600 well below the \$2,850 per unit. Thus, the typical renter for this project is paying only 21% of their income for housing.

Rent Growth:

WHP uses Nxt Property Management, an apartment management company that currently manages about 3,500 units in 15 properties the Salt Lake Area. Nxt "has seen excellent rent growth over the past year. We have seen market rates increase on average by 22-25% across our portfolio, which is in line with the rest of the market rate communities throughout the state. In-place rents on renewals and new lease trade-outs have averaged between 13-15% T-12. Occupancy portfolio wide has hovered around 97% T-12, market occupancy is 96.4% T-12". (Bryson Miles, MRED; President of Nxt Property Management)

Interest Rate:

Interest rate risk is the leading concern of any real estate deal being negotiated. The interest rates used in the pro forma are a result of a lot of discussions with many lenders. The most likely solution is to purchase the property with a 24-to-60-month bridge/construction loan (bridge loan) at current rates (low of 4.0% to a high of 5.5%) and then a "take out" or permanent loan when the property has achieved stabilization. A great option is to use a HUD 223(f) as the permanent loan. WHP has used this loan in their pro forma.

Income Tax Impact

This property is in an opportunity zone and since the cost to renovate/remodel is more than the purchase price less the land this fully qualifies for all the benefits of an Opportunity Zone. In addition, the property is "in service" immediately and WHP will maximize the usual "write offs" by doing a cost separation study. This is a significant benefit.

Equity Request

The equity needed for this project is \$9.2M. Approximately \$5M is still available and we welcome inquires. Please contact us at our website: www.Workhorseptr.com or Kent Nelson at (801)558-0246 knelson@workhorseptr.com.