

# INVESTMENT OPPORTUNITY



The Allen Morris Company (the “Sponsor”) is developing Star Metals Offices (“SMO” or the “Project”), a \$135.3MM, 14-story, 267,237 square foot creative office building in the West Midtown submarket of Atlanta. Centered in the heart of Atlanta’s creative and technology corridor, the Property will be developed into an iconic Class A office tower with ground floor retail showcasing unique architectural features and integrating collaborative work spaces that complement the vibrant live-work-play environment of West Midtown. To kick-off the project, the Sponsor has executed a 56,000 square foot prelease with Spaces (25% of Office SF), a leading co-working group that exemplifies the entrepreneurial and creative spirit of the Project.

The financing closed in March 2019 with a total equity requirement of \$35.3MM. The Sponsor committed \$21.7MM of the \$35.3MM of equity and is looking to bring in additional partners for \$14.2MM of its position to achieve a target hold of \$7.5MM (21.2% of the Common Equity) given additional investments the Sponsor is making in complementary Star Metals projects (see following page).

## KEY INVESTMENT HIGHLIGHTS

### Generational Real Estate Investment

The Sponsor has identified and is developing SMO with a long term hold strategy in mind given the following attributes:

- Prime location in high barrier to entry market
- Market with favorable long term demographic trends
- Long-term lease profile with annual rent increases and reimbursement of operating expense increases
- Strong Cash Flow Profile
  - Average annual cash-on-cash return (after stabilization) of 13 – 15%<sup>1</sup> (18-21% pre-tax equivalent<sup>2</sup>)
- Strong value appreciation with 3.28X projected equity multiple over 10 years
- Forward thinking design to meet the needs of the next generation of office tenants and workers:
  - Open floor plates; indoor/outdoor collaboration space; unparalleled amenities; food and beverage options on ground floor and rooftop
  - Ability to convert top level of parking deck to future office space if parking requirements decrease
- Constructed to highest quality to ensure it will be competitive for the long term
- Tax advantages of long-term real estate ownership
- Part of \$325MM, mixed-use “place-making” development

(1) Assumes Interest Only Financing Scenario

(2) Takes into account potential benefits of depreciation expense. Each prospective investor should seek advice based on his or her particular circumstance from an independent tax advisor concerning the income and other tax consequences of participation in this investment.

*This Executive Summary is meant to be read in conjunction with the Investment Memorandum and Joint Venture Agreement, both available upon request. Any forecast of yields and/or forward looking projections are provided for illustrative purposes only. Actual results may vary substantially.*



### Development Value Proposition

- The projected return on cost is 7.4%, providing 150-200 bps of value creation relative to current market sales in the 5.5% – 6.0% cap rate range
  - Rents could decline by 18% and still yield over a 6% return on cost
- Development risk has been mitigated:
  - Gross Maximum Price (“GMP”) construction contract executed
  - Financing closed in March 2019
  - Environmental remediation and site work completed over the last 8 months (representing the riskiest portion of development)
  - Vertical construction commencing

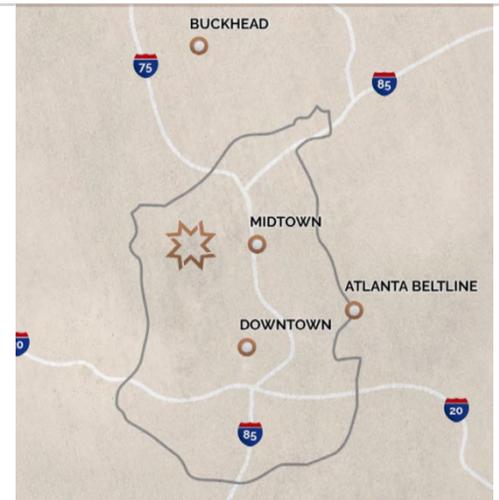
# FINANCIAL SUMMARY

Total Cost	\$135,300,000	\$506 PSF
Total Debt	\$100,000,000 (74%)	(Senior: \$66,640,000; Mezz: \$33,360,000)
Total Equity	\$35,300,000 (26%)	
Untrended Return on Cost	7.4% (current market cap rates of 5.5 – 6.0%)	
10 Yr: Net IRR <sup>1</sup>	15.2%	Average Cash on Cash Return (post-stabilization): 13-15% (18-21% pre-tax equivalent yield on current income)
10 Yr: Net Equity Multiple <sup>1</sup>	3.28X	

(1) Reflects Projected Net LP Returns based on 1% asset management fee and waterfall schedule: Pari-Passu (90% LP /10% GP) to a 10% IRR; 65% LP/35% GP to a 15% IRR and 50% LP/50% GP thereafter.

## PROJECT OVERVIEW

Address	1055 Howell Mill Road Atlanta, GA 30318
Product Type	Mixed Use (Office / Retail)
Stories	14
Office SF	227,530 SF
Retail SF	39,707 SF
Acreage	1.75 acres
Office Pre-Leasing	25%
Projected Stabilized Occupancy	95%
Parking	Star Metals Office: 521 spaces SMR Parking via Easement: 292 spaces Total: 813 spaces (3.04 per 1,000)
General Contractor	Brasfield & Gorrie



SMO is ideally situated in the West Midtown submarket which has transformed from an urban industrial hub to a hotbed of multiple adaptive reuse office projects, millennial-focused residential developments, and a nightlife destination driven by many of Atlanta's trendiest and highest-rated restaurants and bars. The architecturally-significant stack design will create landmark status and will differentiate SMO from the traditional glass-curtainwall towers and single-story adaptive re-use projects currently offered in Atlanta. Private landscaped terraces with unobstructed panoramic views of the Atlanta skyline will allow for the workplace to extend naturally into the outdoors and increase collaboration. Site work began in October 2018 with foundation work now complete and vertical construction commencing. The Project is expected to be fully complete in February 2021 with the project targeting stabilization and a recapitalization event by March 2023. The Project is 25% pre-leased to Spaces, a co-working concept of Regus (IWG). Spaces has over 178 global locations and 51 US locations with plans to make SMO their flagship location for the Southeast.

## STAR METALS ATLANTA



Star Metals Atlanta is a \$325MM, mixed-use development the Sponsor is developing in West Midtown. Star Metals Atlanta consists of the subject Star Metals Office project, Star Metals Residences (409-unit multifamily project) and Star Metals Hotel (162-key boutique hotel). The combined Star Metals district will have over 1,600 people who live and work there on a daily basis and over 45,000 hotel guests annually. By combining a complimentary mix of uses in a pedestrian friendly environment – each Star Metals project will have an inherent competitive advantage over other new projects.

## SPONSOR OVERVIEW

The Allen Morris Company, founded in 1958, has more than 80 successful development projects credited to its name. The company is focused selectively on developing best-in-class office, residential and mixed-use projects in unique locations with unparalleled amenities and carefully curated retail experiences. The Mission of The Allen Morris Company is to "Inspire, Impress, and Improve," and that creed is visible in every detail of our business. The Senior Management Team, led by W. Allen Morris, has over 100-years of combined development experience.



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