



RESIDENCES AT THE PINEHILLS
INVESTMENT OPPORTUNITY
April 2020

PRIVATE AND CONFIDENTIAL



**NEW ENGLAND
DEVELOPMENT**


The Pinehills

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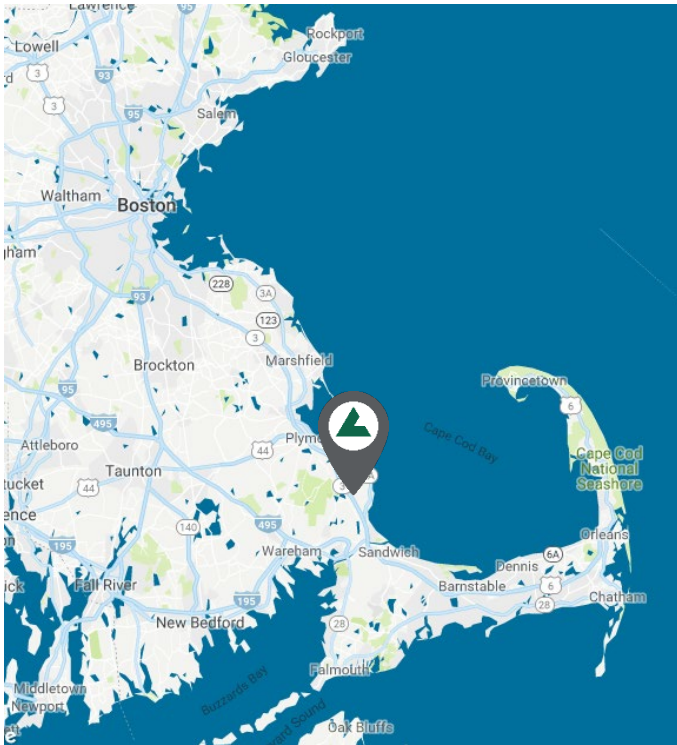
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INVESTMENT OPPORTUNITY

EXECUTIVE SUMMARY



OVERVIEW

The Bozzuto Group (“Bozzuto”) is offering the opportunity to participate in the ownership of Residences at The Pinehills (the “Project”), a to-be-built, mixed-use apartment community ideally located in the heart of one of the region’s most impressive master-planned communities. Totalling 178 residential units, 10,000 square feet of amenity space, and 6,700 square feet of retail, the Project is an ideal place-making opportunity that will benefit from its location on The Village Green, the central focal point of The Pinehills, and is the only new rental community planned in The Pinehills.

With its championship golf courses, fitness and social clubs, Mirbeau Spa, outstanding restaurants and shops, and over 2,000 acres of preserved land, The Pinehills presents an ideal opportunity to deliver an exceptional community targeting New England’s large segment of mature renters. The Project will feature best-in-class amenities and unit features within a modern, yet timeless four-story community thoughtfully created with a renowned and experienced design team. The Project will also benefit from its connectivity to downtown Boston, Cape Cod, Nantucket Ferry and Martha’s Vineyard Ferry via Route 3.

UBS Realty Investors, LLC (“UBS”) plans to contribute \$21,133,000 of equity to the Project. Bozzuto and its partners, New England Development (“NED”) and Pinehills, LLC, plan to contribute the remaining \$8.1 million in cash and land equity. The Bozzuto Group is raising \$1.15 million of co-investment equity to fund development of the Project, of which Bozzuto Principals and employees will contribute approximately 50% of the capital.

INVESTMENT TERMS AND ESTIMATED RETURNS

▪ Est. Total Equity Commitment	\$29.0 million
▪ Est. Bozzuto Co-Investment Equity Commitment	\$1.15 million
▪ Project Current Return on Cost	5.87%
▪ Est. Co-Investor Returns	15.95% IRR / 1.99x Multiple
▪ Projected Hold Period	5 years

PROJECT DETAILS

▪ Est. Total Project Costs	\$83.5 million
▪ Construction Start Date	May 2020
▪ First Stabilized Year	2025

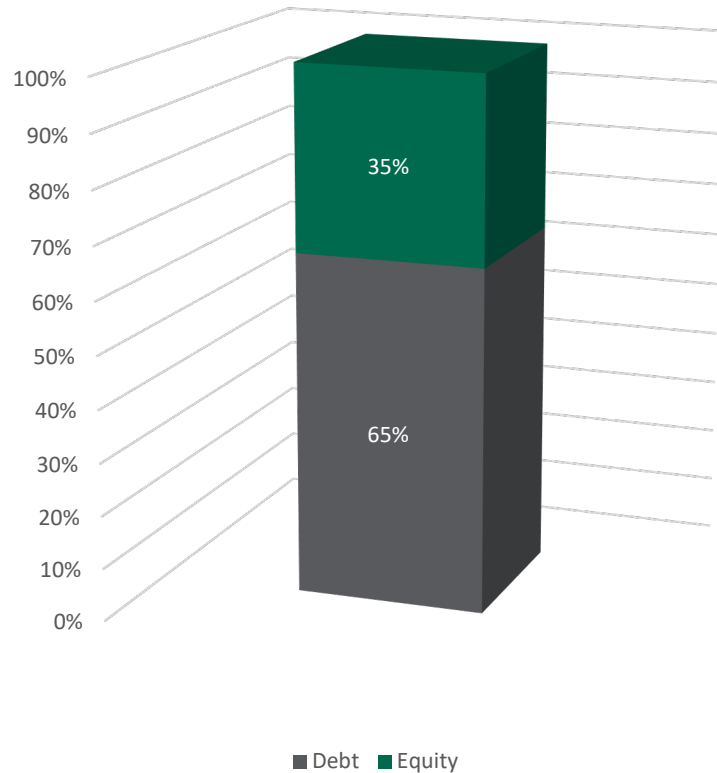
SOURCES AND USES

Estimated Sources	Total	Per Unit
Construction Loan (65% LTC)	54,270,000	304,888
Equity	29,233,000	164,228
<i>UBS Equity Investment</i>	<i>21,133,000</i>	<i>118,722</i>
<i>NED/Pinehills LLC Investment</i>	<i>7,100,000</i>	<i>39,888</i>
<i>Bozzuto Equity Investment</i>	<i>1,000,000</i>	<i>5,618</i>
Total Estimated Sources	\$ 83,503,000	\$ 469,116

Estimated Uses	Total	Per Unit
Construction Contract	58,687,000	329,703
Owners' Construction Costs	5,489,000	30,837
Design and Engineering Costs	2,974,000	16,705
Financing Costs	3,317,000	18,634
Developer Costs	1,987,000	11,164
Capitalized Operating Costs	1,335,000	7,500
Land Price	7,100,000	39,888
Developer Fee	2,614,000	14,685
Total Estimated Uses	\$ 83,503,000	\$ 469,116

FINANCING SUMMARY

CAPITAL STACK



LOAN TERMS

The Project will be financed with a construction loan with the following anticipated loan terms:

▪ Loan Amount	\$54,270,000
▪ Loan-to-Cost	65%
▪ Term	66 months
▪ Interest-Only Period	66 months
▪ Amortization	None
▪ Interest Rate	4.25%

CO-INVESTMENT EQUITY STRUCTURE

Under the proposed equity investment structure for the Project, the Bozzuto Equity Co-Investors (which will include Bozzuto principals and external equity co-investors) will be admitted to **BA Pinehills Investors, LLC**. The Bozzuto Equity Co-Investors will receive cash distributions as follows:

Operating Cash Flow

- Equity Co-Investors will receive distributions pro rata in proportion to their respective capital contributions to the deal until they have achieved a cumulative annual preferred return of 9.5%
- Above a cumulative annual preferred return of 9.5%, distributions will be made 80% to the Equity Co-Investors (divided pro rata in proportion to their respective capital contributions to the deal) and 20% to Bozzuto as part of its promoted interest in the deal (the “Bozzuto Promote”)

Capital Transactions

- Equity Co-Investors will receive distributions pro rata in proportion to their respective capital contributions to the deal until they have achieved a cumulative annual preferred return of 9.5%
- Equity Co-Investors will then receive distributions pro rata in proportion to their respective capital contributions to the deal until they have received a return of their capital contributions
- Thereafter, distributions will be made 80% to the Equity Co-Investors (divided pro rata in proportion to their respective capital contributions to the deal) and 20% to Bozzuto as part of its promoted interest in the deal (the “Bozzuto Promote”)

The following chart details each party’s share of distributions at the **BA Pinehills Investors, LLC** level:

Share of Distributions – Deal Level	Up to 9.5% Preferred Return	Above 9.5% Return	Above 12% Return
UBS Realty	72.29%	57.29%	47.29%
BA Pinehills Investors, LLC	3.42%	3.42%	3.42%
NED/Pinehills, LLC	24.29%	24.29%	24.29%
Promote	0.00%	15.00%	25.00%

Share of Distributions – BA Pinehills Investors, LLC	Up to 9.5% Preferred Return	Above 9.5% Preferred Return
Equity Co-Investors	100.00%	80.00%
Bozzuto Promote	0.00%	20.00%

ESTIMATED RETURNS

	Beginning Date Ending Date	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
		5/1/2020	5/1/2020 12/31/2020	1/1/2021 12/31/2021	1/1/2022 12/31/2022	1/1/2023 12/31/2023	1/1/2024 12/31/2024
Property Cash Flow	Total						
NOI (Before Debt Service)	9,161,490	-	-	-	215,281	3,434,764	5,511,445
Plus: Operating Deficit Reserve	1,322,369	-	-	-	1,322,369	-	-
Less: Debt Service	6,150,600	-	-	-	1,537,650	2,306,475	2,306,475
Less: Perm Loan Costs	-	-	-	-	-	-	-
Cash Flow After Debt Service	\$ 16,634,459	\$ -	\$ -	\$ -	\$ 3,075,300	\$ 5,741,239	\$ 7,817,920
Equity Cash Flow							
Equity Contributions	(29,232,613)	(29,232,613)	-	-	-	-	-
Cash Flow After Debt Service	4,333,259	-	-	-	-	1,128,289	3,204,970
Net Residual Proceeds	57,251,056	-	-	-	-	-	57,251,056
	\$ 32,351,702	\$ (29,232,613)	\$ -	\$ -	\$ -	\$ 1,128,289	\$ 60,456,026
	IRR	17.37%					
	Equity Multiple	2.11					

Equity Co-Investors Cash Flow⁽¹⁾	% Share	Total						
Equity Contributions	3.42% of Total Equity	(1,000,000)	(1,000,000)	-	-	-	-	-
Cash Flow After Debt Service	3.42% of Cash Flow After Debt Service	148,234	-	-	-	38,597	109,637	
Net Residual Proceeds	3.22% of Net Residual Proceeds	1,841,982	-	-	-	-	1,841,982	
Total Co-Investors Equity Cash Flow		\$ 990,216	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ 38,597	\$ 1,951,619
		IRR	15.95%					
		Equity Multiple	1.99					

(1) The Equity Co-Investors will receive their pro rata share of net cash from capital transactions until they achieve a 9.5% annual preferred return and receive a return of their capital; thereafter, they will receive 80% of their pro rata share.

PROPERTY OVERVIEW

DEVELOPMENT STRATEGY

Target Demographic

- The Pinehills lends itself to an older, more established renter, many of whom are retired or partially-retired individuals and families who have elected to downsize due to their growing frustration with the time and financial commitment of home ownership.
- Our market research and focus groups found that these mature renters place a major premium on location, quality, and access to events and activities.
- The Project's outstanding walkable location in the heart of The Pinehill's Village Green District, modern design elements with amenity spaces created for this demographic, concierge services, and a wellness-focused programming of activities are all tailored to fit our target resident and will empower the Project to command top-of-market rents.

Strong Market Fundamentals

- A market study conducted by RCLCO found that, based on residents that fit the target resident profile (\$75,000+ income or home values of \$400,000+), there is an annual demand of 105 units/year in the submarket for the product type offered at the Project.
- As of March 2020, residents within a three-mile radius of the Project had a median household income of \$106,583, well above the Massachusetts median household income of \$79,835.
- Research from CoStar found that the overall rental housing vacancy rate in the submarket is below 6% and annual rent growth is nearly 2% per year.
- With limited new supply planned for the Plymouth, MA area, the Project will benefit from delivering into a healthy rental market.

High Barrier to Entry

- The Project is the most central development site in The Pinehills and the community's only planned multifamily development.
- Furthermore, very few developments are planned for the Route 3 Corridor, resulting in a unique opportunity to deliver a luxury product into a supply-constrained submarket without the risk of new deliveries.

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Convenience, Walkability, Activity

- The Project fronts the Village Green, the central focal point and retail epicenter of The Pinehills, designed to complete The Pinehills' vision for a picturesque place-making environment.
- The Pinehills provides amenities that are superior to anything else in the area, including:
 - Walkability to dining, retail, entertainment and civic spaces
 - Active lifestyle offerings, including miles of picturesque walking trails, three championship golf courses, kayaking, canoeing, fitness centers, and racquet courts
 - Full service spa and inn

Strategic Location

- Residences at The Pinehills is conveniently located in Plymouth, MA, providing residents with convenient access to Boston to the north and numerous popular beach and vacation destinations to the south, including Cape Cod, Provincetown and the ferry stations for Nantucket and Martha's Vineyard.
- The Project is also located less than 20 minutes to Plymouth Station, which provides commuter rail service to downtown Boston in under an hour.



PROPERTY OVERVIEW

Construction

- The Project is designed by ICON Architecture and will feature four stories of wood-frame construction on top of a concrete podium with one level of below-grade parking.

Apartment Features

- The residences feature an array of high-end finishes and features that cater to the area's mature renter demographic, including:
 - Quartz countertops, tile backsplashes, and full-size stainless steel kitchen appliances
 - Wood-like flooring in living areas, ceramic tiling in bathrooms
 - A mix of soaking tubs and walk-in showers
 - Washer & dryer, individual HVAC system and water heater
 - Select units will include additional features, such as dining areas, balconies, and foyers

Project Amenities

- The Project will include 10,000 SF of interior amenities superior to those currently available in the submarket including:
 - 3,000 SF fitness center with cardio equipment, outdoor yoga patio, and indoor yoga studio
 - 2,500 SF clubroom featuring Maker's Space for various events and classes, TV lounge area, library with break-out conference rooms, and Wi-Fi
- The Project also includes a resort-style pool deck, pet spa, package and cold storage, bike storage, 27 detached storage units, and 38 parking spaces that include storage units, which can be rented by residents.

Retail

- 6,700 SF of ground floor retail space fronting The Village Green.
- There has been interest from food and beverage and services providers.

Property Summary

Apartment Homes	178
Ground Floor Retail	6,700 SF
Amenity Space	10,000 SF
Garage Parking Spaces	240

Unit Mix	# of Units	Avg SF	Avg Rent/ Unit	Avg Rent/ SF
1BR/1BA	40	810	\$2,723	\$3.36
1BR/1BA + Den	35	925	\$2,848	\$3.08
2BR/2BA	86	1,100	\$3,385	\$3.08
2BR/2BA + Den	8	1,250	\$3,650	\$2.92
3BR/2BA	9	1,450	\$3,900	\$2.92
Total/Avg	178	1,025	\$3,169	\$3.09





SITE PLAN

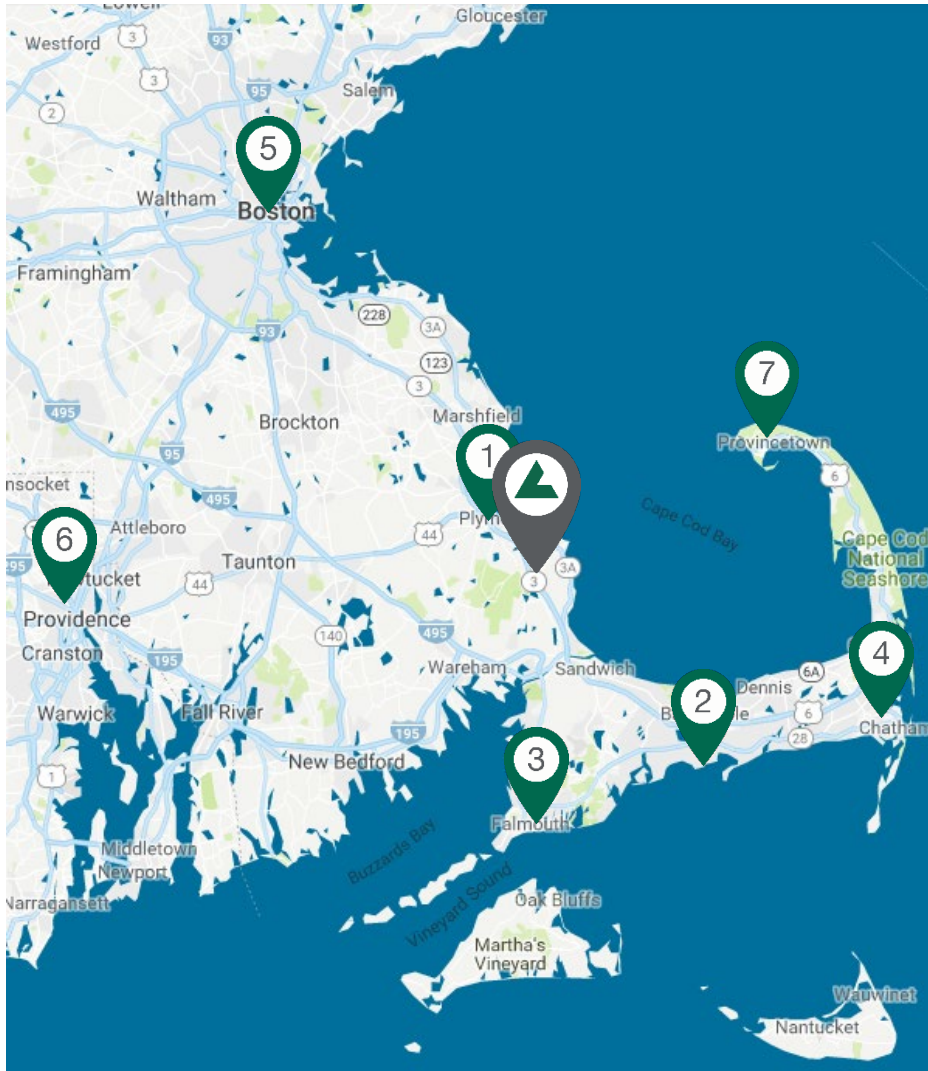



MARKET OVERVIEW



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REGIONAL MAP



		Driving Dist.
	Residences at The Pinehills Mixed-use Apartment Community	0.0 mi.
	1 Plymouth	6 mi.
	2 Hyannis	26 mi.
	3 Falmouth	27 mi.
	4 Chatham	43 mi.
	5 Downtown Boston	48 mi.
	6 Providence, RI	68 mi.
	7 Provincetown	70 mi.

CONVENTIONAL APARTMENT RENT COMPS

Residences at The Pinehills represents the first luxury community of its kind in the Plymouth area. Based on market research, the Project will achieve a major premium to the existing supply of rental housing in the area that is older and lacks the features important to the area's growing mature renter segment. Our research has shown that these established individuals and families, many of whom are downsizing from homeownership, value excellent walkability, modern design elements, activated amenity spaces for classes and activities, concierge services, and wellness-focused programming of activities, all of which are offered at the Project. This unique development will command top-of-market rents by delivering a best-in-class community into a proven rental market.

	Avg. Rent Per Unit	Avg. Rent Per SF	Avg SF	Year Built	Units	Occupancy
 Residences at The Pinehills Plymouth, MA	\$3,169	\$3.09	1,025	—	178	-
 1 Harborwalk ⁽¹⁾ Plymouth, MA	\$2,437	\$2.58	946	2019	155	39%
 2 Avalon at The Pinehills I & II ⁽²⁾ Plymouth, MA	\$2,437	\$1.83	1,330	2004 / 2011	192	98%
 3 Pembroke Woods Pembroke, MA	\$2,330	\$2.26	1,032	2006	140	92%
 4 Marq at The Pinehills ⁽²⁾ Plymouth, MA	\$2,315	\$2.31	1,003	2016	220	91%
 5 The Commons Weymouth, MA	\$2,167	\$2.39	906	2012	298	95%
 6 Halstead Abington Abington, MA	\$2,109	\$1.70	1,244	2007	180	96%

(1) Property in lease-up.

(2) Property located within The Pinehills.

SPONSORSHIP

PROJECT TEAM



Established in 1988, The Bozzuto Group is an experience-focused real estate company distinguished by their innovative developments, dedicated customer service, and top-rated workplace culture. With award-winning expertise in multifamily development, homebuilding, construction, and management, Bozzuto is devoted to delivering extraordinary experiences for those they serve.

Bozzuto Development Company (“BDC”) will serve as lead developer of College Park Residences. BDC specializes in the development of multifamily rental communities affordable to a wide range of incomes in both urban and suburban settings. Voted by NAHB as the nation’s leading apartment development company in 2016 and 2003, BDC provides comprehensive development services for Bozzuto-owned ventures as well as a range of third-party clients. Since its inception, BDC has been consistently listed among the Top 50 producers of multifamily housing in the country. The company has a variety of joint venture partners, including J.P. Morgan, Northwestern Mutual, PGIM, CIGNA, the New York State Teachers’ Retirement System, and The Carlyle Group, as well as a number of private, non-institutional and often family investors, such as Pritzker Realty Group and the Somerset Companies.

Bozzuto Construction Company (“BCC”) will serve as the general contractor for the Project. BCC is an experienced general contractor that has constructed and renovated more than 35,000 residential units with a total contract value in excess of \$3 billion over the past 27 years.

Bozzuto Management Company (“BMC”) will serve as the Project’s property manager. Recognized as property management company of the year by NAHB in 2000, 2009, and 2017 and by Multi-Housing News in 2011, BMC is one of the nation’s preeminent multifamily property managers and currently oversees a portfolio of more than 77,000 units throughout 263 apartment communities and more than 2.2 million SF of retail space along the East Coast and in the Midwest. BMC is responsible for managing all Bozzuto-owned communities as well as properties for an extensive list of third-party clients, including some of the most active owners and developers in the real estate industry.

For more information on The Bozzuto Group and representative experience please visit www.bozzuto.com.

PROJECT TEAM

NEW ENGLAND DEVELOPMENT

New England Development will serve as the co-developer for the Project. For over forty years, New England Development has taken a creative, entrepreneurial approach to real estate development and management—delivering and sustaining successful projects across a wide range of property types.

These projects transform complex challenges into preferred locations, generate long-term value to communities, afford compelling opportunities for local and national businesses, and offer sought-after experiences to a wide range of consumers.

The company is acclaimed for creating some of the country's most widely-recognized and successful regional centers, as well as multifaceted developments that combine retail, residential, hotel, and office uses. Outlet centers, high-end and street-front retail, airport retail, hotels, golf courses, restaurants, and marinas round out New England Development's robust portfolio.

Propelled by a senior management team led by Chairman and founder Stephen R. Karp, Vice Chairman Steven S. Fischman, and President Douglass E. Karp, New England Development has more than 50 million square feet of retail, commercial, residential, and hospitality space to its credit.

With deep roots and experience in all aspects of the development, management, and operations of distinctive properties, New England Development is a partner that constructively anticipates and responds to the changing needs of retailers, shoppers, travelers, mariners, diners, residents, investors, and civic leaders.

For more information on New England Development and representative experience please visit neddevelopment.com/about-us.

PROJECT TEAM



The Pinehills

The desire for walkable places is not just an urban phenomenon, but one that applies to suburban and rural residents as well. The Pinehills Village Green, as the newest village center in Plymouth, Massachusetts just 7 miles from where the Pilgrims landed nearly 400 years ago, feels like a traditional New England town with a two acre Green (park). The Village Green's 175 acre new town center and its mix of retail, office, hotel, civic and residential uses today total over 500,000 SF and 700 residences as the heart of the larger place.

Though The Pinehills is larger than many Massachusetts towns, with zoning for 1.3 MSF of mixed-use and 3,065 homes on 3,243 acres of forested hills, over one third of the homes are within walking distance to the Village Green. The density in the Village Green exceeds 100 times underlying zoning density by preserving 70% of the land as open space.

The Pinehills builds on only 30% of the land and approaches land and trees as historically and environmentally significant. We site homes based on topography, existing vegetation, and views. Roads are winding and narrow, (20' to 24',) with trees right at the edge and a separate trail network for pedestrians. Except in the Village, we light the trails, not the streets - cars have headlights, people do not.

Rural and suburban large lot single family zoning rarely allows such places, but collaboration between Plymouth Town Meeting and The Pinehills to enact innovative zoning has led to one of the nation's most celebrated examples of thoughtful community planning and design. The result is more than 100 major national and regional awards, including 2015 Community of the Year for the entire country from the NAHB Best in American Living Awards. In exchange for 2200 acres of open space, and private infrastructure and services –roads, water, sewer, plus snow removal and trash pickup – the Town permitted incredible flexibility for homes to be sited for views of woods, water, golf, horizon and ocean. Smaller size and frontage requirements allow a variety of lot sizes, not based on large lot grid geometry, but rather based on views of that preserved open space.

This new, walkable village center and the neighborhoods of The Pinehills are a huge tax positive for Plymouth adding in the aggregate over \$1.25 billion in new assessed value. (As of 12/31/2016.) According to the Town's study, the fiscal benefit to Plymouth was the highest percentage return (net tax revenue after expenses) their consultant has ever encountered. This year alone, Pinehills generated over \$20 million in net-tax revenue after expenses.

Eleven builders construct homes ranging from condominiums and apartments to custom and cottage, mixed together like towns used to be, with prices from \$400,000 to over \$2 million. Over 2,600 families, 500,000 SF of mixed-use, ten miles of trails, and 2200 acres of open space and trees, all call The Pinehills home.

For more information, please contact:

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