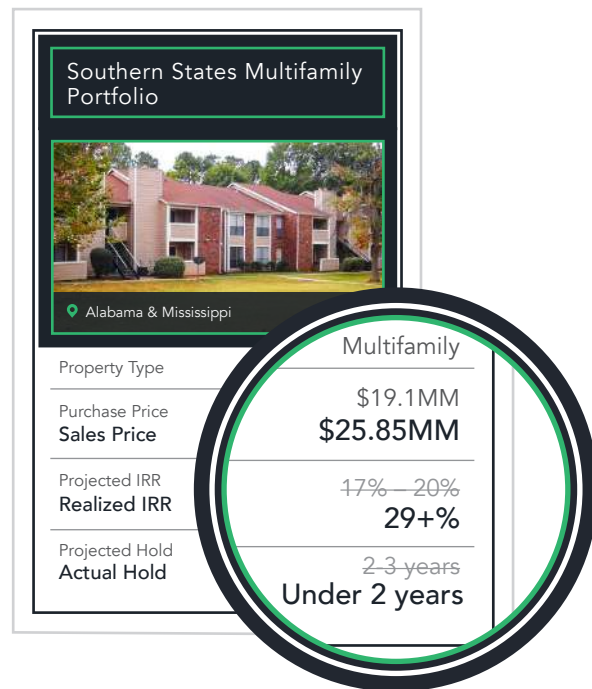



CASE STUDY

# REALIZED INVESTMENT: SOUTHERN STATES MULTIFAMILY PORTFOLIO

This Case Study highlights a fully realized investment opportunity that was offered to ArborCrowd investors. It includes deal and property overviews, a description of the business plan, and transaction breakdowns.



**Southern States Multifamily Portfolio**



Alabama & Mississippi

Property Type	Multifamily
Purchase Price	\$19.1MM
Sales Price	\$25.85MM
Projected IRR	17%—20%
Realized IRR	29+%
Projected Hold	2-3 years
Actual Hold	Under 2 years

ArborCrowd is the first real estate crowdfunding platform to be launched by a real estate institution, opening an exclusive network to a new class of investors. ArborCrowd allows individuals to invest in commercial real estate opportunities that were previously only available to institutional investors.

## ARBORCROWD INVESTMENT SUMMARY



### INVESTMENT SUMMARY

Property Type	Multifamily
Total Capitalization	\$22.41MM
ArborCrowd Equity	\$2MM
Sponsor Equity	\$5.65MM

### RETURNS SUMMARY

Projected IRR	17% — 20%
Projected Hold	2 — 3 years
Realized IRR	<b>29+%</b>
Actual Hold	<b>15 mos.</b>

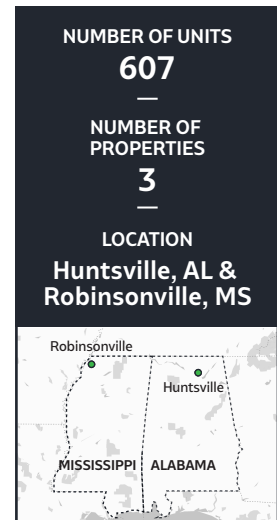
## PROPERTY OVERVIEW

The 607-unit portfolio featured three properties, two in Huntsville, AL and one in Robinsonville, MS.

The Huntsville properties, Twickenham Village and Hillside Village, sit just north of key job markets and are in close proximity to the University of Alabama in Huntsville. The Huntsville-based Marshall Space Flight Center, which has 6,500 employees, is the largest NASA complex in the country. Cummings Research Park, the second largest science and technology business park in the country, provides 25,000 jobs to the Huntsville area.

The Robinsonville property, Gardens of Canal Park, is located within the sixth largest casino and gaming market in the country and is only a 30-minute drive to Memphis, TN.

Combining properties from multiple markets reliant on different industries for employment provided diversification and helped reduce exposure to any singular disruption of one industry.



Cummings Research Park in Huntsville



Marshall Space Flight Center in Huntsville

## BUSINESS PLAN

The sponsor saw an opportunity to acquire these mismanaged assets in markets that exhibited strong demand. The properties were underperforming due to the previous owners' mismanagement. The business plan focused on implementing operational improvements enabled by utilizing the sponsor's in-house property management company as well as performing physical enhancements to achieve market stabilization in a relatively short time frame.

The aggregate purchase price of \$19.1 million for the properties represented a steep discount to then comparable sales in their respective markets. The low-cost basis provided an opportunity to be increasingly competitive on rental rates while realizing significant profits through a sale of the portfolio upon stabilization.

## SPONSOR

### Varden Capital Properties, LLC (VCP)

was founded by Trace McCreary in 2011.

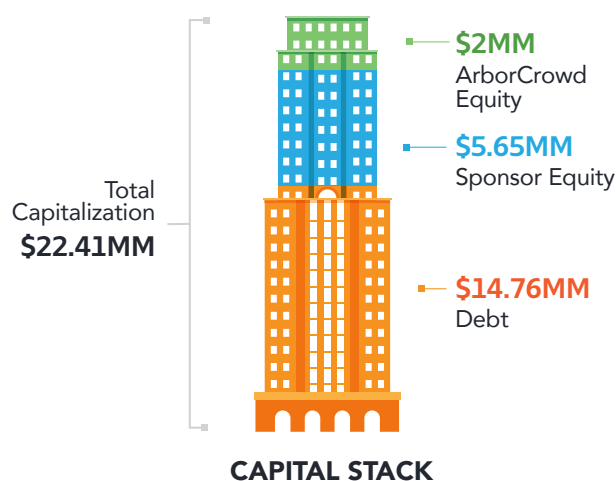
Prior to forming VCP, Mr. McCreary had a nearly 20-year career on Wall Street as an investment banker and corporate finance partner at firms such as Salomon Brothers/Citigroup, Credit Suisse First Boston and Barclays Capital.

VCP's affiliate property management company, **Hammond Residential Group (Hammond)**, was the property manager of the portfolio.

### VCP/ HAMMOND TRACK RECORD

- Acquired and operated more than 80 apartment complexes.
- Purchased approximately 17,000 units throughout the Southern U.S.
- Owned 40 properties with more than 8,200 units.
- Sold 42 properties with 9,000 units.
- Managed more than 11,000 units through Hammond.

## TRANSACTION SUMMARY



Affiliates of VCP and ArborCrowd acquired the properties in late 2016 for \$19.1 million. When ArborCrowd presented the investment opportunity on its platform in February 2017, it quickly oversubscribed, raising over \$2.1 million in just 5 days.

## BUSINESS PLAN EXECUTION

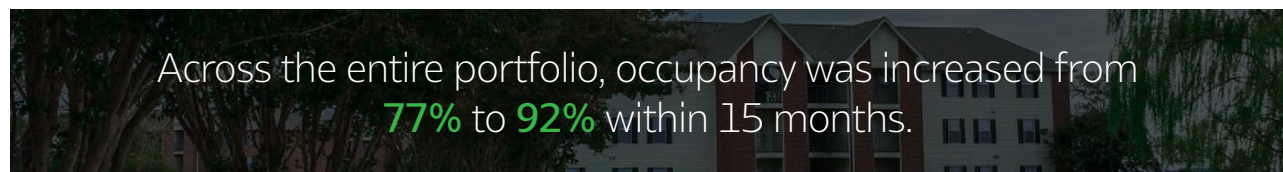
The Robinsonville property's occupancy was increased from 81% to 95% within a year's time.

At the Huntsville properties, light upgrades were completed on the unit interiors and there were significant exterior upgrades. Occupancy across the two properties was increased from 75% to 90%.

### RENOVATION HIGHLIGHTS

- New playgrounds
- New dog parks
- New fitness centers
- Swimming pool upgrade
- Tennis court revitalization

Following a well-executed capital improvement plan in excess of \$1 million and the implementation of operational enhancements, VCP sold the Robinsonville property in November 2017, which resulted in ArborCrowd returning \$1.33 million to investors. The Huntsville properties were sold in June 2018, resulting in another \$1.3 million returned to investors and closing out the transaction in under 2 years.



## DEAL ANALYSIS

ArborCrowd and the sponsor completed the portfolio's investment cycle in 15 months, ahead of the targeted hold period of 2 – 3 years.

The aggregate portfolio sales price was \$25.85 million and ArborCrowd investors received net distributions of approximately \$2.63 million.

The sale of the portfolio generated an internal rate of return (IRR) of over 29%, far exceeding the targeted 17% – 20% IRR.

Net IRR .....	<b>29+%</b>
Ownership Period .....	<b>15 mos.</b>
Purchase Price .....	<b>\$19.1MM</b>
Aggregate Sales Price .....	<b>\$25.85MM</b>

"Arbor's decades of experience and track record for success were selling factors. I also had comfort in the sponsor because they were a local expert in the Alabama and Mississippi areas."

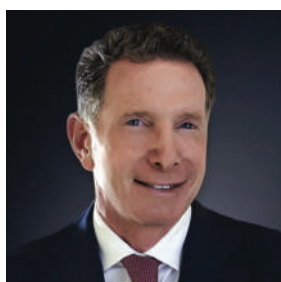
— SSMP Investor, David Capobianco

## ABOUT ARBORCROWD

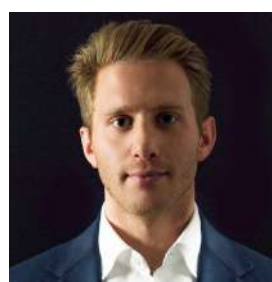
---

ArborCrowd is the first real estate crowdfunding platform to be launched by a real estate institution, opening an exclusive network to a new class of investors. As part of The Arbor Family of Companies, which includes Arbor Realty Trust (NYSE: ABR), a leading publicly traded commercial mortgage real estate investment trust, ArborCrowd is backed by more than 30 years of leadership experience.

ArborCrowd reviews more than 500 deals a year from its proprietary network and only chooses the ones that survive its rigorous underwriting process.



**Ivan Kaufman**  
Co-Founder and CEO



**Adam Kaufman**  
Co-Founder and Managing Director

### QUESTIONS?

If you have any questions about this case study, please email [investorrelations@arborcrowd.com](mailto:investorrelations@arborcrowd.com) or call 844-365-1200 and an ArborCrowd team member will promptly return your inquiry.

---

#### DISCLAIMER

This case study has been prepared for informational purposes only. The contents of this case study are not intended to provide and should not be relied on as investment, legal, tax, or accounting advice. ArborCrowd does not guarantee the accuracy or completeness of the information provided in this case study. Each investor or prospective investor is urged to seek independent investment, legal, tax, and accounting advice concerning the consequences of investing in real estate. Past performance is not a guarantee of future results or success. Unauthorized use, dissemination, distribution or reproduction of this case study by other than the intended recipient is strictly prohibited and may be unlawful. The recipient of this case study may not contact the sponsor, property manager or any other party or parties related to the subject transaction. All communications should be made solely through ArborCrowd. Nothing contained in this case study shall be considered an offer, acceptance of an offer or a legally binding agreement by or with ArborCrowd Holding Company, LLC and/or any of its affiliates or subsidiaries.