

CASE STUDY: THE WESTBURY

3820 Mission Hills Drive
Memphis, Tennessee

- Development: Phase 1: 222 units completed 2005
Phase 2: 128 units completed 8/2006
- Total Cost: \$25.8 million
- Original Equity: \$3.8 million

HOME-SWEET-WESTBURY.

At MRG, we believe that good returns are a by-product of developing and managing multi-family communities where renters consider themselves residents and apartments feel like homes.

The vision of The Westbury was to develop a property that featured luxurious design elements reminiscent of fine single-family homes. Alternating brick and HardiPlank buildings with gabled roofs and asphalt shingles look and feel like single-family residences. A pinwheel building design eliminates breezeways and gives each unit its own separate, home-like entrance. Standard features include crown molding, 9' ceilings, garden tubs, walk-in closets, and utility rooms with washer/dryer connections. Units also feature some combination of direct-access garages, French doors, balconies or patios.

In developing The Westbury, MRG and partners Belz Enterprises sought to provide a higher price point offering to complement the more moderately priced neighboring property, Champion Hills at Windyke, developed in the mid-1990's by the same group. The two adjacent properties are located approximately 1.25 miles from the I-385/Forest Hill Irene interchange in the busy Southeast Technology Corridor that includes employers such as FedEx and Nike.

The strategy has provided a variety of options for residents and produced some pretty sweet returns for investors. MRG staff leased up the property within two years at rent levels that were \$100 higher than comparable properties. The average before tax cash on cash lifetime ROI for The Westbury is 14.5%.[§]

[§]From project inception through June 2011.



PERFORMANCE HIGHLIGHTS

(before tax):

Average 7 year ROI: 14.5%

Range: 6.89% - 21.03%

2010 ROI: 12.57%

IRR: 23%*

June 2011 Occupancy: 99%

June 2011 Turnover Rate:
41.14%**

**While there are currently no plans to dispose of Westbury given its stable cash flows and high occupancy rates, if the property were sold based on a value at y/e 2010 of a 7% cap rate, with sales expenses of 2% of the purchase price, local investors would realize a 23% IRR over the life of the investment.*

***12 month trailing rate, which compares to a national rate of 57% as reported by the National Apartment Association*

