

## **White Stone Development Smyth Landing Executive Summary**

### Project:

The Smyth Landing project is a multi phased development featuring 182 premium apartment units over four floors adjacent to the waters of Budd Inlet. Combined views of the water, Mt Rainier and the State Capitol, as well as water access, will be the main features of this project with spacious balconies off of every unit, elevated outdoor terraces and a waterfront trail that will connect a newly constructed public park to the adjacent marina. This will be a multi phased project with the first phase featuring 59 units over four floors with surface parking. The second phase will feature two buildings with 123 units total over four floors with 86 stalls of grade level, covered parking. A potential third phase will incorporate 12 multi-story townhomes with garages.

Efficiently designed living units will consist of a mix of two bedrooms/two baths, one bedroom/ study and one bedroom/one bath; all with modern, luxury finishes. Quality building materials will be used with an emphasis on energy efficiency, seeking Gold LEED certification.

A 10,000 square foot office building is planned for construction on an adjacent, waterfront parcel. Between the office building and the apartment buildings, a 1.3 acre parcel will be dedicated to the Squaxin tribe for habitat renewal and construction of a waterfront park featuring natural upland plantings and a public walking/running trail.

### Location:

West Bay Drive on Budd Inlet, Olympia, Washington. The property consists of 6.4 acres of waterfront property, within walking and biking distance from downtown Olympia and the State Capitol building. A large local, state and federal government workforce contributes to a population base that has seen steady year over year growth over recent decades. Olympia is situated at the southern point of Puget Sound and is considered a mid-point between the urban centers of Seattle, WA and Portland, OR.

### Transaction and Timing:

Purchase Agreement between Acorn Acquisitions and Delta Illahee Limited Partnership II. Desired construction/absorption for Phase I to commence the first quarter 2015 and continue through the second quarter of 2016. Phase II construction/absorption to commence the fourth quarter 2015, continuing through the second quarter of 2017. Phase III to commence construction third quarter 2016 through third quarter 2017.

### Project Team:

White Stone Development – Developer  
Greystar – Property Manager

LSW Architects – Architects  
Rush Construction – Contractor

**Phase I**Project Cost/Income:

Land	\$530,000.00	NOI	\$836,678.00
Hard Costs	\$9,470,448.00	Value	\$15,639,000.00
Soft Costs/Financing	<u>\$2,250,035.00</u>	Initial Yield/Cost	6.83%
Total	\$12,250,483.00	Avg. ROI <sup>2</sup>	12.46%

Primary Financing:

Construction	\$9,187,862.00	LTC/LTV	75%/58.7%
Equity	\$3,062,621.00		
Permanent	\$10,102,794.00	/LTV	64.6%
Equity <sup>1</sup>	\$2,529,722.00		

**Phase II**Project Cost/Income:

Land	\$1,100,000.00	NOI	\$1,814,297.00
Hard Costs	\$20,699,924.00	Value	\$33,598,000.00
Soft Costs/Financing	<u>\$4,607,145.00</u>	Initial Yield/Cost	6.87%
Total	\$26,407,069.00	Avg. ROI <sup>2</sup>	12.46%

Primary Financing:

Construction	\$19,805,302.00	LTC/LTV	75%/58.9%
Equity	\$6,601,767.00		
Permanent	\$21,889,097.00	/LTV	65.2%
Equity <sup>1</sup>	\$1,127,415.00		

**Phase III**Project Cost/Income

Land	\$120,000.00	Value	\$5,700,000.00
Hard Costs	\$3,960,400.00		
Soft Costs	<u>\$660,870.00</u>		
Total	\$4,741,270.00		

Primary Financing

Construction	\$3,318,889.00	LTC/LTV	70%/58.2%
Equity	\$1,422,381.00		
Selling Cost	\$372,210.00	Yield on Cost	12.37%
Profit <sup>3</sup>	\$586,520.00	ROI	41.24%

<sup>1</sup>Positive loan proceeds from refinancing to permanent loan first go towards interest accrued during construction/absorption, permanent loan fee, and balance, if any, to pay down equity principle.

<sup>2</sup>Phases I and II combined, average return over first three years.

<sup>3</sup>Equity returned as part of sale (included in costs).

Investment Strategy:

Acquire, design, permit, construct, market, manage and hold asset for a period of 3-5 years following absorption. Open to sale upon receipt of occupancy permits.