# A Case Study

# Wimberly at Deerwood - Jacksonville, FL Built in 2000 – 322 units Purchased in February 2013 from EQR

**The Opportunity** – to acquire a high quality asset with existing cash flow from an institutional seller who was exiting the market. The property is located in the heart of Jacksonville's most desirable submarket and within walking distance from the city's most upscale retail and major employment centers. The submarket analysis identified similar vintage properties, some with inferior amenity packages, were achieving higher rental rates. The overall condition of the asset was good, but the interior finishes and amenities were outdated and showing signs of age. These factors alone indicated but in combination opportunity, with demographics, projected job growth, limited new supply, favorable borrowing costs and pricing below replacement cost built a compelling story.

The Plan/Strategy - to implement an upgrade program that will enhance the marketability of the property while increasing rents and cash flow for the investors. A thorough study of the submarket dynamics indicated that higher rents were achievable by upgrading the unit interiors and modernizing the amenity package. It was determined that effective rents could be increased by 6-8% and still remain below the competitive set. As part of the financial equation, floating rate debt with a favorable capped interest rate would allow for significant cash flow while mitigating the risk of rising future interest rates.

The Results – ApexOne Investment Partners acquired Wimberly at Deerwood on Feb. 19<sup>th</sup>, 2013 and to date 15 units have been completely upgraded and leased. The upgraded units initially projected to achieve 6-8% rental increases have achieved 12.3% increases with effective rents increasing from \$1.03 sq. ft. to \$1.19 sq. ft. The lower loan costs that were achieved using floating rate debt with a 4.5% cap have resulted in >13% annualized investor returns, ahead of projections.



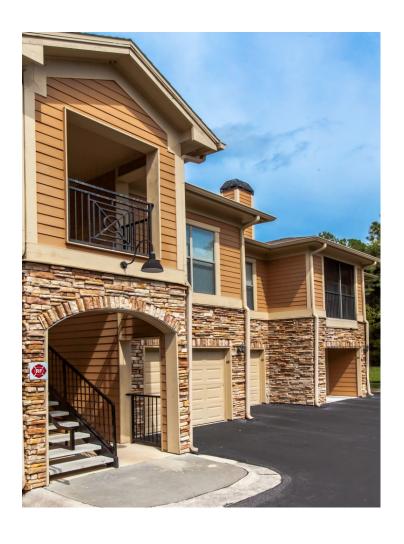
#### Sources and Uses - Capital Stack

Purchase Price	\$35,581,000	\$110,500 per unit
Capital Reserve & CC	\$ 1,616,444	

Loan Proceeds	\$26,685,000	2.482% Floating /
		Rate Cap 4.5%
Total Equity	\$10,512,444	

Institutional Partner	\$9,986,822	95%
ApexOne IP	\$ 525,622	5%

	Pro Forma	Trend
Annual Cash Yield	9.5%	12.3%
Total 5Yr Return - IRR	17%	20%



## **Wimberly at Deerwood Amenities:**









### **Before**:



### After:

