

# Opin Partners, LLC

*“Unlike the larger rental market, which is subject to economic swings, student housing is recession-resistant, and may well be practically recession-proof. A wave of 75 million echo boomers started entering college in the late 1990s, and they’ll be filling college classrooms for quite some time. Between 1995 and 2014, the growth rate in enrollees is expected to exceed the growth rate of 18- to 24-year-olds, meaning a greater percentage of college-age students will be attending universities.”*

- National Real Estate Institute, 2008

## Student Housing Platform

### **Executive Summary**

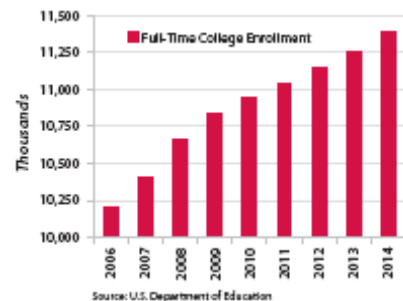
Opin Partners’ Student housing Platform (OPSP) seeks to acquire and reposition student housing assets. OPSP targets existing properties which can be renovated, further developed, or better managed to enhance current cash flows and produce strong returns for the invested capital.

This summary provides further information on this investment strategy.

### **Opportunity**

The current economic downswing has increased the demand for student housing. Existing and expected student population and growth will augment the demand for off campus student housing. Tightening credit markets have reduced financing availability for new construction projects, which will limit the competitive risk from new projects and increase demand for existing assets. The recent degradation of college endowments has severely limited college’s ability to provide new housing options for their student body.

Concurrently, these same economic drivers are forcing an increase in overall enrollment and thus a higher demand for housing, both on and off campus which will enhance the potential of our investments.



### **Investment Thesis**

Opin Partners, LLC believes that the next 2 years will offer compelling buying opportunities for student housing properties within walking distance of university campuses. Parents, struggling with the high cost of tuition for private colleges, will steer students on a “flight to value” back to state sponsored universities. We are seeking student housing opportunities at universities with 10,000 or more students and total deal sizes ranging from \$2mm - \$15mm which can be enhanced through repositioning, development, and proactive management.

Our target audience of sellers will be characterized by the following groups:

1. Non-institutional, highly leveraged, cash-poor
2. Developers/Operators who were overly aggressive in their plans over the last 5 years.
3. Larger investors who need to free up capital.
4. Cash strapped universities who can contribute assets to joint ventures

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### Typical Deal Profile:

Investor Equity Required:	\$1m to \$5m
Sponsor Equity Investment:	5% of required project equity
Investor Return Profile:	8% annual preferred return paid current
Investor IRR:	Target of 20%+ over the life of the investment
Holding Period:	5 years
The Partnership:	Opin Partners, LLC shall form a dedicated single purpose entity
General Partner:	The General Partner shall be a designated affiliate of Opin

### **Management Strategy**

Over the next 2 years, Opin Partners, LLC plans to purchase at least \$100mm in student housing product and will look to add value through:

- I. Proactive Management
  - a. Video tape move-ins to insure clarity on property condition with tenants.
  - b. Monthly inspection with immediate damage repair and tenant billing to mitigate any end of lease surprises.
  - c. Website featuring on-line application and leases to automate the process and track demand with additional features that enable tenants to report problems. Higher visibility and professionalism also gives parents comfort in landlord.
  - d. Joint and several leases ensure that units are treated with care and thus mitigate ongoing capital expenditures.
  - e. Incentives for third party local property managers to outperform
- II. Developing Community Relationships
  - a. Develop dialogue with the University for opportunities as well as staying abreast of tuition and housing costs (which will move in conjunction with off campus rental rates).
  - b. Nurture tenant relationships for renewals and referrals.
  - c. Constantly seek local Joint Venture partners for investments.
- III. Portfolio Building
  - a. On a portfolio basis, economies of scale will enhance returns.
  - b. A diversified, well run portfolio will be compelling to larger, more institutional investors.
  - c. Achieve economies by bringing property management in house.
- IV. Investment Structure
  - a. Each property will be held in a separate single purpose investment vehicle.
  - b. There will be no pooling of assets.
  - c. An individual investor has the opportunity to be the sole owner of a property together with the Manager, Opin Partners, LLC.

### **Sponsor of Individual Investment Student Housing Investments**

Opin's Student Housing Platform is a real estate investment and development organization with extensive experience in commercial, residential, and land development. For more than 30 years, Opin's team has been active in the development and management of more than 7,500 apartment units, 2,000 condominium units, and over 1 million square feet of office and retail space throughout the United States.

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The company continues to own and operate two mixed-use development projects in Savannah, GA (The City Market) and Old Town Alexandria, VA (The Torpedo Factory). Most recently, the team has been active in the Florida real estate market developing multi-family residential, mixed-use and commercial projects. A subsidiary, based in Alexandria, Virginia is organized to provide construction administration services to private educational institutions and other privately funded enterprises, providing assistance to schools with one of the largest and often most burdensome cost item in their budget: Capital Expenditures.

### ***Opin's Property Deal Analysis Factors***

- Campus reputation
- Competitive admissions criteria
- Low Number of university owned beds and limited expansion
- Distance to campus
- Property unit mix
- Competitive product
- Significant out of state enrollment
- Operating performance
- Potential for improved performance
- Ownership and capital structure
- Presence of amenities
- Maintenance of property
- Access to university sponsored or public transportation
- Parking availability
- Ability to increase rents
- Terms of existing and proposed leases vs. competition
- Comparison of proposed rents to "market" rents
- Creditworthiness of student residents and parent guarantors
- Local demographic, college and university enrollment trends
- Population and rental rate trends
- Occupancy of competitive product
- Ability of property to achieve long term capital appreciation
- Ability of the property to produce cash flow for current distributions

### ***The Opportunity: Some 2009 Newspaper Headlines***

- **"On-campus housing shortage strikes Tech"** - Virginia Tech Collegiate Times Online Edition
- **"Rutgers to house students at Somerset hotel as overflow continues for second year"** - (MyCentralJersey.com)
- **"UConn To Double Up Rooms To House More On Campus"**- (Hartford Courant)
- **"Little relief seen in UM student housing crunch"** - (Missoulian) Mike Brown is a senior at the University of Montana. He's living in a windowless room in the basement of Miller Hall with several roommates. He said he shares a bathroom with 16 other guys and "it sucks."
- **"UMass Lowell students move into Nashua hotel for semester"** - Nashua Telegraph

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## Current Trends

- The 75 million “echo boom” continues to raise enrollments across the country, with 4.4mm students turning 18 in 2009 – 376,000 more than in 2000.
- 62.7% of 2007 high school graduates attended college which is 5.5% more than in 2001.
- The Bureau of Labor Statistics estimates that the retirements of baby boomers will cause a labor shortfall of 2.3 million experienced workers by 2014 – increasing the demand for a college-educated workforce.
- The international reputation of an American college education remains stellar. Foreign students will attend American universities regardless of the economic climate.
- College towns have below average unemployment levels due to a highly educated workforce.
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## Historical Student Housing Metrics



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