2520 Peachtree Road

Investment Analysis – Executive Summary

Project Summary

2520 Peachtree Road is a 47 unit condo building located in the heart of the Buckhead residential district on Peachtree Road that BOSS has under contract. The site is 200' x 400' (with 200' of frontage on Peachtree). At the time BOSS obtained control of the parcel, it was zoned RG-3, allowing a maximum FAR of 0.696. BOSS worked extensively with Peachtree Heights West and NPU B and was able to successfully rezone the property to RG-4, which allows for a maximum FAR of 1.49. This is the last site that can sustain a condominium development of large scale in this exclusive area, and the new zoning allows for approximately 119,000 sf to be built on this site.

Pre-Development

In addition to assembling the units, BOSS has spent considerable time and effort in pre-development of a luxury condominium product. BOSS has tried to differentiate the project by allowing for a large amount of green space on the property. Attached you will find site plans, renderings, and floor plans reflecting the design work so far.

Timing

BOSS has determined that now is not the right time to begin vertical development. Given the state of the lending market, both for the construction loan as well as the mortgages for buyers (especially considering most would be non-conforming jumbos), we think the development should be delayed until the markets return to a more stabilized state.

However, the inherent value in the land still remains. The parcel is under contract for approximately $112.50 per foot (or $75 per buildable foot). Given where land along Peachtree has traded recently, we believe this is an excellent value. BOSS anticipates a 3-5 year hold on the land (the attached model represents a 4 year hold period). This site will sell for $225 per foot ($137/buildable foot) at exit (or more).

Project Budget

Following closing, BOSS would convert the existing condos to apartments and rent them. The cash flow generated from these condominiums would be available for distribution (or to service debt). In an effort to underwrite conservatively, we have modeled financing to consist of 43% debt and 57% equity. There is the potential to leverage the property more, but that will depend on the financing market. At this debt level, the income from the apartments should be sufficient to cover the interest carry.

Investment Analysis

Based on the above assumptions, we feel that this opportunity offers an attractive return. The investment should produce an IRR of approximately 23.5%, and a total profit (including the income generated by the apartments) of approximately $7.8 million on an initial investment of $6.6 million (a 2.2x multiple) in 4 years.