

The Alfred

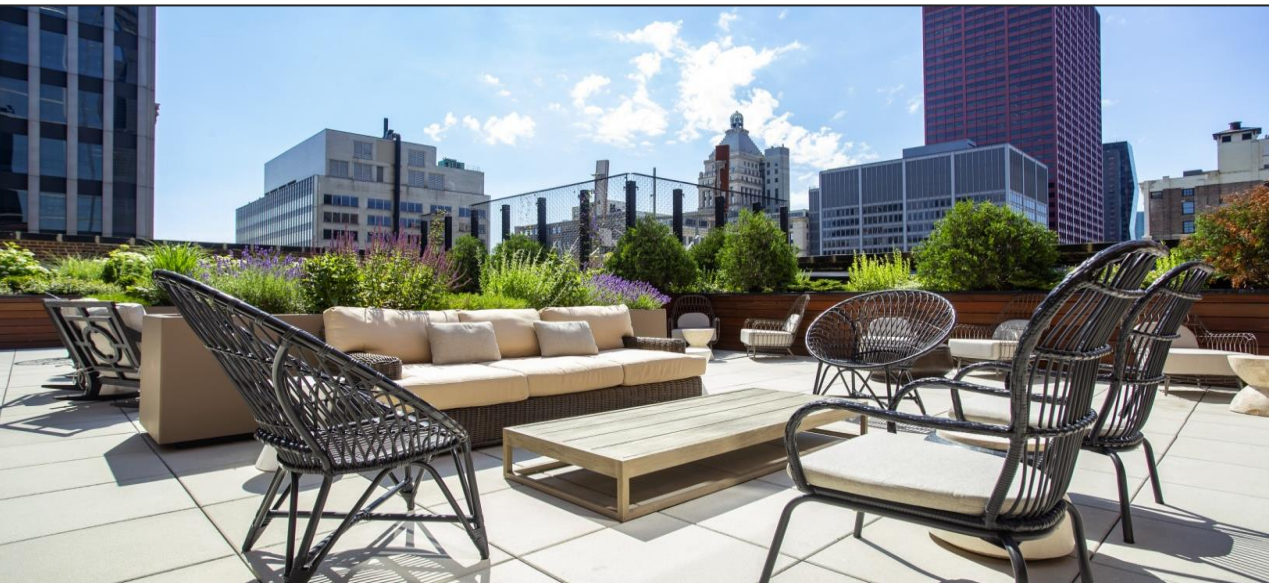
Chicago, IL

Multifamily Equity Investment Offering



Asset Overview

Address	30 E Adams St, Chicago, IL
Units	176
Residential	115,454 RSF
Retail	18,839 RSF
NOI (Underwritten)	\$3.7MM
Targeted IRR (5-Year Hold)	26.40%
Targeted Multiple (5-Year Hold)	2.98x
Average Cash on Cash (5-Year Hold)	8.07%



The Opportunity

CEDARst Companies is pleased to offer an equity recapitalization investment opportunity of up to \$23.6MM in The Alfred.

The Alfred is a 14-story mixed-use asset located in the heart of the Chicago Loop. The property offers a premier residential amenity suite complete with a large rooftop terrace, a gym, and ground floor retail. The Loop continues to expand as a residential neighborhood (see page 4), which will continue to drive demand for housing in the area.

CEDARst completed a successful adaptive reuse of the existing landmark office building in 2018 with a conversion to multifamily while maintaining legacy retail tenants on the ground floor including the historic Miller's Pub. Many of the original details of the vintage office structure were restored including the Chicago-style windows, decorative wood flooring, and exterior masonry. The project utilized Federal Historic Tax Credits which were capitalized with Chase's Historic Tax Credit Equity platform.

The property totals nearly 135,000 RSF, consisting of 18,839 RSF of retail across three tenants and 176 multifamily units comprised of 34 studio, 131 1-bed, and 11 2-bed apartments with an average unit size of 655 SF. Located at the corner of Wabash Avenue and Adams Street in The Loop, the property offers tremendous access to some of the city's most desirable amenities including the Art Institute one block east and Millennium Park and Grant Park nearby. Additionally, there is a tremendous concentration of universities within walking distance from The Alfred including DePaul University's Loop campus, Columbia College, UIC (John Marshall) Law School, Harold Washington, SAIC, and Roosevelt University, which provides an additional renter pool for the building.

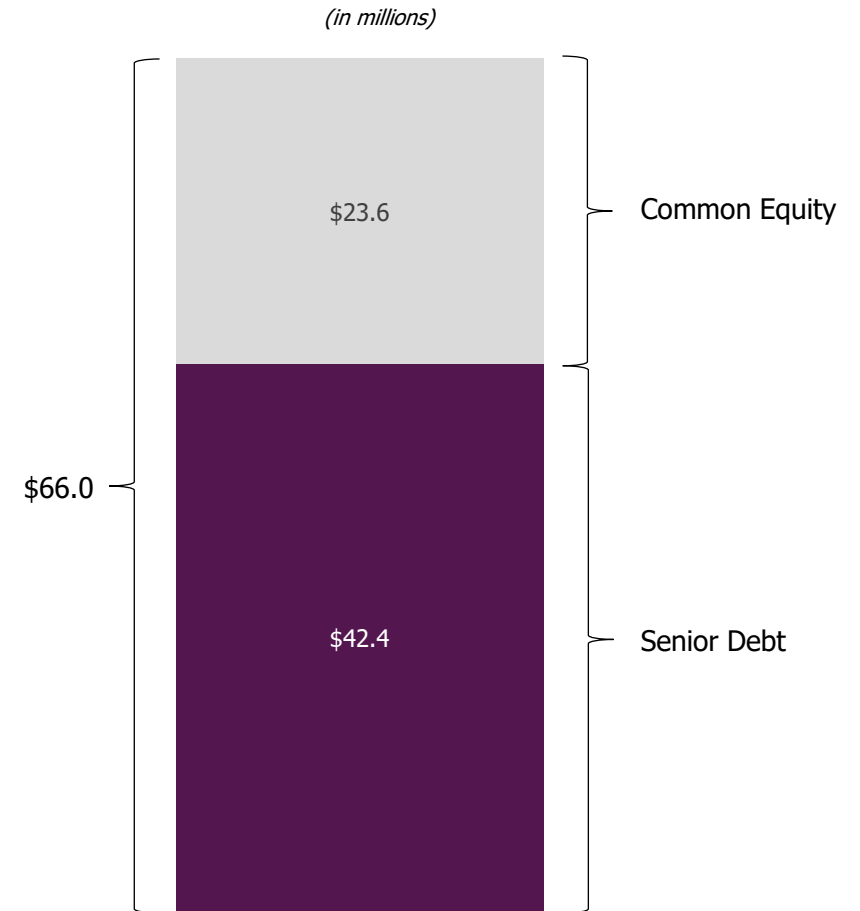
The property holds attractive fixed rate senior debt at a 3.65% interest rate with over 35 years of term remaining on a 40-year amortization schedule. The current senior debt balance of approximately \$42.4MM represents a 64% LTV on the going-in basis of \$66.0MM.

Investment Snapshot

Valuation Build-Up	Amount
Apartment Income	\$4,973,076
Commercial Income	\$1,037,018
Total Expenses	(\$2,276,386)
NOI	\$3,733,708
Value	\$66,000,000



Proforma Capital Stack

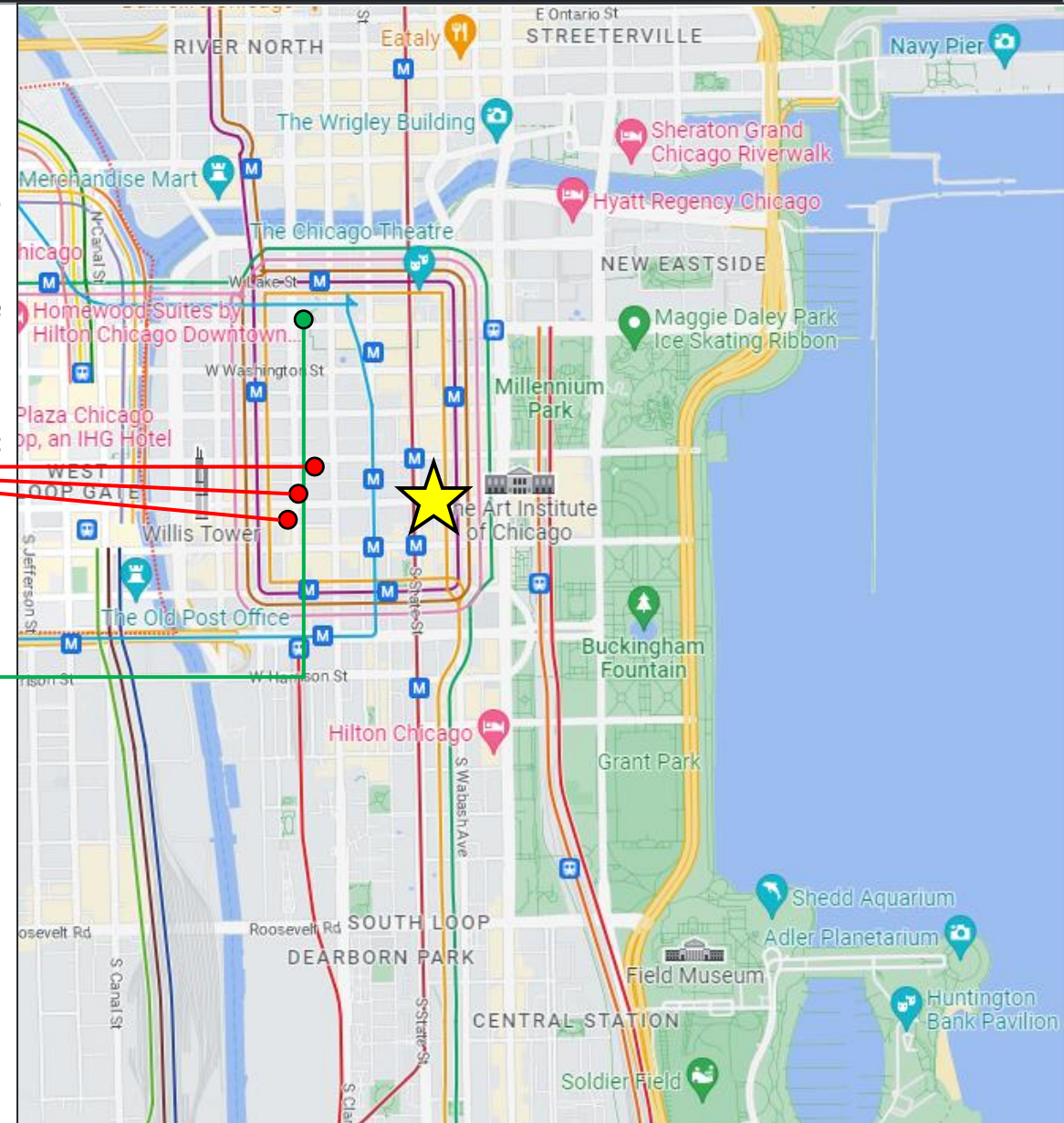


The asset has 3.65% fixed rate debt with over 35 years remaining term on a 40-year amortization schedule.

Chicago Loop

The Loop continues to be Chicago's fastest growing neighborhood and the fastest growing residential downtown in the country:

- Between 2010 and 2020, the Loop registered the largest population gain among Chicago's 77 Community Districts (+44.45%)¹.
- Since 2020, the Loop has added an estimated 3,700 additional residents, increasing the total population to 46,000. Another 8,000 residents are projected to arrive in the Loop over the next five years².
- The Loop consists of 137MM SF of office space, 3.3MM SF of retail space, 610,000 jobs, and 60,000+ students³.
- Investment momentum is building in the Loop by both private sources (e.g., Google) and public sources (e.g., ~\$190MM TIF funding).



Block Club Chicago

LATEST STORIES THE BALLOT 'ON THE BLOCK' SEND NEWS TIPS NEWSLETTERS SHOP SUBS

DOWNTOWN

Google Is Buying The Thompson Center For \$105 Million

The famed building will be sold to the tech giant, which will "entirely" redevelop the Thompson Center into an office suite for its workers, Gov JB Pritzker said.

Kelly Bauer 8:54 AM CDT on Jul 27, 2022

July 27, 2022

Block Club Chicago

LATEST STORIES THE BALLOT 'ON THE BLOCK' SEND NEWS TIPS NEWSLETTERS SHOP SUBS

DOWNTOWN

3 Proposals Chosen To Bring More Than 1,000 Apartments To LaSalle Street

The winning proposals are slated to get \$188 million in TIF dollars and will bring 1,059 apartment to the financial district, 317 of them affordable.

Melody Mercado 8:00 AM CDT on Mar 28, 2023

March 28, 2023

¹U.S. Census 2010; U.S. Census 2020
²Chicago Loop Alliance 2022 Loop Residential Impact Study
³Berkadia

CRAIN'S CHICAGO BUSINESS

Downtown Chicago Apartment Rents Rising, but More Increases Ahead

August 25, 2023

Tenants in downtown Chicago apartments are feeling the pinch of rising rents as demand keeps surging. But it's nothing compared to the more painful squeeze that's on the horizon. After consecutive quarters of slowing rent growth, net rent at top-tier, or Class A, apartment buildings downtown increased by 3.3% during the second quarter to a record-high \$3.76 per square foot, according to the Chicago office of appraisal and consulting firm Integra Realty Resources. Net rent includes concessions like free rent.

The data shows the continued resilience of demand for rental units in the heart of the city, even as demand for commercial properties like offices and retail remain sluggish coming out of the COVID-19 pandemic. While people may not want to work and shop in the city as regularly as they used to, they still want to live there. The rent increase last quarter was in line with the average over the past decade, suggesting the market is neither too hot nor too cold. But if Integra's projections are right, it won't be long before those modest increases turn into spikes. The main culprit: Developers aren't starting enough new apartment projects right now.

After developers complete around 2,900 units this year and another 3,600 next year — fairly typical annual numbers over the past decade — Integra forecasts the city will only get 400 new apartments in 2025, which would be the fewest for any single year since 2004. "This is the calm before the storm for renters," said Integra Senior Managing Director Ron DeVries. "Rents are going to spike in 2025."

Landlords can thank higher interest rates for that. Developers have struggled to land financing for new apartment projects over the past year, nearly shutting off the new supply pipeline. That means a typical amount of demand in two years will far outpace the number of new apartments in the market, a recipe for landlord pricing power. Higher borrowing costs have also helped juice demand, as some renters that would traditionally opt to move out and buy a house aren't doing so.

In newer buildings downtown, one-bedroom apartments are renting for around \$3,000 per month, a number that would have been hard to reach before the COVID-19 pandemic, DeVries said. The interest rate impact isn't unique to Chicago, but it has big implications for the city's lack of affordable housing. While rising rents could

help developers start to land financing for new projects and relieve the supply constraint, some may be scared off by rising property taxes and new measures that Mayor Brandon Johnson's administration could back, such as a higher real estate transfer tax. "You have to build new units to add to the supply, then everything falls down the line in terms of what happens to the lower quality units," DeVries said. "This is going to further add to the housing shortage crisis."

Net rents at less-expensive, or Class B, apartment buildings hit a record-high \$3.21 per square foot in the second quarter, according to Integra. That's more than it cost to rent in a Class A building just before the pandemic. Overall occupancy at downtown apartments stood at 95.1% midway through the year, according to Integra data, on the high end of what the firm considers a stabilized market. The rate was 95.2% at the same time last year. Of course, higher interest rates also have a big downside for landlords, particularly those with maturing debt.

Despite strong demand and rising rents, the increased cost of capital has driven down property values and made it difficult for owners to refinance. Some examples of the value loss: The 329-unit Lake & Wells apartment tower in the Loop sold in April for \$98 million, well below the building's \$123 million construction cost. In Streeterville, the 398-unit North Water Apartments recently fetched a sale price of \$173 million, down from the \$240 million it sold for in 2016. Just before the summer, Houston-based real estate firm Hines paid around \$73 million for the 199-unit apartment building at 165 N. Desplaines St., a price that people familiar with the property said was far less than it would have fetched a few years ago.

"If you put long-term debt on your building and nothing is coming due soon, you're sitting in a great spot right now," DeVries said. "The problem is, a lot of people have debt (maturities) happening, which is why (a lot) is for sale." Some of the rent increases on the horizon will vary by location. The West Loop, for example, has more than 2,000 units expected to deliver next year, according to Integra. That's more than all other downtown submarkets combined, meaning West Loop rent hikes might be kept in check. "But in Streeterville, River North, the Gold Coast — for people that really want to live there, there could be more upward pressure (on rents) next year," DeVries said. "In 2025, you'll see it across the board."



COSTAR INSIGHT

Here's Where To Find the Nation's Strongest and Weakest Apartment Rent Growth

Chicago Posts Top Rent Growth, Outpacing Other Major Markets



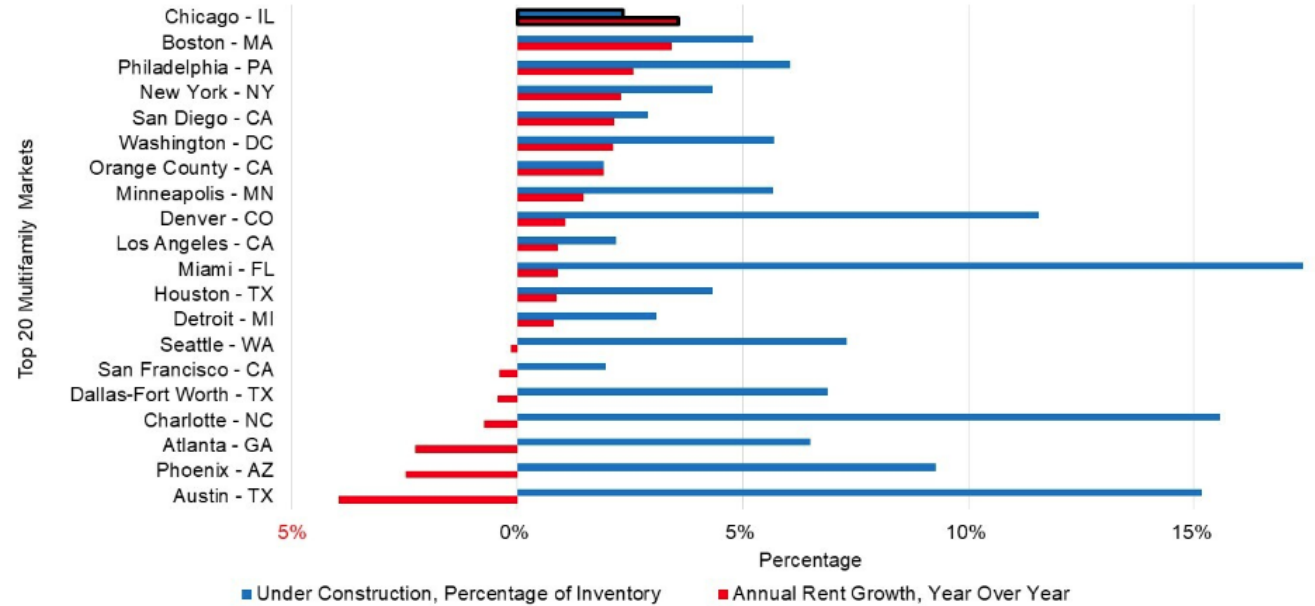
Chicago's apartment rents are up 3.6% annually, which is higher than the national average. (Gian Lorenzo Ferretti)

By [Rhea Stephen](#)
CoStar Analytics

August 28, 2023 | 3:42 P.M.

For the first time in more than 20 years, Chicago's apartment rent growth is the highest among its major market peers over the course of three consecutive quarters.

Chicago's Rent Growth Beats Others with Outsized Inventory Expansions



Source: CoStar, August 2023



Commercial Tenants



**MILLER'S
PUB**

Tenant since 1970s

In 1950, three brothers of Greek descent, Pete, Nick and Jimmy Gallios, pooled all of their resources and purchased the flailing Miller's Pub from the Miller brothers, who had established the bar in 1935. After the purchase, the Gallios brothers did not have the \$500 it would have cost to change the sign on the pub, so the name Miller's remained.

Over the years they imprinted not only their work ethic but their personalities on the pub. It became one of the most famous late-night spots Chicago had to offer, where on any night of the week an average couple out on-the-town might find Marilyn Monroe or Mayor Daley in the booth next to them. Chicago baseball legends Bill Veeck and Harry Caray were regular customers and became lifelong friends of the family.

Miller's Pub continued to flourish and by 1972 the brothers owned three restaurants on the Adams/Wabash block with Miller's as the focal point of the family business. In 1989, when the building they were renting was renovated to seat cars rather than people, Miller's Pub moved into one of their other restaurants, Vannie's, at 134 S. Wabash and continued their business without batting an eye. At 134 S. Wabash, where it remains today, the Gallios' continue to make their B.B.Q. Canadian Baby Back Ribs succulent and tasty, and their customers happy.



Tenant since 2022

Pro Forma CFs

	Stabilized UW	Year 1	Year 2	Year 3	Year 4	Year 5
RESIDENTIAL RENT REVENUE						
Potential Rent						
Gross Market Rent	4,818,392	4,999,082	5,186,548	5,381,043	5,582,832	5,792,188
Loss/Gain to Lease	(24,092)	(24,995)	(25,933)	(26,905)	(27,914)	(28,961)
Total Potential Rent	4,794,300	4,974,087	5,160,615	5,354,138	5,554,918	5,763,227
Economic Loss						
Less: Vacancy	(240,920)	(249,954)	(259,327)	(269,052)	(279,142)	(289,609)
Less: Concession	0	0	0	0	0	0
Less: Non-Revenue Units	(23,940)	(24,658)	(25,398)	(26,160)	(26,945)	(27,753)
Collection Loss	(11,986)	(12,498)	(12,966)	(13,453)	(13,957)	(14,480)
Total Economic Loss	(276,845)	(287,110)	(297,692)	(308,665)	(320,043)	(331,843)
NET RESIDENTIAL RENT REVENUE	4,517,455	4,686,977	4,862,923	5,045,473	5,234,875	5,431,385
COMMERCIAL RENT REVENUE						
Commercial Rent	928,825	928,825	955,259	983,917	1,013,434	1,043,837
Commercial Reimbursement	162,773	127,837	167,656	172,686	177,867	183,203
Vacancy Loss	(54,580)	(79,750)	0	0	0	0
Total Commercial Income	1,037,018	976,912	1,122,915	1,156,603	1,191,301	1,227,040
OTHER INCOME						
Passthru Utility Package	306,603	315,801	325,275	335,033	345,084	355,437
Other Income	149,018	153,489	158,094	162,837	167,722	172,753
Total Other Income	455,621	469,290	483,369	497,870	512,806	528,190
TOTAL INCOME	6,010,094	6,133,179	6,469,207	6,699,946	6,938,982	7,186,615
OPERATING EXPENSES						
Repairs and Maintenance	139,271	143,449	147,753	152,185	156,751	161,453
Apartment Turnover Costs	50,028	51,529	53,074	54,667	56,307	57,996
Payroll	497,886	512,822	528,207	544,053	560,375	577,186
General & Administrative	112,131	115,495	118,959	122,528	126,204	129,990
Marketing	154,044	158,665	163,425	168,328	173,378	178,579
Utilities	361,796	372,650	383,830	395,345	407,205	419,421
Management Fees	180,303	183,995	194,076	200,998	208,169	215,598
Property Taxes	685,705	706,276	727,464	749,288	771,767	794,920
Insurance	95,223	98,080	101,022	104,053	107,174	110,390
Total Operating Expenses	2,276,386	2,342,961	2,417,811	2,491,445	2,567,330	2,645,534
NET OPERATING INCOME	3,733,708	3,790,218	4,051,396	4,208,501	4,371,652	4,541,081

Pro Forma CFs Cont.

	Stabilized UW	Year 1	Year 2	Year 3	Year 4	Year 5
NET OPERATING INCOME	3,733,708	3,790,218	4,051,396	4,208,501	4,371,652	4,541,081
HUD Capital Reserves	52,800	54,384	56,016	57,696	59,427	61,210
OPERATING CASH FLOW	3,680,908	3,735,834	3,995,381	4,150,805	4,312,225	4,479,871
Senior Mortgage Debt		2,125,795	2,125,795	2,125,795	2,125,795	2,125,795
HUD MIP		105,611	104,126	102,587	100,990	99,335
NET INCOME		1,504,427	1,765,459	1,922,422	2,085,439	2,254,741
Capital Events (Pro Rata – 88.2%)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Equity Outflow	(23,633,808)					
Equity Cash Flow	-	1,504,427	1,765,459	1,922,422	2,085,439	2,254,741
Sale Proceeds						60,890,374
Equity Cash Flow	(23,633,808)	1,504,427	1,765,459	1,922,422	2,085,439	63,145,116
Cash on Cash Return		6.4%	7.5%	8.1%	8.8%	9.5%

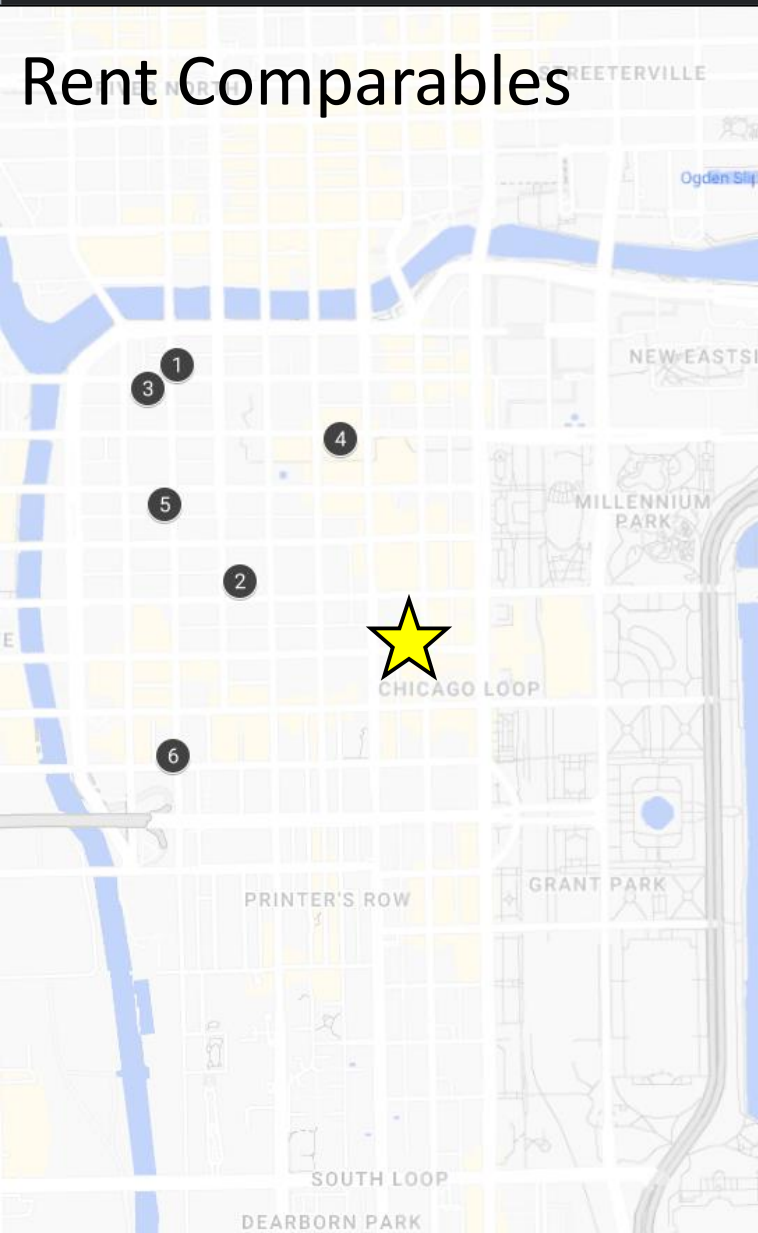
Reversion Value

Year 6 NOI	\$4,862,133
Reversion Cap Rate	4.75%
Value	\$102,360,700

Equity Returns

IRR	26.40%
Equity Multiple	2.98x
Average Cash on Cash	8.07%

Rent Comparables



Name	Subject The Alfred	Comp 1 Century Tower	Comp 2 Millennium on LaSalle	Comp 3 LINEA	Comp 4 Randolph Tower City Apts	Comp 5 215 West Apartments	Comp 6 330 S Wells
Address	30 E Adams St	182 W Lake St	29 S LaSalle St	215 W Lake St	188 W Randolph St	215 W Washington St	330 S Wells St
Neighborhood	Chicago Loop	Chicago Loop	Chicago Loop	Chicago Loop	Chicago Loop	Chicago Loop	Chicago Loop
Year Built	1926/2019	1930/2019	1900/2021	2017	1929/2012	2010	1927/2019
Unit Count	176	293	216	265	312	387	129
Occupancy	94.9%	93.2%	97.2%	94.3%	96.5%	93.0%	96.1%
Averages	Rent PSF	Rent PSF	Rent PSF	Rent PSF	Rent PSF	Rent PSF	Rent PSF
Avg Market Rent	\$2,177 \$3.32	\$2,168 \$3.18	\$2,435 \$3.26	\$3,052 \$3.36	\$2,169 \$3.15	\$2,434 \$2.94	\$1,971 \$3.66
Avg Unit Size	656	682	748	907	689	829	539
Studio Mkt Rent	\$1,976 \$3.63	\$1,724 \$3.82	\$2,010 \$3.33	\$2,198 \$3.27	\$1,845 \$3.20	\$2,093 \$3.45	\$1,872 \$4.01
Studio Unit Size	544	451	604	673	577	607	467
1-BR Mkt Rent	\$2,161 \$3.36	\$1,973 \$3.04	\$2,445 \$3.25	\$2,551 \$3.42	\$2,279 \$3.09	\$2,283 \$2.68	\$2,038 \$3.47
1-BR Unit Size	643	648	753	745	738	851	588
2-BR Mkt Rent	\$2,989 \$2.60	\$2,849 \$3.04	\$3,603 \$3.17	\$3,873 \$3.38	\$3,380 \$3.10	\$3,137 \$2.83	\$0 \$0.00
2-BR Unit Size	1,151	938	1,135	1,147	1,091	1,107	0
3-BR Mkt Rent	\$0 \$0.00	\$3,712 \$2.87	\$0 \$0.00	\$4,964 \$3.23	\$0 \$0.00	\$5,442 \$3.12	\$0 \$0.00
3-BR Unit Size	0	1,294	0	1,537	0	1,743	0
Number of Units	# %	# %	# %	# %	# %	# %	# %
Studio	34 19%	80 27%	77 36%	27 10%	191 61%	136 35%	52 40%
1-BR	131 74%	128 44%	112 52%	150 57%	77 25%	174 45%	77 60%
2-BR	11 6%	82 28%	27 13%	64 24%	44 14%	69 18%	0 0%
3-BR	0 0%	3 1%	0 0%	24 9%	0 0%	8 2%	0 0%

Sale Comparables

Apartment Property	Neighborhood	Year Built	Units	Average Size	Sale Date	Seller	Buyer	Sale Price	\$/Unit	\$/SF	Cap Rate
220 W Illinois	River North	2015	188	890	Jul-22	Mapletree	Cortland	\$105,000,000	\$558,511	\$628	4.80%
727 W Madison	West Loop	2018	492	783	Aug-23	Ares	Pntegadea	\$231,500,000	\$470,528	\$601	5.00%
Linea	Loop	2017	265	885	Dec-18	Roszak/LaSalle	Pacific Reach	\$121,000,000	\$456,604	\$505	4.65%
North Water Tower	River North	2014	398	909	Jun-23	Invesco	Crescent Heights	\$173,018,000	\$434,719	\$478	5.20%
EVO Union Park	West Loop	2021	242	761	Nov-22	Marquette/Zeller	Marquette/Pac Life	\$103,500,000	\$427,686	\$562	4.70%
Essex on the Park	South Loop	2019	479	817	Oct-20	Oxford Group	Iconiq	\$203,000,000	\$423,800	\$519	-
Marquee at Block 37	Loop	2016	690	855	Dec-19	CIM	Morguard Group	\$265,000,000	\$384,058	\$449	4.70%
Eleven40	South Loop	2018	320	607	Mar-19	CA Ventures/K Giles	DRM	\$117,000,000	\$365,625	\$588	4.70%
EMME	West Loop	2017	199	663	Jun-23	Green Cities	Hines	\$72,600,000	\$364,824	\$538	5.40%
Tides at Lakeshore East	Lakeshore East	2008	608	791	Dec-21	PNC Realty Advisors	Waterton	\$210,000,000	\$345,395	\$433	4.25%
ALTA Roosevelt	South Loop	2017	496	791	Oct-22	Wood Partners/CBREi	Waterton	\$170,000,000	\$342,742	\$433	4.80%
Xavier	River North	2015	240	705	Mar-23	Green Cities	Morguard Group	\$81,000,000	\$337,500	\$465	4.60%
Astoria Tower	South Loop	2008	248	899	Mar-22	Crescent Heights	3L Real Estate	\$82,500,000	\$332,661	\$370	4.70%
Shoreham at Lakeshore East	Lakeshore East	2005	548	770	Dec-21	PNC Realty Advisors	Waterton	\$180,000,000	\$328,467	\$418	4.25%
Lake & Wells	Loop	2010	329	821	Apr-23	National Real Estate Advisors	Green Cities	\$98,200,000	\$298,480	\$351	5.60%