



Discovery at Shadow Creek Ranch Pearland, TX

Discovery at Shadow Creek Ranch was a ground-up development of a 347-unit, class-A, garden-style apartment complex located in Pearland, Texas, which was one of Houston's fastest growing suburbs. We began construction in September 2009.

Despite an early setback from weather-related delays, we completed construction one month ahead of schedule in November 2010 and under budget by approximately \$2,000,000. Leasing activity at this asset was very strong, and we completed the initial lease-up two months ahead of projections with the initial rental rates 9% above our original underwriting.

During 2009, apartment markets had become supply constrained because of an extended period of limited access to credit for the construction of new projects. Our relationship with a best in class developer partner allowed us to partner with an organization that had

the expertise and banking relationships to execute an opportunity in a market with exceptional fundamentals at an advantageous time when most competitors could not.

We believe that creating and carefully executing a simple and clearly defined business plan can yield excellent results. By developing a premium apartment product in a carefully selected, growing suburban market and partnering with a first-class developer, we were able to overcome economic and market-related obstacles to financing and weather-related construction delays. This allowed us to both deliver the project ahead of schedule, and to exceed the investment returns we estimated in our initial underwriting.

Investment Date: September 2009
Capitalized Cost: \$32,220,000
Sales Date: April 2012
Sales Price: \$39,875,000

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