Savills Studley, Inc. (“Savills”) has been retained by SLM Savoy Park I, LLC (the “Owner”), as exclusive financial advisor for the recapitalization of Savoy Park Apartments, a 1,790 unit apartment community, consisting of seven, 16 story buildings located on a landscaped 10.5 acre gated site bounded by Fifth Avenue and Lenox Avenue between 139th Street and 142nd Street in Manhattan, New York (the “Property”, the “Portfolio” or “Savoy Park”).

Acquired in June 2012 by affiliates L+M Development Partners (“L+M”) and Savanna (“Savanna”), (jointly, the “Sponsor” or “Sponsors”), the Property has undergone a major capital improvement/repositioning program and been managed to high institutional standards.

Savoy Park represents an extremely rare opportunity to invest in a large, irreplaceable, institutional quality Manhattan apartment community with secure cash flow and significant value-add upside.
**INVESTMENT HIGHLIGHTS**

**Nation’s Strongest Apartment Market:**
New York City apartment fundamentals are the strongest in the nation. With strong demand and very limited new supply, rental growth has averaged 4% per annum over the past 20 years and current vacancy is approximately 2.7%. The New York housing shortage remains severe and is expected to become worse over the next 10 years, with an aggregate projected shortfall of nearly 150,000 units. Given high land and construction costs, the shortage of high quality workforce rental housing alternatives is acute with little or no vacancy.

**Best-in-Class Institutional Sponsorship:**
The Sponsor has a long and proven institutional track record for the ownership, management and development of rent stabilized, mixed income and market-rate apartment properties. Jointly, the Sponsors have created or owned over 18,000 high-quality residential units in the New York region and have individually developed strong reputations for their expertise and integrity. With fully integrated investment, development, construction and management capabilities and a proven track record in the New York City multifamily housing sector, the Sponsors are recognized as “Best-in-Class”, institutional owner/operators.

**Major Capital Expenditures Completed:**
Over the past 9 years, more than $50 million of major capital expenditures have been completed at Savoy Park including: Unit Renovations ($34.7MM), Façade Work ($6.3MM), Boiler Upgrades ($2.5MM), Electrical/Sub-metering ($1.3MM), Security Upgrades ($1.9MM), Office Improvements ($1.1MM), Plumbing Risers/Valves ($1.0MM), Roof Fans/Intercoms/HVAC Computer/Miscellaneous Items ($3.1MM), and Site Work ($500k). In addition, windows at the Property were also replaced in the past 12 years. These extensive capital improvements generate significant operating and energy expense savings and position the Property to compete effectively in the market. The improvements also dramatically reduce capital risk and requirements going forward, allowing Property ownership to focus on income producing apartment renovations.
Proven Value Enhancement Plan:
Since purchasing the Property in June 2012, the Sponsor has executed a successful value-add plan which included major building improvements and full renovation of units as they become available through normal turnover. To date, the Sponsor has renovated 294 units at an average cost of $38,278/unit, generating an average 24% return-on-cost and monthly rental increase of $750/unit. In addition, a new 40-year tax abatement agreement, improved operating efficiencies and energy savings have also significantly increased cash flow at the Property. In aggregate, the Sponsor has increased effective gross income at the Property by approximately 23.8% since acquisition, generating a compounded annual growth rate of approximately 6.9%. These results prove out operating efficiencies and future upside from renovating remaining units as they become available.

Dependable CF & Significant Upside:
With major capital improvements completed and institutional management in place, the Property provides highly dependable cash flow with exceptional value creation potential. With 53.6% of the Property’s units renovated to-date, and an average $912/month estimated increase for renovated units, renovating the 800 remaining units would generate over $9.0 million of additional annual Gross Potential Rent.
**Highly Attractive Basis vs. Replacement Cost:**
Assets of Savoy Park’s size and scale rarely become available and the Property offers an opportunity to invest in institutional quality Manhattan workforce housing at well below 50% of current replacement cost. Given extremely high land and construction costs, the Property is positioned to benefit from strong ongoing rental growth as demand continues to significantly outpace the limited supply of high quality housing alternatives for middle-income New Yorkers.

**Shelter Rent Tax Abatement:**
Current ownership entered the Property into an Article XI Regulatory Agreement to provide workforce housing which provides a tax abatement in the form of a Shelter Rent Tax, saving the Property approximately $2.4 million of annual real estate tax expense.

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**FOR MORE INFORMATION**

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