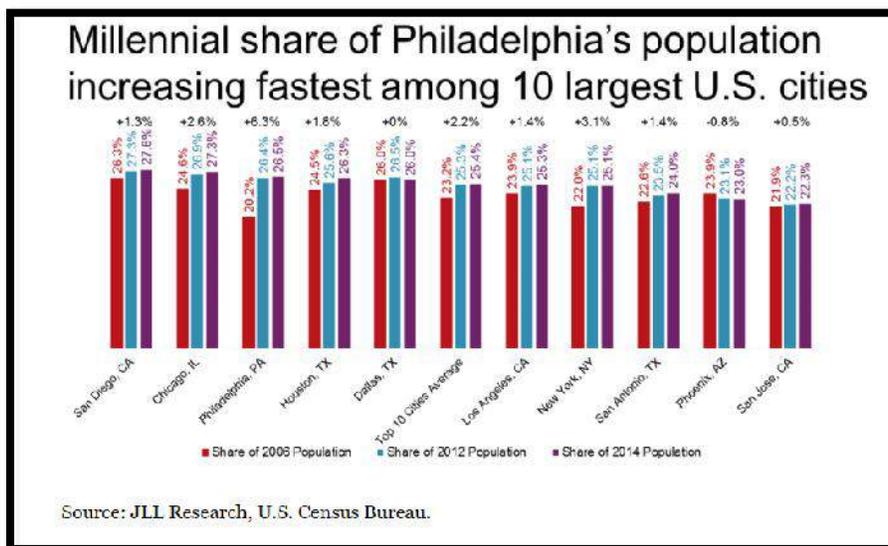


Philadelphia's Renaissance

Philadelphia, the fifth largest city in the U.S. in terms of population, is currently undergoing a major transformation. According to a recent study published in Philadelphia Magazine from JLL Research using data from the U.S. Census Bureau (See Exhibit Below), Philadelphia's millennial population is increasing faster than any of the other 10 largest U.S. cities. Research shows that between 2006 and 2014, Philadelphia added 120,600 millennials (ages 20-34 years old), a surge of 41.2 percent. Today, millennials make up 26.5 percent of the citywide population.



Geographically centralized between New York, NY and Washington, DC, Philadelphia has been known for its education and healthcare systems. It has long been the headquarters for many of the country's largest healthcare providers, some of the world's most renowned hospital systems, and has been a popular destination for large numbers of students who have traveled here to attend our fine universities. Until recently, Philadelphia was unable to retain its student body after graduation as students who studied here often left for more attractive nearby metropolitan cities. However, over the last decade, Philadelphia has seen a transition driven by its active restaurant scene, its historic district, and its thriving art and cultural scenes that has increased its appeal to millennials, which explains recent growth and momentum that is citywide. Along these same lines, many of the major universities located in the Philadelphia area including the University of Pennsylvania, Drexel University, Temple University, and the University of Sciences have begun vast capital improvements including state of the art facilities, high rise dormitories, etc. which have led to increases in their respective student bodies, increases in the strength of their applicants/attendees, and ultimately a more affluent student body which is now choosing to stay in Philadelphia after graduation.



As more and more millennials are attracted to either stay after graduation or to move to the City from elsewhere, business owners, restaurateurs, and real estate developers, including ourselves, have been actively trying to create new stores, boutiques, bars, lounges, clubs, apartment buildings, etc. to capture the growth in hopes of appealing to the growing and ever changing population base. While we definitely see vast growth in the Center City district of Philadelphia, we feel the best opportunity to maximize the millennial shift is actually in the hipster and more vibrant artsy neighborhoods just a few minutes from Center City, yet well within the City of Philadelphia boundaries. These neighborhoods include Fairmount, Francisville, Brewerytown, and University City.

The most influential factor for a developer like us is that although millennial influx is on a steady incline, the rental markets in Philadelphia are still relatively low priced compared to other large metropolitan cities. There is currently high demand but a low supply in the millennial neighborhoods we target as a firm. Many of the units coming to market that appeal to the demographic shift are for sale units and are not capturing the millennials who want to rent and are willing to spend a high percentage of their disposable income to live in a well-located building offering amenities they desire. We feel that opportunity exists to deliver modernized units with such amenities and believe that this opportunity will continue as more and more millennials are attracted to Philadelphia.

The Transition in Brewerytown

Brewerytown, a neighborhood just North of the famous Philadelphia Art Museum and Fairmount Neighborhoods, is currently in the midst of a rapid transition fueled by its location and vibrant art scene. Once home to many of the City's breweries, Brewerytown is becoming an increasingly popular destination for millennials and hipsters attracted to its commercial district and proximity to Fairmount Park. In recent years, many of the City's most popular food trucks have opened stores along its commercial district and several craft breweries have begun popping up in the area, which has helped trigger nearby residential construction to capture the movement and demand in the area.

The Fairmount at Brewerytown, developed by another firm, is a newly renovated mixed-use building consisting of 237,000 Sq. Ft. of the former Acme Markers distribution center located at North 31st Street and West Thompson Street, offers 161 units comprised of studios, one-bedrooms, and two-bedrooms with rent ranges from \$1,300 to \$2,100 (roughly \$2.00/Sq. Ft.). The building also is outfitted with a gym, a rooftop pool, a lounge, and a parking garage.



Now that the residential units have been completed, the ground floor commercial spaces are starting to fill in. In one of the spaces, a Cross Fit Academy is set to open before the end of the year. In the other space, a company called Flying Fish Brewery Co., the largest craft brewery in New Jersey which is also renowned in the U.S., has leased the space to open a restaurant, brewery, and beer garden. The space will include two separate bar areas with food planned by celebrity chef Brian Duffy. We look forward to the additions of Flying Fish and Cross Fit Academy joining the numerous new businesses that have begun to fill the other commercial spots on West Girard Avenue.



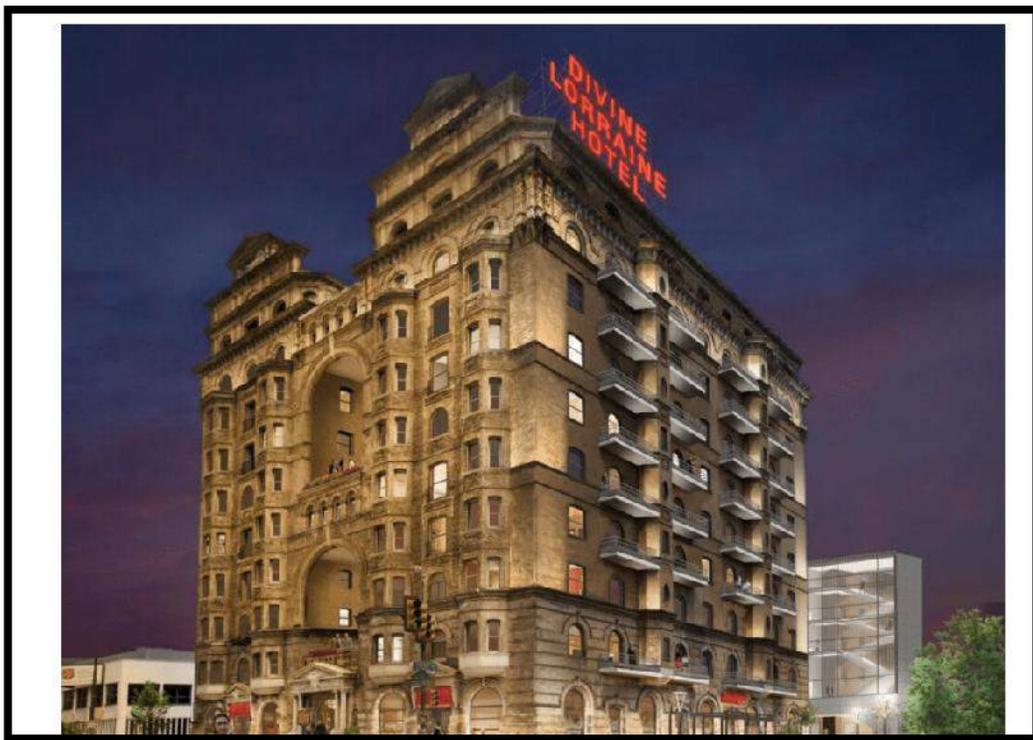
The Rebirth of the Divine Lorraine in Francisville

The long and historic story of The Divine Lorraine began in 1892 when it was designed and constructed by architect Willis G. Hale. The Divine Lorraine was one of the most luxurious and best preserved late 19th-century apartment buildings in Philadelphia. While it had a rich history involving international religious, civil rights, and social welfare activities, the Divine Lorraine sadly closed in 1999 and remained vacant and abandoned for almost fifteen years. Once towering over the North Broad corridor of Philadelphia (located on the intersection of North Broad Street and Ridge Avenue), it had since become a reminder of what was and what could have been.

In 2012, the Divine Lorraine was acquired by New York developer Eric Blumenfield, who ultimately announced his plans in February 2015 to convert the building into 101 rental units with restaurants and commercial space on the ground level. With an expected completion date



of early 2017 and a red neon sign that was lit up this month for the first time in almost 40 years, the resurrection of the Divine Lorraine has triggered the revitalization of the Francisville neighborhood, located just west of Broad Street along Ridge Avenue. Located just North of already stabilized Fairmount Avenue, Francisville is currently undergoing a transformation that is characterized by highly modern new construction buildings with a lot of momentum and excitement for the future. Similar to Brewerytown, Francisville appeals to millennials but achieves a much higher price point due to its proximity to Center City and its centralized location. A lot of people in Philadelphia believe that this neighborhood will be the next hot neighborhood in Philadelphia due to the amount of money and resources that are currently being allocated to nearby developments.



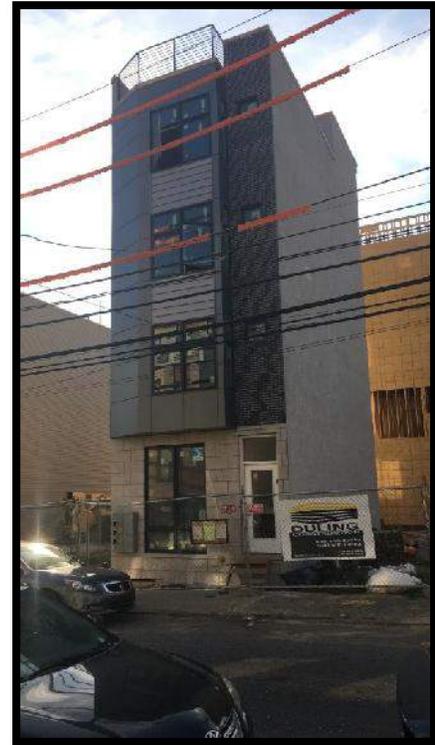
What's new within Stamm Development Group?

Given this is the first issue of our monthly newsletter released by Stamm Development Group, we have decided to introduce several of our latest projects to our readers and will continue to do so over the next few issues. Feel free to visit our website www.stammdevelopment.com for more information relating to any specific project and/or email us at info@stammdevelopment.com to find out more about our firm's projects.



834 N 16th St, Philadelphia, PA 19130:

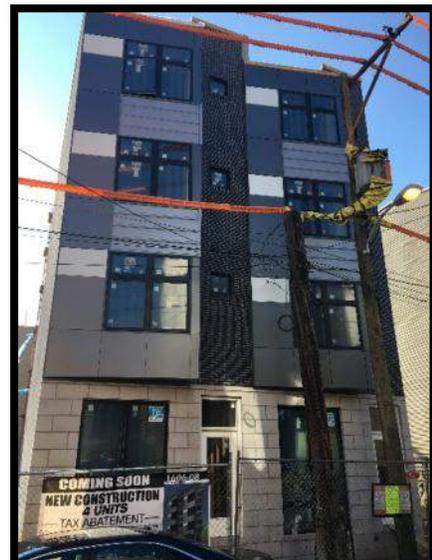
Our firm purchased this vacant parcel of land off the MLS in October 2015. The lot, located in the Francisville Neighborhood of Philadelphia, was zoned CMX25 and was roughly 801 Sq. Ft. Under the City of Philadelphia zoning code, we were able to build a commercial unit and two residential units “by-right”. The commercial requirement of the zoning did not fit well given the street was one with residential use and due to the fact that the Francisville Neighborhood was pushing for commercial spaces along the Ridge Avenue Corridor, just down the block. We felt that there was a hardship having to incorporate a commercial space into the project and thus filed a zoning application omitting the commercial requirement and only incorporating two residential units. After receiving a refusal from the City of Philadelphia, we retained a zoning attorney, gathered Neighborhood support, and were granted a variance to relieve us from the commercial requirement from the City of Philadelphia’s Zoning Board of Adjustments (“ZBA”).



Once we had our zoning in place, we obtained construction financing from Univest Bank and Trust Co., a Philadelphia area community bank (formerly “Valley Green Bank”), and retained Duling Construction Management as our General Contractor. We broke ground in the beginning of April and intend to bring both units to market later this month. We are excited about this project and feel our finished product is differentiated from the competition. Based on our projections and finished product, we are confident that we will achieve sales figures on the high end of sales comparables for the neighborhood. Initially we underwrote the sellout around \$700,000 but believe a realistic price point is actually closer to \$800,000. The market has appreciated throughout Francisville and our units and layouts have credentials that are market leading for the Neighborhood.

1606-1608 Ogden St, Philadelphia, PA 19130:

Our firm purchased these two adjoining vacant parcels of land via an off-market transaction in February 2016. Both lots, located in the Francisville Neighborhood of Philadelphia, were brokered to our firm after a presentation we gave to the Neighborhood Civic Association for 834 North 16th Street impressed a realtor who lived in the area and has an inside track on nearby parcels. It was evident that the attendees respected our



quality of work and vision for our projects in the Neighborhood. Both lots are located around the corner from 834 North 16th Street and are CMX25 and roughly 750 Sq. Ft. each. Similar to our approach above, we decided to design both parcels almost identically to the above project and thus went before the ZBA once again to receive a variance in relief of the commercial requirement. Once we successfully were granted the variance, we obtained construction financing from DNB First, a Philadelphia area community bank (formerly “East River Bank”), and retained Duling Construction Management as our General Contractor. We broke ground in early July and expect to deliver all four units to market in late January 2017. We intend to stage and market both units in 834 North 16th Street and will utilize the space to hopefully pre-sell the four identical units around the corner located at 1606-1608 Ogden St.



Etting Place (1208, 1209, 1210, 1211, 1215, 1217, 1223 N Etting St, Philadelphia, PA 19121):

Our firm acquired seven individually deeded vacant parcels of land located on the 1200 block of North Etting Street via multiple off-market transactions throughout early 2016. Although the street previously looked barren and almost overlooked, we identified an opportunity to acquire and build phases of single family homes because we were attracted to its overlooked location. Etting Street appeared almost like an old historic Philadelphia alley way with red brick instead of asphalt yet it possessed an extremely desirable location since it was just behind the heart of Brewerytown’s commercial district on West Girard Avenue.

After proceeding with the portfolio, our aim was to piece together as many lots as possible within a short span. We wanted to acquire them under the radar at favorable prices before our zoning submissions alerted other investors who were overlooking the opportunity. As a result, we acquired seven parcels which we took through the ZBA for a variance to allow for larger homes with no less restrictive setbacks and now are in the midst of construction for the first two phases of the project. Phase 1 consisted of 1209 & 1211 North Etting Street and Phase 2 consisted of 1215 & 1217 North Etting Street. As part of our marketing for the portfolio, we retained a visualization team who produced images rendered off our actual floorplans and finishes which were released on a website created for the project which can be found at www.ettingplace.com.





Coming Next Month

Stay tuned for Stamm Development Group's newsletter next month which will include Philadelphia market updates, exciting news happening in various local neighborhoods, and will feature three more development projects our firm is currently completing. The featured projects will include 1508-1512 Ridge Avenue, 1245-1247 N 28th Street, and 2003 Cambridge Street.

