



the
sound
at Music Row

Nashville, Tennessee



Jones Lang LaSalle Americas, Inc. ("JLL")

EXECUTIVE SUMMARY

Jones Lang LaSalle Americas, Inc. (“JLL”), on behalf of Pearlmark (the “Sponsor”), is pleased to present an opportunity to invest in the recapitalization and development of The Sound at Music Row, located at 49 Music Square West (“49 MSW”) and 900 18th Ave South (“900 Development”, collectively “The Sound at Music Row” or the “Project”) in Nashville, TN. 49 MSW is an existing 64,635 square foot, six-story, multi-tenant office building that is connected to a five-story parking garage via a skybridge. The Sponsor plans to redevelop the structure located at 900 18th Ave South by constructing a four-story, 137,414 square foot Class A office building on top of the existing parking garage. The Sponsor seeks to capitalize the +/- \$100 million project with a 90% partner and a construction loan of approximately 60-65% of total cost.

Located within walking distance of defining Nashville locations such as Vanderbilt University and Broadway Street, the Project will capitalize on the increasing office demand for Nashville and the Music Row neighborhood, as evidenced by a nearly 30% population increase and 25% rent growth since 2010. Increased office demand is further exemplified with the continued success of 49 MSW, demonstrating an in-place occupancy of 96% which will provide cash flow during the development of The Sound at Music Row. The Project is approved, entitled, and shovel ready, providing an advantage as newly proposed projects will be constrained by the Music Row Vision Plan. Approved in 2019 by the Nashville Metro Planning Commission, the Music Row Vision Plan presents high barriers to entry for future planned developments. The Sound at Music Row is expected to capture the continued office demand while honoring the history and contributing to the neighborhood's creative growth.

As a Co-GP of the Sound at Music Row, Lincoln Property Company also serves as the property manager of 49 MSW ensuring the success of the Project. The expertise of the sponsorship team coupled with Nashville's significant growth positions the Project for a successful execution.

Investment Highlights

IN-PLACE CASH FLOW SUPPLEMENTS
ADJACENT DEVELOPMENT

INSTITUTIONAL SPONSORSHIP WITH
PROVEN DEVELOPMENT EXPERIENCE

SOUGHT-AFTER LOCATION ATTRACTS & RETAINS
A DIVERSE TENANT BASE

FUTURE OFFICE DEMAND STEMMING
FROM NASHVILLE'S LEADING JOB GROWTH

FUTURE OFFICE DEMAND SUPPORTED BY
AFFLUENT AND HIGHLY EDUCATED WORKFORCE



PROJECT OVERVIEW

Pearlmark, alongside Lincoln Property Company, is seeking to recapitalize 49 MSW as well as the adjacent office development in a single transaction. The total project cost is estimated to be **\$75.0 million (\$546 psf) development budget and a proposed acquisition cost of \$23.8 million (\$368 psf)** for 49 MSW, which is currently 96% occupied. As co-GPs, Pearlmark and Lincoln plan to fund 10% of the equity position and are looking to raise the remaining 90% LP equity through a single institutional JV partner.

Pearlmark is an expert in the Nashville market. It made its first investment in the metro area 20 years ago and has since amassed a portfolio of boutique office product and multifamily development sites across metropolitan Nashville. Given its history and success, Pearlmark understands the unique opportunity to meet demand for Class A office space in a submarket characterized by vintage, mid-sized office buildings and recording studios. Pearlmark is re-framing Music Row with the Project, which will bring large, Class A floorplates to a boutique office setting and fulfill a current product void in a sought-after submarket.



KEY PROPERTY STATISTICS

	49 MUSIC SQUARE WEST	900 18TH AVE SOUTH
Rentable Area	64,635	137,414 ⁽¹⁾
Original Construction/Renovation	1975/2018	1994 ⁽²⁾
Stories	6 Stories	4 Stories ⁽³⁾
Percent Occupied	96%	N/A
Weighted Average Lease Term	2.6 Years	N/A
Typical Floor Plates	11,750	30,000+

(1) Future office NRA

(2) Parking structure only

(3) Four (4) stories of office to be built on top of an existing five (5) story parking garage



64,635

RENTABLE SQUARE FEET

96%

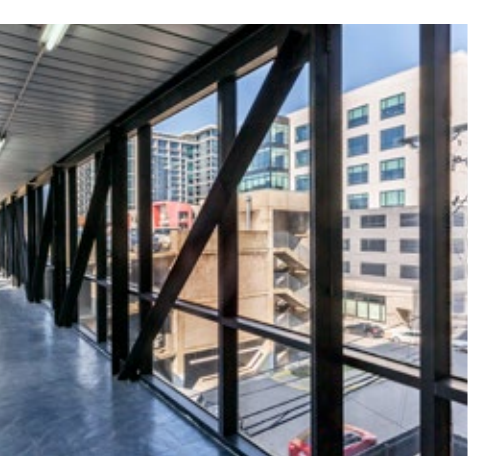
OCCUPIED

11

TENANTS

2.9 yrs

WEIGHTED AVERAGE LEASE TERM



DEVELOPMENT OVERVIEW

Once complete, The Sound at Music Row will consist of approximately 200,000 RSF of office space to house creative tenants in the historically significant Music Row neighborhood. The Project will consist of a 64,635 existing structure (49 MSW) that is connected to the proposed 9-story development via a skybridge. Today, 900 18th Avenue South is a 5-story parking garage with the new 4-story office building to be built atop the parking garage as well as a new façade on the entire building. The building will feature a brand-new exterior, large 30,000+ SF floor plates, an inviting open lobby, and state-of-the-art amenities including a fitness center and outdoor space in the stacked sections of the building. The Sound preserves the creative history of Music Row while offering tenants the best-in-class office space to collaborate.

900 18th Avenue South

45,045 SF	137,414 SF	30,000+ SF
SITE SF	BUILDING NRSF	FLOOR PLATE SIZE
9	15.5' – 16' SF	412
STORIES	CEILING HEIGHT	# OF PARKING STALLS

Project Schedule



JANUARY 2023

Land Closing & Construction Start



JANUARY 2024

Construction Complete



FEBRUARY 2024

Absorption/Lease-Up Begins



JULY 2025

Stabilization



OCTOBER 2026

Sale Date

900



900 18th Avenue Amenity Lounge

**FLOOR TO CEILING
GLASS WINDOWS**

**SPACIOUS
ROOFTOP TERRACE**

**COLLABORATIVE
LOUNGE & WORKSPACE**

**OPEN-AIR SLIDING
GLASS DOOR SYSTEM**





**STATE-OF-THE-
ART COMMUNITY
CONFERENCE ROOM**




**EXPANSIVE KITCHEN
ISLAND WITH
BAR SEATING**

Ideal Pairing of Income Stability with Development Upside

 96% occupancy at 49 Music Square West with 2.6 years of WALT provides defensive income throughout construction of the development

 Ongoing upward pressure on rental rates within the boutique office niche, combined with in-place rents at 49 MSW currently over 10% below market and 62% of NRA rolling over the next 3 years, affords a future owner the potential to increase NOI substantially

 Given today's market dynamic, capital is increasingly favoring assets pairing cash yield with value-add or opportunistic upside



Institutional Sponsorship with Proven Development Experience

PEARLMARK

LINCOLN
PROPERTY
COMPANY

HKS

This iconic Project will be developed by a best-in-class partnership between Pearlmark, Lincoln Property Company, and HKS, with each bringing their respective expertise. Pearlmark, in particular, has executed on a number of successful office, multifamily, and industrial development projects throughout the country.

With three additional developments located fewer than five miles from Music Row, Pearlmark has a very active presence in Nashville. Such projects include the 930 South Street development, a nearby 100,000 square foot office complex with Lincoln Property Company. The synergy created by this partnership presents investors the rare opportunity to participate in a venture whose principals have a track record of producing top quality assets in the Nashville area.



1001 HAWKINS

Sector: Office | **RSF:** 37,572

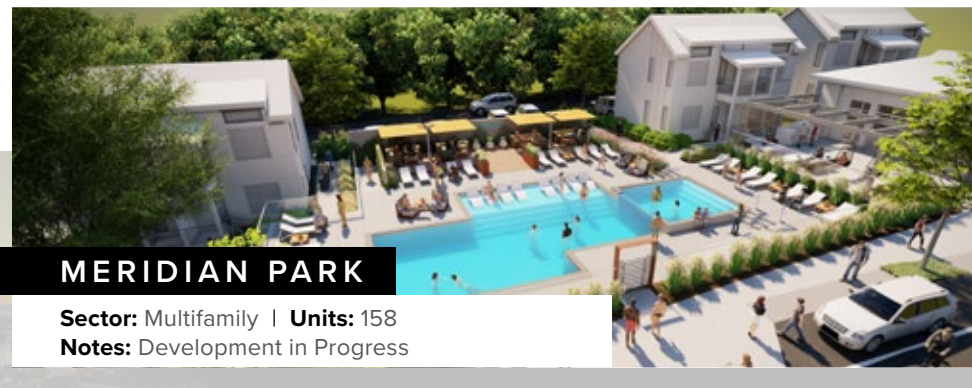
Notes: 100% leased to Health Care Navigator



930 SOUTH STREET

Sector: Office | **RSF:** 99,464

Notes: Located in a Qualified Opp. Zone



MERIDIAN PARK

Sector: Multifamily | **Units:** 158

Notes: Development in Progress



Sought-After Location Attracts & Retains a Diverse Tenant Base

Located in Music Row, the Project is situated in a rapidly transforming submarket of Nashville, just 3 blocks east of the Vanderbilt University campus. What was previously characterized by recording studios, such as Sony Music, has now begun to attract tenants outside of the entertainment industry. Music Row benefits from being adjacent to downtown without the added congestion from traffic. Additionally, Interstate 40 and Interstate 65 entrances are conveniently located half a mile northeast of the Project, allowing for ease of ingress and egress. Connectivity to the Interstate network, lack of downtown congestion and unique history as a music haven have all drawn tenants outside of the entertainment industry to Music Row. Such examples include Ernst & Young, Baker Donelson, William Morris Endeavor and WeWork. Music Row no longer attracts only recording studios; it is now a sought-after location for tenants of all industries.



Perfectly situated to capture the explosive demand of non-entertainment companies looking to migrate away from their downtown operations

**LOCAL SUBMARKET'S
CLASS A OFFICE STATS**
(1Q22)

3.1M

SQUARE FEET
OF INVENTORY





\$45³⁸

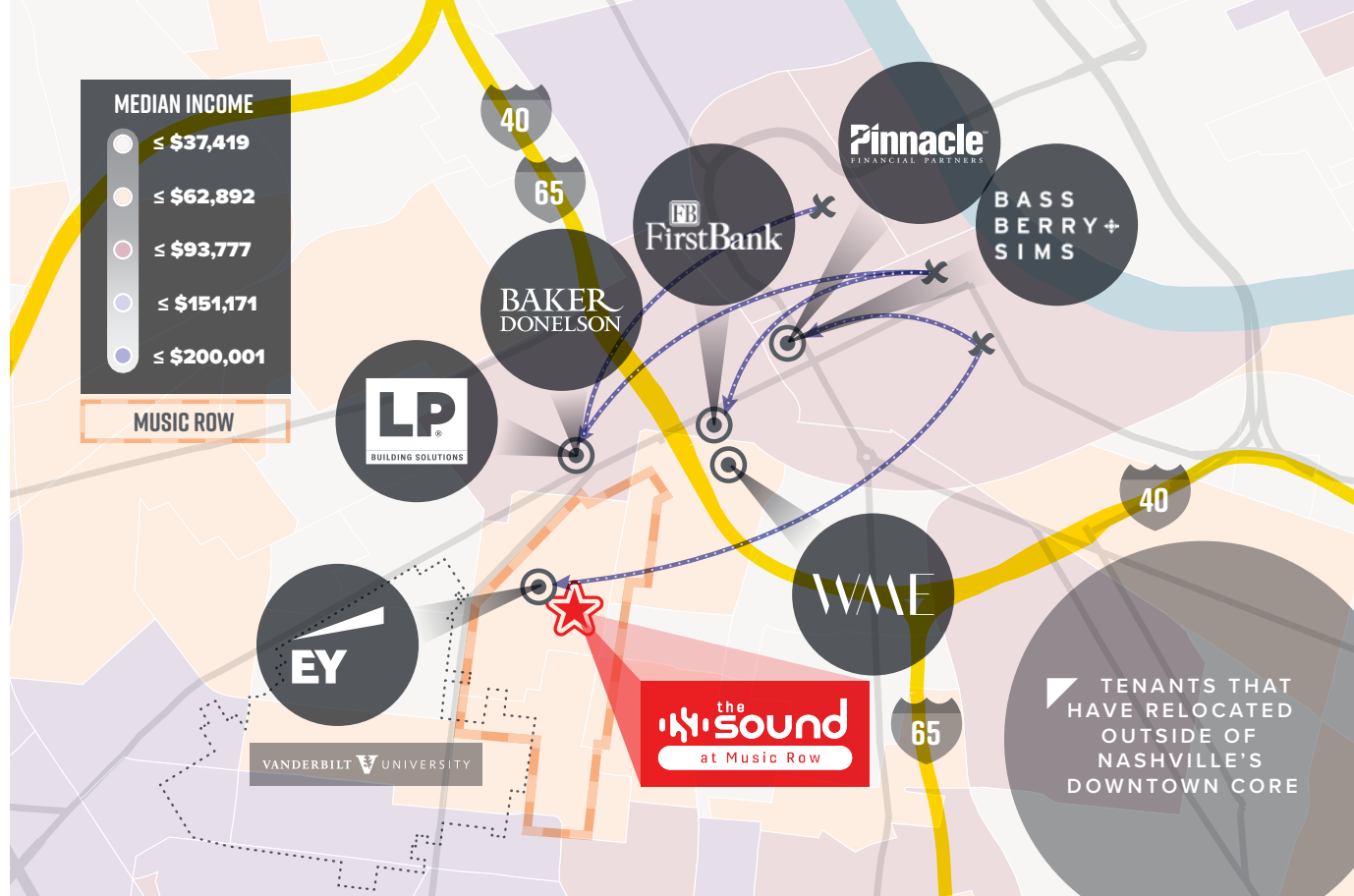
ASKING RENT





New Construction Allows for Implementation of Modern Health-Conscious Workplace Design

-  Flexible large floor plates accommodate dedensification and allow for social distancing
-  Ability to implement health-conscious improvements, such as destination dispatch elevator systems, modern ventilation systems and touchless entry
-  Access to ample parking, reducing the dependence on public transportation
-  The Sound can accommodate companies relocating from high cost of living cities to affordable cities such as Nashville, which provides a high quality of life due to its climate, recreational opportunities, low taxes and employment opportunities



Positioned In the Path of Growth as Development & Adaptive Reuse Projects Redefine the Surrounding Area

Creative office is booming in Nashville, particularly southwest of the downtown core. A trend first started with Cummins Station, a converted 1900s warehouse, developers are building ground-up creative office to compete with these conversions that are commanding some of the highest office rents in Nashville. Due to the city's rapid rise as a destination for social events and tourism, companies are expanding outside of the downtown core. Additionally, high income households tend to reside in the southern suburbs, and many of these households include local business decision makers. Music Row is conveniently situated along the central artery that links downtown to these decision makers.

Future Office Demand Supported By Affluent & Highly Educated Workforce

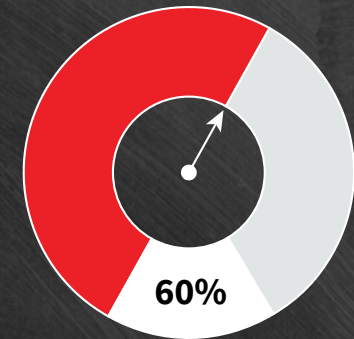
Global corporate employers have identified the Nashville Market as a hotspot for high-caliber talent. With over 20 accredited higher educated schools including Vanderbilt University, Nashville benefits from the constant flow of recent graduates and a high retention of talent rate due to the quality of professional opportunities available.

The Project is supported by an affluent and well-educated population in the surrounding area that provide top-of-the-line talent to local employers.

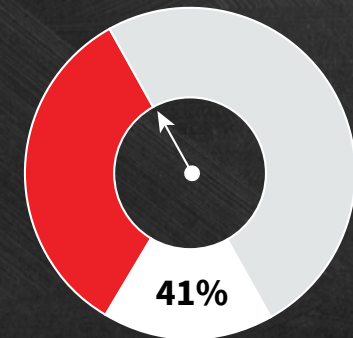
0.5 MILE RADIUS		NASHVILLE MSA
54.80%		22.40%
POPULATION GROWTH (10-21')		
\$103,116		\$95,303
AVERAGE HOUSEHOLD INCOME		
\$605,693		\$365,507
AVERAGE HOME VALUE		
71.80%		38.50%
BACHELOR'S DEGREE OR HIGHER		
78.60%		66%
WHITE COLLAR JOBS		
26		38
MEDIAN AGE		

124,000

TOTAL COLLEGE STUDENTS IN THE MSA ARE A DIRECT FEEDER TO THE NASHVILLE WORKFORCE



College Graduates remain in the region after they graduate



Adult Population obtained a college degree and/or masters



49 MSW LOBBY

No 1

REAL ESTATE INVESTMENT MARKET

(ULI 2022)

No 2

FASTEST GROWING TECH MARKET

(2021)

No 2

CITY FOR CALIFORNIA
HQ RELOCATION

(2021)

1 of 5

METROS CATEGORIZED
AS A SUPERNOVA

(By PWC/ULI)

Relentless Office Demand Stemming from Nashville's Leading Job Growth

Nashville is the fastest-growing relocation and expansion office market in the nation, and it has become supply-constrained as a result. The Nashville MSA contains approximately 26.4 million square feet of Class A office product. Since 2015, the total supply has increased by 34%, yet the market has maintained an average occupancy of roughly 90% and rent growth has averaged 3.5% year-over-year. Nashville has been a top metro for non-farm job growth in the United States for nine consecutive years, ranking #1 in the past two years as momentum accelerates – even despite COVID-19.

RECENT CORPORATE EXPANSIONS & RELOCATIONS

ORACLE®
Enabling the Information Age™

8,500 JOBS
\$1.2B INVESTMENT

amazon®

5,000 JOBS
\$230M INVESTMENT

[A/B] ALLIANCEBERNSTEIN®

1,250 JOBS
\$80M INVESTMENT

asurion

400 JOBS
\$285M INVESTMENT

PHILIPS

1,000 JOBS

EY

600 JOBS
\$22M INVESTMENT

CONTACT INFORMATION

JLL CAPITAL MARKETS

150 North Riverside Plaza | Suite 2500
Chicago, IL 60606
Telephone: 312.528.3650
Fax: 312.528.3651

NASHVILLE CONTACTS

BILL ADAIR

Executive Vice President
615.928.5306
bill.adair@am.jll.com

RICHARD REID

Senior Managing Director
404.942.2209
r.reid@am.jll.com

Copyright @ Jones Lang LaSalle IP, Inc. 2022. This presentation has been prepared solely for informational purposes. The presentation is confidential and may not be reproduced.

The contents of this presentation are not to be construed as legal, accounting, business or tax advice.

The information contained herein is proprietary and confidential and may contain commercial or financial information, trade secrets and/or intellectual property of JLL and/or its affiliates. Although the information used in this presentation was taken from sources believed to be reliable, there is no representation, warranty or endorsement (expressed or implied) made as to the accuracy, reliability, adequacy or completeness of any information or analysis contained herein. JLL expressly disclaims any and all liability that may be based on such information, errors therein or omissions there from.

Certain information in this presentation constitutes forward-looking statements. Due to various risks, uncertainties and assumptions made in our analysis, actual events or results or the actual performance of the types of financing and values covered by this presentation may differ materially from those described. The information herein reflects our current views only, are subject to change, and are not intended to be promissory or relied upon.

Any opinion or estimate of value of any asset in this presentation is based upon the high-level preliminary review by JLL. It is not the same as the opinion of value in an appraisal developed by a licensed appraiser under the Uniform Standards of Professional Appraisal Practice. JLL expressly disclaims any liability for any reliance on any opinion or estimate of value in this presentation by any party.