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Real Estate Matters

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For our latest thinking on what matters to you in real estate, please visit www.highassociates.com.

Accelerates Growth of Core Markets in Central Pennsylvania and New Jersey.

The recent acquisition of four apartment communities in Central Pennsylvania and a Courtyard by Marriott hotel in Ewing, N.J. expands High Real Estate Group LLC’s position as Lancaster County’s leading owner-operator of apartments and select service hotels. The family-owned developer/operator concluded two separate transactions totalling \$60 million in July 2017.

“We’re investing in these businesses for the long run.”

“These value-added acquisitions are consistent with our long term strategic plan to grow the multi-family and hotel portfolios in our core markets” said Mark Fitzgerald, President and Chief Operating Officer of High Real Estate Group.

“We’re investing in these businesses for the long run,” said Fitzgerald. “Our multi-family team is focused on expanding our offering of quality housing options for the residents of Lancaster County, while the hotel group is looking to bring our guests top-level services through our award-winning hospitality teams.”

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\$60M in Strategic Acquisitions— *Residential and Hotel*



Barrcrest Manor is one of four Central Pennsylvania apartment communities acquired by Lancaster-based High Real Estate Group.



The Courtyard by Marriott in Ewing, N.J., near Princeton, acquired by High Hotels Ltd., is within two miles of High’s SpringHill Suites by Marriott-Ewing.

President's Message

As you can see from the cover of this issue, it's an exciting time for High and, I would say, our home market of Lancaster. Our new multi-family and hotel investments make High more of what we already are—a quality owner-operator with deep ties to the communities in which we do business.



We like the long-term prospects for multi-family and hospitality. We're growing our portfolio in these real estate asset classes based on our in-depth market knowledge that balances acquisition and development. Our goals are to leverage our expertise, create operational efficiencies, and increase market penetration. The Courtyard in Ewing brings our total of new hotels to three in the past three years, and more are on the way.

We also like the positive impact these investments have on our communities. Especially now that the need for quality rental housing has never been greater, we are delighted to extend quality workforce housing options for residents of Lancaster County. We will make investments in these properties that will bring them up to High's standards, including improvements and amenities that will increase the overall quality of life for residents and the satisfaction of our hotel guests.

Beyond multi-family and hotels, High's growing portfolio includes shopping centers, commercial/industrial properties and planned business communities. Together, these diverse real estate asset classes support each other and create opportunities for sustained growth that brings value and strength to our region.

As a full-service real estate resource, High is here to help you achieve your own real estate goals. Let's talk about how we can shape your success together.

Mark

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Marriott Expansion Breaks Ground

The 110-room expansion of the Lancaster Marriott at Penn Square broke ground and is on schedule for an early 2019 completion. The project will help meet the demand for hotel rooms within walking distance of the Lancaster County Convention Center, to help attract more large group events to the integrated facility. Both lanes of traffic on busy East King Street will remain open during construction.

Project Impacts

For the Lancaster County Convention Center Authority

- The hotel expansion is projected to increase the LCCCA's bottom line performance by approximately \$200,000.
- Better utilization of the facility.
- Increased number of rooms will translate to increased food and beverage for which LCCCA collects a commission.
- Increase revenues from the hotel room tax county wide as a result of attracting more large group events.

For the Redevelopment Authority of the City of Lancaster

- PSP will increase their voluntary PILOT payment to RACL by \$2.87 million over the lease term.
- PSP anticipates the additional rooms will also increase the participation rent going to RACL by \$1.49 million.



For the Community

- Downtown will be able to accommodate larger group events with more than 600 rooms within walking distance of the convention center.
- The project replaces blighted properties with a state-of-the-art facility.
- The new construction will complement the Beaux Arts façade of the integrated facility contributing to an enhanced, walkable streetscape.
- The project will create new construction jobs and permanent jobs for the community.
- The project will drive additional visitors to the city.

The S. Dale High Family Foundation Announces Key Sponsorship of 2017 Extraordinary Give

Contribution helps increase event's stretch pool by more than 40 percent to \$500,000.

The S. Dale High Family Foundation will be a Presenting Sponsor of Lancaster County's 2017 Extraordinary Give. High's \$100,000 contribution will be used to help increase the event's "stretch pool" of matching donations to participating nonprofit organizations by more than 40 percent.

The Presenting Sponsorship is the highest of four sponsorship levels for the Extraordinary Give, which is an annual program of the Lancaster County Community Foundation. Now in its sixth year, Extraordinary Give is a 24-hour online giving event, which has raised more than \$22.5 million to benefit more than 400 regional nonprofits. This year's event is scheduled for November 17, 2017.

"We're delighted to join with the Community Foundation as a Presenting Sponsor of the Extraordinary Give," said executive director Robin D. Stauffer. "This event is an important point of engagement for philanthropy that is producing meaningful results in Lancaster. We want to see it thrive."

The S. Dale High Family Foundation makes capital contributions through strategic partnerships that align with its focus on eliminating poverty and strengthening the City of Lancaster, Pa., as well as projects that lead to enhanced economic vibrancy for the entire community. The sponsorship announcement was made at The S. Dale



From left to right: Rick and Jessica Rodgers; Sam Bressi; Robin Stauffer; Suzanne High Schenck; S. Dale High

High Leadership Center, a new facility that is home to the Foundation.

Beyond High, 16 other Lancaster-area companies are contributing to the stretch

pool at various sponsorship levels. Only one other firm, financial adviser Rodgers & Associates, is a presenting sponsor.

About The S. Dale High Family Foundation

The S. Dale High Family Foundation is a 501(c)(3) nonprofit organization that is funded by members of the High Family, owners of the High® companies. The Foundation's overall mission is to give back to the community by providing support to nonprofit organizations in communities in which High companies do business. The current focus of the Foundation is eliminating poverty and participating in projects that enhance the City of

Lancaster, Pa., and beyond. In addition, the Foundation assists High co-workers in meeting the costs of college education for their children through The S. Dale High Family Foundation Scholarship Program. For more information, please call 717.293.4500.



Why Choose Build-to-Suit-to-Lease?

By Linford L. Good, Senior Vice President - Brokerage Services, High Associates Ltd.

A build-to-suit-to-lease arrangement can permit a firm to move into a new or adaptive reuse facility faster than if they built independently. This is especially true for planned corporate centers such as Greenfield Corporate Center, where zoning, stormwater management, and other site decisions have already been put into place. It's a model that allows the user/tenant to design and customize the facility to meet his or her unique needs in an accelerated timeline without the large capital expenditure that comes with

building and owning. This is the opposite of a sale-leaseback arrangement, in which a business agrees to sell its facility to an investor and then lease the facility back.

In a build-to-suit-to-lease agreement, a business works with a developer to design and build the customized facility and then leases it from the developer. Under this structure, the business never owns the facility. As a result, capital dollars can be directed to other non-facility-related areas to grow the

business. New IRS rules put all leases over 1 year on the balance sheet starting in 2019. The end result is a new, customized facility with a very low expenditure of capital by the user. Many well-capitalized developers offer this as an alternative to the typical build-to-own.

For business owners, build-to-suit-to-lease can also permit the firm to keep its focus on growth without a myriad of distractions, time commitment, and capital drain that a build-to-own decision entails. A build-to-suit-to-lease scenario also yields a customized facility designed to enhance the company's image, productivity, and logistics. These critical factors are often compromised, to varying degrees, when leasing an existing facility.

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“For business owners, a build-to-suit-to-lease arrangement in a planned corporate center permits the firm to move into a new, customized facility much faster than if they built independently.”



The 600-acre master-planned campus of Greenfield Corporate Center offers exciting opportunities for build-to-suit-to-lease, and existing space that can be renovated to suit.

\$60M in Strategic Acquisitions—Residential and Hotel continued from page 1

Apartment Purchase: 412 Units in Lancaster and Lebanon Counties.

Lancaster County is a core target market for High, according to Brad Mowbray, Senior Vice President, Managing Director - Residential Division for High Associates Ltd. which operates High's apartments. "Our roots grow deep here. As we increase our investment in multi-family, we see opportunities to meet the current demand for quality workforce housing and are committed to providing outstanding customer service in addition to our well-maintained apartments and grounds," said Mowbray.

High's acquisition makes them Lancaster's largest apartment owner-operator, with more than 1,400 units in Lancaster County and nearly 2,900 overall. The four communities included in the purchase are:

- **Greenview Terrace**
112 units, 500 Alden Drive, Lancaster, Pa.
- **Barrcrest Manor**
85 units, 1705 Marietta Avenue, Lancaster, Pa.
- **Village Green**
128 units, 701 East Willow Street, Elizabethtown, Pa.
- **Lebanon Court**
87 units, 1102 Jackson Boulevard, Lebanon, Pa.

High purchased the properties from Philadelphia-based fund manager Equus Capital Partners, Ltd.

Prior to the acquisition, High's apartment portfolio comprised Greenfield Estates, Bentley Ridge, and Greenland Village apartment communities in Lancaster, Pa.; Orchard Ridge in Pottstown, Pa.; York Ridge in Charlotte, N.C.; and Plantation Oaks in Charleston, S.C. In addition, High is constructing two new luxury apartment properties in Lancaster, the 82-unit Reserve at Greenfield and a 258-unit community at The Crossings at Conestoga Creek, both due to open in 2018.

"As we increase our investment in multi-family, we see opportunities to meet the current demand for quality workforce housing and are committed to providing outstanding customer service in addition to our well-maintained apartments and grounds."

High's portfolio consistently maintains occupancy in their portfolio at 95 percent and outperforms the market in tenant retention and apartment rating scores. High's properties are frequently recognized with industry awards from the Pennsylvania Apartment Association, among others.

Hotel Purchase: Courtyard by Marriott-Ewing, N.J.

Located near Princeton, N.J. at 360 Scotch Road, this 130-room select-service hotel is within two miles of the

135-suite SpringHill Suites by Marriott-Ewing, which High has owned and operated for eight years.

"This acquisition was a great opportunity to execute our growth strategy," said Russ Urban, president of High Real Estate Group affiliate High Hotels Ltd. "We now have two Marriott brands in this important and growing market to meet the diversity of customer demands."

Courtyard is Marriott's power brand for business travelers, while SpringHill Suites also aligns well with expectations of leisure travelers, Urban explained.

"We now have two Marriott brands in this important and growing market to meet the diversity of customer demands."

High is widely acknowledged as a leader and award-winning operator of limited/select service hotels. In 2016 Marriott recognized High's Towneplace Suites-Harrisburg West, Pa. with its Platinum Circle Award, the brand's highest honor. The SpringHill Suites-Ewing and Courtyard by Marriott-Lancaster also received Marriott Silver Circle Awards.

Following an extensive training program to instill High's positive customer-experience culture with their new co-workers, and investment in a property improvement plan to bring the hotel up to current brand standards, High will host a customer appreciation event to expose their corporate clients in their new combined Courtyard and SpringHill offering in Ewing.

High purchased the Courtyard from a large multi-national opportunity fund. Currently more than 1,145 Marriott Courtyard hotels are in operation worldwide.



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Why Choose Build-to-Suit-to-Lease? continued from page 4

A variety of build-to-suit-to-lease opportunities are available at High Real Estate Group's Greenfield Corporate Center in Lancaster, Pa., and other High corporate centers throughout the eastern U.S.

Key benefits of the build-to-suit-to-lease approach

- The user/tenant hires a single firm that is responsible for land-development approval, design, construction, and financing.
- Instead of managing multiple relationships and issues, the user/tenant interfaces with one firm responsible for coordinating all aspects of the development process.
- Front-end costs are minimized as lease rates can be developed at 30 to 35 percent of design, saving the user/tenant considerable time and money to get to a go/no-go decision.
- The user gets the developer's input during the design and value engineering stage of the process, greatly reducing the potential for costly change orders.

Linford L. Good is responsible for managing the brokerage activities of the sales/leasing team. The brokerage activities include selling or leasing industrial/commercial properties for corporations, private industries, and individual investors.

This article is intended to be an overview of commercial and residential financing. It does not purport to give either legal or financial advice. Before taking any action, you should consult with your attorney or real estate adviser.



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The High Philosophy

The Ethical Statement of Our Beliefs

We are committed to two great tasks:

1. Building Trustworthy Relationships.

- Valuing our customers and meeting their needs.
- Respecting the dignity of all co-workers and their families.
- Energizing our teamwork with participative management.
- Recognizing and rewarding the accomplishment of our co-workers.
- Strengthening our partnership with suppliers.
- Contributing to a world of beauty and prosperity and peace.

2. Being Innovative Leaders.

- Creating an environment for innovation since 1931.
- "Right the first time" - High quality products and services.
- Investing profits to secure our future.

RealEstateMatters

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