



CAPITAL  
MANAGEMENT

# The Highlands at Thornton: Retail LP Investment Opportunity



QUEBEC STREET

Phase I

Phase II

SYRACUSE STREET

136TH AVENUE

## THE HIGHLANDS AT THORNTON PROJECT TO DATE:

- The Highlands at Thornton Retail Development Project (the “Project”) is a +/-25.15-acre retail development at the northeast corner of 136<sup>th</sup> Avenue and Quebec Street in Thornton, Colorado, being developed by a joint venture (the “Land Venture”) between NLG Capital Management (“NLGCM”) and TM Crowley & Associates (“TMC” or the “Developer”).
- The land for the Project was acquired in 2021 and has been sub-divided into 14 lots. The Project has been further divided into two Phases for its merchandising strategy of the site, Phase I and Phase II. Phase I will focus on lots 1-7.
- The Land Venture hired Brinkmann Constructors as the general contractor and began horizontal construction across the entire site in October 2023, with the work consisting of over lot grading, site utilities, curb & gutter, asphalt, sidewalks, sight lighting, work on 136<sup>th</sup> Avenue, work on Quebec Street, and landscaping. The remaining horizontal work across all 14 lots is set to complete in spring 2025.
- The Land Venture has begun its merchandising strategy of the Phase I lots, which has been focused on the leasing and disposition of lots 1-7.
- As a part of its focus on Phase I, the Land Venture has signed or is in the process of signing various ground leases for lots 1-7. The Land Venture has executed a ground lease with Huntington National Bank for Lot 1 and is in the process of finalizing ground leases with Chick-fil-A for Lots 2 and 3, and Circle-K for Lot 4.
- Lot 5 has been sold to a separate joint venture for the build-to-suit development of a CVS. The lease has been executed and the sale to the new joint venture took place in October 2024. Construction is underway and completion, along with store opening, is set for June 2025.
- For Lots 6 and 7, the Land Venture is exploring various QSR ground lease opportunities.



# The Highlands at Thornton – Executive Summary (Investment Request)

## SITE PLAN



## INVESTMENT REQUEST

- NLGCM is seeking approximately +/- \$11,200,000 of new LP equity (the “LP Equity”) for the formation of a new joint venture (the “Phase I Joint Venture”) to recap the existing Phase I LP equity basis in lots 1-7. The LP Equity will be 100% of the required equity for the Phase I Joint Venture.
- NLGCM will be the general partner (the “GP”) of the Phase I Joint Venture.
- The Phase I Joint Venture will pursue a lease to sell strategy as ground leases are finalized.

### PHASE I JOINT VETURE OVERVIEW

Site Location	The Highlands at Thornton
City	Thornton
State	Colorado
Land Area (Acres)	6.68
Developer	T.M. Crowley & Associates
General Contractor	Brinkmann Constructors
Equity Funded Date	6/1/2025
Disposition Date	6/1/2026

### SUMMARY OF INVESTMENT TERMS

Budget	\$11,200,000
Total LP Equity	\$11,200,000
Debt	\$0
Development Yield	8.37%
Blended Exit Cap Rate	5.14%
LP IRR	25.00%
LP Equity Multiple	1.25x

## SOURCES & USES

### PHASE I JOINT VENTURE SOURCES & USES

#### SOURCES

		\$		\$/Acre
LP Equity	\$	11,200,000	\$	1,676,647
GP Equity	\$	-	\$	-
<b>TOTAL EQUITY</b>	<b>\$</b>	<b>11,200,000</b>	<b>\$</b>	<b>1,676,647</b>
Debt	\$	-	\$	-
<b>TOTAL SOURCES</b>	<b>\$</b>	<b>11,200,000</b>	<b>\$</b>	<b>1,676,647</b>

#### USES

		\$		\$/Acre
<b>LAND ACQUISITION</b>				
Basis in Phase I Land	\$	10,950,000	\$	1,639,222
Land Closing Costs	\$	250,000	\$	37,425
<b>TOTAL LAND ACQUISITION COSTS</b>	<b>\$</b>	<b>11,200,000</b>	<b>\$</b>	<b>1,676,647</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$</b>	<b>11,200,000</b>	<b>\$</b>	<b>1,676,647</b>

## UNDERWRITTEN LEASING AND EXIT ASSUMPTIONS

### UNDERWRITTEN LEASING AND EXIT ASSUMPTIONS

Lot	Tenant	Type	Status	Acres	Rent/NOI	Exit Cap Rate	Gross Sale Proceeds
1	Huntington National Bank	Ground Lease	Lease Signed	1.45	\$200,000	5.25%	\$3,809,524
2&3	Chick-fil-A	Ground Lease	Close to Final	2.42	\$210,000	4.50%	\$4,666,667
4	Circle K	Ground Lease	LOI Executed	1.40	\$187,000	5.25%	\$3,561,904
6	Coffee Ground Lease	Ground Lease	LOIs Received	0.65	\$170,000	5.50%	\$3,090,909
7	QSR Ground Lease	Ground Lease	LOIs Received	0.76	\$170,000	5.50%	\$3,090,909
<b>Total/WAVG</b>				<b>6.68</b>	<b>\$937,000</b>	<b>5.14%</b>	<b>\$18,219,913</b>

# The Highlands at Thornton – Underwritten Capital Returns Summary

## PROPOSED JV STRUCTURE

The net sale proceeds distributed to the Phase I Joint Venture will be distributed as follows:

- 100.00% of proceeds to the LP Equity until it has received a preferred return (IRR) of 8.00%.
- 100.00% of proceeds to the LP Equity until it has received a return of all invested capital.
- 100.00% of proceeds to the LP Equity until it has earned a return equivalent to the greater of: (i) 25.00% IRR or (ii) 1.25x equity multiple.
- All remaining proceeds above the 25.00% IRR or 1.25x equity multiple to the GP.

CAPITAL RETURNS SUMMARY				
Acres:			6.68	
Project Cost:				
Capital Stack:				
		Budget		
		\$	11,200,000	Total Uses
LP Equity	\$	11,200,000	100.00%	
GP Equity	\$	-	0.00%	
	\$	11,200,000	Total Equity	
		Loan		
	\$	-		
	\$	-	Total Debt	
Total	\$	11,200,000	Total Sources	
Combined Rent - Lots 1-7	\$	937,000		
Equity Funded Date		6/1/2025		
Disposition Date		6/1/2026		
Blended Exit Cap Rate and Gross Sale Proceeds	5.14%	\$	18,219,913	Gross Sale Proceeds
Closing Costs	2.00%	\$	(364,398)	
Total Net Sale Proceeds		\$	17,855,514	

WATERFALL SUMMARY - LP RETURNS		
		LP Equity Returns
Equity Share - % of Capital		100.00%
Equity Share Contribution - \$	\$	11,200,000
Equity Returns - The Joint Venture		
Total Investor Return	\$	14,000,000
Return of Invested Equity	\$	(11,200,000)
Preferred Return	\$	(896,000)
Investor Profit Participation	\$	1,904,000
IRR		25.00%
Equity Multiple		1.25x

# The Highlands at Thornton – Construction Milestone Tracker & Timeline

## MAJOR MILESTONES

- Completed overlot grading, cutting interior roads, and rough-in pond earthwork.
- Completed install of all onsite sanitary sewer and tie-ins.
- Completed stormwater sewer and tie-ins.
- Completed offsite traffic signal installations.
- Completed Phase I waterline install and tie-ins.
- Completed Phase I sidewalk, curb & gutter, and crosswalks internal to property.
- Completed paving Phase I tract A paving.
- Completed installation of irrigation throughout Phase I.
- Completed Phase I marking and striping.
- Completed installation of site lighting.
- United Power completed installation of underground electrical.
- Completed offsite utility relocations.
- The master sign package has been approved.

## SITE PROGRESS

- Arvada has completed the miscellaneous grading as required by the unofficial punch list.
- The location of all telecom sleeves has been identified and marked with t-posts and color-coordinated with spray paint.
- An Asphalt Specialty grade checker visited the Northwest corner of 136th & Quebec on 3/6 and is working with Kimley-Horn to reach a constructable solution. Asphalt Specialties is targeting the end of April/May for SMA production.
- Brightview is targeting the start of April to begin planting, but this is all weather dependent.
- Arvada corrected the as-built condition of the southern edge of the pond to meet the requirements of the pond certification from the city.
- NRE completed the punch list items associated with each irrigation meter pit and is pending reinspection.
- ***Final completion of the Phase I horizontal work across the entire site is set for the end of May or the beginning of June 2025.***

## Milestone Tracker

ACTIVITY	LOCATION	Current Schedule (Start)	Current Schedule (Finish)
Mobilize	Onsite	Mon 11/4/24	Complete
Overlot Grading	Onsite	Mon 11/4/24	Complete
Site Utilities	Onsite	Mon 11/4/24	Complete
Curb & Gutter	Onsite	Mon 11/11/24	Complete
Asphalt	Onsite	Wed 11/27/24	Complete
Sidewalk	Onsite	Wed 12/4/24	Complete
Site Lighting	Onsite	Fri 12/13/24	Complete
Landscape/Irrigation	Onsite	Tue 12/24/24	Spring 2025
136th Ave Work	Offsite	Tue 12/24/24	Spring 2025
Quebec St Work	Offsite	Thu 12/26/24	Spring 2025
Punchlist	Onsite	Thu 1/9/25	Spring 2025
Completion		Thu 1/23/25	Spring 2025



# The Highlands at Thornton – Site Photo (4/6/2025)



# The Highlands at Thornton – Site Photo (4/6/2025)







Thank you.

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