ARNOLD DEVELOPMENT GROUP

Creating Lasting Value through Sustainable Real Estate
About the Arnold Development Group

Company Overview

The Arnold Development Group

The Arnold Development Group (ADG) designs and develops high quality mixed-use retail, office and residential projects. We strive to create vibrant urban neighborhoods where residents and visitors can live, work, learn, and play. Once completed, our projects are a catalyst for economic growth and future development.

Commitment to Sustainability

We are committed to creating high quality, long lasting buildings that not only yield a financial return, but also significant social and environmental benefits.

Our commitment to building high quality, energy efficient developments in walkable, urban core locations will provide a competitive advantage for years to come.

ADG has been certified by B Labs to meet their rigorous standards of social and environmental performance, accountability and transparency.
About the Arnold Development Group

Investment Philosophy

How today’s best-run companies are achieving economic, social, and environmental success—and how you can too

The Triple Bottom Line

People
Profit
+ Planet

Certified
Corporation
bcorporation.net

the change we seek™
1950-2010

For 60 years, auto-centric, sprawling, suburban development was the dominant form of real estate built in the U.S.
During the next 20 years, development will be driven by demographic and housing preference changes that favor walkable, mixed-use neighborhoods.
Last Generation Development Model

The business model of most builders of multifamily housing is to create structures as cheaply as possible and sell them to a REIT, Life Insurance Company or Pension Fund.

The long term consequences are left for the institutional investors and the municipality to contend with.

Problems with Wood Construction:

- Not Flexible - Cannot change use.
- Thin walls allow sound to transfer easily.
- Poorly insulated and energy inefficient.
- OSB absorbs moisture for long periods of time which mold and cause hidden health hazards.
- Require large capital expenditures to maintain buildings over time.

While stick-built construction offers a low cost alternative to concrete construction, over time the structure becomes susceptible to mold.
So we asked,

“How should we build the next generation of housing?”
Best Practices in Sustainable Development

Previous Work with the United Nations

The Future We Want
Co-founded by Jonathan Arnold and Bill Becker.
The project partnered with the United Nations and leading sustainability experts to identify the best practices for sustainable development that are financially viable and ready to scale.

"We need everyone — Government Ministers and policymakers, business and civil society leaders, and young people — to work together to create a future worth choosing, a future we want."

- Secretary General Ban Ki-Moon
Next Generation Model

Long Term Investment Philosophy

Build high performance real assets that outperform the current model financially, socially and environmentally.

Combine best practices in building science, transportation, and urban planning to create sound investments with lasting impact.

CORE COMPONENTS TO ADG DEVELOPMENTS

- Super Insulated Envelopes
  Reducing energy costs by 70%

- Urban Gardens
  Producing food and strengthening communities.

- Livable Density
  Making density attractive, secure and desirable.

- Concrete Structures
  Making long lasting and adaptable buildings.
About the Arnold Development Group

Learning from the Past

The Hotel Belnord was one of many courtyard shaped buildings that were built in the Upper West Side of New York City at the turn of the last century.

The landscaped courtyards and spacious floor plans have enabled the building to continue to be one of the most desirable places to live in New York City.

The Hotel Belnord's courtyard typology offers many benefits to urban dwellers, including providing space for young children to play and ample light and air for the residential units.
More than 100 years later, the building is still one of the most desirable residential buildings in the world.
The ADG Development Model

- 276 Unit Multifamily Project
- Transit Oriented
- Passive House Certified
- 20% Workforce Housing

Second & Delaware

ADG is currently constructing Second and Delaware, which will be the largest Passive House building in the world and will consume 90% less energy than conventional buildings.
The ADG Development Model

Passive House Construction

Passive House Buildings have 70-90% lower utility bills.

5” Walls

$119.00 per month

16” Walls

$26.47 per month

Current Development Model uses poorly insulated walls and oversized mechanical systems to compensate for the thermal losses.

Passive House Model calls for super insulated building envelopes and require 70-90% less energy to heat and cool the building.
## The ADG Development Model - Environmental Benefits

<table>
<thead>
<tr>
<th>Location</th>
<th>Building Size</th>
<th>Site Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kansas City High Rise</strong></td>
<td>277,512 SF</td>
<td><strong>40,703,695 kBtu/yr</strong></td>
</tr>
<tr>
<td><strong>ADG’s Second and Delaware</strong></td>
<td>290,754 SF</td>
<td><strong>4,519,743 kBtu/yr</strong></td>
</tr>
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The ADG Development Model

Workforce Housing
20% of Units Reserved for 80% AMI

Reserving units for workforce housing increases social equity
The New Development Model

Transit Oriented Development

Living in transit oriented neighborhoods can reduce transportation costs by 70%

![Graph showing reduction in transportation costs from conventional to transit-oriented development]

Conventional Development: $598.25 per month

Transit Oriented Development: $192.60 per month
Lessons Learned

It takes a village and a shared vision.
Good partners are essential.
Get creative with capital stacks.
Phase the construction.
Never, never, never quit.
Thank you.

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