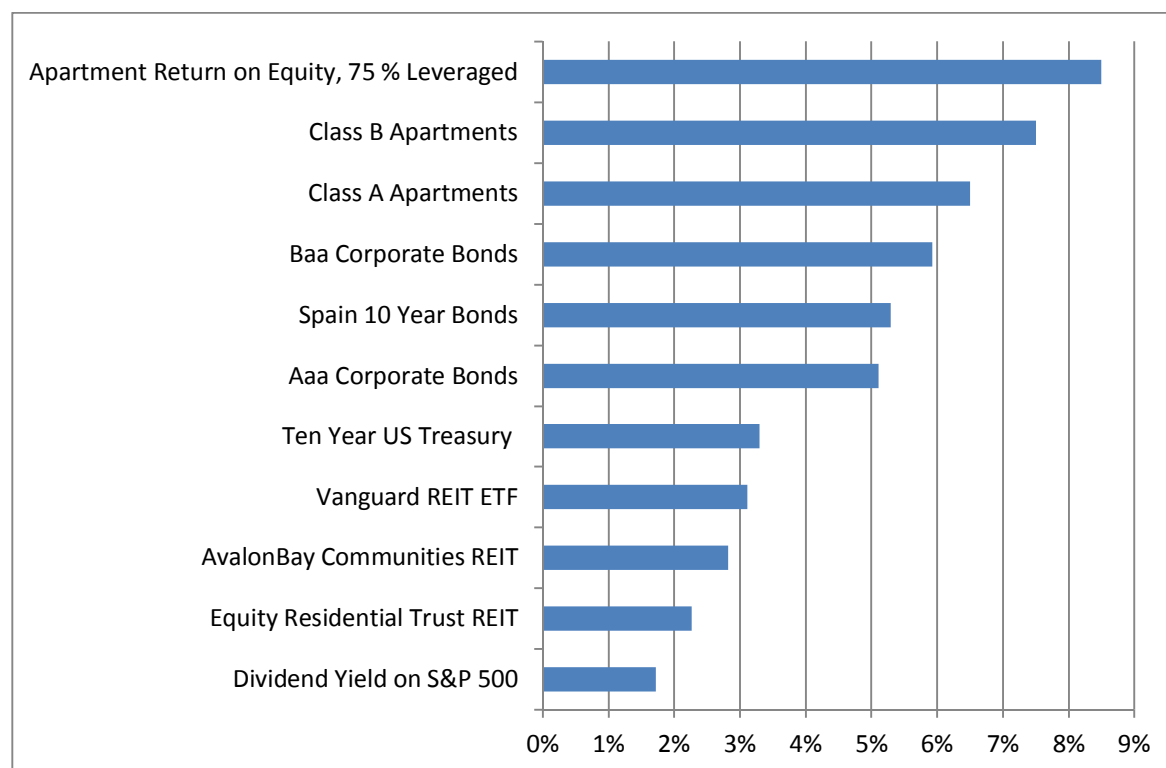


High Yields Relative to Other Investment Choices

Apartments offer superior investment yields.
Apartment REITs have already been overbought.



April 28, 2011, source: Bloomberg, Multi-Housing News

Apartments Offer Tax Shelter

Apartment Tax Shelter Model

Annual Gross Income	
200 Units at \$1,000 per month	2,000,000
Vacancy, 5%	<u>(100,000)</u>
Total Gross Income	1,900,000
Operating Expenses, 38% of Gross	<u>(722,000)</u>
Net Operating Income	1,178,000
Debt Service	<u>(840,000)</u>
Cash Flow	338,000
Return on Equity (Leveraged Yield)	8.03%

200 Unit Complex Purchase Price	16,829,000
75% Loan to Value at 5.5%	<u>12,622,000</u>
Cash Equity	4,207,000

Annual Depreciation, 27.5 years SL	(612,000)
Add Back Principal on Debt	<u>145,790</u>
Net Income Reported to IRS	(128,210)

Can you offset other passive income? If yes...

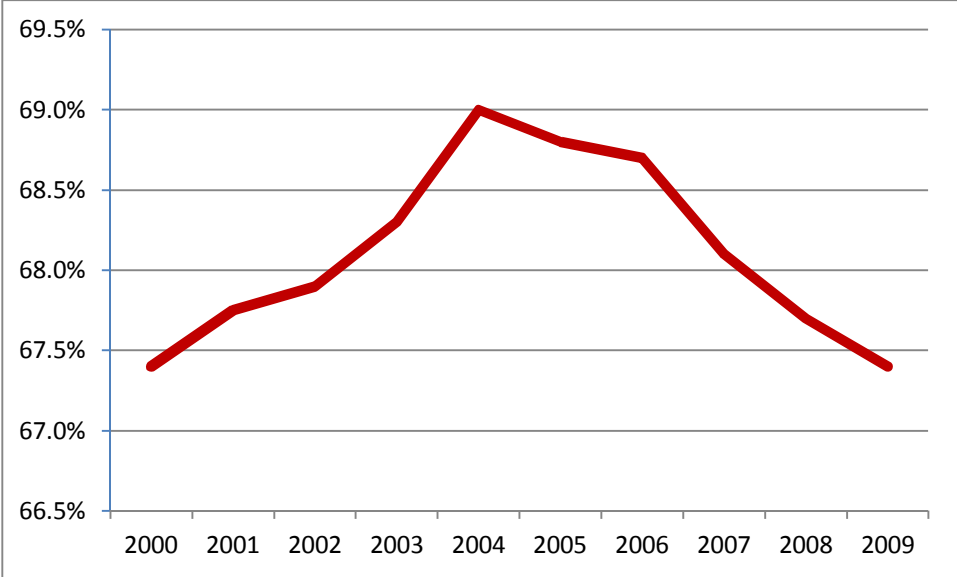
After Tax Return	466,210
After Tax Return on Equity	11.08%

The Case for Investing in Apartments, May 2011

Home Ownership is Falling

Home ownership peaked in 2004 at 69%.

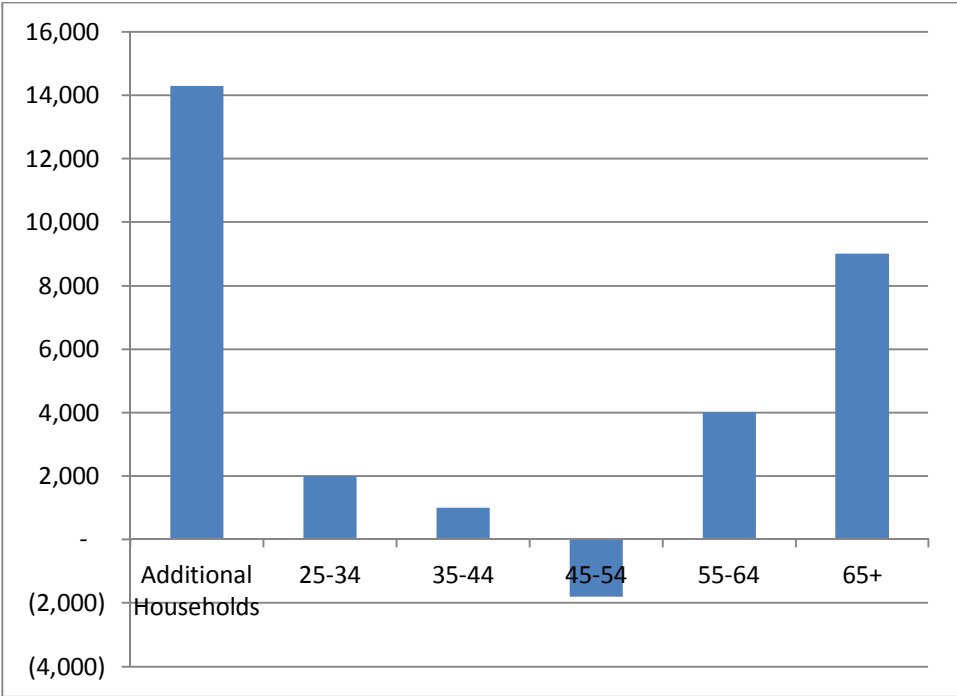
Source: Harvard Joint Center for Housing Studies



Generation Y and Aging Boomers Are Driving Demand

Projected Shift in Household Numbers, by Age Group, from 2010 to 2010

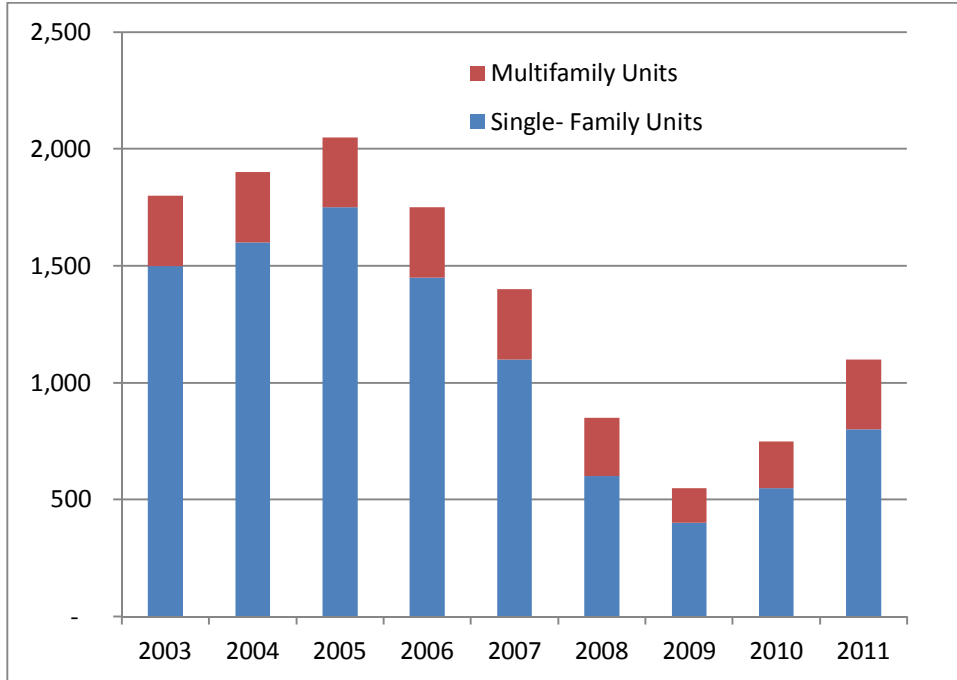
source: Harvard Joint Center for Housing Studies



Housing Supply is Falling Behind

America needs approximately 1.5 million new units annually to accommodate new households

Housing Construction in Thousands (2010-11 est'd.), Source: Urban Land Institute



Bert Hancock, Alchemy Development

Alchemy Development is the development arm of Robert Hancock & Co., a second generation apartment manager and owner. Bert joined Robert Hancock & Co. in 1997 and has handled budgeting, financing, and major capital improvement projects for the existing portfolio of assets. He has also served in the capacity of project manager for four new residential projects in the Omaha area. Prior to living in Omaha, Bert earned a master’s degree with distinction from The London School of Economics in urban and regional planning. Earlier, he worked for a Boston pension fund manager as a real estate investment analyst. He graduated from Brown University in 1993. Bert is a member of Vistage International, the Urban Land Institute and serves as Chairman for the City of Omaha Zoning Board of Appeals.

Alchemy Development builds multifamily communities that are profitable, sustainable and embrace traditional neighborhood design principles. Accredited investors are invited to inquire about participating in future development opportunities as owner/partners.

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