

Waterford Grove Apartments Investment Summary

Key Facts

- Apartment Building consisting of 584 Units
- Located in B-Class area of Houston, Texas
- Recapitalization of a Stabilized Asset

Property Financials

- Current
 - Cost Basis -- \$88,520,000
 - Refi Closing Costs -- \$2,650,000
 - All In Cost -- \$91,170,000
- Stabilized Targets
 - Net Operating Income -- \$7,843,313
 - Stabilized Value -- \$125,490,000
 - Equity Created -- \$34,320,000

Portfolio Investment

- Price Per Share: \$100,000
- Shares Available: 10
- Term: 36-60 Months
- Exit Strategy:
 - We have substantially repositioned this asset in 2023 & 2024. We have made updates to common areas, improved safety & security measures, removed all unqualified tenants, updated existing & added new amenities, and turned over 400 apartments. We have very strong property management in place that is highly focused on leasing and collections, our site team is very strong.
 - We are currently at 91% occupancy, and pre-leased to 92%. With current demand, we are expecting to push 93-95% occupancy in 2025.
 - We are in the process of refinancing into fixed-rate permanent debt, which will dramatically reduce our cost of capital. This should be completed in January 2025.
 - We are optimistic about the future of this property. There is a severe shortage of affordable housing supply in the US, and especially in Houston TX. Over 55% of units at Waterford Grove are 3-bed & 4-bed apartments. This positions our property to capitalize on increased demand from families & rising rental rates for affordable apartments.
 - Our plan is to hold for 36-48 months, continue to push rental rates, and either refinance (if we can return all investor capital) & hold, or sell for a sizable profit.



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Return on Investment

Each unit of \$100,000 is projected to yield the following (Note: If an investor brings, for example, \$350,000, they would receive 3.5 units, and can multiply the amounts below by 3.5x):

- Preferred Annual Return: 12%
 1. This is paid while investor's money is invested, as long as cash flow is available to pay. If cash flow is not available, the preferred return will accrue until cash flow can be disbursed. We will not have the cash flow to pay preferred returns until after the property is refinanced in Jan 2025. We expect partial distributions in 2025 & 2026, then caught up and current in 2027. For each unit owned, the investor will earn \$12,000 per year.
- Equity in Perpetuity: 0.2%
 2. Targeted Equity Value Upon Stabilized Sale: \$68,640
 - This is what the investor's equity percentage in the property is projected to be worth at the time of sale (difference between the sales price & the all-in cost).
 - Taxed at long-term capital gains when the property sells. If an investor would like to cash out their equity prior to the time of sale, they are welcome to sell their equity at any time. Other members of the partnership may purchase the equity, but are not required to do so.
- Depreciation / Loss:
 3. Targeted Annual Depreciation / Loss: \$5,000 - \$10,000
 - We have accelerated depreciation in Years 1-5 which creates a tax deduction to help offset the tax liability from cash flow on this project, as well as passive (and possibly active) gains from the investors' other business investments.



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Total Targeted Return on Investment in 60 Months

Preferred Return	60,000
Equity Value	+ 68,640
Total	\$128,640

- * Plus Appreciation, Principal Pay-Down, Depreciation, & Cash Flow for as long as we own the property.
- * If we refinance, return principal, & hold, Limited Partners still retain their equity & these benefits for as long as we own the property, generating a return without any funds invested

Total Targeted Annualized Return over 60 Months on \$100K = 25.72%

