

Oak Tree Village – Inputs and Assumptions



Property Information		Market Metrics			Unit Mix				
Property Name	Oak Tree Village		2 Mile	5 Mile	Type	# of Units	Acquisition	Pro Forma	SQ FT
Purchase Price	\$12,010,000	Median HHI*	\$ 66,170.00	\$62,355	1BR/1BA	18	\$1,000	\$1,325	702
Physical Vacancy	10.0%	5-Year Pop Growth **		5%	1BR/1BA Reno	1	\$1,000	\$1,375	702
Year Built	1977/1997				2BR/1.5BA	26	\$1,200	\$1,450	884
Address	2208 Southside Blvd., Port Royal, SC 29935	* CoStar		** Census.gov - Beaufort	2BR/1.5BA Reno	35	\$1,200	\$1,575	884
					3BR/2.5BA	8	\$1,400	\$1,700	1,145
					3BR/2.5BA Reno	8	\$1,400	\$1,800	1,145

Operating Income					
Revenue	Trailing	%	Stabilized	%	Notes/Adjustments
Gross Potential Rent	\$1,375,200		\$1,752,600	27.4%	
RUBS	\$0		\$0	0.0%	\$0 / mo
Other Income	\$111,000		\$115,000	3.6%	\$100 / mo
Total Income	\$1,486,200		\$1,867,600		
Vacancy Loss	-\$137,500	-10.0%	-\$70,104	-4.0%	
Concessions/Non-Rev		0.00%	\$0	0.00%	
Bad Debt	-\$27,500	-2.00%	-\$17,526	-1.00%	
Total Loss		-12.0%		-5.0%	
EFFECTIVE GROSS INCOME	\$1,321,200		\$1,779,970	34.7%	

Operating Expenses					
Operating Expenses	Trailing	Per Unit	Stabilized	Per Unit	Notes/Adjustments
Payroll	\$151,000	\$1,573	\$124,500	\$1,297	35 hours Manager & Maintenance
Contract Services	\$45,000	\$469	\$33,200	\$346	Trash - Trailing includes construction dumpsters
Repairs & Maintenance	\$43,000	\$448	\$66,700	\$695	
Turnover	\$8,500	\$89	\$22,000	\$229	
Utilities	\$29,000	\$302	\$25,400	\$265	Tenant pays elec/water,sewer
Administrative	\$8,100	\$84	\$14,240	\$148	Accounting
Marketing	\$24,000	\$250	\$4,200	\$44	Trailing includes owner expenses not part of property operations
Other		\$0		\$0	
Insurance	\$114,000	\$1,188	\$135,000	\$1,406	
Management Fee	\$52,848	\$551	\$71,199	\$742	
Property Taxes	\$127,500	\$1,328	\$150,125	\$1,564	
Replacement Reserves	\$28,800	\$300	\$28,800	\$300	
Misc. Expense	\$4,373	\$46	\$5,892	\$61	
TOTAL	\$636,121	\$6,626	\$681,256	\$7,096	
% of EGI	48.1%	UW	38.3%		
NOI	\$685,079	\$659,814	\$1,098,714		
Cap Rate/Return On Cost	5.70%	5.49%	8.27%		
DSCR	0.53x	0.51x	0.85x		

Oak Tree Village – Investment Summary

Property Summary		Project Summary	
2208 Southside Blvd., Port Royal, SC 29935		Stabilization Timeline	12 Months
Purchase Price	\$12,010,000	Hold Period	5 Years
Per Unit	\$125,104	Average Rent Premium	\$328
Per SQ FT	\$140.3	CapEx & Reserves	\$1,672,830
Acquisition Debt	\$11,499,215	Interior	\$732,830
Loan To Value	95.7%	Exterior & Amenities	\$420,000
Loan To Cost	87.4%	Reserves	\$520,000
Interest Rate	10.75%	Target Exit Price	\$21,395,357
Interest Only Period	2 Years	Per Unit	\$222,868
Adjusted Trailing Cap Rate	5.49%	Per SQ FT	\$250.0
Y1 Operating Cap Rate	6.67%	Key Assumptions	
Physical Vacancy	10.0%	Annual Rent Growth	3.0%
# of Units	96	Stabilized Vacancy Rate	4.0%
Net Rentable SQ FT	85,582	Exit Cap Rate	6.00%
Vintage	1977/1997		

Sources & Uses					
Senior Debt	\$11,499,215	77.9%	Purchase Price	\$12,010,000	81.4%
Preferred Equity	\$0	0.0%	Closing Costs	\$832,582	5.6%
LP Equity	\$1,823,583	12.4%	Acquisition Fee	\$240,200	1.6%
Sponsor Equity	\$1,432,815	9.7%	CapEx & Reserves	\$1,672,830	11.3%
TOTAL	\$14,755,612	100.0%	TOTAL	\$14,755,612	100.0%

Oak Tree Village – Pro Forma

	Trailing	Per Unit	Year 1	Per Unit	Year 2	Year 3	Year 4	Year 5
INCOME								
Gross Potential Rent	\$1,375,200	\$14,325	\$1,569,128	\$16,345	\$1,825,583	\$1,881,110	\$1,938,326	\$1,997,282
RUBS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$111,000	\$1,156	\$113,870	\$1,186	\$118,365	\$120,754	\$123,192	\$125,678
	\$1,486,200	\$15,481	\$0	\$0	\$0	\$0	\$0	\$0
Vacancy Loss	-\$137,500	-\$1,432	-\$99,430	-\$1,036	-\$73,023	-\$75,244	-\$77,533	-\$79,891
Concessions/Non-Rev	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bad Debt	-\$27,500	-\$286	-\$23,837	-\$248	-\$18,256	-\$18,811	-\$19,383	-\$19,973
EFFECTIVE GROSS INCOME	\$1,321,200	\$13,763	\$1,559,731	\$16,247	\$1,852,669	\$1,907,809	\$1,964,601	\$2,023,096
	YoY Increase		18%		19%	3%	3%	3%
OPERATING EXPENSES								
Payroll	\$151,000	\$1,573	\$124,500	\$1,297	\$125,857	\$128,397	\$130,989	\$133,633
Contract Services	\$45,000	\$469	\$33,200	\$346	\$33,562	\$34,239	\$34,930	\$35,635
Repairs & Maintenance	\$43,000	\$448	\$66,700	\$695	\$67,427	\$68,788	\$70,176	\$71,593
Turnover	\$8,500	\$89	\$22,000	\$229	\$22,240	\$22,689	\$23,147	\$23,614
Utilities	\$29,000	\$302	\$27,350	\$285	\$25,634	\$26,152	\$26,679	\$27,218
Administrative	\$8,100	\$84	\$14,240	\$148	\$14,395	\$14,686	\$14,982	\$15,285
Marketing	\$24,000	\$250	\$4,200	\$44	\$4,246	\$4,331	\$4,419	\$4,508
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$114,000	\$1,188	\$135,000	\$1,406	\$136,471	\$139,226	\$142,036	\$144,903
Management Fee	4.0%	\$52,848	\$551	\$62,389	\$650	\$74,107	\$76,312	\$78,584
Property Taxes	\$127,500	\$1,328	\$150,125	\$1,564	\$152,587	\$157,228	\$162,010	\$166,938
Replacement Reserves	\$28,800	\$300	\$28,800	\$300	\$28,800	\$28,800	\$28,800	\$28,800
Misc. Expense	\$4,373	\$46	\$5,892	\$61	\$5,956	\$6,076	\$6,199	\$6,324
TOTAL OPERATING EXPENSES	\$636,121	\$6,626	\$674,396	\$7,025	\$691,282	\$706,925	\$722,952	\$739,375
	% of EGI	48%	43%		37%	37%	37%	37%
NET OPERATING INCOME	\$685,079	\$7,136	\$885,335	\$9,222	\$1,161,387	\$1,200,884	\$1,241,649	\$1,283,721
	YoY Increase		29%		31%	3%	3%	3%
FINANCING & CASH FLOW								
Asset Management Fee			\$48,846		\$48,846	\$48,846	\$48,846	\$48,846
Escrow Release			-\$150,000	-\$1,563	\$0	\$0	\$0	\$0
Capital Expenditures* <i>Included in Rehab</i>			\$0	\$0	\$0	\$0	\$0	\$0
Rate Cap Replacement Escrow			\$0	\$0	\$0	\$0	\$0	\$0
SOFR Forward Curve 2022-10-24			4.57%		4.34%	3.79%	3.63%	3.62%
Acquisition Loan								
Debt Service			\$1,236,166		\$618,083	\$0	\$0	\$0
DSCR	0.53x		0.69x		0.90x	0.93x	0.96x	1.00x
Equity Accrued			\$0		\$0	\$0	\$0	\$0
Loan Balance			\$11,499,215		\$0	\$0	\$0	\$0
Refinance Loan								
Debt Service			\$0		\$446,260	\$892,520	\$892,520	\$892,520
DSCR					1.30x	1.35x	1.39x	1.44x
Equity Accrued			\$0		\$64,697	\$135,858	\$144,956	\$154,664
Loan Balance			\$11,767,189		\$11,702,492	\$11,566,634	\$11,421,678	\$11,267,014
Preferred Equity								
Debt Service			\$0		\$0	\$0	\$0	\$0
Equity Accrued			\$0		\$0	\$0	\$0	\$0
Loan Balance			\$0		\$0	\$0	\$0	\$0
FREE CASH FLOW			-\$249,677		\$48,199	\$259,519	\$300,283	\$342,356
	Total ICR		0.72x		1.09x	1.35x	1.39x	1.44x
	Debt Yield		3.8%		9.9%	10.4%	10.9%	11.4%
INVESTMENT METRICS								
Operating Cap Rate	5.70%		6.67%		8.74%	9.04%	9.35%	9.66%
Refinance Property Value			\$14,755,581		\$19,356,455	\$20,014,736	\$20,694,148	\$21,395,357
Terminal Property Value			\$14,755,581		\$19,356,455	\$20,014,736	\$20,694,148	\$21,395,357
Capital Invested			\$3,256,398		\$3,116,627	\$3,116,627	\$3,116,627	\$3,116,627
Proceeds From Refinance			\$0		\$139,771	\$0	\$0	\$0
Project Cash on Cash			-7.7%		1.5%	8.3%	9.6%	11.0%
LP Cash on Cash			-7.7%		1.5%	8.3%	9.6%	11.0%

Oak Tree Village – Equity Waterfall



Equity Contributions			Promote Structure		
	%	\$		Hurdle Rate	Promote
Sponsor	44.00%	\$1,432,815	Tier 1 (Preferred Return)	9%	0%
LP	56.00%	\$1,823,583	Tier 2	9%	25%
Total Equity	100.00%	\$3,256,398	Tier 3	20%+	25%

Tier 1 (Return of Capital + Preferred Return)						
		Year 1	Year 2	Year 3	Year 4	Year 5
LP						
BOP Capital Account		\$1,823,583	\$2,127,524	\$2,213,738	\$2,267,644	\$2,303,574
Tier 1 Hurdle		\$164,122	\$191,477	\$199,236	\$204,088	\$207,322
Tier 1 Distribution		-\$139,819	\$105,263	\$145,330	\$168,159	\$2,510,895
EOP Capital Account		\$2,127,524	\$2,213,738	\$2,267,644	\$2,303,574	\$0
IRR Check	9.0%	-\$139,819	\$105,263	\$145,330	\$168,159	\$2,510,895
Sponsor						
BOP Capital Account		\$1,432,815	\$1,671,626	\$1,739,366	\$1,781,721	\$1,809,951
Tier 1 Hurdle		\$128,953	\$150,446	\$156,543	\$160,355	\$162,896
Tier 1 Distribution		-\$109,858	\$82,707	\$114,188	\$132,125	\$1,972,846
EOP Capital Account		\$1,671,626	\$1,739,366	\$1,781,721	\$1,809,951	\$0
IRR Check	9.0%	-\$109,858	\$82,707	\$114,188	\$132,125	\$1,972,846
Cash Flow Remaining		\$0	\$0	\$0	\$0	\$5,780,096

Tier 2 Return Summary						
		Year 1	Year 2	Year 3	Year 4	Year 5
LP IRR	23.5%	-\$139,819	\$105,263	\$145,330	\$168,159	\$4,938,536
Sponsor IRR	31.1%	-\$109,858	\$82,707	\$114,188	\$132,125	\$5,325,302
Total Cash Flows	27.1%	-\$249,677	\$187,970	\$259,519	\$300,283	\$10,263,838
LP Net Equity Multiple	2.86					

Oak Tree Village – Stress & Sensitivities

Base Case					
Acquisition Metrics		Return Summary		Major Assumptions	
Purchase Price	\$12,010,000	LP IRR	23.5%	Annual Rent Growth	3.00%
CapEx Budget	\$1,152,830	LP Avg Cash on Cash	4.6%	Annual Expense Growth	2.00%
LTV	95.7%	LP Annualized Return	37.4%	Stabilization Time	12 Months
LTC	87.4%	LP Equity Multiple	2.86x	Going In Vacancy Rate	8.5%
Adj T12 DSCR	0.53x	Unlevered IRR	14.5%	Stabilized Vacancy Rate	4.0%
Month 1 ICR	0.55x	Project IRR	30.1%	Hold Period	5 Years
Month 1 DSCR	0.52x	IRR Partition		Refinance Cap Rate	6.00%
Year 1 ICR	0.72x	% of IRR from Cash Flow	7%	Exit Cap Rate	6.00%
Year 1 DSCR	0.69x	% of IRR from Sale	93%	Bad Debt	1.00%

IRR Sensitivity Tables

Return Type Net

IRR Sensitivity: Terminal Cap Rate Vs Annual Rent Growth										
		Annual Rent Growth								
		2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	4.00%
Exit Cap Rate	6.75%	15.1%	16.0%	16.8%	17.7%	18.6%	19.4%	20.3%	21.1%	22.0%
	6.50%	16.7%	17.6%	18.5%	19.3%	20.2%	21.0%	21.9%	22.7%	23.5%
	6.25%	18.4%	19.3%	20.1%	21.0%	21.8%	22.7%	23.5%	24.3%	25.1%
	6.00%	20.2%	21.0%	21.8%	22.7%	23.5%	24.3%	25.2%	26.0%	26.8%
	5.75%	21.9%	22.8%	23.6%	24.4%	25.2%	26.1%	26.9%	27.7%	28.5%
	5.50%	23.8%	24.6%	25.4%	26.2%	27.0%	27.8%	28.6%	29.4%	30.2%
	5.25%	25.6%	26.4%	27.3%	28.1%	28.9%	29.7%	30.5%	31.3%	32.1%

IRR Sensitivity: Annual Rent Growth Vs Stabilized Vacancy Rate*										
		Stabilized Vacancy Rate								
		6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.0%	2.5%	3.0%
Rent Growth	2.25%	18.9%	19.4%	19.9%	20.5%	21.0%	21.5%	22.1%	22.6%	22.1%
	2.50%	19.7%	20.2%	20.8%	21.3%	21.8%	22.4%	22.9%	23.5%	22.9%
	2.75%	20.5%	21.1%	21.6%	22.1%	22.7%	23.2%	23.8%	24.3%	23.8%
	3.00%	21.4%	21.9%	22.4%	23.0%	23.5%	24.1%	24.6%	25.1%	24.6%
	3.25%	22.2%	22.7%	23.2%	23.8%	24.3%	24.9%	25.4%	26.0%	25.4%
	3.50%	23.0%	23.5%	24.1%	24.6%	25.2%	25.7%	26.3%	26.8%	26.3%
	3.75%	23.8%	24.3%	24.9%	25.4%	26.0%	26.5%	27.1%	27.6%	27.1%

*Annual Rent Growth and Stabilized Vacancy don't take effect until after the stabilization time.

Oak Tree Village – Capital Expenditures Budget



Interior	Quantity	Category	Cost Per	Description of Work to be Completed	Budget
Countertops	60		\$1,400		\$84,000
Cabinets	40		\$2,800		\$112,000
Appliances	40		\$2,700		\$108,000
Paint and carpentry	70		\$3,000		\$210,000
Lighting and fixtures	40		\$550		\$22,000
Doors and hardware	40		\$750		\$30,000
Flooring	35		\$2,250		\$78,750
A/C replacements/updates	20		\$2,500		\$50,000
Misc repairs	40		\$1,000		\$40,000
					\$0
					\$0
TOTAL INTERIOR COSTS					\$734,750
Exterior	Quantity	Category	Cost Per	Description of Work to be Completed	Budget
Exterior painting	1		\$125,000		\$125,000
Landscaping	1		\$55,000	clean overgrowth, improve signage, redefine planting beds, add mulch	\$55,000
Parking Lot upgrades	1		\$35,000	patch, seal and strip	\$35,000
Lighting and Safety	1		\$15,000	add LED lighting in breezeways and around property	\$15,000
Leasing Office upgrade	1		\$100,000	gut renovation to include leasing/management office space, bathroom, fitness facility	\$100,000
Pool/Patio upgrades	1		\$40,000	add BBQ grilling area with seating and new pool deck	\$40,000
Dog Park/amenities	1		\$35,000	Add amenities to existing dog park including seating and dog play equipment	\$35,000
Maintenance shop organization	1		\$15,000		\$15,000
TOTAL EXTERIOR COSTS					\$420,000
Sub-Total of Renovation Costs					\$1,154,750
Contingency	5%				\$57,738
Construction Management Fee	5%				\$60,624
TOTAL PROJECT COSTS					\$1,273,112

Sources & Uses

Senior Debt	\$11,499,215	77.9%	Purchase Price	\$12,010,000	81.4%
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Sponsor Equity	\$1,432,815	9.7%	CapEx & Reserves	\$1,672,830	11.3%
TOTAL	\$14,755,612	100.0%	TOTAL	\$14,755,612	100.0%

Closing Costs

Mortgage Financing	\$144,000
Legal	\$86,000
Title and Recording	\$56,000
Due Diligence	\$45,000
Marketing/Equity Financing	\$150,000
Soft Cost Contingency	\$22,048
Lender Escrow	\$35,000
	\$538,048