

# THE PEACH

Investment Opportunity



68 Unit, Luxury Multifamily Residence

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# Management Team

The Peach



*Vehano Joseph CA(SA)*

## **Vehano Joseph, Chief Executive Officer, Dreamstone**

Vehano and his team specialize in adding value to properties by adding functional and aesthetic features that ensure value for investors while also creating appealing, affordable, family-friendly spaces that attract and retain residents over time. Under his leadership, Dreamstone has moved from emerging to an established player in the multifamily space.

Prior to launching Dreamstone, Vehano was a Chartered Accountant / (CPA). He brings this financial acumen and a highly methodical, analytical approach to each project, helping to ensure the Dreamstone portfolio delivers sustained value for investors. He has relevant experience in several adjacent industries, and has worked with category leaders in commercial banking, consumer goods, private prisons, real estate investment trusts (REITs), environmental engineering, retail manufacturing, and regenerative tissue engineering.



*Nicholas Contessa*

## **Nick Contessa, Chief Operating Officer, Dreamstone**

Nick manages the operations and renovations for Dreamstone's portfolio. Prior to and while building Dreamstone's portfolio, Nick worked as a project and estimating manager for a prominent residential contractor on the West Coast of Florida.

While in that role, Nick managed the construction of over 200 homes, multiple townhome projects, has estimated over 800 homes and other various projects. Before working in residential construction, Nick was a contractor for IndyCar, helping manage the build process of temporary racetracks and events around the country, primarily working on the Grand Prix of St. Petersburg.



*Steeve Breton*

## **Steeve Breton, Founder, Velocity Capital**

Steeve has invested in over 3,000 apartment units and has diverse real estate experience including multifamily repositioning and ground-up development. He holds an MBA from Babson College's Olin School of Business. Prior to founding Velocity Capital he built a successful career delivering multi-million-dollar IT systems solutions in the Financial and Biotech industries.

Since 2013 he has leveraged his business operations experience, conservative approach and analytical skills to clearly assess risk, invest wisely and manage assets to maximize returns.

# Strategic Partners

The Peach



*Julie Holly*

## **Julie Holly, Founder, Three Keys Investments**

Julie wove a career in education with real estate investing over the span of twenty years. She invested in single family homes, house-hacked before it had a name, successfully managed properties from 1k miles away and passively invested in multifamily assets. Currently, Julie is passively invested in nearly 300 apartment units and continually educating others on real estate investing through her podcast Ask Me How I Know: Multifamily & Mindset.



*Sam Lloyd*

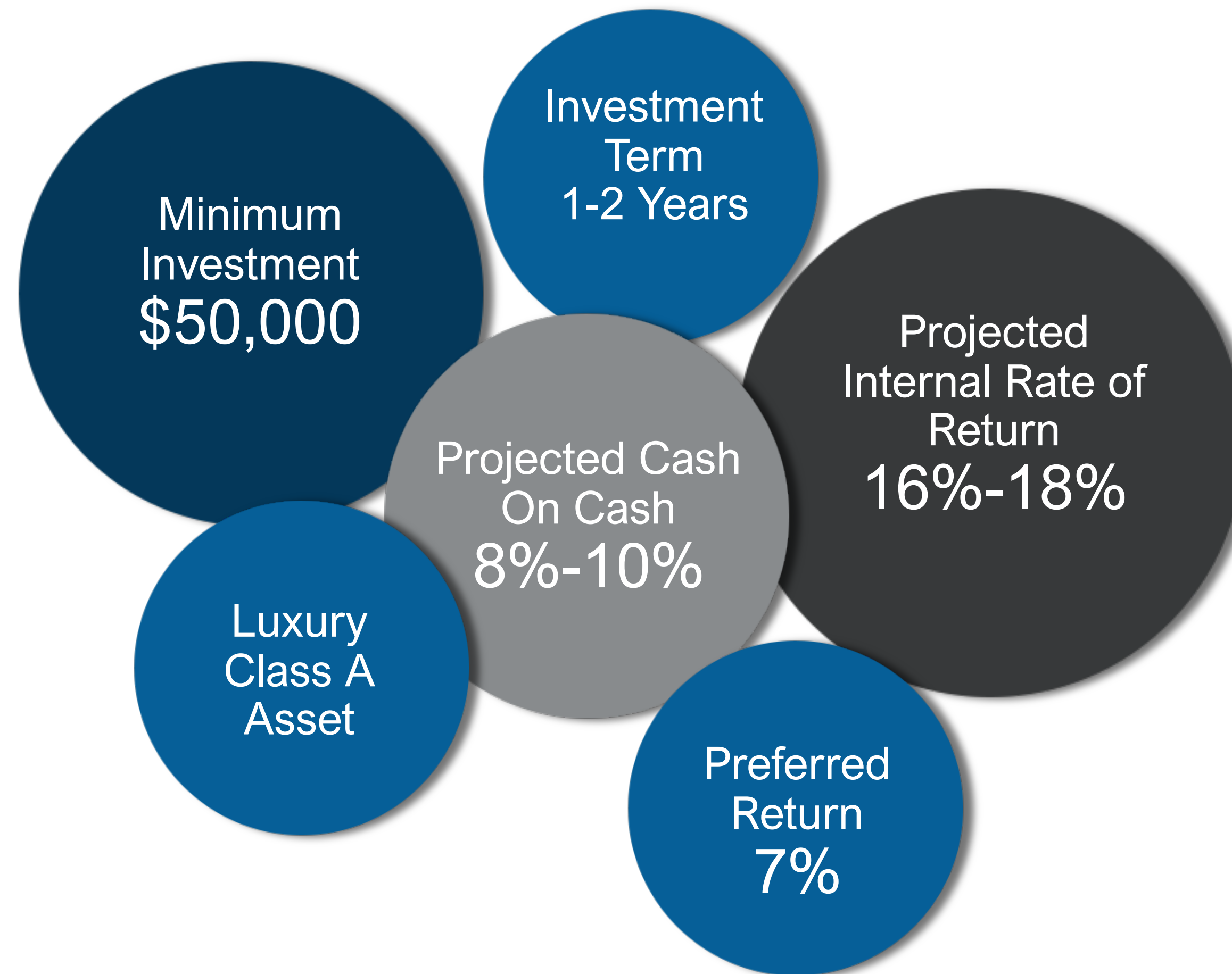
**Samuel Lloyd** founded Braintree Development in and heads up subsidiary real estate real estate development holdings (27) and special purpose partnerships. Lloyd was previously a Senior Partner at investment banking advisory The Sternberg Group, responsible for special asset acquisition and development. Lloyd came to Sternberg from US Bank where he led the Global Services business unit responsible for global transaction clients. He launched the Brazilian business unit as a JV with Citi, and established Elavon Mexico as a JV with Banco Santander.

Lloyd previously managed a \$2billion in syndicated real estate finance fund for Assent Capital focused on debt and equity investments in the global hospitality industry and has deep real estate development experience both as a principal and investor representative.



**Robinson Franzman LLP**, a boutique corporate and commercial real estate law firm serving clients across the United States as counsel for multifamily acquisitions and development, commercial real estate finance, private equity, financial services, commercial real estate development and investment.

# Opportunity



This preliminary information package offers only limited descriptive material regarding a Limited Liability Company investment in The Peach. This summary does not purport to be complete and will be supplemented with additional information in a Private Placement Memorandum and at such time as it is requested, in writing, by interested investors. The use of this material is authorized only for those to who it was originally provided. This is for informational purposes only and it is not a solicitation or offering to the recipient.

# Executive Summary

## The Peach:

The Peach is an iconic 12-story building recognized by the giant metal peach that sits atop it. Located on Peachtree Street, Atlanta's most famous street, and perfectly situated between the heartbeats of both Midtown and Buckhead.

The former office building is in the process of being converted to a 68-unit luxury apartment residence. Nine of the twelve stories have fully renovated with 27 signed leases in place.

## Recapitalization & Equity Acquisition:

We are buying out one of the current equity partners of The Peach. The other partner will remain in the deal with his \$5.8M in equity. Securing new bridge debt at a more competitive rate will allow the completion of renovations and full reposition.

This opportunity to acquire an interest in real estate is arranged by the sponsors and limited to accredited and qualified sophisticated investors.

## Atlanta Midtown Submarket:

The Peach is located within the Atlanta MSA; Georgia's economic engine. Midtown is one of Atlanta's top submarkets for rent growth (AXIO Metrics). Situated along the perimeter of the booming Fulton Industrial Corridor, home to companies such as Amazon, Google, FedEx, UPS, and Walmart. Positioned adjacent to I-20, The Peach provides ease of access to West Atlanta's major employment hub and Midtown's cosmopolitan culinary and art scene.

## Offering Summary

Exit Cap Rate	5.50%
Expense Ratio (T12)	49%
DSCR (Y1)	1.30
Purchase Price (Project Cost)	\$30,888,108
Hold Time	3-5yrs
LP Equity Required	\$6.5MM
Internal Rate of Return (IRR) CAP	16% -18%


## Partnership Structure

Investor Distribution of Cashflow	Pari Pasu 55/45 (Owner/LP) to 7.0%
Capital Liquidation Events	55/45 to 20% IRR.

# LOCATION



# HIGH GROWTH



**Home to approximately 5.9 million people in 2018, metro Atlanta experienced the fourth-largest population increase of all MSAs in the nation—an increase of approximately 663,000 people from 2010 to 2018**

**Metro Atlanta is host to 78 global consulates and trade offices, making it one of the most internationally represented cities in the United States.**

**32 of the Fortune 1,000 and 18 Fortune 500 companies are headquartered in Atlanta, GA and 75% of them have offices here.**

**Atlanta, the economic capital of the Southeast and global business hub is one of the fastest growing metros, with the 10<sup>th</sup> largest GDP in the U.S.**



# HIGH RENT & VALUES

## Midtown Atlanta, GA

**\$1,645**

12% Y-o-Y  
Change

Median  
Monthly  
Rent

**\$364,700**

Median  
House  
Value

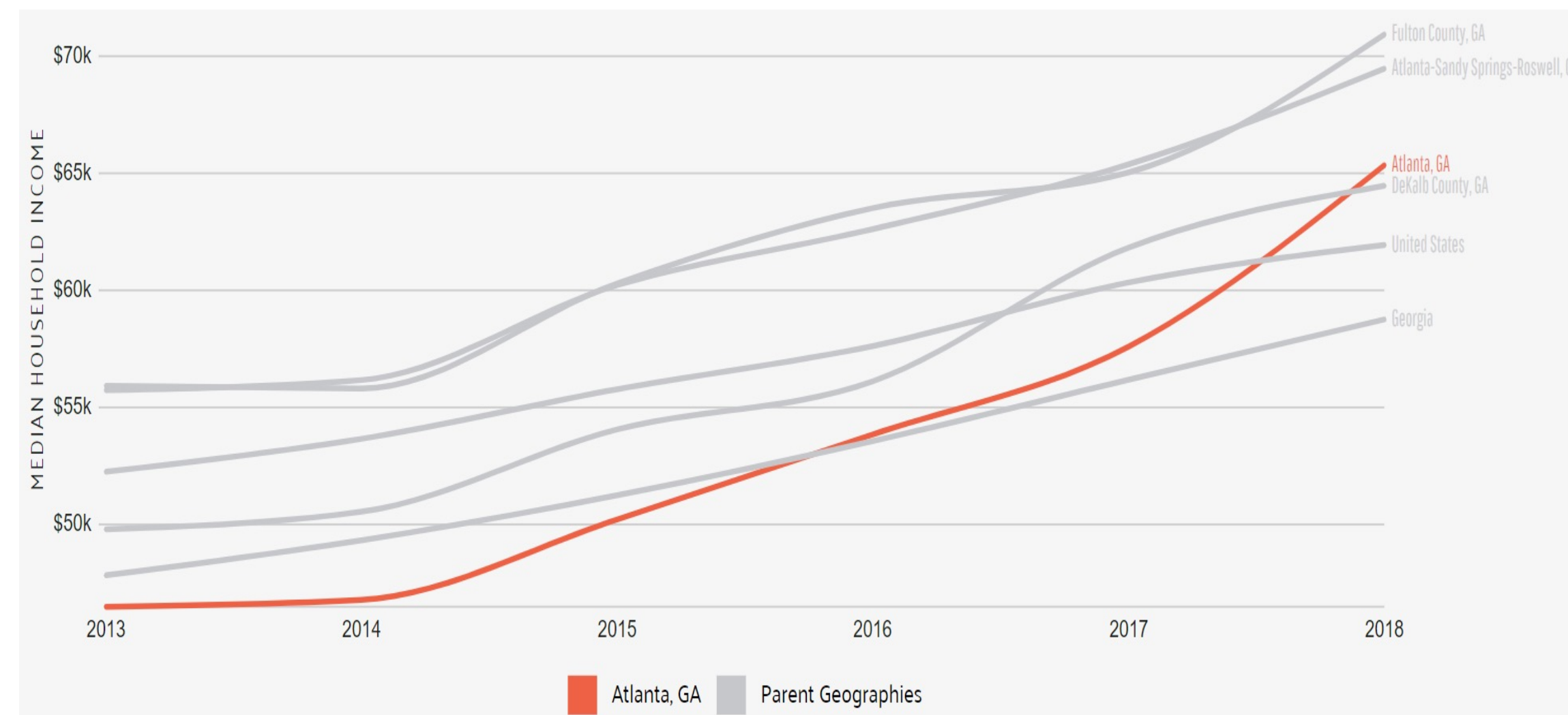
**\$90,140**

Median  
Household  
Income (2017)

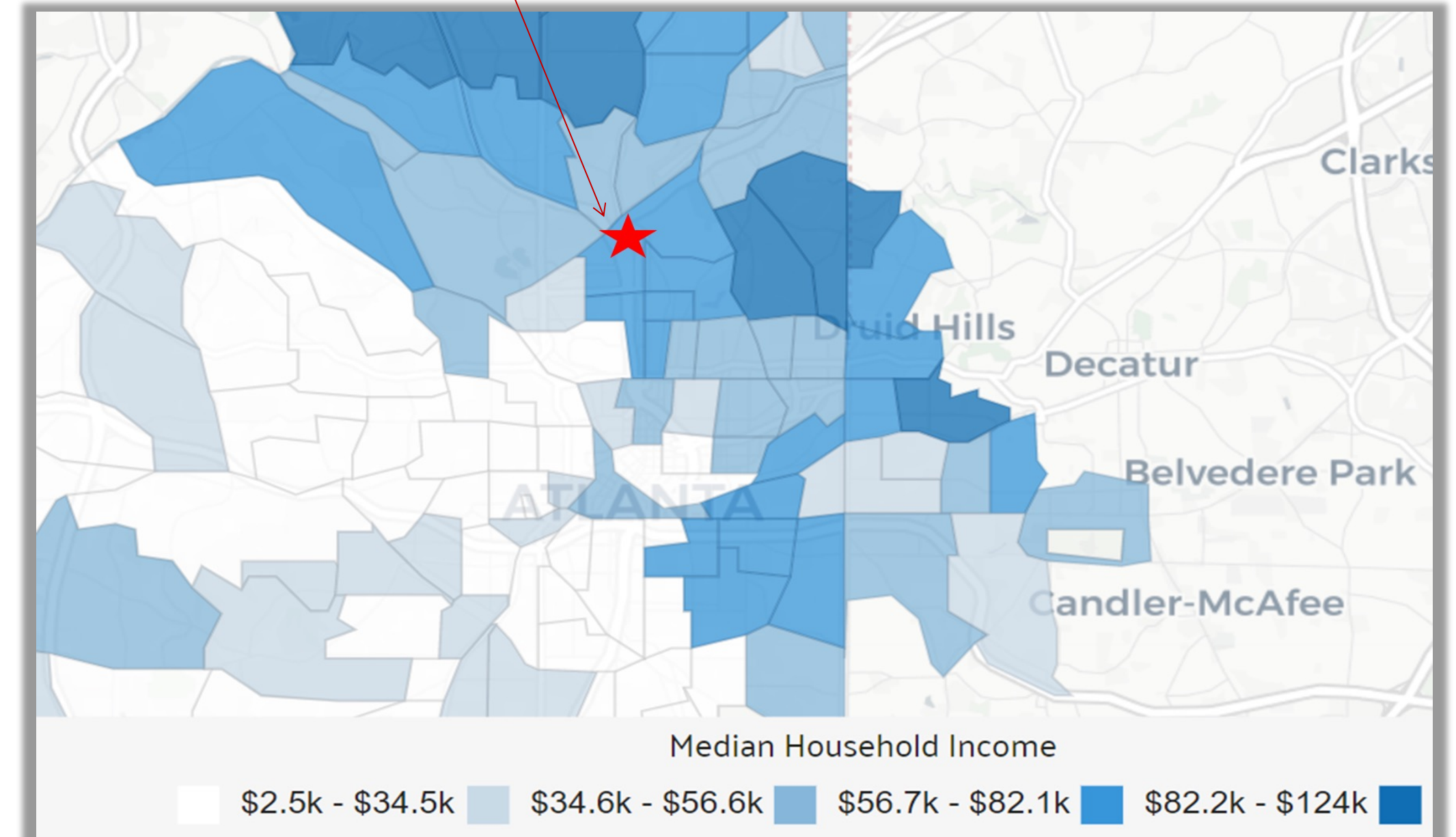
# EXCEPTIONAL INCOME

## Median Household Income

\$65,345 13.5%

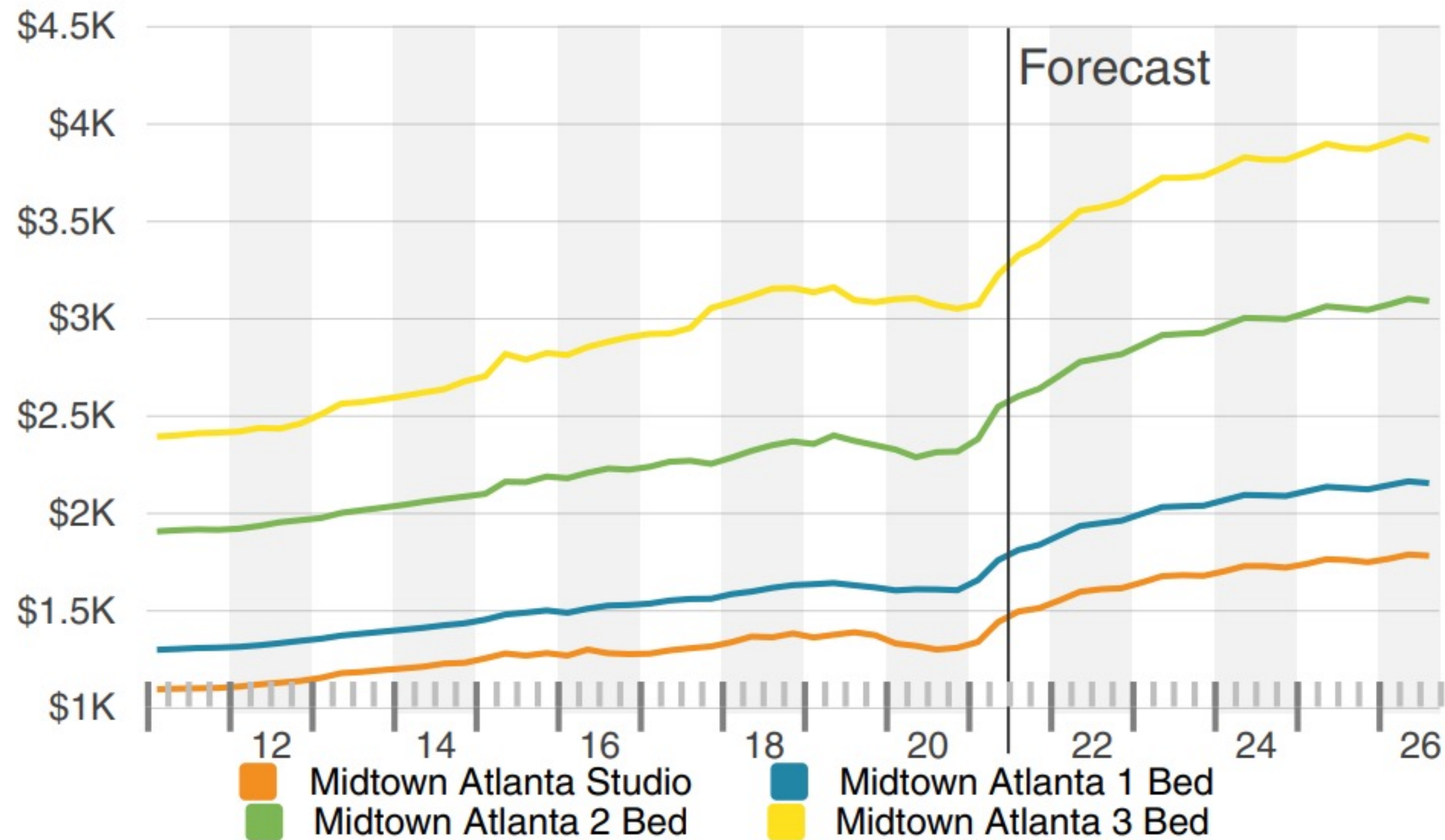


Census Tract 5, Fulton County, GA	
Year	2018
Race	All
Median Household Income	\$91,765
Margin of Error	± \$23,987



# EFFECTIVE RENT GROWTH

Market Rent Per Unit By Bedroom



## Market Rents

Midtown Atlanta market rents continue to climb. Proforma assumptions are conservatively below current peak rents and the future forecast.

# JOB DIVERSITY

Healthy mix of higher paying occupations in COVID resistant industries

## OCCUPATIONS



## INDUSTRIES



# LOCAL GROWTH



## COLONY SQUARE DEVELOPMENT + UPDATES

North American Properties is underway with a massive overhaul of the retail experience at one of Midtown's original high-rise developments. The re-imagined Colony Square will encompass two office towers and loft offices totaling 940,000 SF, residential condos, a 466-room hotel and 160,000 square feet of curated entertainment, retail and fitness concepts, chef-driven restaurants and an experience-driven food hall known as Politan Row.



## ATLANTIC YARDS

Hines and Invesco Real Estate's Atlantic Yards development recently announced that Microsoft Corporation is set to occupy the entirety of the 523,000 SF two-building office development. The Fortune 500 company will create 1,500 new high-tech jobs. The project is expected to be delivered later this year in summer 2021.

**\$189M Investment | 1,500 New Jobs**



## 1105 WEST PEACHTREE

Selig Enterprises' mixed-use development at 1105 W Peachtree is under construction and is set to be completed in spring 2021. The \$50M project will include a 21-story tower with 675,000 SF of class A+ office space, Marriott Autograph Collection Epicurean Hotel, 64 residential units and 20,000 SF of retail space. The office tower is slated to house major tenants Google and Smith, Gambrell & Russell law firm.

**\$530M Investment**



## CODA TECH SQUARE

The \$400M development from Pirtman Holdings includes 646,000 SF of office space, 80,000 SF of high-performance computing space, and 25,000 SF of retail. Coda is home to major tenant Georgia Tech and is expected to bring more than 2,000 jobs to Midtown.

**\$400M Investment | 2,000 New Jobs**

# LOCAL GROWTH

## **NORFOLK SOUTHERN HEADQUARTERS**

Norfolk Southern is the first Fortune 500 company to move its headquarters to Atlanta since 2014, bringing an additional 950 jobs and maintaining over 2,000 existing jobs. Set to deliver in late 2021, Norfolk will fill both towers as the sole tenant of the campus-style office hub.

**\$575M Investment | 2-Towers 750,000 SF**



## **MIDTOWN UNION**

Plans for Midtown Union are moving forward with the development partners securing \$210M in Construction financing late in 4Q 2020. The \$410M Mixed-use project will include a 26-story office tower, 18-story residential tower, 14-story hotel and thousands of square feet of restaurant and retail space. It is on pace to open in 2022 with plans of the major tenant Invesco to occupy 9 floors.

**\$410M Investment | 2022 Completion**



## **14<sup>TH</sup> & SPRING**

Greenstone Properties and Goldman Sachs are under construction on a two-pronged development that will bring more than 300,000 SF of retail space and 339 residential units. This \$100M project is set to be completed in summer of 2022.

**\$100M Investment**



# MIDTOWN



## LIVE

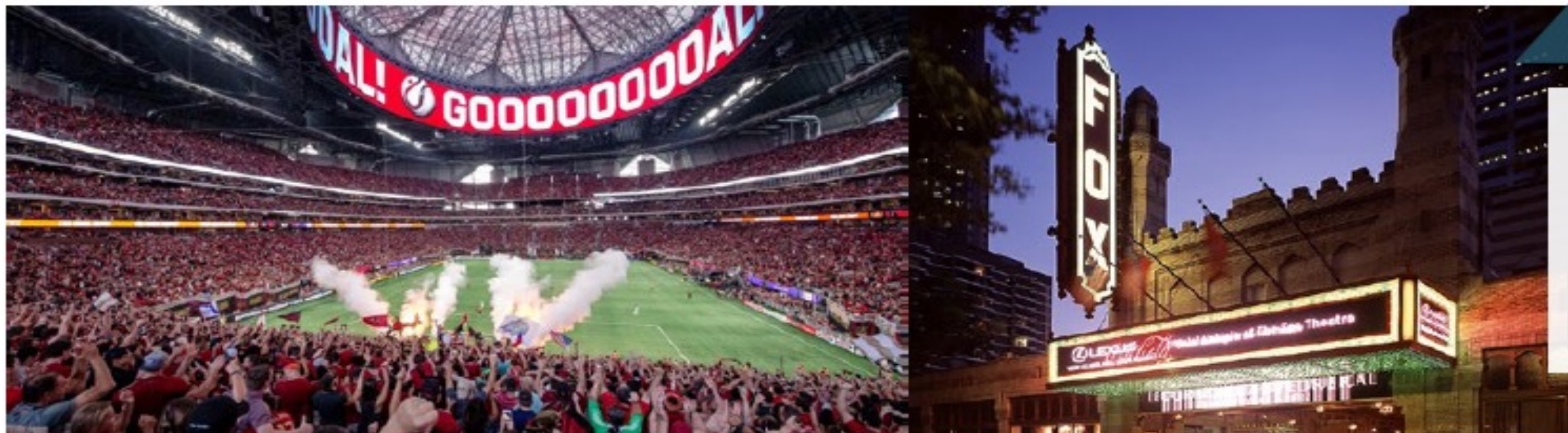
### WITHIN 2 MILES OF THE PEACH

- 50+ Lifestyle destinations
- 750,000 SF Retail
- 150+ Restaurants



## WORK

- 90,000+ people working in Midtown
- 29,000+ new jobs announced for Midtown
- Minutes from NCR's New HQ and Anthem's new Technology hub



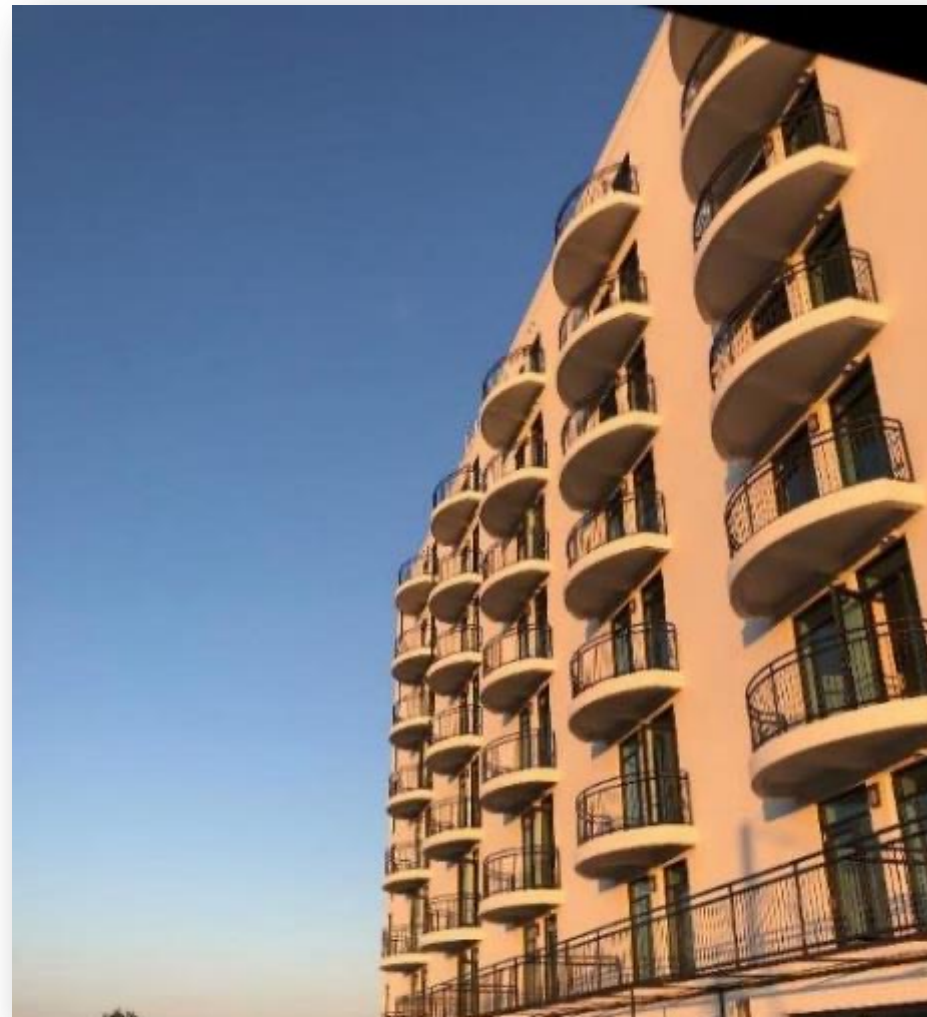
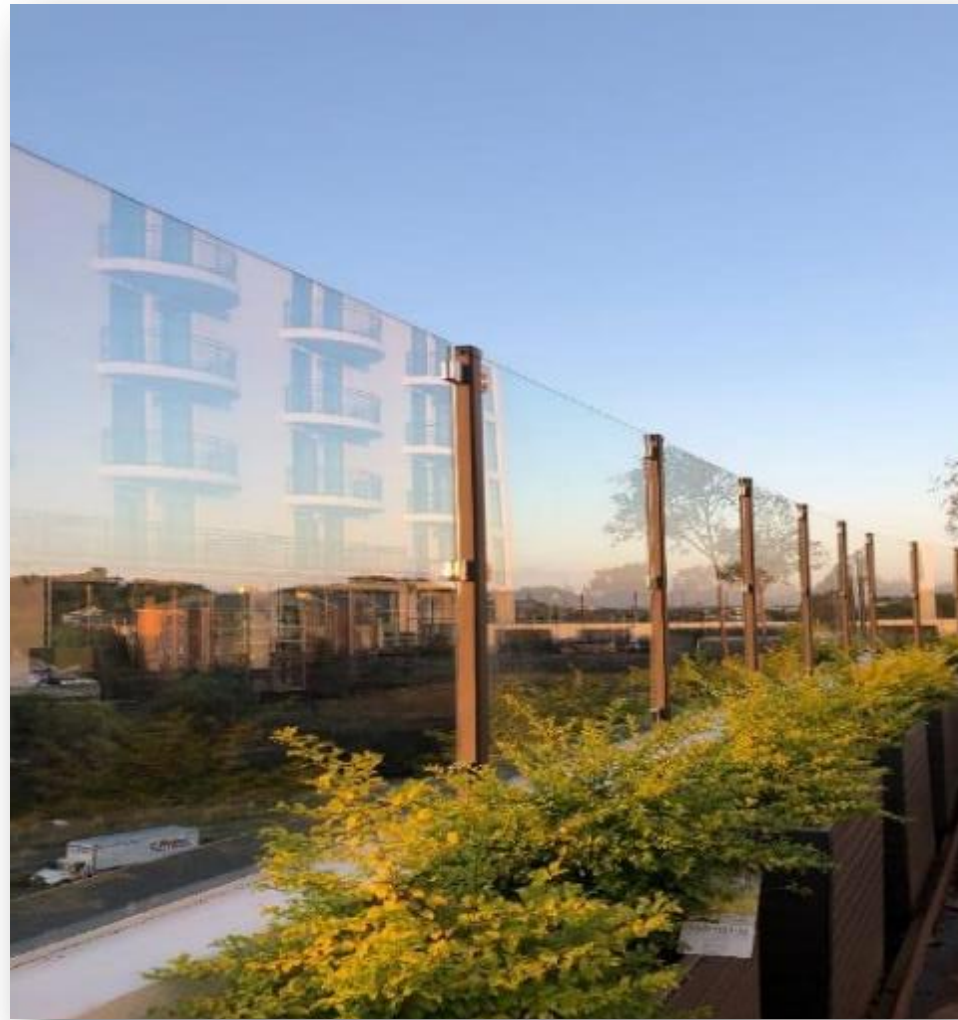
## PLAY

### BLOCKS FROM:

- Ponce City Market and the Atlanta Beltline
- Inman Park & Krog Street Market
- 22 Entertainment venues such as The Fox Theater
- Mercedes-Benz Stadium

# THE PROPERTY

## Institutional Quality Asset





# PROPERTY OVERVIEW

## The Peach

The Peach Atlanta is an iconic structure situated perfectly between the heartbeats of both Midtown and Buckhead on Atlanta's most famous street. This unique location offers immediate access to the best of both worlds. Enjoy and explore Buckhead's fine dining and shopping establishments at the Phipps Plaza one day, and Midtown's cosmopolitan culinary and art scene the next.

As The Peach Atlanta transitioned from office space to much needed residential living, great care was taken to preserve the architectural originality of this art deco building. With meticulous attention to every interior space, these modern apartment dwellings have transformed into the much sought after boutique luxury experience.

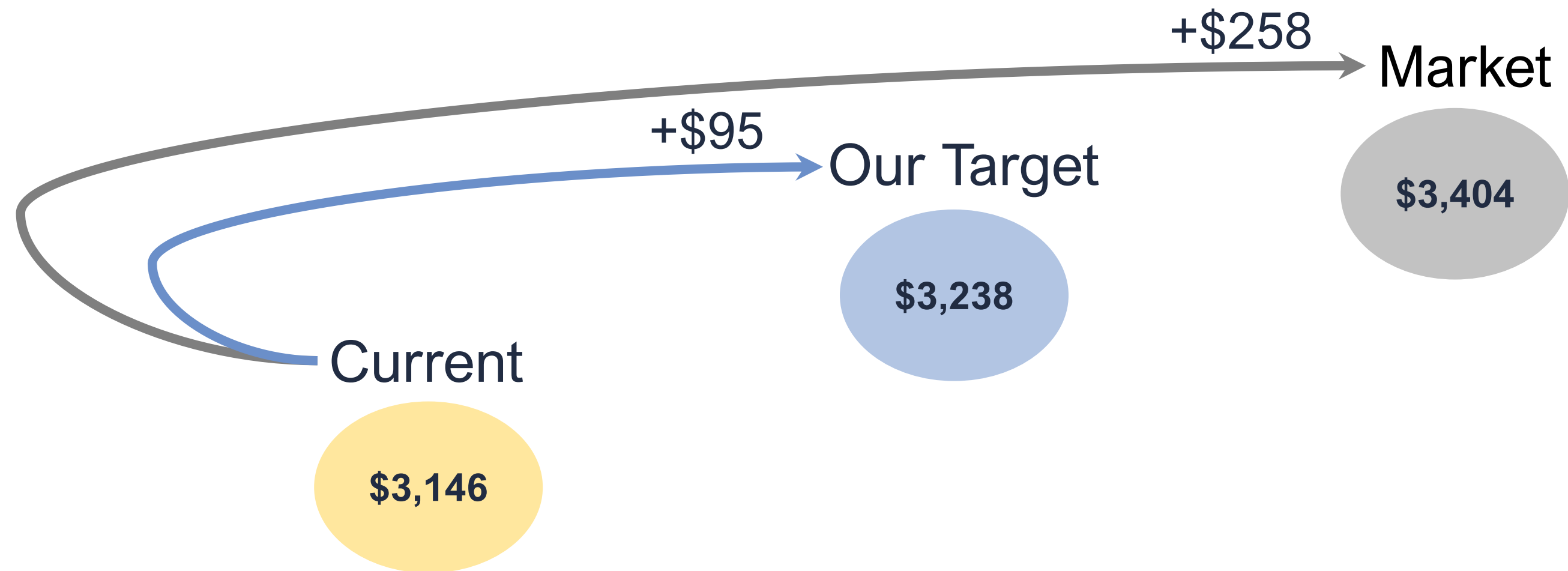
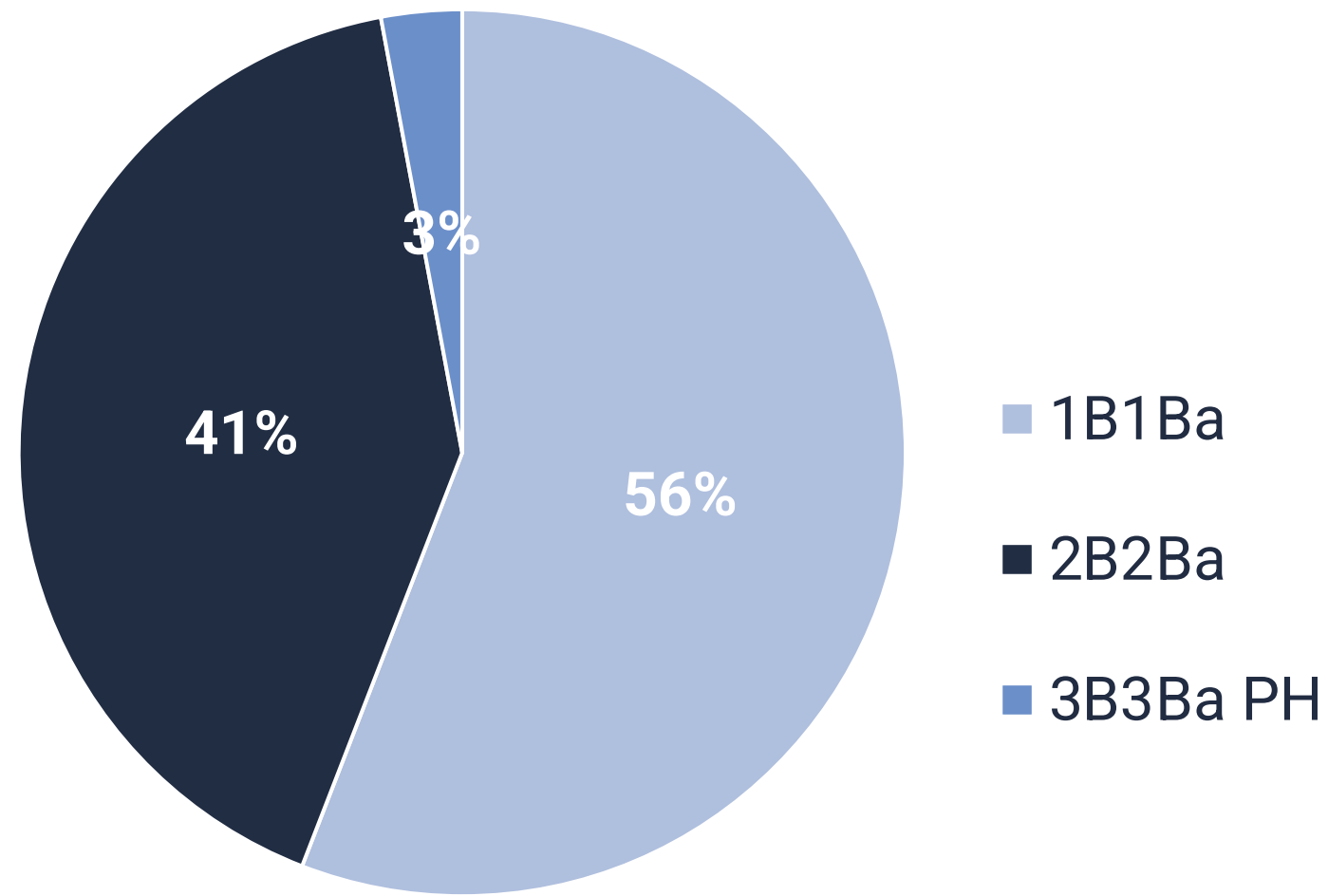
Marked by mindful design and thoughtful amenities, the luxuriously spacious 1, 2, and 3 bedroom residences offer versatile layouts to suit every lifestyle. Elegant touches include modern and bright European style kitchens, oversized bathrooms with inviting soaking tubs, spacious closets and lavish finishes throughout.

The property also provides on-site amenities beyond those typically associated with luxury residences including on-site secure garage parking, unbeatable views from balconies and ceiling windows, essential work-share spaces and convenient conference rooms, access to a private pet-friendly park, inviting lounge areas with firepit ambiance. Residents can also soak in the sunset from the sky-view deck with unparalleled views of Atlanta.

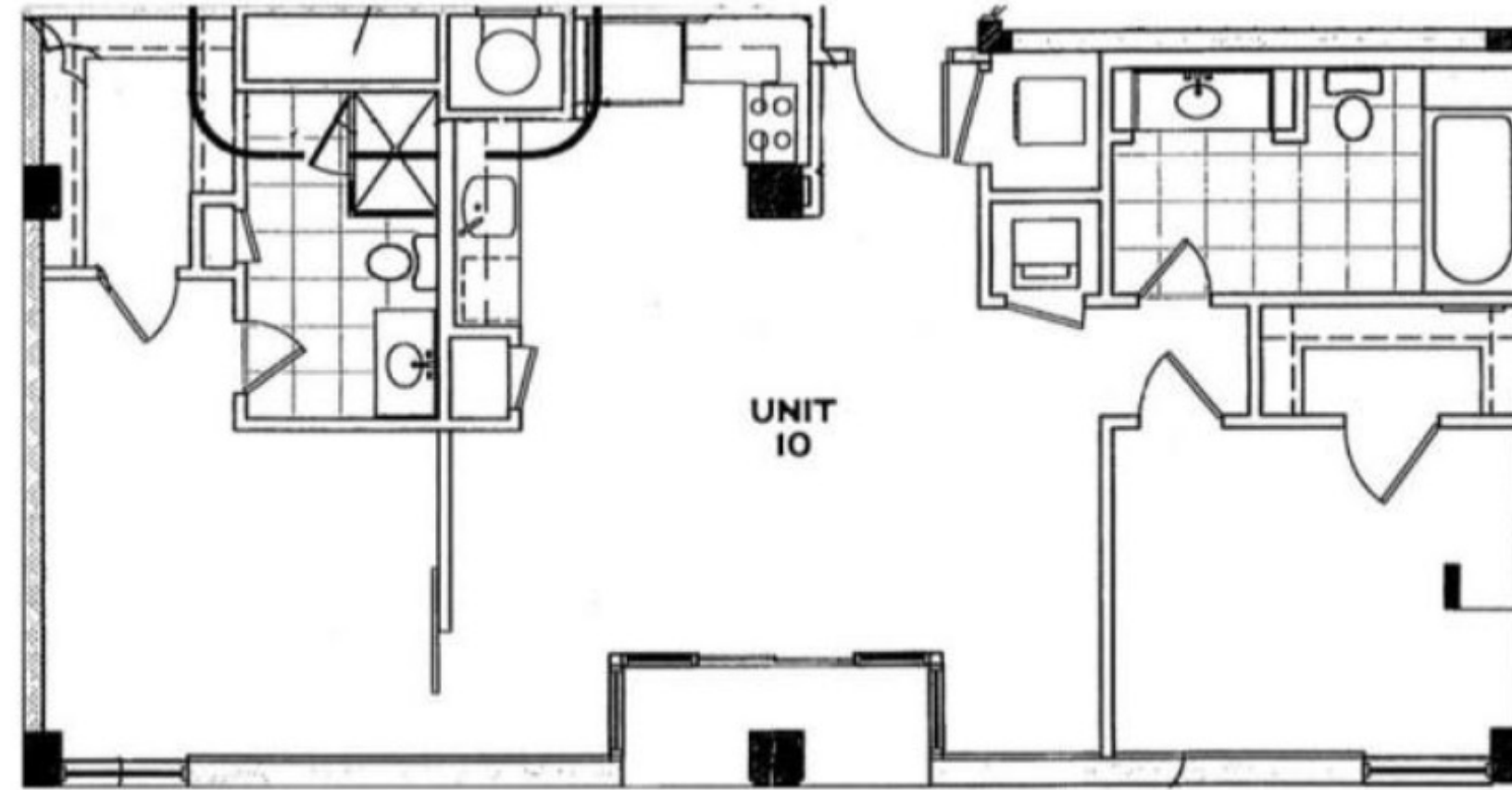
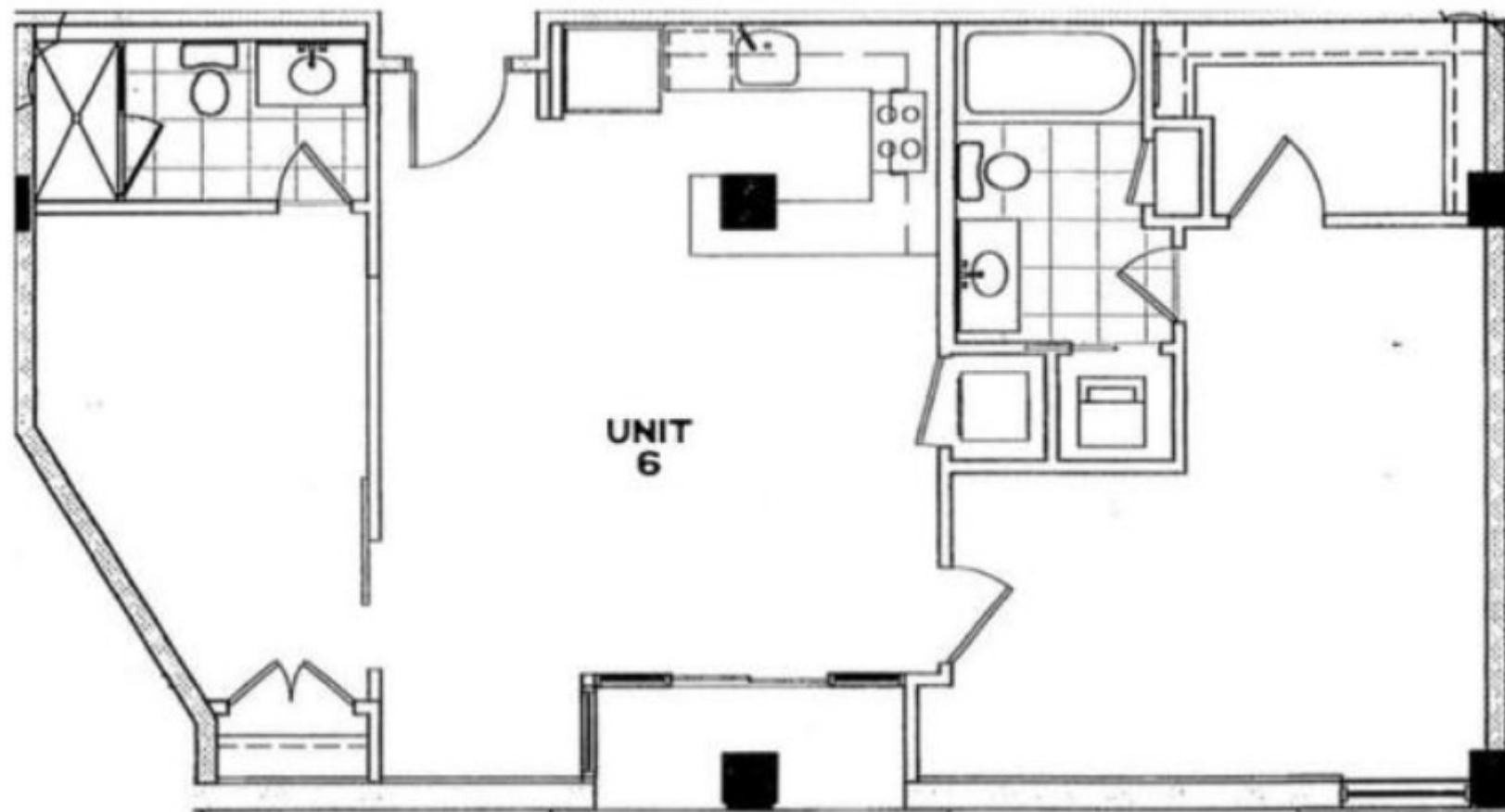
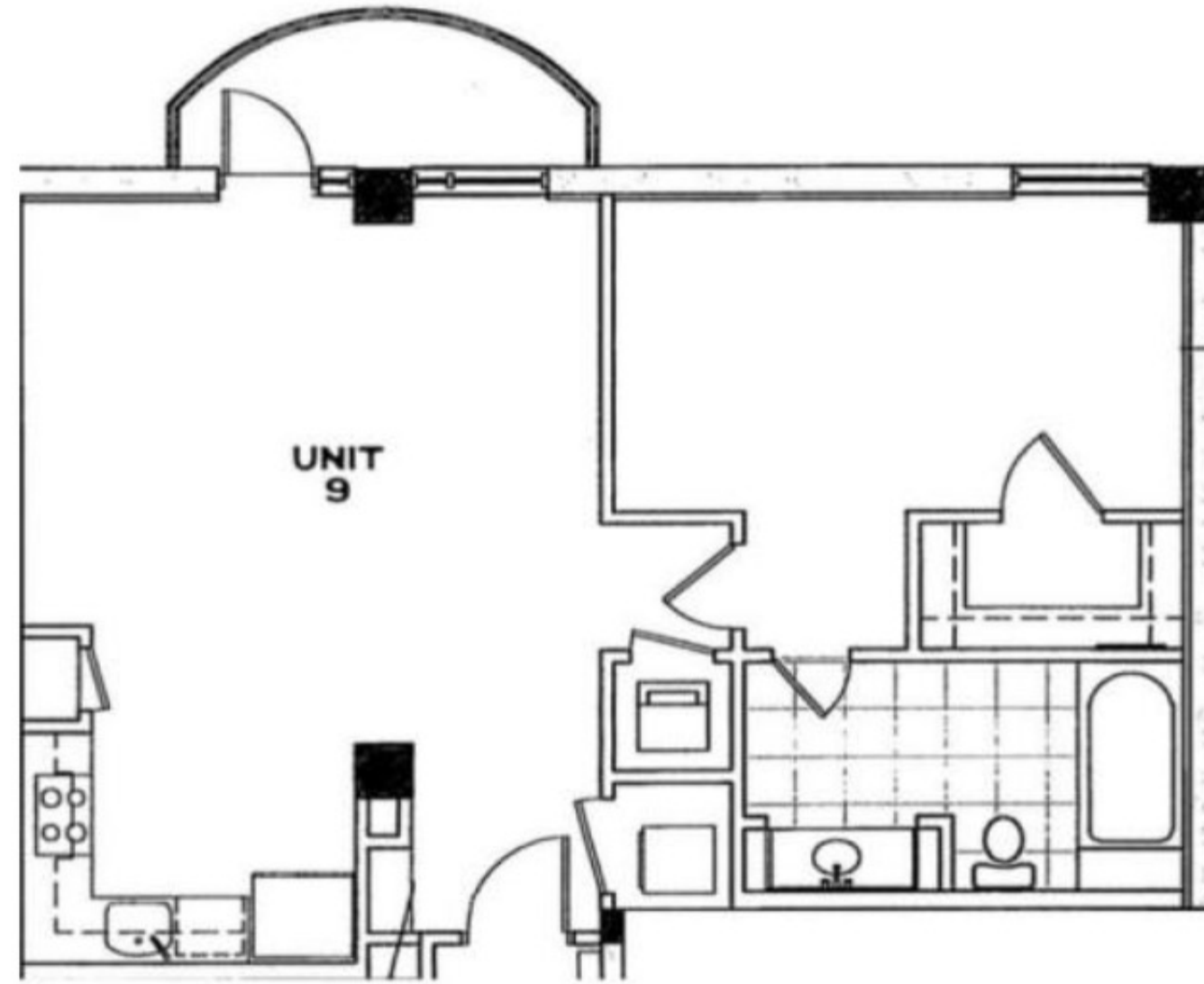
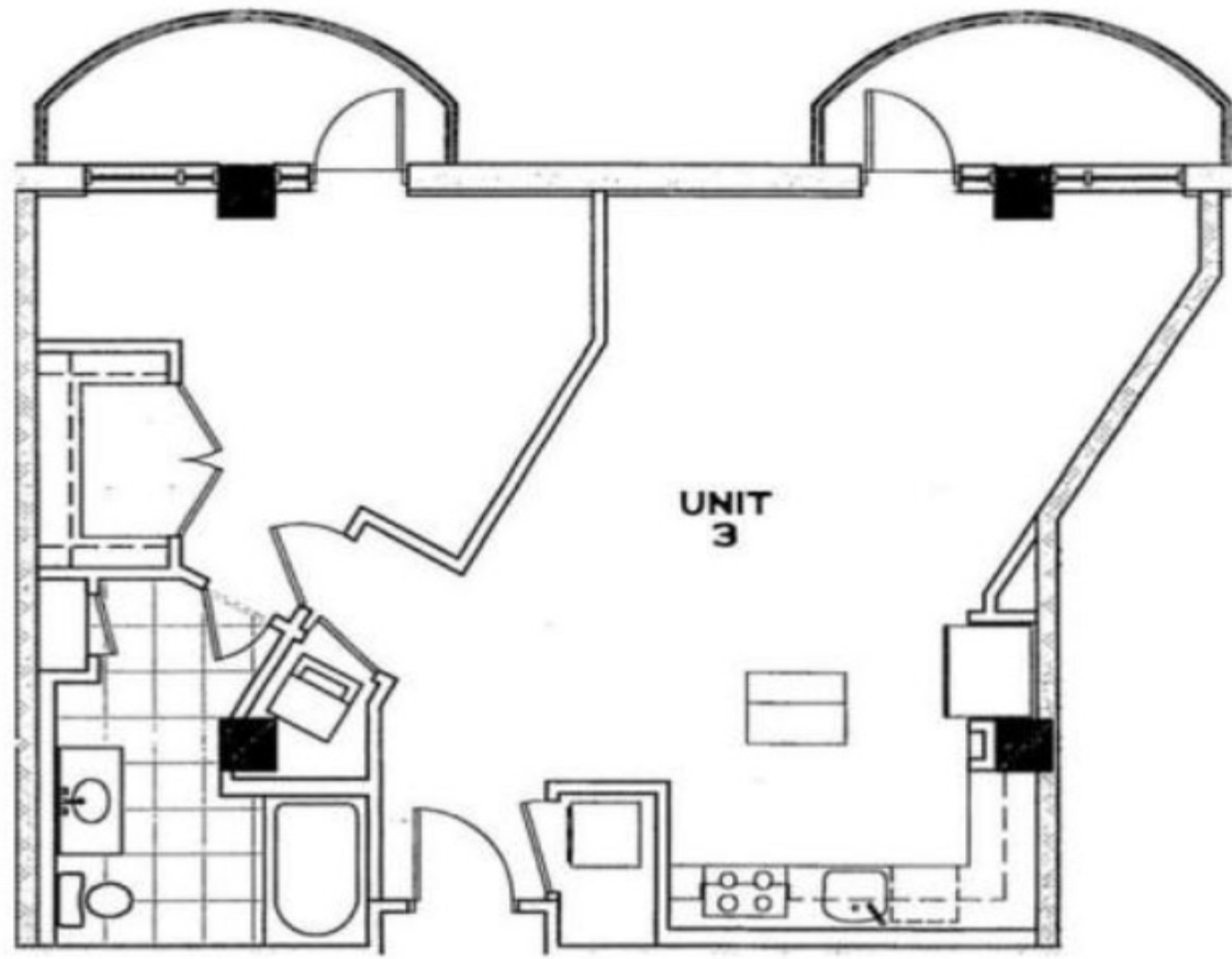
# UNIT MIX

<b>Property Address</b>	1655 Peachtree Street NE, Atlanta, GA 30309
<b>Number of Units</b>	68
<b>Rentable SF</b>	152,710
<b>Year Built</b>	1962/2020
<b>Construction</b>	Concrete High-Rise
<b>Number of Stories</b>	12
<b>Plumbing</b>	PVC
<b>Wiring</b>	Copper
<b>Number Buildings</b>	1

Type	SQ.FT	# Units	Market Rent			Current Rent (Lease up)			Target Rent		
			Average	Rent / (SF)	Total	Average	Rent / (SF)	Total	Average	Rent / (SF)	Total
1B1Ba	810	38	\$2,937	\$3.60	\$111,606	\$2,889	\$3.56	\$57,780	\$2,900	\$3.58	\$110,200
2B2Ba	1,353	28	\$3,689	\$2.73	\$103,292	\$3,400	\$2.51	\$54,400	\$3,500	\$2.58	\$98,000
3B3Ba PH	1,816	2	\$8,284	\$4.56	\$16,598	\$0	\$0.00	\$0	\$6,000	\$3.30	\$12,000
<b>Total</b>		<b>68</b>	<b>\$3,404</b>	<b>\$3.43</b>	<b>\$231,496</b>	<b>\$3,146</b>	<b>\$1.66</b>	<b>\$112,180</b>	<b>\$3,238</b>	<b>\$3.27</b>	<b>\$220,200</b>



# FLOOR PLANS



# THE PEACH

## Luxury Multifamily Residence



# BUSINESS PLAN



# BUSINESS PLAN

## **The Peach Business Plan**

Currently, The Peach has 59 fully renovated and leased units and is on the cusp of bringing 9 more units online (currently 80% preleased). Upon acquisition, one floor will be completed adding an additional 9 units. Once phase two renovations are complete the property will consist of 68 fully renovated luxury residential units, 3 Commercial Office spaces and a Coffee and Cocktail lounge.

## **Major Capex Completed**

**Phase One**, brought the completion of 27 luxury dwellings on the first five floors of the building in early 2020. This phase also included the replacement of 3 elevators and complete shaft overhaul, upgrading the electrical system, and replacement of plumbing where appropriate.

**Phase Two**, included converting the remaining 7 floors into Class A residences. This phase is currently 85% complete with 1 of the 7 floors nearly ready for residents to move in. The completed units are scheduled to be lease ready in the Fall of 2021.

## **Proven Growth Market**

While the area experienced 7.4% rent growth during 2020 with an average vacancy of 3.6% during 2021, the market fundamentals are strong for continued growth in the Atlanta market as there have been significant employer expansion and population growth in the metropole. Our proforma assumptions project a conservative 3% rent growth and a full 6% vacancy for the entire hold period.

# BUSINESS PLAN

## **Additional Upside Opportunities**

Not included in our proforma are opportunities to lease space for retail and service businesses. The fourth floor of The Peach includes space suited for a coffee/cocktail lounge providing a convenient and welcomed amenity to residents and an estimated potential annual addition of \$100K-\$200K of Net Operating Income (NOI). Other income generating potential includes renting the panoramic space for events. Additionally, we have the opportunity to capture corporate housing leases with 50% premium to market rents.

## **Equity Structure**

Qualified investors selected to participate in this offering as limited partners will enjoy a 7% Pref and a potential annualized return of 18% over the 1-2 year holding period. Upon return of capital, limited partners will have no further ownership in The Peach Atlanta.

## **Attractive Valuation**

Our bank's valuation assumes 90% occupancy and NOI of \$2.0MM for an approximate value of \$40MM using a 5% cap rate. The Year 2 expected income is \$2.32MM using the same cap rate will yield a \$46.4MM valuation. Based on these valuation indicators the targeted exit is strongly supported when we refinance to perm debt in year 2. This projected valuation does not include income from the additional upside opportunities, the strong likelihood of operating at >95% occupancy and the lower cap rates for Midtown multifamily properties.

# CAPITAL BUDGET

## Capital Expenditure Budget

Interior Budget	Total/Unit	Total	Units
Unit Turn Reserve	\$ 1,500	\$ 102,000	68
<b>Total Interior Rehab/Unit – Unrenovated</b>	<b>\$ 1,500</b>	<b>\$ 102,000</b>	

Exterior Rehab	Total/Unit	Total	Units
Signage	\$ 515	\$ 35,000	68
Contingency	\$1,176	\$ 80,000	68
<b>Total Exterior and Other</b>	<b>\$1,691</b>	<b>\$ 115,000</b>	<b>68</b>

<b>Total Capital Expenditure Budget</b>	<b>\$ 3,191</b>	<b>\$ 216,988</b>	<b>68</b>
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## Other Reserves Budget

Other	Total/Unit	Total	Units
Operating Reserves	\$ 1,000	\$ 68,000	68
<b>Total Other</b>	<b>\$1,000</b>	<b>\$ 68,000</b>	<b>68</b>

<b>Total Capex and Reserves</b>	<b>\$ 4,191</b>	<b>\$ 285,000</b>	<b>68</b>
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# PROFORMA

ANNUAL	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues</b>					
Rent	\$2,772,000	\$2,855,160	\$2,940,815	\$3,029,039	\$3,119,910
Concessions	(\$27,720)	(\$28,552)	(\$29,408)	(\$30,290)	\$0
<b>Total Rental</b>	<b>\$2,744,280</b>	<b>\$2,826,608</b>	<b>\$2,911,407</b>	<b>\$2,998,749</b>	<b>\$3,119,910</b>
Corporate Suite Income	\$24,333	\$25,073	\$25,835	\$26,621	\$27,431
Office Rent	\$135,250	\$139,363	\$143,602	\$147,970	\$152,471
Commercial Rent	\$60,832	\$62,682	\$64,589	\$66,553	\$68,578
Percentage Rent	\$79,690	\$82,114	\$84,611	\$87,185	\$89,837
Vacancy	(\$249,480)	(\$142,758)	(\$147,041)	(\$151,452)	(\$155,996)
<b>Total Income</b>	<b>\$2,794,904</b>	<b>\$2,993,083</b>	<b>\$3,083,004</b>	<b>\$3,175,626</b>	<b>\$3,302,231</b>
<b>Expenses</b>					
General & Admin	\$17,196	\$17,631	\$18,077	\$18,534	\$19,003
Advertising	\$45,519	\$46,670	\$47,851	\$49,061	\$50,301
Maintenance & Repairs	\$34,392	\$35,262	\$36,154	\$37,068	\$38,005
Utilities - Electricity	\$50,982	\$52,271	\$53,593	\$54,948	\$56,337
Utilities - Water	\$171,962	\$176,310	\$180,769	\$185,340	\$190,027
Cable & Internet	\$3,484	\$3,572	\$3,662	\$3,755	\$3,850
Insurance	\$44,710	\$45,841	\$47,000	\$48,188	\$49,407
Payroll	\$82,542	\$84,629	\$86,769	\$88,963	\$91,213
Unit turns	\$24,075	\$24,683	\$25,308	\$25,948	\$26,604
Professional Fees	\$25,288	\$25,928	\$26,584	\$27,256	\$27,945
Real Estate Tax	\$51,545	\$51,650	\$273,452	\$280,288	\$287,296
Management Fee	\$85,584	\$85,820	\$88,696	\$91,519	\$94,302
Reserves	\$18,916	\$19,394	\$19,885	\$20,387	\$20,903
<b>Total Expenses</b>	<b>\$656,194</b>	<b>\$669,661</b>	<b>\$907,797</b>	<b>\$931,255</b>	<b>\$955,193</b>
<b>Net Operating Income</b>	<b>\$2,138,710</b>	<b>\$2,323,422</b>	<b>\$2,175,206</b>	<b>\$2,244,371</b>	<b>\$2,347,037</b>
Debt Service	\$1,128,000	\$1,128,000	\$1,128,000	\$1,128,000	\$1,128,000
<b>Cash Flow After Debt</b>	<b>\$1,010,710</b>	<b>\$1,195,422</b>	<b>\$1,047,206</b>	<b>\$1,116,371</b>	<b>\$1,219,037</b>

## Investor Returns Based on \$100,000 Investment

	Year 0	Year 1	Year 2	Year 3
<b>Investor Annual Percent Return</b>		<b>9%</b>	<b>12%</b>	<b>144%</b>
Investors Return on Investment	(\$100,000)	\$9,270	\$12,443	\$144,519

## The Peach - Development Cost Summary \$ (Amount)

<b>Acquisition:</b>	\$ 16,564,862
<b>Soft Costs:</b>	
Consulting Fees / Architects / Etc.	\$ 580,795
Engineering	\$ 127,500
Due Dilligence	\$ 36,000
<b>Hard Costs:</b>	
GC Contract Rehab Costs (GMP)	\$ 8,756,528
Change Orders & Cost Over-runs	\$ 1,290,849
Bldrs Risk Insurance	\$ 67,852
Permits & Fees	\$ 78,942
Maintenance of Exisisting Conditions	\$ 289,100
<b>Financing Cost:</b>	
Loan Fees	\$ 800,000
Legal Costs	\$ 173,450
Capitalized Bridge & Construction Loan Interest	\$ 1,531,292
Finance Closing Costs	\$ 55,000
Marketing Launch / Lease up	\$ 78,938
Perm Lender Costs	\$ 228,000
Perm Finance Fees	\$ 228,000
<b>Gross Development Cost</b>	<b>\$ 30,887,108</b>

\*Includes return of equity

# VALUATION

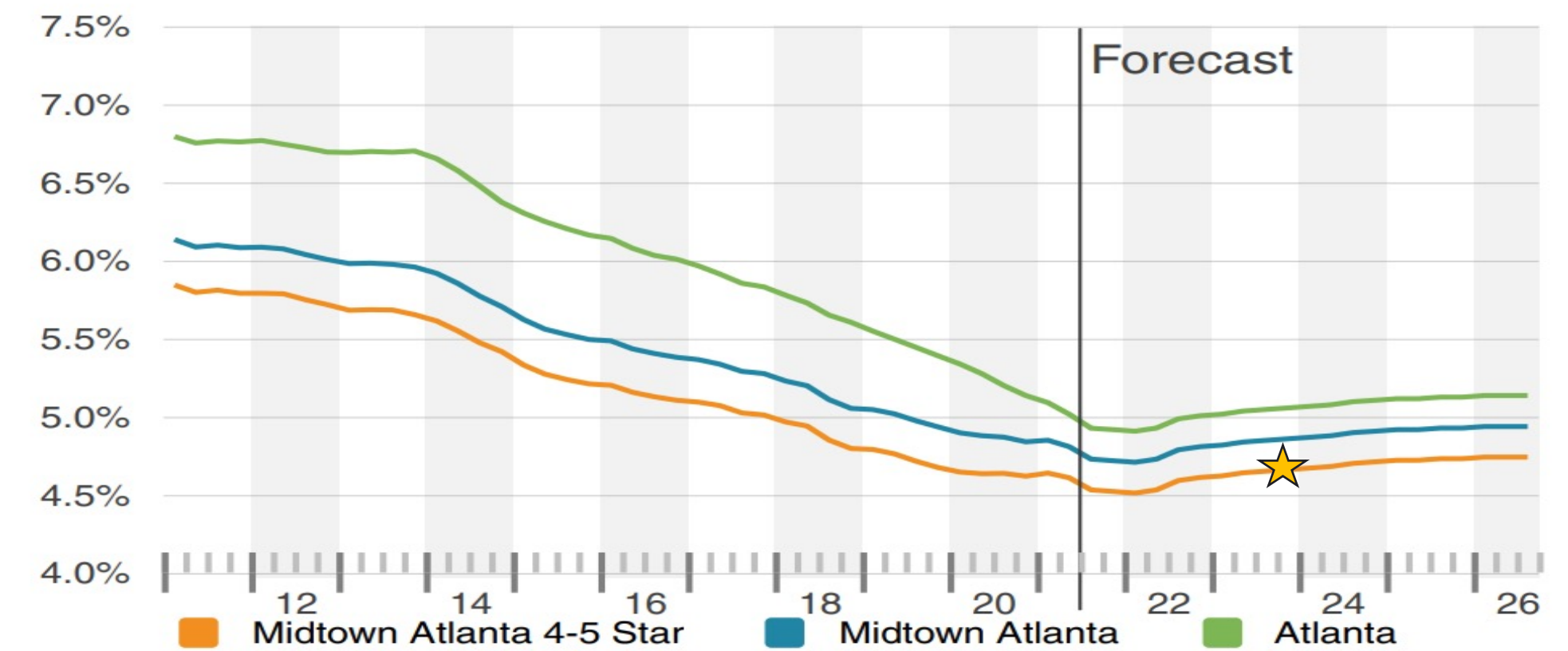
## Cap Rate Sensitivity

Although cap rates continue to remain low, our conservative approach factors in a moderately higher than anticipated cap rate at exit. These are based on current Midtown Atlanta cap rates which support our exit.

Value Sensitivity	Cap Rate	Year 1	Year 2	Year 3
NOI		\$2.1M	\$2.3M	\$2.1M*
	5.25%	\$40,737,341	\$44,255,656	\$41,432,497
	5.00%	\$42,774,208	\$46,468,439	\$43,504,122
	4.75%	\$45,025,482	\$48,914,147	\$45,793,813
	4.50%	\$47,526,898	\$51,631,599	\$48,337,914
	4.25%	\$50,322,597	\$54,668,752	\$51,181,320

\* New tax assessment reduces NOI in year 3

Market Cap Rate

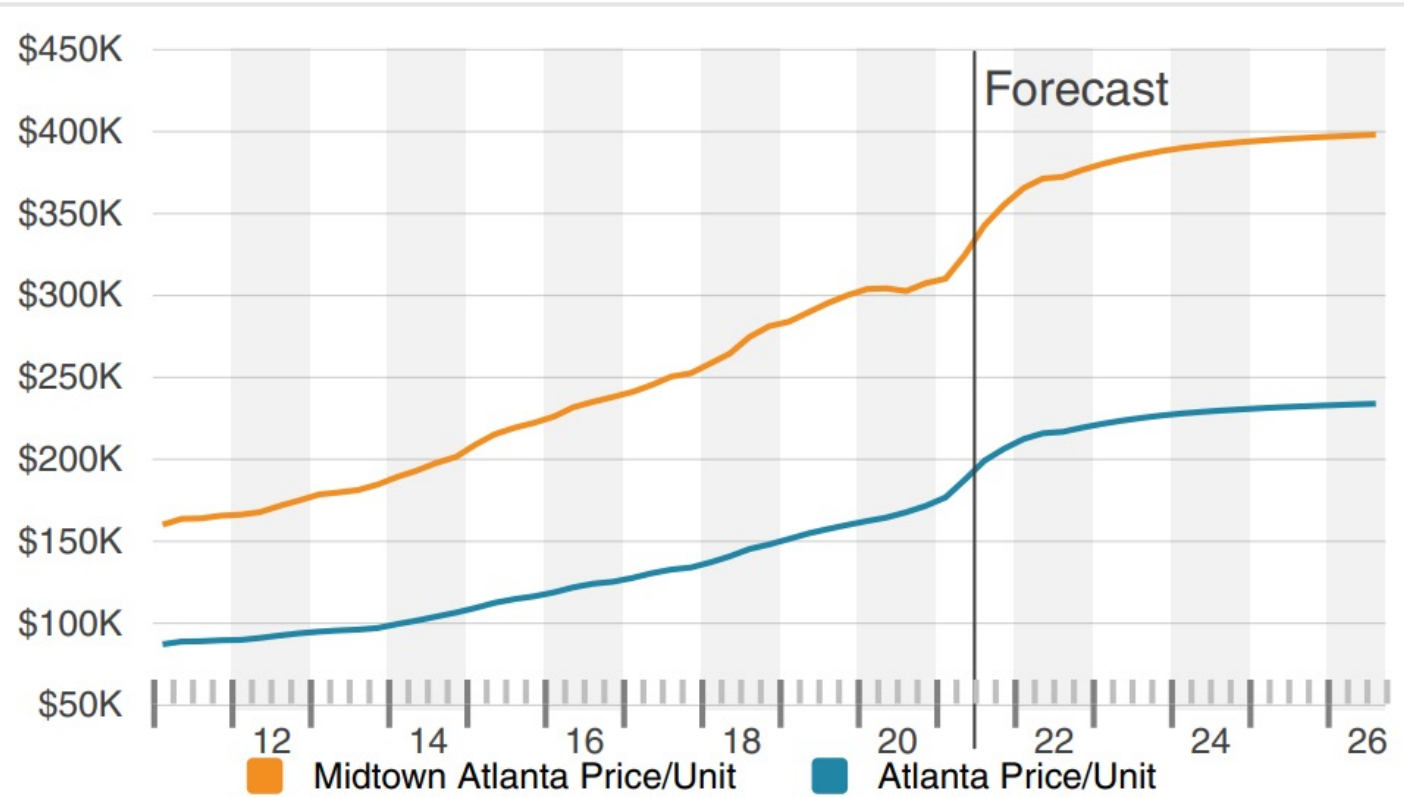


\* Midtown 4-5 Star cap rate projected to be <4.75 at our expected exit (end of year 2)

# COMPARABLE SALES

Property Name	Property Type	Address	City	State	Year Built	Units	Occupancy	Sale Date	Price	Price per Unit	Cap Rate
Dagny Midtown	High-Rise	888 Juniper Street	Atlanta	GA	2019	342	95%	10/13/2020	\$ 180,000,000	\$ 526,315.79	3.75%
Lilli Midtown	High-Rise	693 Peachtree Street	Atlanta	GA	2018	147	93%	2/20/2020	\$ 70,000,000	\$ 476,190.48	3.96%
Piedmont House Kincaid at Legacy	High-Rise	205 12th Street NE	Atlanta	GA	2017	198	91%	6/30/2019	\$ 123,948,000	\$ 626,000.00	3.90%
	High-Rise	7200 Dallas Prkway	Plano	TX	2018	300	95%	1/21/2020	\$ 147,500,000	\$ 491,666.67	3.90%
Northshore	High-Rise	110 San Antonio St.	Austin	TX	2016	439	91%	8/23/2018	\$ 316,000,000	\$ 719,817.77	3.90%
					Average	2017	1,426	93%	\$837,448,000	\$587,270	

Market Sale Price Per Unit



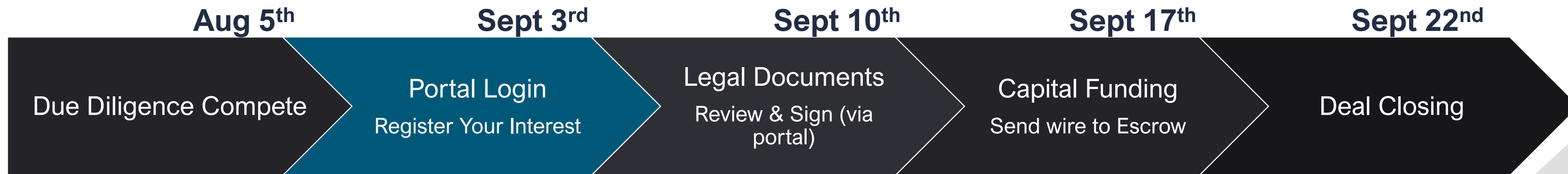
At current market cap rates of 4.75%, the property is valued at 45.7M in year 3, this gives us a significant equity buffer as we move from the bridge to Agency exit.

# SOURCES & USES

Sources	Total/Unit	Total	Units
Total Equity	\$ 96,147	\$ 6,538,000	68
<b>Total Sources</b>	<b>\$ 96,147</b>	<b>\$ 6,538,000</b>	<b>68</b>

Uses	Total/Unit	Total	Units
LP Equity Recap & Payoffs	\$ 86,956	\$ 5,913,000	68
Acquisition Fee	\$ 4,044	\$275,000	68
Closing Costs	\$956	\$ 65,000	68
Capex & Reserves	\$ 4,191	\$ 285,000	68
<b>Total Uses</b>	<b>\$ 96,147</b>	<b>\$6,572,000</b>	<b>68</b>

# NEXT STEPS



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