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A Multifamily Real Estate Investment Firm

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The Multifamily Opportunity

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- Rental vacancy rates fell for 4 consecutive years from 2018 to 2021.
- Growing national multifamily demand is going largely unmet. Most markets remain significantly undersupplied.
- There is a very compelling and timely opportunity to build a portfolio of multifamily assets in selected markets in country.

Table 1. Rental and Homeowner Vacancy Rates for the United States: 2018 to 2021

Year	Rental Vacancy Rate (percent)				Homeowner Vacancy Rate (percent)			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2021......	6.8	6.2			0.9	0.9		
2020......	6.6	5.7	6.4	6.5	1.1	0.9	0.9	1.0
2019......	7.0	6.8	6.8	6.4	1.4	1.3	1.4	1.4
2018......	7.0	6.8	7.1	6.6	1.5	1.5	1.6	1.5

All comparative statements in this report have undergone statistical testing, and unless otherwise noted, all comparisons are statistically significant at the 90 percent significance level. For an explanation of how the rates are calculated, please see the Explanatory Notes at the end of the press release.
Explanations of confidence intervals and sampling variability can be found on the CPS/HVS website at: <www.census.gov/housing/hvs>
Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, July 27, 2021.

The Multifamily Opportunity

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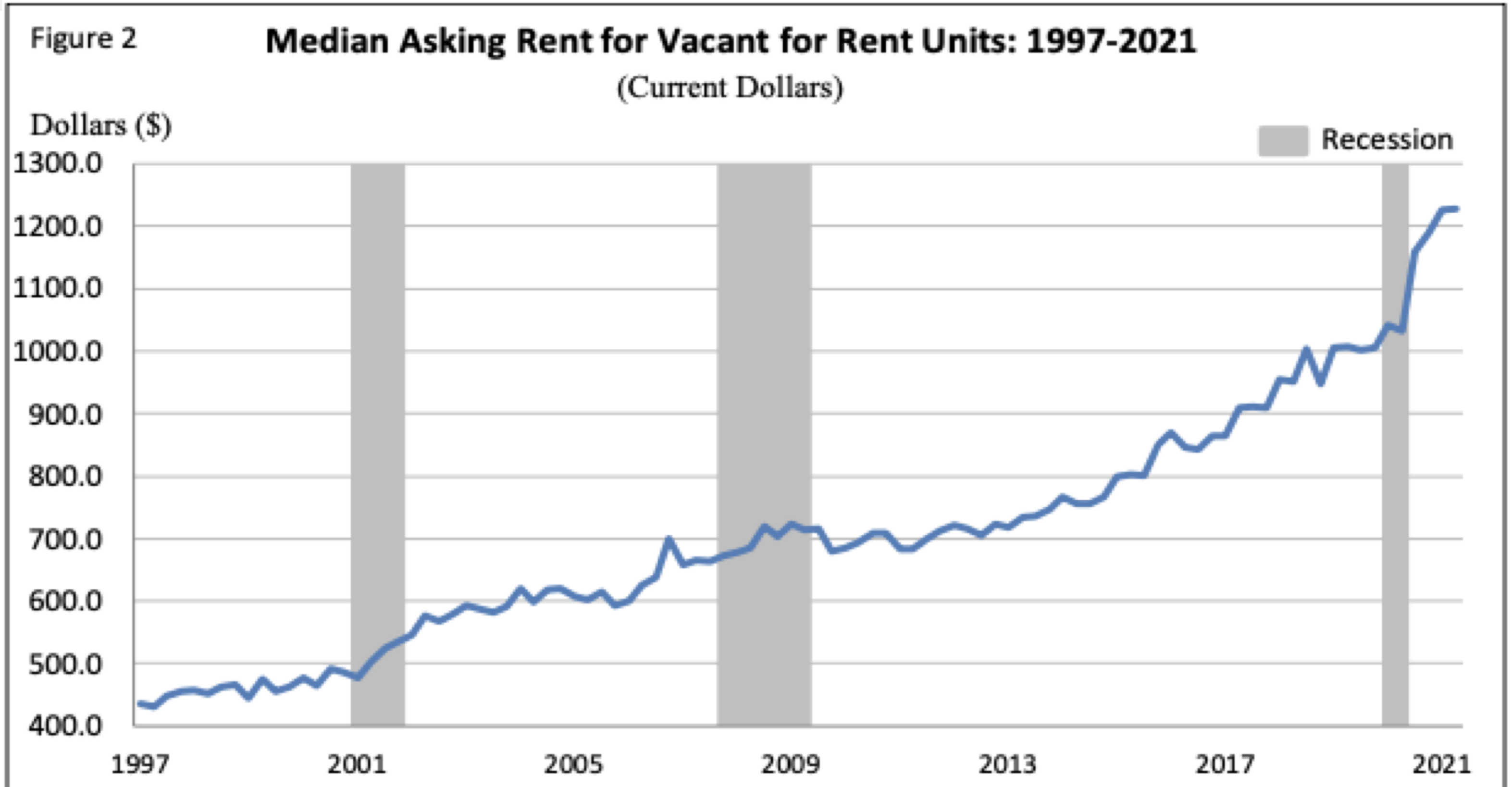
Median asking rent in USA for vacant rental units has increased around 20% over the past year and 86% over the last decade.

Figure 2



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, July 27, 2021
Recession data: National Bureau of Economic Research, <www.nber.org>

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Why Stenneth Capital?

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Stenneth Capital has a track record of patiently acquiring proprietarily sourced multifamily assets and operating them with a view to maximizing investment value. Stenneth Capital is a proven multi-family institution and:

- We have just seen statistics on the multifamily opportunity that median asking rent is increasing and rental vacancy rate is also decreasing.
- Has 10 years of lessons and broad investment experience in multifamily real estate.
- Is comprised of an experienced team of professionals with years of experience and PhDs.
- Has weathered 2 major real estate cycles and even more capital market shifts.
- Has delivered realized gross cash-on-cash of 25+% for total capital invested in realized multifamily transactions over the last 10 years.
- Expected to deliver a gross cash-on-cash of greater than 20% for total capital invested by Stenneth Capital.
- Has grown a multifamily portfolio from 1 to ~100 units in under 10 years using self funding.
- Created financial calculator that assist with the automation of our underwriting and multi family decision making.

Stenneth Capital's strategic focus on selected multifamily markets

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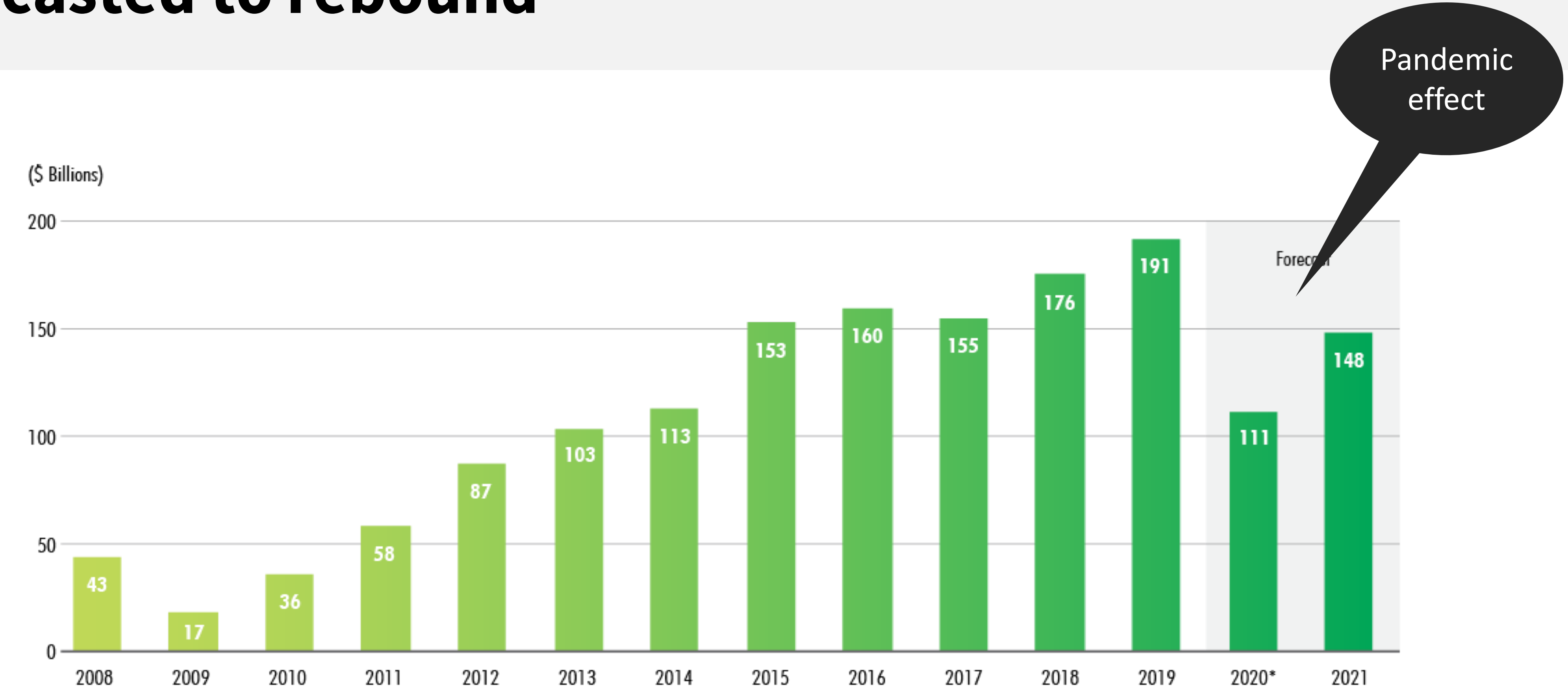
- Focus on strong residential neighborhoods
- Markets in which we can buy assets at discounts and off market assets
- Focus on assets that generate cash flow returns on 20+% annually
- Leverage of between 75 and 80%
- Assets with significant opportunity to raise rents due to gaps in building and asset management.
- Started in Chicago where we own and operate 100 units, keeping an eye on other cities.
- Optimize the entry point for each investment in determining whether to acquire and rehab or acquire and continue renting to current tenants.

(A) Stenneth Capital defines core markets as the eight largest (gateway) cities in the U.S.
(B) Stenneth Capital defines Non-Core markets as SMSA's or trade areas which exceed 1 million in total population

Multifamily investments in USA are forecasted to rebound



Source: Coldwell Banker Richard Ellis (CBRE) Research, Real Capital Analytics (historical), 2020 forecast is based on actual numbers through September. Actual Q1+Q2 2021 investments is $87.5 Billion according to CBRE

Multifamily Investment can be a natural inflation hedge

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Unlike most commercial property assets that are characterized by long-term, fixed-rate leases, multifamily assets with their **short lease durations** and steady turnover, provide protection against inflation in the following ways:

- Rents can be adjusted as leases expire, generally resulting in an annual re-pricing of property’s rental income base.
- Because apartments generally enjoy 65% to 70% net operating margins (before debt service), small percentage increases in revenue can offset significant inflation in operating expenses, resulting in net operating income growth that outpaces revenue growth.

7451 S. Vernon Street, Chicago, IL - Acquired in 2020 by Stenneth Capital

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Info	
Purchase price	$925,000
Entrance Cap Rate	**10.8%**
Current Cap Rate	**9.9.%**
Current cash on cash	**41.0%**
Estimated current added value	$285,000
Projected worth over the next 6 years	$1,656,000

	Per Sq. Ft	**Per Unit**	**Total**
Current Monthly Collections	$.98	$777.76	~$21,000
Value	$56.51	$44,629	1,205,000

Investment Drivers

- 27 units with 22 apartments and 5 stores
- This is a Mixed-use building with residential units and storefronts
- Strong location in Chicago. Located in a specific corridor which the City of Chicago plans to revamp and inject funds.
- Analyzed the asset management and saw a ripe opportunity to interject

Status

- Appropriately managed the risk involved with acquiring a new property and immediately created a foolproof plan to rapidly increase value added.
- Solved the issue of vacancies, rehabbed apartment to attract higher rents, added laundry room and increased the income.
- Easily added value to the property by decreasing vacancies and rehabbing the building.

(A) All of the following amounts are Stenneth Capital current estimates. There can be no assurance that performance consistent with estimates will be achieved.

6317 S. California Ave, Chicago, IL - Acquired in 2019 by Stenneth Capital

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Info	
Purchase price	$780,000
Entrance Cap Rate	**10.15%**
Current Cap Rate	**7.1.%**
Current cash on cash	**38.7%**
Estimated current added value	$240,000
Projected worth over the next 6 years	$1,456,000

Investment Drivers

- Six (6) studios,, six (7) 2Bd/1Ba, and four (4) 3Bd/1Ba units.
- Strong location in Chicago. 5 minutes drive to Midway airport and 2 minutes drive to the Marquette Golf club
- Analyzed the asset management and saw a ripe opportunity to interject

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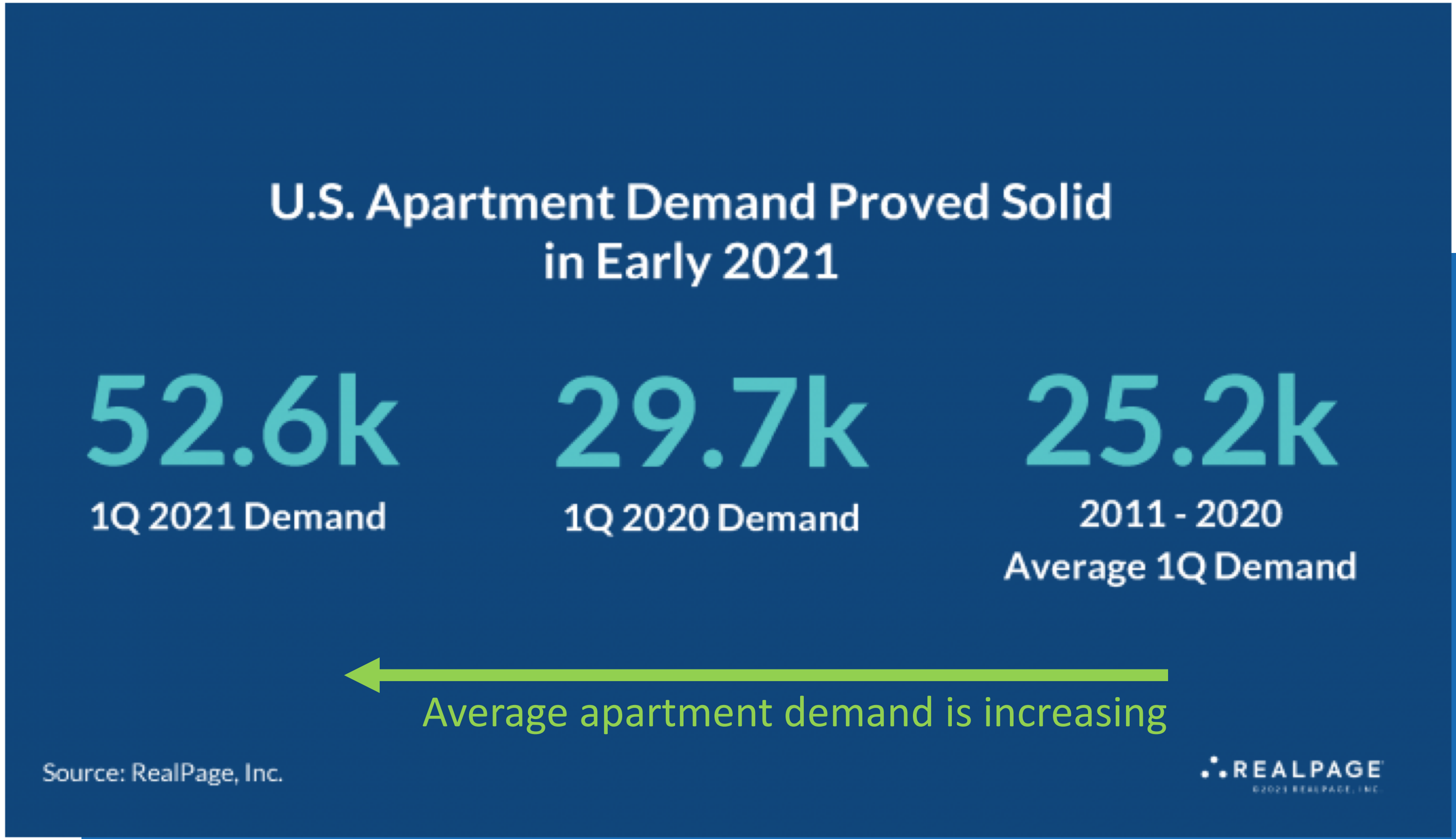
Demand should outpace supply

- Demand for 52.6K apartments registered across the country's 150 largest metro during the first quarter.



Source: U.S. Census Bureau, RealPage Inc

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Homeownership rates are on the decline

- The homeownership rate of 65.4 percent was lower than the rate in the second quarter 2020 (67.9 percent) but not statistically different from the rate in the first quarter 2021 (65.6 percent).

Table 4. Homeownership Rates for the United States: 2000 to 2021

Year	Homeownership Rates (percent) First Quarter Rate	First Quarter MOE[a]	Second Quarter Rate	Second Quarter MOE[a]	Third Quarter Rate	Third Quarter MOE[a]	Fourth Quarter Rate	Fourth Quarter MOE[a]
2021........	65.6	0.5	65.4	0.5				
2020........	65.3	0.5	67.9	0.5	67.4	0.5	65.8	0.5
2019........	64.2	0.5	64.1	0.5	64.8	0.5	65.1	0.5
2018........	64.2	0.5	64.3	0.5	64.4	0.5	64.8	0.5
2017........	63.6	0.5	63.7	0.5	63.9	0.5	64.2	0.5
2016........	63.5	0.5	62.9	0.5	63.5	0.5	63.7	0.5
2015........	63.7	0.5	63.4	0.5	63.7	0.5	63.8	0.5
2014........	64.8	0.5	64.7	0.5	64.4	0.5	64.0	0.5
2013........	65.0	0.5	65.0	0.5	65.3	0.5	65.2	0.5
2012........	65.4	0.5	65.5	0.5	65.5	0.5	65.4	0.5
2011........	66.4	0.5	65.9	0.5	66.3	0.5	66.0	0.5
2010........	67.1	0.5	66.9	0.5	66.9	0.5	66.5	0.5
2009........	67.3	0.5	67.4	0.5	67.6	0.5	67.2	0.5
2008........	67.8	0.5	68.1	0.5	67.9	0.5	67.5	0.5
2007........	68.4	0.5	68.2	0.5	68.2	0.5	67.8	0.5
2006........	68.5	0.5	68.7	0.5	69.0	0.5	68.9	0.5
2005........	69.1	0.5	68.6	0.5	68.8	0.5	69.0	0.5
2004........	68.6	0.3	69.2	0.2	69.0	0.2	69.2	0.3
2003........	68.0	0.3	68.0	0.3	68.4	0.3	68.6	0.3
2002[b].......	67.8	0.3	67.6	0.3	68.0	0.3	68.3	0.3
2001........	67.5	0.3	67.7	0.3	68.1	0.3	68.0	0.3
2000........	67.1	0.3	67.2	0.3	67.7	0.3	67.5	0.3

[a]A margin of error is a measure of an estimate's reliability. The larger the margin of error in relation to the size of the estimate, the less reliable the estimate. This number, when added to and subtracted from the estimate, forms the 90 percent confidence interval. [b]Revised in 2002 to incorporate information collected in Census 2000. Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, July 27, 2021.

Source: U.S. Census Bureau, Stenneth Capital Projections

Stenneth Capital's Leadership

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Leon Stenneth

With 8 years of experience in commercial real estate and 20 years in residential real estate, Leon focuses on the strategic vision of the company. He has a Ph.D. in Computer Science and uses data driven decisions in real estate investing.

Maria Pike

Maria is the Director of Sourcing and Acquisitions. With 30 years experience in commercial real estate, Maria focuses on finding the deals and property acquisition.

Rob Roe & Associates

Rob has handled over a thousand closings from simple residential closings, large multipurpose commercial transactions, and 1031 exchanges. Additionally, he has handled landlord-tenant issues, estates and assets of all sizes passing both outside, court probate processes, matters pertaining to business assets and real estate.

SyndicationAttorneys.com

Syndication Attorneys supports Stenneth Capital with Syndication, securities and services/educational products to support the capital raising efforts.

Appendix

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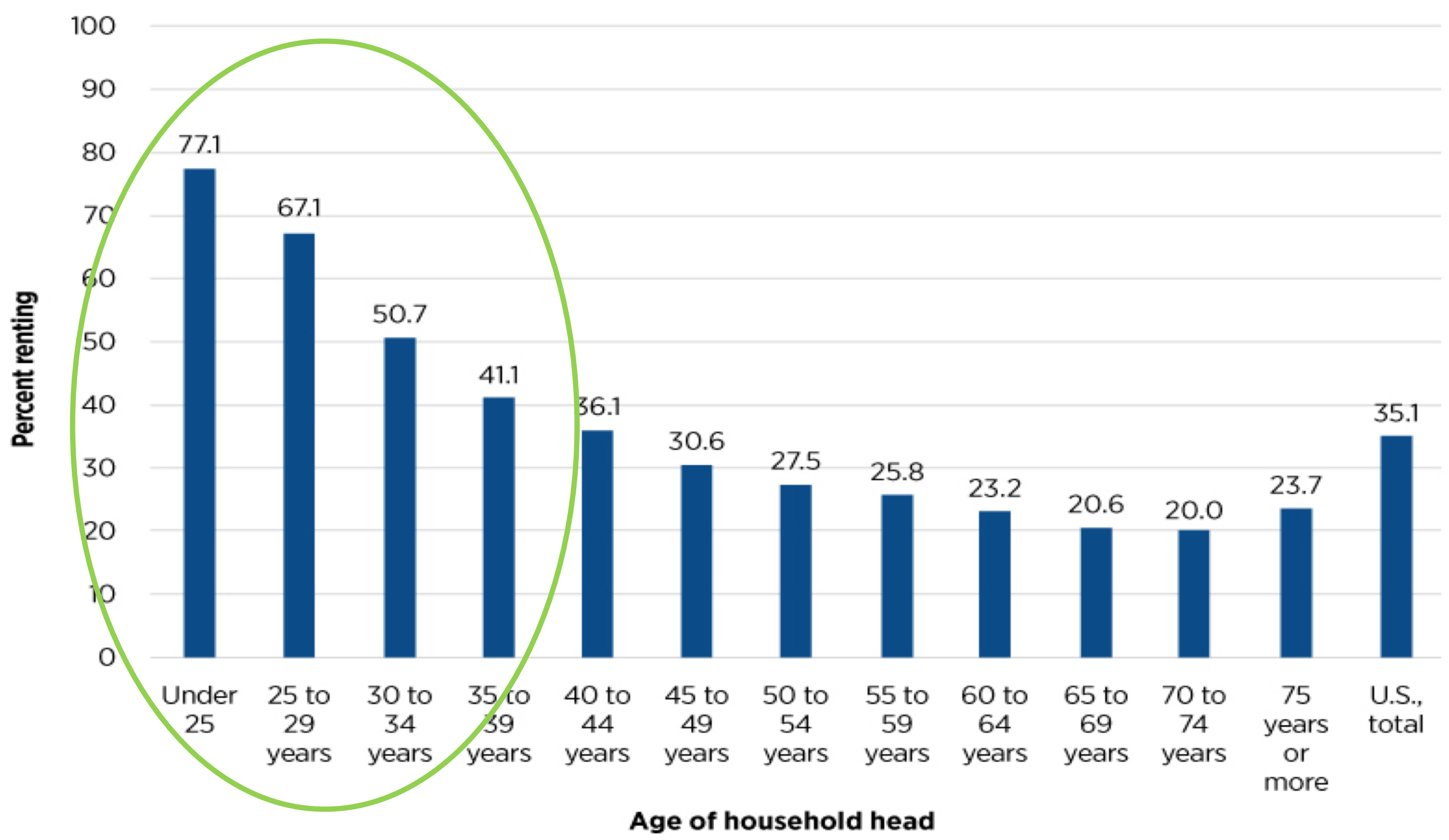
Millennials pose favorable demographics for apartments

- There are a myriad of factors that influence the market , but one thing remains true. Under 40 households (Millennials) have the highest projected renting rates.



Source: U.S. Census Bureau, St. Louis Bank

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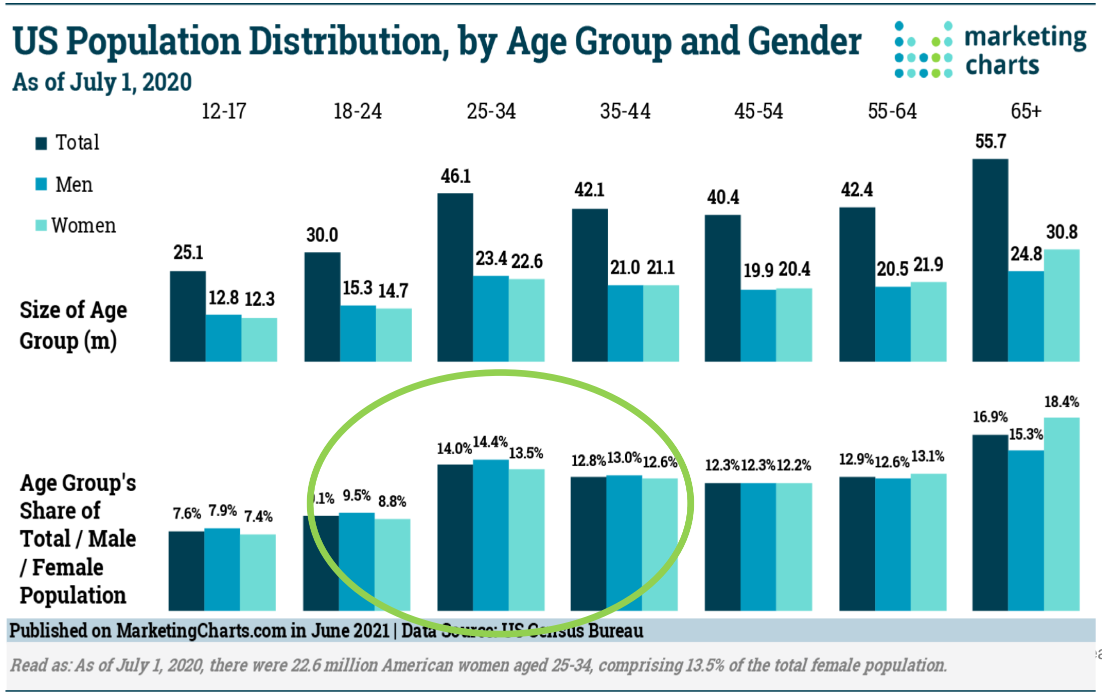
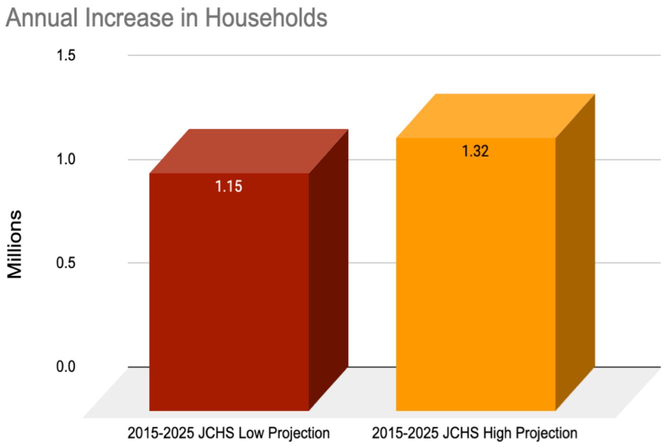
The time to own multifamily is now

- Harvard's Joint Center for Housing Studies (JCHS) estimates household growth to add at least 25 million households between 2015 and 2035. See right plot below

- The population that are most likely to rent, currently make up the bulk of the U.S population at a whopping 36% of the U.S population, household formations are on the horizon.



au, Marketingcharts



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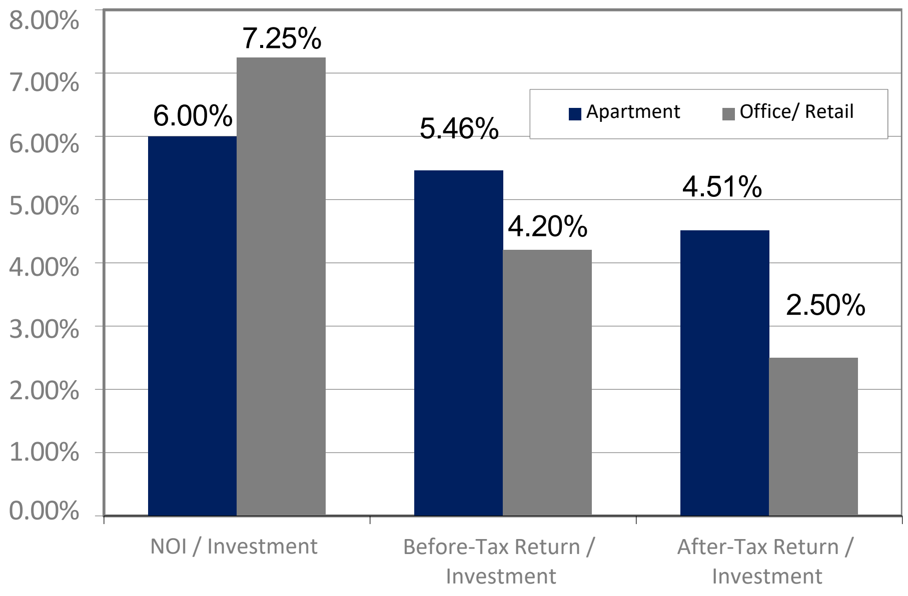
Multifamily Versus Commercial Cash Flows

Apartments offer more attractive after-tax returns than other commercial real estate investments because of their:

- Accelerated depreciation (27.5 years compared to 39 years)
- Lower capital expenditures
- Lack of leasing commissions

Year 1 Returns Comparison



Asset Details		Apartment		Office/Retail
Units/ (SF)		120 units		83,333 SF
Year of Construction		1995		1995
Asset Value		$10,000,000		$10,000,000
Land as % of Total Cost		10%		10%
Value/ Unit (SF)		$83,333 /unit		$120 /SF
Average Tenant Size		1 unit		7,500 SF
Net Rent/ Unit (SF)		$7,692 /unit		$17.40 /SF
Exposure %/ Tenant		0.8%		9.0%
Asset Turnover/ Year		60%		15%
Common Area Capital Improvements/ Unit (SF)		$150 /unit		$0.50 /SF
Capital Improvements/ Unit (SF) Upon Turnover		$500 /unit		$20 /SF
Leasing Commissions		N/A		6%
Gross Income		$923,077		$1,450,000
Operating Expenses	35%	$323,077	50%	$725,000
Net Operating Income		$600,000		$725,000
INDICATIVE CAP RATE		**6.00%**		**7.25%**
Non-recurring Expenses				
Annual Common Area Capital Improvement Expense		$18,000		$41,667
Annual Capital Improvement Expense Upon Turnover		$36,000		$249,999
Leasing Commissions		$0		$13,050
Net Unleveraged Free Cash Flow Before Taxes		$546,000		$420,285
UNLEVERAGED BEFORE-TAX CF (as a % of investment)		**5.46%**		**4.20%**
IRS Cost Recovery Schedule/ Year (at starting tax basis)				
Multi-family (27.5 year straight line depreciation)		($329,236)		
Commercial (39 year straight line depreciation)				($238,248)
Taxable Income Before Interest Deduction		$270,764		$486,752
Tax @ 35%		$94,767		$170,363
Net Unleveraged Free Cash Flow After Taxes		$451,233		$249,921
UNLEVERAGED AFTER-TAX CF (as a percentage of investment)		**4.51%**		**2.50%**
UNLEVERAGED AFTER-TAX RETURN VS. INDICATIVE CAP RATE (A)		**75.21%**		**34.47%**

Source: U.S. Census Bureau, Marketingcharts

Multifamily Motivation

Current market conditions create an attractive window of opportunity in the multifamily sector:

- CBRE forecasts a return to pre-COVID vacancy levels and a 6% increase in net effective rents next year, with a full market recovery occurring in early 2022. The economic rebound will lead to rising multifamily demand, largely from "unbundling"—certain renters moving out of their parents' homes or those of friends as job opportunities provide more financial flexibility to live independently. Demand levels in 2021 likely will fall short of pre-COVID peaks in 2018 and 2019 but should rise significantly from 2020.
- Homeownership rates have stabilized, but the millions of homeowners that have transitioned to the rental market continue to drive substantial apartment demand. Even with a reversion to long-term average historical levels, the rental market will be undersupplied over the mid-term.
- Additionally, the demand for new housing units is likely to increase faster than the population itself is projected to grow. Extending the Joint Center for Housing Studies' projections for 2020 another decade suggests that between 2005 and 2030, the number of households will rise by almost 30 percent – that is, 33 million new households
- As the industry moves past the COVID-19 crisis of 2020, the steady wave of new multifamily renters will create new opportunities for investors, owners and developers over the next decade.
- Additionally, as a result of the supply and demand imbalance, apartment rents continue to increase in most markets.

Source: Coldwell Banker Richard Ellis (CBRE), Joint Center for Housing Studies Harvard University, and Stenneth Capital estimates