

Crofton Place

268 Units | Houston TX



Cashflow and Value-Add Investment Opportunity

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EXCEPTIONAL INVESTMENT OPPORTUNITY



-  **Purchase price materially below market:**
 - \$54K per Door
 - 92% Occupancy
 - Equity day 1 (Current appraisal at \$20MM)
-  **Superior cashflow property**
 - \$1.55MM NOI
 - 10.7% Cap Rate
-  **Expected significant value-add opportunities:**
 - Rent increase (\$130/door below market rent)
 - Activate existing laundry rooms
 - RUBS charge back opportunity (\$70/unit)
-  **Projected outstanding returns and equity value**
-  **Anticipated tax strategies and benefits:**
 - Cost Segregation and Bonus Depreciation

BUSINESS PLAN



Business Strategy

- Bridge loan - \$10.15M @ 10.5% for 18 months
- Raising \$6.7M
- Refinance in 18 months into a Federal loan (80% LTV @ 5.62%) and payout investors
- Renovate 150 units (\$7k/unit)
- Income increase of \$200/unit (\$100/unit lower than market)
- Other income opportunities (laundry room) and expense reductions
- Implement standard security protocols


CAPEX - \$2MM

- Upgrade 150 Units
- Roofs and electrical panels upgrades
- Laundry rooms
- Reserved parking
- Exterior improvements
- Pool upgrades and playground

Projected Value Add

- \$700K to NOI (equaling \$2M+/yr)
- Increasing market value by \$10M @ 8% cap rate

CURRENT FINANCIALS

	6/30/2024	7/31/2024	8/30/2024	9/31/2024	10/31/2024	11/30/2024	12/31/2024	1/31/2025	2/28/2025	3/31/2025	4/30/1931	5/31/2025	TOTAL
 Income	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Rental Income													
4000 - Gross Potential Rent(100%)	\$ 235,653	\$ 235,653	\$ 235,653	\$ 235,653	\$ 235,653	\$ 235,653	\$ 235,653	\$ 254,360	\$ 254,360	\$ 254,360	\$ 254,360	\$ 254,360	\$ 2,921,371
4012 - Vacancy Loss	\$ (19,215)	\$ (21,215)	\$ (21,860)	\$ (20,285)	\$ (20,285)	\$ (18,535)	\$ (21,020)	\$ (17,535)	\$ (17,535)	\$ (17,535)	\$ (16,375)	\$ (14,795)	\$ (226,190)
4016- Delinquency	\$ (8,150)	\$ (6,190)	\$ (6,909)	\$ (8,106)	\$ (7,851)	\$ (7,598)	\$ (7,132)	\$ (5,944)	\$ (6,726)	\$ (4,297)	\$ (6,930)	\$ (6,349)	\$ (82,183)
Total Rental Income	\$ 208,288	\$ 208,248	\$ 206,884	\$ 207,262	\$ 207,517	\$ 209,520	\$ 207,501	\$ 230,881	\$ 230,099	\$ 232,528	\$ 231,055	\$ 233,216	\$ 2,612,998
Other Income													
4505 - Applications/ ADM Fees	\$ 760	\$ 650	\$ 850	\$ 600	\$ 725	\$ 1,600	\$ 260	\$ 440	\$ 760	\$ 1,510	\$ 550	\$ 120	\$ 8,825
Late charge	\$ 2,471	\$ 2,946	\$ 2,790	\$ 1,869	\$ 1,556	\$ 2,091	\$ 1,994	\$ 1,514	\$ 2,928	\$ 3,067	\$ 2,735	\$ 2,051	\$ 28,012
Water Add Back	\$ 4,550	\$ 4,205	\$ 4,090	\$ 4,090	\$ 2,925	\$ 2,705	\$ 2,645	\$ 2,555	\$ 2,494	\$ 2,449	\$ 3,604	\$ 2,830	\$ 39,142
Total Other Income	\$ 7,781	\$ 7,801	\$ 7,730	\$ 6,559	\$ 5,206	\$ 6,396	\$ 4,899	\$ 4,509	\$ 6,182	\$ 7,026	\$ 6,889	\$ 5,001	\$ 75,979
Total Income	\$ 216,069	\$ 216,049	\$ 214,614	\$ 213,821	\$ 212,723	\$ 215,916	\$ 212,400	\$ 235,390	\$ 236,281	\$ 239,554	\$ 237,944	\$ 238,217	\$ 2,688,977
Expenses													
Total Payroll & Related	\$ 22,486	\$ 23,286	\$ 23,061	\$ 22,786	\$ 21,860	\$ 23,350	\$ 22,966	\$ 22,596	\$ 22,121	\$ 22,561	\$ 20,501	\$ 19,175	\$ 266,749
Total Administrative Expenses	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 895	\$ 10,740
Utilities													
5900 - Electric -Common Areas	\$ 1,860	\$ 1,721	\$ 1,758	\$ 1,651	\$ 1,522	\$ 2,094	\$ 2,034	\$ 1,929	\$ 1,730	\$ 2,573	\$ 1,879	\$ 1,748	\$ 22,499
5905 - Electric -Vacant Units	\$ 495	\$ 434	\$ 401	\$ 427	\$ 510	\$ 385	\$ 412	\$ 365	\$ 315	\$ 335	\$ 388	\$ 351	\$ 4,818
5925 - Water / Sewer	\$ 31,980	\$ 31,579	\$ 29,013	\$ 30,058	\$ 22,079	\$ 27,450	\$ 12,487	\$ 15,046	\$ 25,112	\$ 22,294	\$ 24,457	\$ 26,281	\$ 297,836
5926 - Gas	\$ 875	\$ 980	\$ 725	\$ 680	\$ 710	\$ 540	\$ 310	\$ 813	\$ 928	\$ 900	\$ 721	\$ 759	\$ 8,940
Total Utilities	\$ 35,210	\$ 34,714	\$ 31,897	\$ 32,816	\$ 24,821	\$ 30,469	\$ 15,243	\$ 18,153	\$ 28,085	\$ 26,102	\$ 27,445	\$ 29,139	\$ 334,093
Total Maintenance & Repairs	\$ 8,360	\$ 8,190	\$ 8,250	\$ 8,420	\$ 7,621	\$ 7,952	\$ 8,145	\$ 8,276	\$ 6,975	\$ 7,825	\$ 5,585	\$ 4,781	\$ 90,380
Total Taxes & Insurance	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 31,710	\$ 380,520
Total Service Related Expenses	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 4,450	\$ 53,400
Total Operating Expenses	\$ 103,111	\$ 103,245	\$ 100,263	\$ 101,077	\$ 91,357	\$ 98,826	\$ 83,409	\$ 86,080	\$ 94,236	\$ 93,543	\$ 90,586	\$ 90,150	\$ 1,135,882
Net Operating Income (Loss)	\$ 112,958	\$ 112,804	\$ 114,351	\$ 112,744	\$ 121,366	\$ 117,090	\$ 128,991	\$ 149,310	\$ 142,045	\$ 146,011	\$ 147,358	\$ 148,067	\$ 1,553,095

Property currently making \$1.55M of NOI

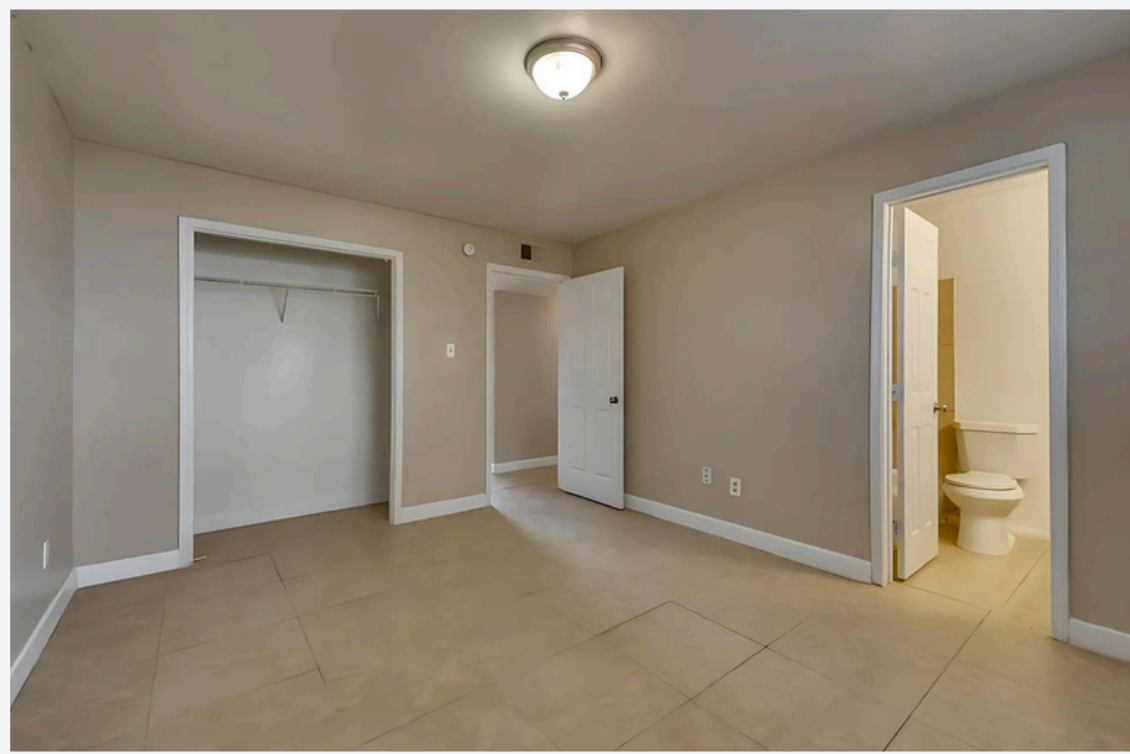
PROFORMA

	T12	Year 1	Year 2	Year 3
Income	Actuals	Proforma	Proforma	Proforma
Rental Income				
4000 - Gross Potential Rent(100%)	\$ 2,921,371	\$ 3,305,131	\$ 3,526,531	\$ 3,747,931
4012 - Vacancy Loss	\$ (226,190)	\$ (248,809)	\$ (273,690)	\$ (301,059)
4016- Delinquency	\$ (82,183)	\$ (90,401)	\$ (99,441)	\$ (109,385)
Total Rental Income	\$ 2,612,998	\$ 2,965,921	\$ 3,153,400	\$ 3,337,487
Other Income				
4505 - Applications/ ADM Fees /Late charge	\$ 8,825	\$ 29,708	\$ 31,193	\$ 32,753
Late charge	\$ 28,012	\$ 30,813	\$ 32,354	\$ 33,972
Water Add Back	\$ 39,142	\$ 74,459	\$ 130,303	\$ 172,186
Total Other Income	\$ 75,979	\$ 134,980	\$ 193,851	\$ 238,911
Total Income	\$ 2,688,977	\$ 3,100,901	\$ 3,347,250	\$ 3,576,398
Expenses				
Total Payroll & Related	\$ 266,749	\$ 280,086	\$ 294,091	\$ 308,795
Total Administrative Expenses	\$ 10,740	\$ 11,277	\$ 11,841	\$ 12,433
Utilities				
5900 - Electric -Common Areas	\$ 22,499	\$ 23,624	\$ 24,805	\$ 26,045
5905 - Electric -Vacant Units	\$ 4,818	\$ 5,059	\$ 5,312	\$ 5,577
5925 - Water / Sewer	\$ 297,836	\$ 223,377	\$ 167,533	\$ 125,650
5926 - Gas	\$ 8,940	\$ 9,387	\$ 9,856	\$ 10,349
Total Utilities	\$ 334,093	\$ 261,447	\$ 207,506	\$ 167,622
Total Maintenance & Repairs	\$ 90,380	\$ 94,899	\$ 198,836	\$ 218,720
Total Taxes & Insurance	\$ 380,520	\$ 418,572	\$ 439,501	\$ 461,476
Total Service Related Expenses	\$ 53,400	\$ 56,070	\$ 123,181	\$ 129,340
Total Operating Expenses	\$ 1,135,882	\$ 1,122,351	\$ 1,274,955	\$ 1,298,385
Net Operating Income (Loss)	\$ 1,553,095	\$ 1,978,550	\$ 2,072,295	\$ 2,278,013

Purchase	\$14,500,000			
CAPEX	\$2,200,000			
Total Borrowed	\$16,700,000	\$16,700,000	\$16,700,000	\$16,700,000
Projected Value (8% cap rate)	\$19,413,690	\$24,731,872	\$25,903,692	\$28,475,163
LTV	86.02%	67.52%	64.47%	58.65%
CAP Rate	9.30%	11.85%	12.41%	13.64%
Cash on Cash	23.18%	29.53%	30.93%	34.00%

NOI increasing by \$700K by Year 3

Crofton Place



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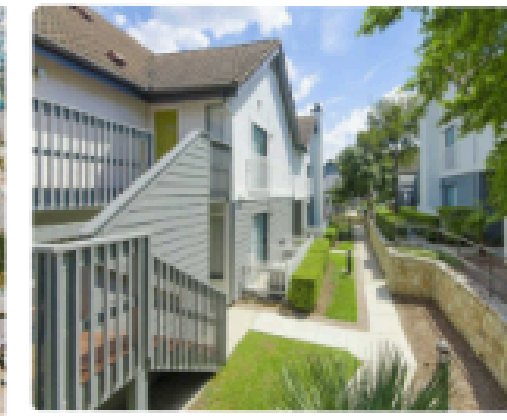
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MODEL INVESTOR
ALLIANCE

Proven Performance Across our Portfolio



Property	Sweet Redemption 44 Units	Casa San Luis 63 Units	Vista Del Lago 320 Units	Luna Vista 236 Units	Edge Residences 128 Units	Cityscape Arts 72 Units
Location	Arlington, TX	Dallas, TX	Dallas, TX	Fort Worth, TX	San Antonio, TX	Fort Worth, TX
Purchase Date	Dec/22	Jul/23	Aug/22	Oct/23	Aug/24	Sep/24
Price / Latest Value	\$7.1M / \$12.5M	\$6.9M / \$7.9M	\$28.5M / \$30.5M	\$26.1M / \$27.1M	\$8M	\$14.5M
Occupancy Then / Now	89% / 100%	90% / 95%	88% / 90%	89% / 91%	Stabilizing	Stabilizing
Rents Then / Now	\$1773 / \$1868 +\$95	\$1045 / \$1287 +\$242	\$944 / \$1052 +\$108	\$1062 / \$1133 +\$71	Stabilizing	Stabilizing
Proj IRR Proj AAR	17.67% 24.40%	16.19% 21.67%	18.54% 22%	15% 18%	19% 23%	15% 18%
Equity Multiple	2.2X	2.4X	2.1X	1.9X	2.2X	2X

Gallery

