



Midwest Portfolio

A Multifamily Investment Opportunity





7 Property Portfolio



Cincinnati

- | | |
|--------------------------------|-----------|
| 1. Eagle Watch Apartments | 96 Units |
| 2. LaRose Place Apartments | 161 Units |
| 3. Williamstown Apartments | 73 Units |
| 4. Wyoming Crossing Apartments | 96 Units |



Columbus

- | | |
|----------------------------|-----------|
| 5. Colonial Park Townhomes | 160 Units |
|----------------------------|-----------|



Southeast Indiana

- | | |
|---------------------------|-----------|
| 6. Regal Manor Apartments | 102 Units |
| 7. Stonebrook Apartments | 84 Units |

772-UNIT PORTFOLIO VALUE ADD C-CLASS to B-CLASS

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Midwest Portfolio

Executive Summary



Deal Story

Midwest Portfolio Deal:

- This 772-unit portfolio includes 7 apartment communities across the emerging Cincinnati, Columbus, and Southeastern Indiana submarkets in the Midwest.
- The portfolio is a unique, hard-to-find, value-add opportunity at 7%+ cap rate with solid submarket fundamentals and high demand markets with a very high barrier to entry.

Motivated Seller:

- Current ownership group built up this portfolio over a 15-year period and is now looking to retire.
- Complicated portfolio that requires a group with the ability to solve complicated purchases with multiple assumptions. Not an easy deal to close.

Reputation for Closing:

- Seller came back to us based on the recommendation from the broker with whom we have built a strong relationship and very high surety of close.
- We originally underwrote the deal at \$49M and made our initial offer in July. Seller wanted \$56M. Negotiated for 5 months on/off until we agreed at \$50MM.





Cincinnati, OH MSA

Economic Highlights

- **#2 City to Buy a Home for Best Rental Return" - CNBC**
- **#5 in America's Most Affordable Cities" - Forbes**
- **#2 Best City to Build a Green Career - Good Call**
- **#9 Best City to Raise a Family - Forbes**

- **6.5% 1-year growth in Median Household Income**
- **7.3% 1-year growth in Median Property Value**
- **One of 15 US Cities' Emerging Downtowns" - Forbes**
- **"Steady Widespread Growth Continues" - Federal Reserve Bank of Cleveland**

Cincinnati Market Summary

Emerging Market:

- Cincinnati's stable but growing apartment market put it at #14 among the 50 largest markets for rent growth in 2020.

Western Cincinnati - Eagle Watch and Wyoming Crossing

Path of Progress:

- The city of Cincinnati's targeted public investment in the area has drastically increased the amount of money and activity in the local submarket.
- These two properties on the western side of town are only two minutes from each other and ten minutes from a downtown area teeming with top notch employment and retail.
- The region is expected to see a continued increase in tenant move-ins in an already high occupancy market, leading to sustained rental growth.
- Located in the submarket of Westwood, these properties provide a very favorable unit mix of two-bedroom layouts and competitive rental rates in a city full of strong market fundamentals.

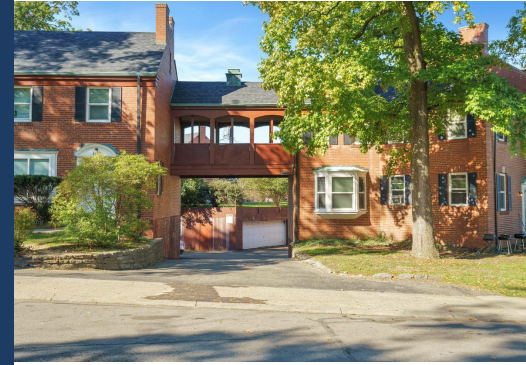


Cincinnati Market Summary

North Cincinnati - LaRose Place & Williamstown

Path of Progress:

- Both properties are within minutes from the latest area to receive huge influx of investment, **Pleasant Ridge**, as can be seen by several retailers adding locations who were currently just in Over the Rhine.
- LaRose Place** is located on a corridor of infrastructure that continues to grow both north and east from downtown Cincinnati.
- Many of the surrounding neighborhoods have already gone through a transitional phase and seen upward of 20-25% rental increases in the past 2 years. LaRose Place is strategically located in this corridor, which is prime for continued redevelopment.
- Williamstown** is conveniently located north of the Norwood Lateral and between Interstate 71 and 75, so residents have easy commuter access throughout the MSA.
- 80% of the workforce hold traditionally white collar positions and less than 20% are employed in traditionally blue-collar fields.





Columbus, OH MSA

Economic Highlights

- #1 Best American Cities to Work in Tech, 2019
- #2 Best Place to Live in Ohio
- #3 Best Cities for New College Grads in 2019
- #9 Top 15 U.S. cities to launch your career

- 4.9% 1-year growth in Median Household Income
- 8% 1-year growth in Median Property Value
- Average rent growth in 2020: 3.5%
- Average occupancy growth in 2020: 0.5%

Columbus Market Summary

Columbus - Colonial Park Townhomes

Emerging Market:

- The recession-resistant job sectors, such as government and education, helped Columbus claim a spot among the top 10 apartment markets across the country that best withstood the COVID-19 Pandemic.
- As the capital of Ohio and home to significant talent in the area, Columbus boasts a stable business environment that fosters the growth of corporate operations, including the headquarters of 17 Fortune 1000 companies and 5 Fortune 500 companies.

Path of Progress:

- Neighborhoods all around the asset have been revitalized leaving this remaining pocket. This provides an opportunity for us to get into a great market at a great basis with the opportunity to benefit from the appreciation in the area without overpaying for the asset.





Southeast Indiana (Louisville, KY MSA)

Economic Highlights

- #1 Coolest U.S. Cities to Visit in 2018 – Forbs
- #1 Manufacturing City
- Headquarters for 6 Fortune 500 Companies
- UPS Worldwide Hub

- 6.6% 1-Year Median Household Income Growth
- 4.7% 1-Year Median Property Value
- 1.27M Population
- 45th largest metropolitan statistical area (MSA)

Southeast Indiana Submarket

Southeast Indiana

Regal Manor & Stonebrook Apartments

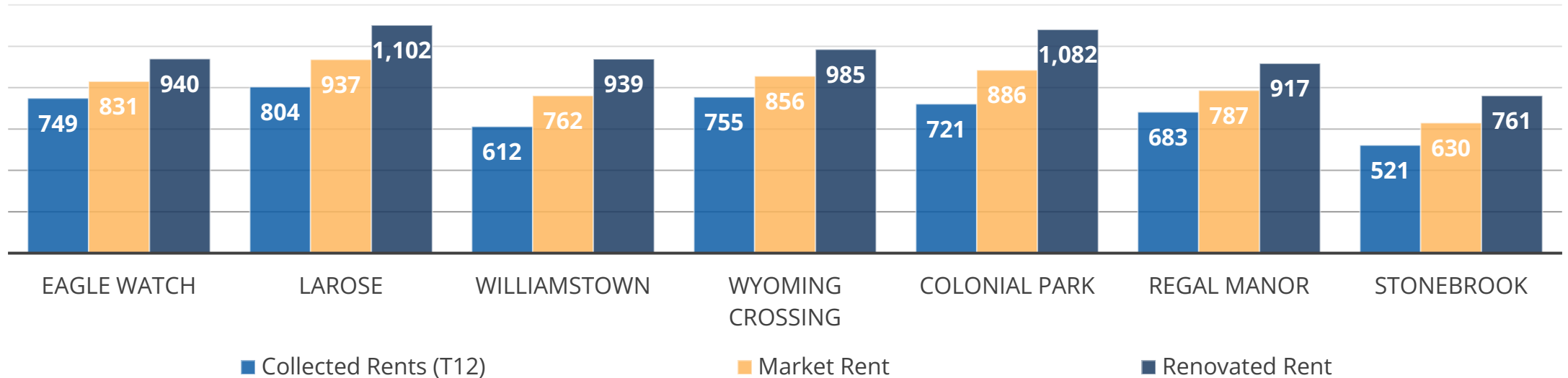
High Demand:

- The submarket has seen significant growth in upper working class jobs leading to a surge in demand for nicer rental housing
- A couple of newer A-class developments have been added to the market over the past 10 years and are currently fully occupied with a waiting list
- There is significant unmet demand for B-class housing and any similar product has limited to no vacancy
- We also plan to draw in local workers who have had to source housing farther away from town due to lack of supply
- Reposition of these units from Class C to Class B will allow for these residents to find housing closer to their jobs



Portfolio Rent Upside

Bought Below Market w/ Post-Renovation Rent Premiums



Raising Rents to Market

Projecting an average of **\$120/mo rent bumps** without renovations

Renovated Rent Premiums

Seller only **partially renovated ~40%** of the units across the portfolio over 3-5 years.
Projecting **\$270/mo total rent increases** over 2 years.

SUPPORTING AREA DEMOGRAPHICS

(Average of seven properties by
their respective zip codes)

\$67,609

«

\$123,591

\$986

«

\$44,185

Midwest Portfolio
Price Per Door

Median
House Value

Target Median
Annual Rent

Median
Household Income

$\$986 \times 12 \times 2.5 = \$29,580 \ll \$44,185$

Major Amenities/Growth Nearby

Join us on a drone tour of our Midwest Portfolio with a flyover of the surrounding area and amenities.



Conservative Financing



- Fannie & Freddie Agency Debt
- Low Portfolio Leverage: 60% LTV (49% LTC)
- Loan assumption at very attractive rates
- Average Interest Rate at 4.0%
- 0-48 months I/O periods remaining
- Raising additional \$1.8M for 6 months in operating reserves.

- Breakeven occupancy of 67%.
- Proforma economic vacancy of 13% gives us the ability to have up to 100 units vacant to renovate while maintaining stabilized cashflow. Only need 32 units available to turn entire property in 2 years.
- Conservative assumptions for resale value based on reversion cap rate increase by 10 bps per year
- Underwriting with an eye towards market trends in 2008-11 versus 2015-18.



Conservative Underwriting



EQUITY INVESTMENT

PURCHASE PRICE

\$ 50,000,000

USES

Purchase Price

\$ 50,000,000

Capital Reserves

\$ 1,761,194

Capital
Improvements

\$ 6,689,700

Closing Costs

\$ 2,500,000

TOTAL USES

\$ 60,950,894

SOURCES

Debt Financing

\$ 29,816,518

Equity Investment

\$ 31,134,376

TOTAL SOURCES

\$ 60,950,894

INVESTMENT HIGHLIGHTS

Preferred
Return
8%

Projected Annual
Cash On Cash
12%

Projected
IRR
16%

Investment
Term
5-10 years

DISCLAIMER

This preliminary information package offers only limited descriptive material regarding a Limited Liability Company investment in Midwest Portfolio. 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 for whom it was originally provided. This is for informational purposes only and it is not a solicitation or offering to the recipient.

Midwest Portfolio Projected Returns*

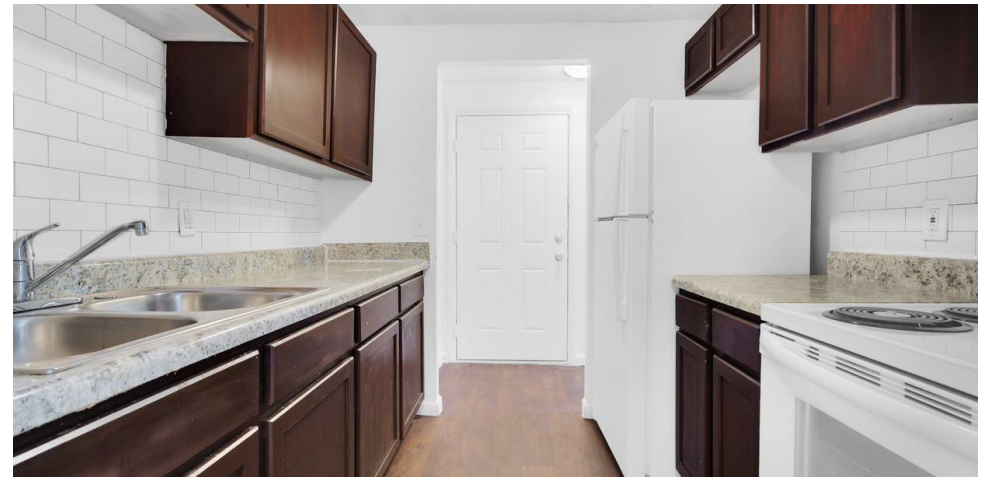
(based on \$100K investment)

	Year 1	Year 2	Year 3	Year 4	Year 5
COC Return**	5%	8%	17%	15%	13%
Return of Capital			70%		30%
Retained Equity					39%
Cumulative Return	\$5,000	\$13,000	\$88,100	\$92,600	\$165,500

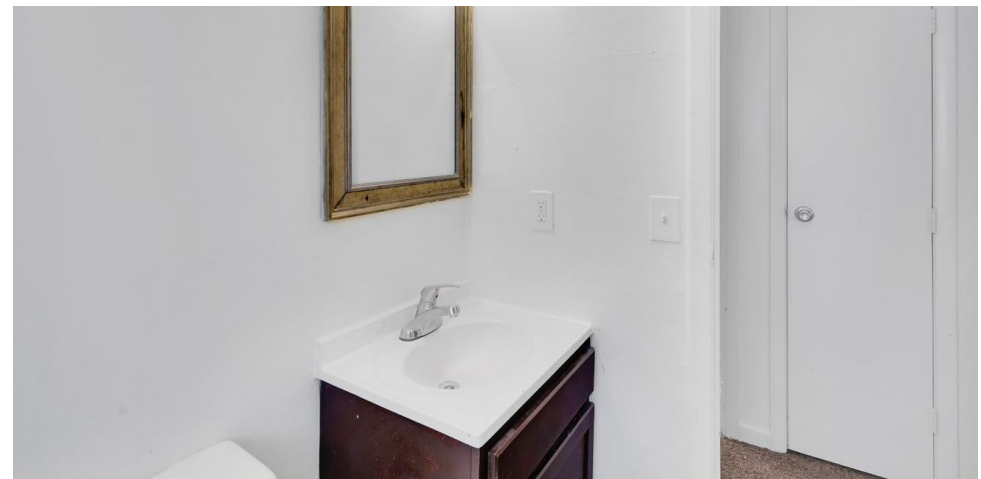
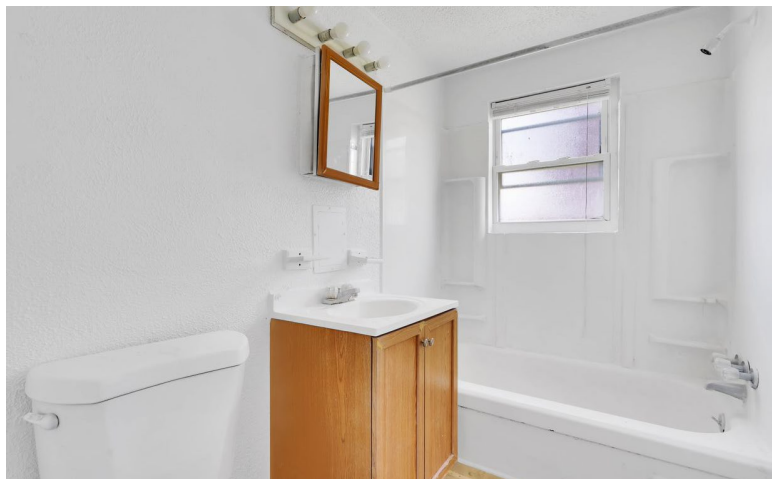
*We anticipate a long-term hold of (5-10 years) but are showing the returns and retained equity in Year 5 for example purposes only. The hold period depends on the market and the final decision about when to sell will be reviewed on a yearly basis in consideration of market and property performance.

** COC based on invested capital

INTERIORS - KITCHEN



INTERIORS - BATHROOM



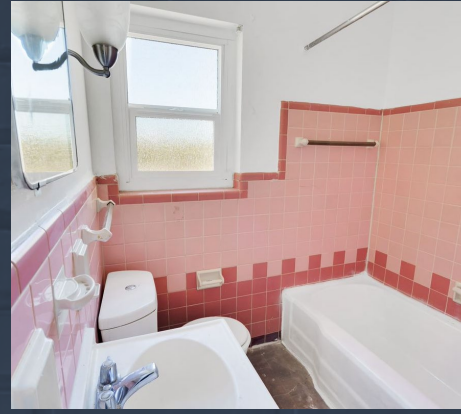
INTERIORS – COMMON AREA



KITCHENS & BATHROOMS

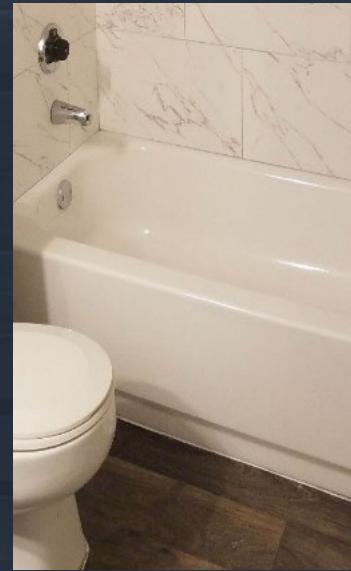
Current

- Original appliances
- Mix of original fixtures
- Laminate countertops
- Faux wood flooring
- Original cabinetry



Renovated

- Install black appliance package
- Install kitchen backsplash
- Resurface or replace faux-granite kitchen and bathroom vanity countertops
- New shaker-style cabinet faces
- Upgrade plumbing and lighting hardware to brushed nickel
- Install laminate vinyl plank flooring
- Refinish bathroom, tub & surround



LIVING & BEDROOMS

Current

- Original fixtures
- Original carpet or faux wood flooring



Renovated

- Laminate vinyl flooring
- New brushed nickel lighting
- 2-inch faux wood blinds
- Two-tone designer-inspired paint
- Upgraded fixtures



EXTERIOR IMPROVEMENTS

- Siding and window repair/replacement
- Leasing/clubhouse renovation
- Parking lot resurface/re-stripe
- Various concrete repairs
- Landscaping upgrades
- Drainage repairs/grading
- Pressure wash brick/siding
- Add dog park/playground
- Rotted wood & paint
- Exterior cleanup/facelift





MANAGEMENT & RENOVATION TEAM



- Decades of combined leadership experience in the multifamily industry
- Managed \$1.5B in construction and renovation projects
- Specialize in turnarounds and stabilizing assets primarily for B and C-class apartment communities
- Currently managing portfolio in 8 states



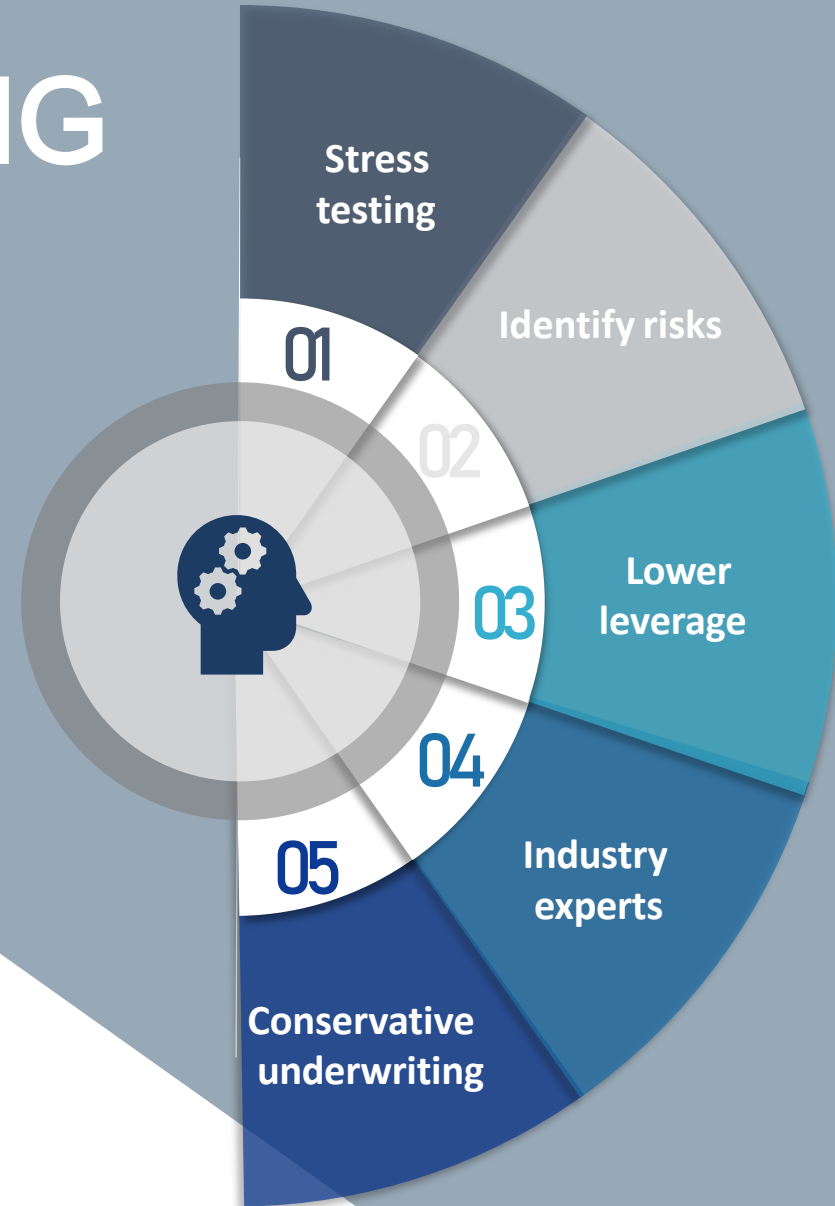
RISK BASED INVESTING

High Risk

- Risk 100%
- Return 30%

Low Risk

- Risk 10%
- Return 15%





Midwest Portfolio

Business Plan



BUSINESS PLAN

EXISTING



PLANNED

Below Market Rent

On average, the current rent is \$120 below market for units with similar interiors.



Increase Rent to Market

After renovations, the rents can grow an additional \$150 to meet market rates for renovated units.

Under Managed

All properties have been third party managed during their current ownership tenure. The current owners have owned the assets for a while and are not in a position to reinvest into the properties for the next 5-10 years.



Managed to Excellence

Bring into REM's property management to be managed alongside our growing Midwest portfolio. We are also bringing on a regional manager to assist in executing our business plan.

C-CLASS

B-CLASS

The interiors currently have mostly classic interiors – original cabinets and hardware. Some have partial updates such as flooring and paint.



The current market is starving for quality product. Very little true “B” product – renovated cabinets, redone tub surrounds, upgraded lighting, two tone paint, upgraded vanities.

MIDWEST PORTFOLIO TIMELINE

0-18 Months

- Complete exterior upgrades – painting, landscaping, concrete work
- As units turn, roll out interior operational upgrades – faucets, LVP, bathroom reno
- Implement lead-capture system with 24/7 live-assist and 15-minute response time
- Continue pushing rents on renewals to catch up to market rents

18-36 Months

- Continue stable operations
- Begin testing higher upgraded units to see what the market will bear
- We anticipate doing a supplemental loan at end of year two (65% LTV @ 4.25% fixed) to be able to **return ~70% of capital back to investors**
- Continue cash flowing

CAPITAL IMPROVEMENTS

Interior Renovations

	Colonial Park	Eagle Watch	LaRose Place	Regal Manor	Stonebrook	Williamsto wn	Wyoming Crossing		
Capital Expenditures	Units							Cost/unit	Total Cost
FULL RENOVATION									
Replace flooring	160	96	161	102	84	73	96	\$1,417	\$1,048,749
Replace kitchen countertop	160	90	161	75	84	73	90	\$1,393	\$1,030,750
Replace appliances	160	40	161	51	42	30	40	\$1,500	\$1,110,000
Repaint interior	160	96	161	102	84	73	96	\$1,159	\$857,902
Replace bathroom vanity	160	96	161	102	84	73	96	\$250	\$185,000
Resurface tub surround	160	96	161	102	84	73	96	\$350	\$259,000
Bathroom mirror frame and light	160	96	161	102	84	73	96	\$200	\$148,000
Resurface/replace kitchen cabinet	160	96	161	102	84	73	96	\$1,000	\$740,000
Total Renovation	\$1,163,114	\$605,511	\$1,170,383	\$627,376	\$547,635	\$466,171	\$605,511		\$5,379,401

CAPITAL IMPROVEMENTS

Exterior Renovations

	Colonial Park	Eagle Watch	LaRose Place	Regal Manor	Stonebrook	Williamstown	Wyoming Crossing	
Capital Expenditures	Cost	Cost	Cost	Cost	Cost	Cost	Cost	Total Cost
EXTERIOR								
Landscaping	\$ 75,000	\$ 50,000	\$ 65,000	\$ 25,000	\$ 10,000	\$ 25,000	\$ 50,000	\$300,000
Clubhouse renovation	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$75,000
Concrete repairs	\$ 25,000	\$ 25,000	\$ 100,000	\$ 25,000	\$ -	\$ 10,000	\$ 25,000	\$210,000
Gate modifications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$0
Dog Park	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$60,000
Kids Playground	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$90,000
Rotted wood & painting	\$ 250,000	\$ -	\$ 25,000	\$ 150,000	\$ 150,000	\$ -	\$ -	\$575,000
Total Exterior	\$ 400,000	\$ 100,000	\$ 240,000	\$ 250,000	\$ 160,000	\$ 100,000	\$100,000	\$1,310,000

RENT COMPARABLES

LaRose & Williamstown / North Cincinnati

1 BEDROOM	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1965	360		638	\$ 881	\$ 1.39
Current Rents				598	\$ 600	\$ 1.00
Proforma Rents (Unit Size x Submarket PSF)					\$ 833	
2 BEDROOM	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1969	336		923	\$ 1,171	\$ 1.28
Current Rents				970	\$ 718	\$ 0.74
Proforma Rents (Unit Size x Submarket PSF)					\$ 1,242	
3 BEDROOM	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1972	383		1354	\$ 1,598	\$ 1.18
Current Rents				1134	\$ 945	\$ 0.83
Proforma Rents (Unit Size x Submarket PSF)					\$ 1,340	

RENT COMPARABLES

Eagle Watch & Wyoming Crossing / West Cincinnati

1 BEDROOM	YR BUILT	# UNITS	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1970	271	576	\$ 754	\$ 1.32
Current Rents			619	\$ 637	\$ 1.03
Proforma Rents (Unit Size x Submarket PSF)				\$ 818	
2 BEDROOM	YR BUILT	# UNITS	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1970	228	792	\$ 856	\$ 1.08
Current Rents			869	\$ 772	\$ 0.89
Proforma Rents (Unit Size x Submarket PSF)				\$ 942	

RENT COMPARABLES

Regal Manor & Stonebrook / South-East Indiana

1 BEDROOM	YR BUILT	# UNITS	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	2013	176	826	\$ 902	\$ 1.09
Current Rents			685	\$ 535	\$ 0.78
Proforma Rents (Unit Size x Submarket PSF)				\$ 746	
2 BEDROOM	YR BUILT	# UNITS	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	2013	176	1033	\$ 968	\$ 0.94
Current Rents			828	\$ 678	\$ 0.82
Proforma Rents (Unit Size x Submarket PSF)				\$ 776	
3 BEDROOM	YR BUILT	# UNITS	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	2012	159	1345	\$ 1,278	\$ 0.94
Current Rents			1050	\$ 812	\$ 0.77
Proforma Rents (Unit Size x Submarket PSF)				\$ 984	

RENT COMPARABLES

Colonial Park / Columbus

2 BEDROOM	YR BUILT	# UNITS	DISTANCE	UNIT SIZE	RENT	RENT PSF
Average of Submarket Comparables	1976	317		952	\$ 985	\$ 1.04
Current Rents				976	\$ 721	\$ 0.74
Proforma Rents (Unit Size x Submarket PSF)					\$ 1,020	



Midwest Portfolio

Location/Market





Pandemic Resilience

Landlord Friendly State



- Indiana and Ohio are very pro-landlord states.
- Government is providing significant assistance programs for residents who cannot pay rent.
- Eviction bans now lifted; the regular eviction process is now fully enforceable once again.

- B & C-Class residents with higher education and income are less impacted. We are focusing on 'gray collar' residents who typically have fewer collection issues and higher-paying jobs.
- We target higher-quality, more stable working-class residents as the surrounding neighborhoods continue to improve.
- Employment industries are weighted in healthcare, education, retail trade, construction and manufacturing. These have built-in insulation from market volatility



Resilient Renter Base

Columbus, OH

Employment by Industries



Top Employers



JPMORGAN CHASE & Co.



Cincinnati, OH

Employment by Industries



Top Employers

General Cable

AK Steel

LCA VISION

Kroger

ASHLAND

Drees HOMES

CONVERGY'S

FIRST
first financial bank

Ford

AtriCure

Givaudan

Kao

GE Aviation

CHEMED
CHEMED CORPORATION

CECO
ENVIRONMENTAL

CNG HOLDINGS, INC.

CINTAS
THE SERVICE PROFESSIONALS

Southeast Indiana

Employment by Industries

(Regal Manor and Stonebrook)



Top Employers



amazon.com



Walmart





Midwest Portfolio

Property Details



Construction

	Colonial Park	Eagle Watch	LaRose	Regal Manor	Stonebrook	Williamstown	Wyoming Crossing
Year Built	1965	1971	1949	1964	1978	1959	1967
Buildings	21	6	9	13	6	7	4
Units	160	96	161	102	84	73	96
Roofs	Pitched	Flat	Flat	Pitched	Pitched	Flat	Flat
Construction	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry
Exterior	Brick	Brick	Brick	Brick	Brick	Brick	Brick
Plumbing	Cast Iron	Cast Iron	Cast Iron	Cast Iron		Cast Iron	Cast Iron
HVAC	Individual AC	Individual AC	Individual AC	Central AC	Central AC	Individual AC	
Wiring		Mitigated Al	Copper		Copper	Mitigated Al	Mitigated Al

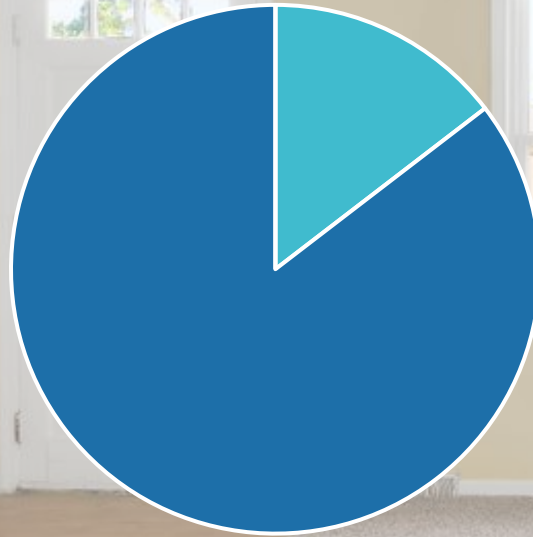
Features & Amenities

	Colonial Park	Eagle Watch	LaRose	Regal Manor	Stonebrook	Williamstown	Wyoming Crossing
Laundry	In-Unit	In-Unit & On-Site	In-Unit & On-Site	In-Unit & On-Site	In-Unit & On-Site	In-Unit & On-Site	In-Unit & On-Site
Pet Park	NO	NO	NO	NO	NO	NO	NO
Fitness & Business Center	NO	NO	YES	YES	NO	NO	NO
Outdoor BBQs & Picnic Areas	YES	YES	YES	YES	YES	YES	YES
Gated Swimming Pool	NO	NO	NO	NO	NO	NO	NO
Gated Playground Area	NO	NO	NO	NO	NO	NO	NO
Balcony & Rear Porch Access	N/A	YES	YES	YES	YES	YES	YES

UNIT MIX

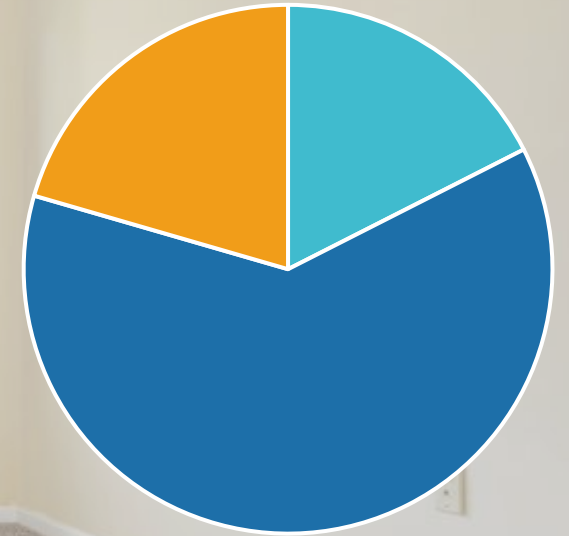
West Cincinnati

(Eagle Watch & Wyoming Crossing)



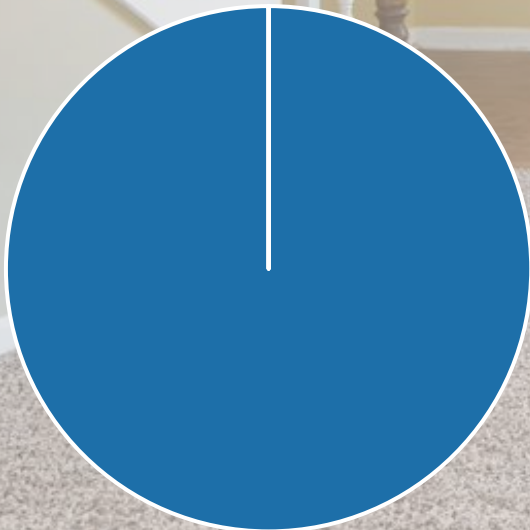
North Cincinnati

(LaRose & Williamstown)



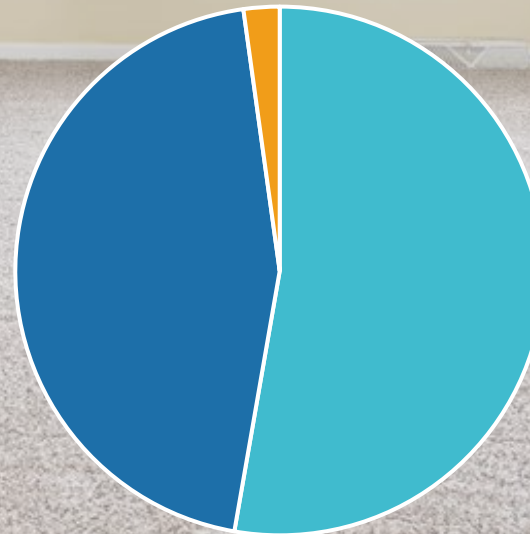
Columbus

(Colonial Park)



Southeast Indiana

(Regal & Stonebrook)



1B 2B 3B



MIDWEST PORTFOLIO

Financials



5 YEAR PROJECTED P & L

Midwest Portfolio



	TTM	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Rent						
Gross Potential Rent	\$ 6,566,825	\$ 7,773,363	\$ 8,979,900	\$ 9,249,297	\$ 9,526,776	\$ 9,812,579
Vacancy, Loss to Lease, Collections Loss	9.2%	13.0%	9.0%	7.7%	5.9%	5.9%
Gross Effective Rent	\$5,959,780	\$6,762,825	\$8,081,910	\$8,539,428	\$8,963,639	\$9,232,548
Utility Reimbursement	\$ 75,564	\$ 212,000	\$ 350,000	\$ 360,500	\$ 371,315	\$ 382,454
Other Income	\$ 206,990	\$ 210,000	\$ 216,300	\$ 222,789	\$ 229,473	\$ 236,357
Total Non Rent Revenue	\$ 282,554	\$ 422,000	\$ 566,300	\$ 583,289	\$ 600,788	\$ 618,811
Total Revenue	\$ 6,242,334	\$ 7,184,825	\$ 8,648,210	\$ 9,122,717	\$ 9,564,426	\$ 9,851,359
Expenses						
Advertising	\$ 7,526	\$ 117,000	\$ 120,510	\$ 124,125	\$ 127,849	\$ 131,685
Administrative	\$ 96,379	\$ 115,000	\$ 118,450	\$ 122,004	\$ 125,664	\$ 129,434
Payroll	\$ 720,154	\$ 880,000	\$ 906,400	\$ 933,592	\$ 961,600	\$ 990,448
Insurance	\$ 240,431	\$ 243,000	\$ 250,290	\$ 257,799	\$ 265,533	\$ 273,499
Contract Services	\$ 246,939	\$ 240,000	\$ 247,200	\$ 254,616	\$ 262,254	\$ 270,122
R&M	\$ 154,637	\$ 265,000	\$ 272,950	\$ 281,139	\$ 289,573	\$ 298,260
Make Ready	\$ 84,230	\$ 265,000	\$ 272,950	\$ 281,139	\$ 289,573	\$ 298,260
Taxes	\$ 413,229	\$ 745,626	\$ 1,078,023	\$ 1,110,364	\$ 1,143,675	\$ 1,177,985
Utilities	\$ 857,562	\$ 825,000	\$ 801,490	\$ 822,175	\$ 843,480	\$ 865,424
Property Management 3.0%	\$ -	\$ 215,545	\$ 255,301	\$ 268,338	\$ 280,340	\$ 288,152
Total Expenses	\$ 2,821,085	\$ 3,911,171	\$ 4,323,564	\$ 4,455,289	\$ 4,589,540	\$ 4,723,268
Expense Ratio	45%	54%	50%	49%	48%	48%
Net Operating Income	\$ 3,421,248	\$ 3,273,655	\$ 4,324,646	\$ 4,667,428	\$ 4,974,887	\$ 5,128,091
CAPEX Reserve	\$ 250	\$ 193,000	\$ 193,000	\$ 193,000	\$ 193,000	\$ 193,000
Asset Management 2.0%		\$ 143,697	\$ 172,964	\$ 182,454	\$ 191,289	\$ 197,027
Total Annual Debt Service		\$ 1,371,060	\$ 1,508,651	\$ 2,702,416	\$ 2,702,416	\$ 3,001,839
Pre-Tax Net Income		\$ 1,565,899	\$ 2,450,030	\$ 1,589,559	\$ 1,888,183	\$ 1,736,225

Pro Forma Assumptions

INCOME

Gross Scheduled Rent: Based on occupied units at leased rent and vacant units at market rent from the most recent roll. Average turn is 32 units per month. We are allowing 2 years to bring rents up to market across the entire complex. Afterwards, we assumed annual 3% increases for both income and expenses.

ECONOMIC LOSS

Loss-to-Lease: The difference between market and contract/actual rents. Year 1 Loss-to-Lease is projected at 4%, which is significantly above the historic average 2%

Vacancy: Pro forma vacancy loss is projected at 8%, which is higher than the recent historical performance of the portfolio at 5%. Average historical vacancy in the immediate area is closer to 3-5%. We are allowing extra room for turnover as we seek out better quality residents.

Collection Loss: We are keeping collection loss at a projected 1%, based on portfolio historical performance, including during 2020 pandemic.

EXPENSES

Advertising: Includes advertising, leasing costs, resident retention and other marketing expenses. Based on our analysis, current owner is doing very little marketing. We believe we will get better results using on a more aggressive leasing strategy, rather than just waiting for the phone to ring. We're increasing this line item in line with our standard budget.

Administrative: Includes computer maintenance and supplies, evictions, telephone, answering service, website & support, office equipment, training & travel, and other office expenses. Pro forma expense of \$149 per unit is higher than historical and more in line with our standard expectations.

Payroll: Year 1 & 2 payroll is higher than current stabilized due to expectations for enhanced staffing. Stabilized expense is projected at \$1,174 per unit and allows for 16 full time staff – (1) regional manager, (3) area manager, (4) onsite leasing agents, (7) lead maintenance and (2) support maintenance. Depending on the ability to hire in the market, we may also include some make ready/turn staff to lower our renovation cost.

Insurance: We are bumping insurance from historical because of we typically experience annual increases in insurance in the current environment. Even though we have a rough quote, this could be higher.

Contract Services: Pro forma expense of \$240,000 is based on the historical performance of the property with a slight cost savings due to our ability to run some items in-house.

Repairs & Maintenance: Includes expenses associated with the repairs and maintenance of the interior and exterior of the property and projected at \$343 per unit, which is higher than historical, but we believe is necessary given the age of the property and our goal to raise the level of the property.

Make Ready: Includes the expenses associated with making a vacant unit ready for the next move-in and is projected at \$343 per unit, lower than historical performance and more within our typical budget for a similar type property.

Taxes: The amount represented is much greater than historical to be very conservative. There is a high probability that taxes will actually stay flat for several years due to the way tax assessments work. It is likely that when taxes are reassessed, we will be able to appeal to reduce the full tax burden represented in the underwriting.

Utilities: Includes electricity for vacant units and common areas, gas, water and sewer. Tenants throughout the portfolio are sub-metered for electric. Water, sewer and trash are also paid for by resident except for on Eagle, Wyoming, Larose, and Williamstown where there is a partial billback to the tenants, and we have anticipated this changing materially as we do a property-wide water savings program with water efficient faucets and toilets.

Management Fee: Management fee is 3% of the collected revenue. We are hiring REM Living, our in-house management arm, to manage the asset. We believe this is the best fit for the asset given the size, unique market, and need for quality employees.

Capital Reserves: Capital reserves are projected at \$250 per unit, as is typical with this type of a project.

FEES. We like to keep it simple. Projected returns already factor into our fees. We charge a one-time 3% acquisition fee and a quarterly 2% asset management fee (based on revenue collected). Our deals have no construction management fees, no disposition fees, no refinance fees, and no loan guarantee fees.

FAQ

- What are the requirements to invest in this deal?
 - ✓ ALL investors must be accredited investors.
- What is the minimum/maximum amount I can invest?
 - ✓ The minimum investment will be \$100k.
- Can I invest money from my IRA?
 - ✓ Yes, we are taking IRA and/or Solo 401(k) funds.
- What is the time horizon for this investment?
 - ✓ We're set to close by December 31, 2021. Shares in our investments typically go quickly, so please register on our portal and commit your investment as soon as possible.
- How will profits be distributed to investors?
 - ✓ This deal has an 8% preferred return to investors plus a 50% split for profits in excess of the preferred return. Distributions will start in February 2022 (for January 2022) and be paid monthly. All numbers presented are net of any fees/splits.
- Is due diligence complete?
 - ✓ Yes, we conducted a unit-by-unit inspection and full lease audit.



INVESTMENT PROCESS

Step 1

- Go to invest.remcapital.com and make a reservation.

For new investors:

- You'll receive an email from us within 1 business day giving you access to the investor portal so you can review/sign docs and receive wire instructions.
- There are three components to this process: (1) providing us your accredited investor verification form, (2) signing the PPM, and (3) sending us your wire.

For existing investors:

- You'll be immediately guided to review/sign docs and receive wire instructions.

Step 2

- All wires should be received by 12/23/2021.
- Investments are first-come, first-serve based on wires received and completed paperwork.

Step 3

- Closing is estimated for end of December. We'll keep you posted with updates as we get closer.
- Distributions go out on the 15th of each month. The first distribution will go out February 15, 2022.





More Info / Invest

- Robert Ritzenthaler
- Robert@remcapital.com
- 941-225-8481
- To invest – invest.remcapital.com

