

Lake Vista

A Multifamily Development Investment Opportunity





8503 Lake Vista Drive
San Antonio, Texas

264 UNIT MULTIFAMILY INVESTMENT DEVELOPMENT OPPORTUNITY

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Lake Vista

Executive Summary





San Antonio MSA



ACCOLADES

NO. 1

AMERICA'S NEXT BOOM TOWN

Forbes

TECH HOTSPOT

Inc.

NATION'S 2ND

HIGHEST GROWTH OF MILLENNIALS

Brookings

TOP 5

ECONOMIC PERFORMANCE

Brookings

TOP 10

MUST VISIT DESTINATIONS

Forbes

SAN ANTONIO LEADING POPULATION GROWTH

- Population growth 2010-2019: 19% San Antonio, 16% Texas, 7% USA
- 2.5+ million MSA residents: 7th largest in U.S.
- One of the nation's fastest growing Millennial populations in the U.S.
- Second largest city in Texas (after Houston)
- Top 10 fastest growing cities in the U.S.
- Over 44% growth since 2010
- Over 66 people per day migrating
- Set to be home to an additional 1M by 2040



2ND FAST GROWING CITY IN THE COUNTRY

Increase of 20,824 residents between 2017-2018



120 PEOPLE MOVING TO SAN ANTONIO PER DAY

Population of 1.6M expected to double by 2040



MILLENNIAL POPULATION AMONG FASTEST-GROWING IN THE NATION



COMPETITIVE COST OF LIVING, 13.1% LESS THAN U.S. AVERAGE



INTERNATIONALLY RECOGNIZED AS A LEADING PROVIDER OF CYBERSECURITY



LARGEST ACTIVE & RETIRED MILITARY POPULATIONS IN THE U.S.

LOW TAX AND PRO BUSINESS ENVIRONMENT ATTRACTING GROWTH

- No Personal Income Tax
- No Corporate Income Tax
- No Payroll Tax
- 10 Year Abatement in Certain Growth Areas
- 100% Tax Abatement in Certain Industries



MILLENNIALS
21% OF POPULATION
VS. 17% U.S. AVERAGE



OVER 400
HEADQUARTERS



100K EXPECTED
NEW JOBS
2020 TO 2025

NOTABLE EMPLOYERS

JOINT BASE
SAN ANTONIO

80,165 JOBS

South Texas
MEDICAL
CENTER

50,000+ JOBS

H-E-B

20,000 JOBS

USAA

19,000 JOBS

JPMorgan
Chase

5,000 JOBS

BOEING

2,800 JOBS

rockspace
HOSTING

3,300 JOBS

VALERO

1,653 JOBS

hulu

500 JOBS

JOB DIVERSIFICATION AND RESILIENCY

- Healthy job market credited to diverse industries: established financial services, rapidly growing life sciences, new energy, and a booming IT and cybersecurity presence.
- Educated, young workforce, low business costs, and city-backed financial incentives continue to attract startups and corporate relocations.
- Top market for job seekers: steady employment growth and low unemployment levels

International Trade Center

- Ideally positioned along the NAFTA corridor, handling 50%+ of Mexico-U.S. trade flow
- Logistical functionality bolstered by 1,900-acre multimodal Port San Antonio hub
- Large multinational corporate presence including Boeing, Lockheed Martin and Xerox

IT & Cybersecurity Hub

- Recognized by the NSA as one of the nation's leading cities for cybersecurity activity
- Global employers including EY, PwC, Booz Allen Hamilton, Lockheed Martin and The Hut Group are expanding cybersecurity operations in San Antonio

Strong Military Presence

- Known as "Military City" due to its long history of multiple military and defense installations
- Home to one of the greatest concentrations of active and retired military populations in the nation: 283,000+ military & military service employees in the MSA
- Four major military bases comprise Joint Base San Antonio (JBSA): Randolph Air Force Base, Fort Sam Houston, Lackland Air Force Base and Camp Bullis



37 MILLION
ANNUAL VISITORS



\$15 BILLION
ANNUAL ECONOMIC
IMPACT FROM VISITOR
SPENDING



10 MILLION +
ANNUAL PASSENGERS
IN 2018

Property Story

- **A Strong Market:** Lake Vista sits in the Westside submarket of San Antonio. As renters opt for less expensive locations, San Antonio's Westside has seen strong tenant demand during the pandemic. The impressive uptick in interest and lack of supply has allowed vacancies to compress to about 5% and remain about a percentage point below the metro-wide level. That's nothing new though, as vacancies are normally tighter than the overall metro.
- **Rent Up-Side:** The pull of affordable rent is always appealing, but Westside also hasn't been inundated with the wave of supply that hit the neighboring Far West and Northwest submarkets over the past decade. With the submarket's impressive and possibly underrated performance, more investors could chase value-add deals in the near future. That could lead to some uncertain demand in the short term, but an improving quality of inventory in the submarket may mean rents will grow faster than the overall San Antonio average in the years to come.





EQUITY INVESTMENT

TOTAL COST	\$42,350,742
USES	
Land Costs	\$3,148,627
Hard Costs	\$26,869,733
Soft Costs	\$10,332,382
TOTAL USES	\$40,350,742
SOURCES	
Debt Financing	\$35,105,145
Equity Investment	\$7,245,596
TOTAL SOURCES	\$42,350,742

INVESTMENT HIGHLIGHTS



Preferred
Return
15%

Projected Equity
Multiple
2.15x

Investment
Term
2-4 years

Projected IRR
30%

DISCLAIMER

This preliminary information package offers only limited descriptive material regarding a Limited Liability Company investment in Lake Vista. 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.

Conservative Underwriting



- Budgeting 12-month buildout and 12-month lease up, allowing for 24-month buildout and 24-month lease up
- Two phase construction to stagger absorption if needed
- Upon stabilization assuming a refinance at 5% cap rate and 70% LTV
- \$1.5MM working capital built into the model
- 10% contingency for cost overruns

- Value engineering the exterior to save up to 40% on overall finish cost
- Completing in-house construction and project management for better cost controls and tighter oversight

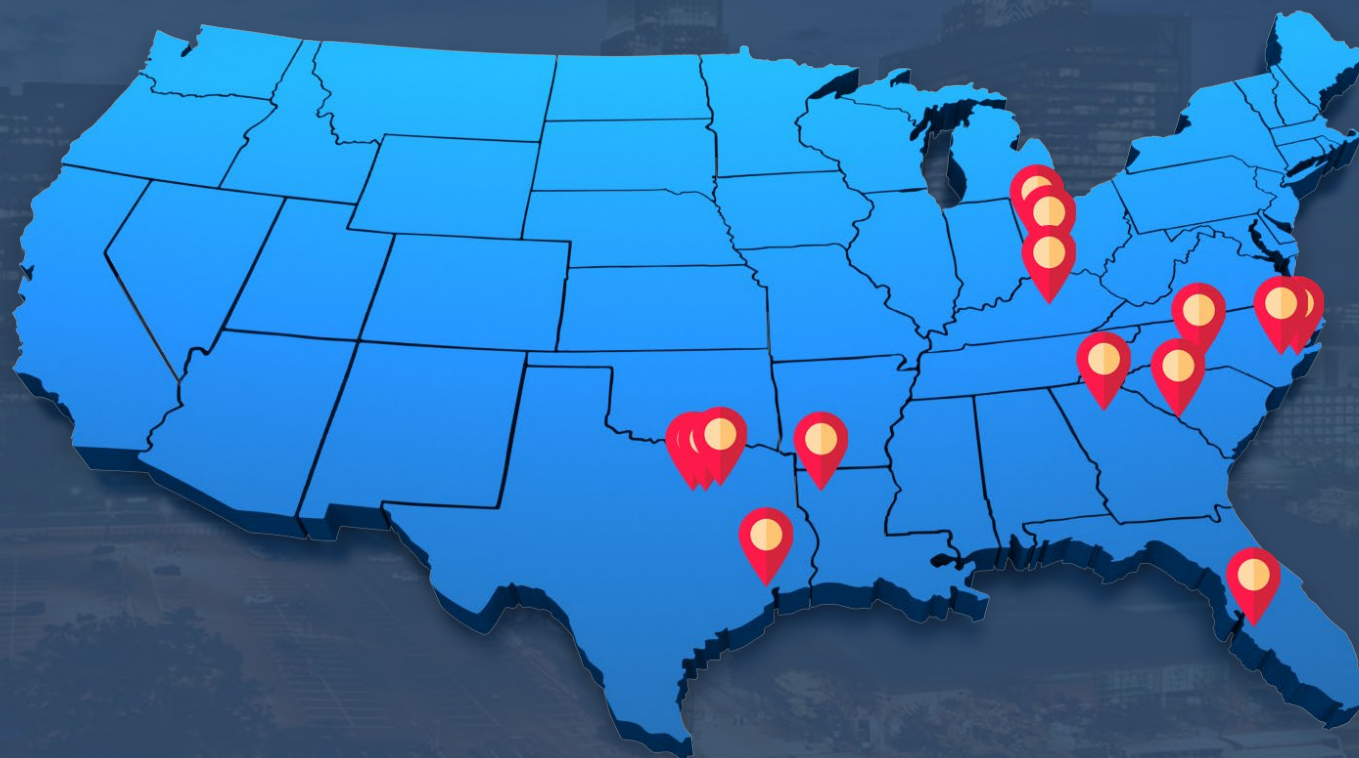


Conservative Construction

MANAGEMENT TEAM



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



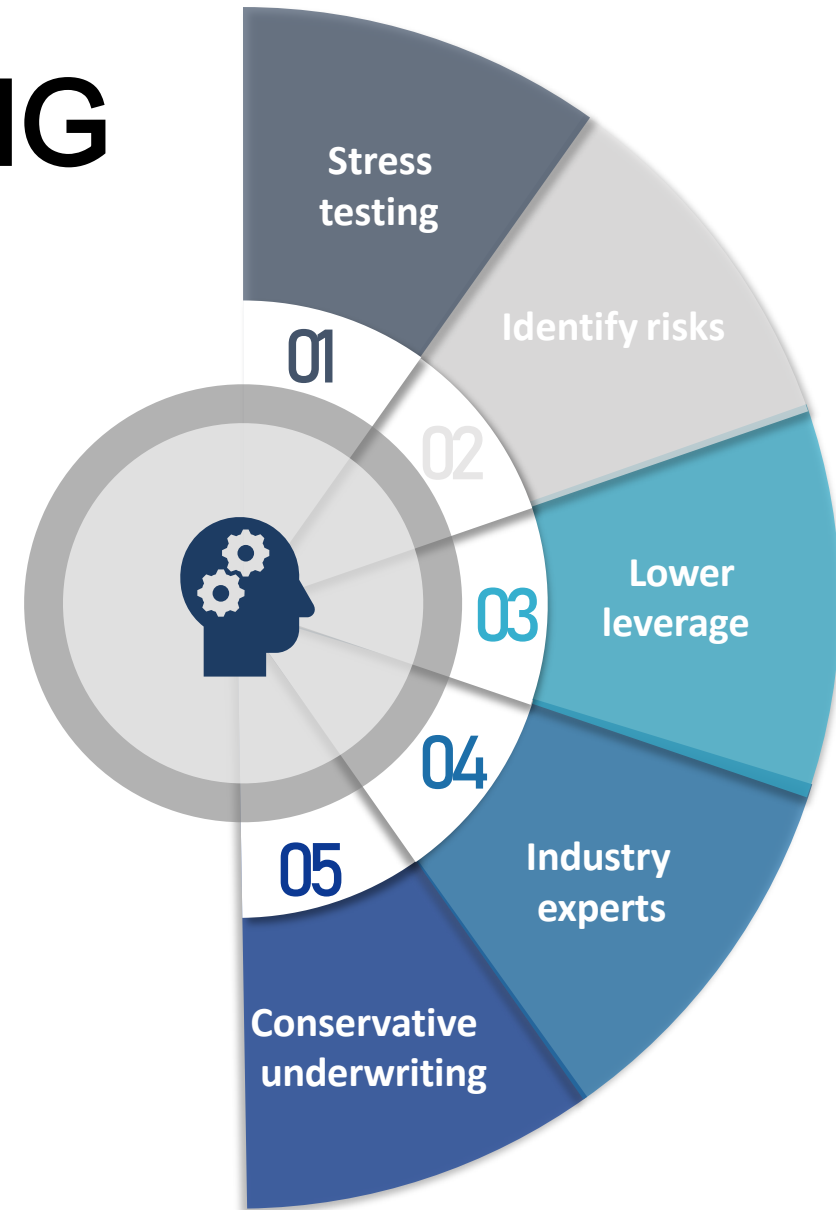
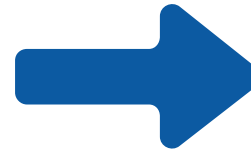
RISK BASED INVESTING

High Risk

- Risk 100%
- Return 30%

Low Risk

- Risk 10%
- Return 15%





Lake Vista

Business Plan



BUSINESS PLAN

0-24 Months

- Finish both phases of construction
- Pre-leasing will start in 120 days, onsite move ins will begin in 6 months
- Completion of amenities and clubhouse is part of initial Phase 1
- Anticipate being 100% occupied at completion of construction
- Continue pushing rents on renewals once stabilized to catch up to market rents

24-36 Months

- Continue stable operations
- Work towards refinance with some consideration for timing based on market conditions
- We anticipate doing a cash out refinance at end of year three (70% LTV @ 5% fixed) to be able to return 50-70% of capital back to investors
- ***Cash flow would start at refinance and generate about 15-20% COC returns***

CONSTRUCTION COSTS/TIMELINE

	Total Project	Year 1	Year 2	Year 3
		1	2	3
Project Costs				
Land Costs	3,148,627	3,148,627	-	-
Site-Work	2,997,589	2,023,373	974,216	-
Construction Costs	23,563,646	15,905,461	7,658,185	-
Options and Selections	-	-	-	-
Amenities	308,498	208,236	100,262	-
Construction Management	3,678,955	2,248,250	1,430,705	-
FF&E	300,000	202,500	97,500	-
Due Diligence	-	-	-	-
Applications and Permits	606,620	606,620	-	-
Legal	-	-	-	-
Engineering	140,000	140,000	-	-
Architectural	415,000	415,000	-	-
Accounting	-	-	-	-
Finance Costs, Interest & Operations	4,550,647	2,277,211	1,687,654	585,781
Insurance and Other Operations Taxes	263,242	183,617	79,625	-
Marketing	70,000	47,250	22,750	-
Commercial Marketing	-	-	-	-
Other Development Costs	-	-	-	-
Warranty and Reserves	-	-	-	-
Developer Fee	-	-	-	-
Hard Cost Contingency (Excludes Land)	-	-	-	-
Soft Cost Contingency	-	-	-	-
Total Fees	-	-	-	-
Total Project Cost	40,042,824	27,406,146	12,050,897	585,781

OPERATIONAL PRO-FORMA

Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Net Rental Income	429,112	2,609,758	4,432,916	4,670,590	4,812,651
Net Retail Income	-	-	-	-	-
Utility Reimbursements	10,526	62,348	110,048	117,427	120,998
Parking / Garage / Storage	7,350	42,525	73,808	78,390	80,774
Trash Removal	7,318	42,323	73,456	78,017	80,390
Other Miscellaneous Income	12,381	72,855	128,363	136,915	141,080
Bad Debt	(4,291)	(26,098)	(44,329)	(46,706)	(48,127)
Other Income Total	33,284	193,953	341,346	364,043	375,116
Effective Gross Income	462,396	2,803,710	4,774,262	5,034,633	5,187,767
Controllable Expenses	561,712	739,583	837,964	870,131	896,596
Real Estate Taxes	76,012	506,105	801,486	1,021,979	997,669
Real Estate Tax Abatement	-	-	-	-	-
Franchise Tax	1,541	9,345	15,913	16,780	17,291
Association Dues	-	-	-	-	-
Insurance	80,900	124,421	128,205	132,105	136,123
Ground Lease	-	-	-	-	-
Management Fee	55,000	85,457	143,228	151,039	155,633
Asset Management Fee	104,912	104,912	104,912	104,912	104,912
Total Operating Expenses	880,077	1,569,823	2,031,708	2,296,946	2,308,224
Net Operating Income	(417,682)	1,233,887	2,742,554	2,737,688	2,879,543
Less Reserves	-	-	47,720	73,392	75,624
NOI Less Reserves	(417,682)	1,233,887	2,694,834	2,664,296	2,803,919
Yield on Total Project Cost	-1.0%	3.1%	6.7%	6.7%	7.0%

REFINANCE CALCULATIONS

Sale Proceeds			
Taxes Methodology	Cap NOI, Actual Taxes		
	Apartments	Retail	Blended
Today's Cap Rate	5.0%	6.0%	5.0%
Exit Cap Rate	5.0%	6.0%	5.0%
	With Adjusted Taxes	Without Adjusted Taxes	Selected Method
Pre-Tax Free Cash Flow / Post Tax Free Cash Flow	3,792,354	2,715,838	-
Exit Cap Rate	7.48%	5.00%	-
Value of Abatement	-	-	-
Gross Proceeds	\$ 50,704,512	\$ 54,316,762	54,316,762
<i>Gross Proceeds / Unit</i>	<i>\$ 192,063 /unit</i>	<i>\$ 205,745 /unit</i>	<i>\$ 205,745 /unit</i>
Cost of Sale	\$ (1,267,613)	\$ (1,357,919)	(1,357,919)
Repayment of Preferred Debt	\$ -	\$ -	-
Repayment of Debt	\$ (38,239,537)	\$ (38,239,537)	(38,239,537)
Net Distributable Proceeds	\$ 11,197,363	\$ 14,719,306	14,719,306

Taxes at Sale		
Ratio	90.00%	0.00%
Millage	2.75%	0.00%
Discount	0.00%	0.00%
Abatement	0.00%	0.00%
Net Tax Impact	2.48%	0.00%

- Sale comp Esperanza Apartments built 2020, sold 2022, 20% vacant (still in lease up), sold \$201k/door, \$1300-1600 rents, good comp to Lake Vista but further out so discount to our rates/price per door

RENT COMPS / UNIT MIX

Apartment Unit Mix						
Unit Type	Bedroom	Bathroom	Units	NRSF	Monthly Rent	Rent per Sf
C1	Studio	1	12	600	\$1,100	1.83
A1	1 BR	1	18	600	\$1,175	1.96
A2	1 BR	1	90	770	\$1,300	1.69
B1	2 BR	1	36	820	\$1,415	1.73
B2	2 BR	2	84	960	\$1,600	1.67
B3	2 BR	2	24	1,070	\$1,750	1.64

- Birdsong Apartments at Alamo Ranch, 3 star product, north of us, came out at \$1.90/psf during the pandemic (built 2021), has very nice modern farmhouse touch but very minimal amenities
- Avocet, northwest of us, nice product, built 2016, \$1300-1600 for 1s and 2s, good location, nice amenities, interiors are nice but boring, lacks pop
- Dalian 151, fairly close just north of us, built 2018, great amenities, boring interiors that pushed modern too far, \$1300-1800 for 1s and 2s, managed by Greystar
- Pecos Flats, 2014 build, nice amenity package, looks ok but a little tired, managed by Valiant, pushing same rents as us, just north of us



Lake Vista

Location/Market



SUPPORTING AREA DEMOGRAPHICS

(Zip Code 78227)

\$161,538



\$183.4K

*Up 18.3% YOY

\$844

*46% Rent
VS Own

+\$50,000

Lake Vista Price Per Door

Median
House Value

Target Median
Annual Rent

Median
Household Income

San Antonio, TX

Employment by Industries



Strong Recession Resistant Industries

San Antonio, TX

A STRONG JOBS BASE

- ❑ According to PayScale, the cost of living in San Antonio is 14% below the national average.
- ❑ A 2020 analysis from Zillow suggested that San Antonio is among the top 10 markets “ripe for future tech growth.
- ❑ A 2021 report from commercial real estate firm CBRE found San Antonio’s tech workforce grew 9.4% in the preceding three years.

"Many corporations have relocated to the Greater San Antonio area, which is the home of several Fortune 500 Companies like Valero Energy Corp., Tesoro Corporation, USAA, CST Brands Inc., NuStar Energy, and Clear Channel Communications as well as the Methodist Healthcare System and four military bases."



San Antonio, TX

Economic Highlights

3.3%

Jobs Growth

4.3%

Unemployment
Rate

24%

Median Home
Price Increase

- The population of the San Antonio metro area is expected to top **four million people by 2050**. Bexar County's population alone is expected to increase to 3,353,060 people by 2050, more than one million people more than who live in the county now. – *Alamo Area Metropolitan Planning Organization*

San Antonio, TX Economics



- ❑ Microsoft is currently building a \$140MM facility less than 15 minutes from Lake Vista. Additionally investing in a \$1 billion building, totaling 1 million sq ft of data center space.
- ❑ Port San Antonio, a 1,900 acre site, is expanding onto 400 acres to handle the influx of companies to San Antonio. Anchor tenants include Lockheed Martin, Boeing, Standard Aero and many more.
- ❑ Port San Antonio is expanding its economic influence from \$2.5B to \$4.4B in the next 3+ years.
- ❑ Lackland Air Force Base employs 40,000 people and graduates 30,000 cadets annually. Lackland boasts a \$1.9B impact to the region annually.
- ❑ An [analysis by Axios](#) of LinkedIn data shows that San Antonio, roughly from 2020 to 2021, experienced a 23.6% increase in net migration of tech workers — the third largest increase for a metro area in the country.
- ❑ 20 minutes from the site is University of Texas San Antonio, the largest university in San Antonio with 34,742 students. Expansion is set to be totaling 45,000 students by 2028. The university has an economic impact of \$2.4 billion, and UTSA closed out the fiscal year 2020 with \$134M in research expenditure, the highest total amount in UTSA's history.



Lake Vista

Property Details





Features & Amenities

Resort style clubhouse	Cyber Cafe
Top grade landscaping and gated entry	800 sq ft gym w/ weigh training and cardio equipment
Demonstration kitchen	Club-style pool with hot tub and fountains
Mail room	Great room with fireplace

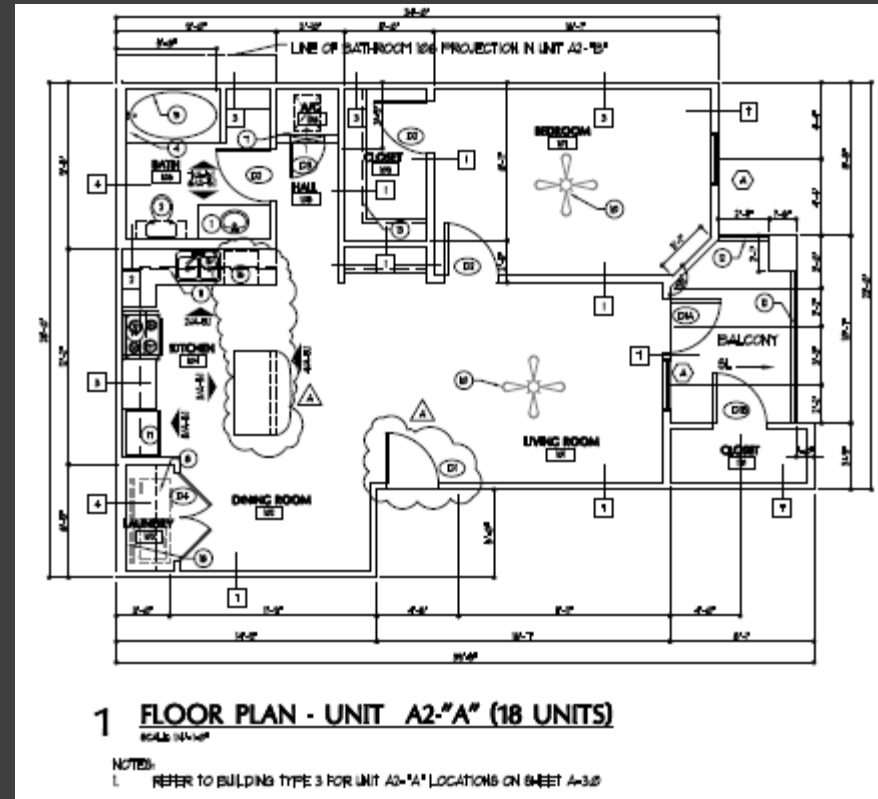
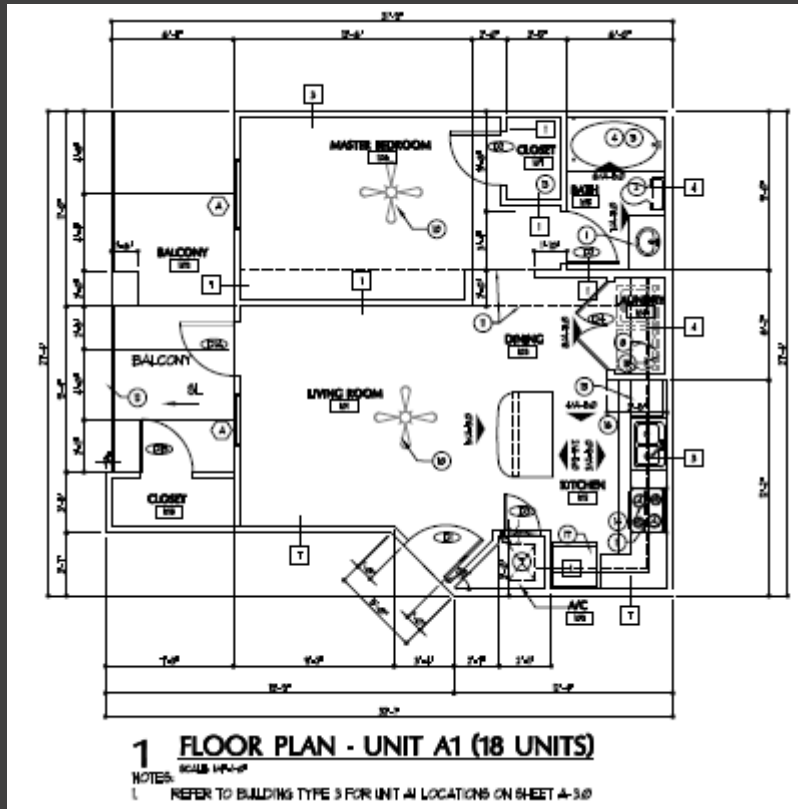
9' ceilings throughout	Pre-installed security systems
Granite counters	Pendent lighting in kitchen
Ceiling fans in bedrooms/LR	Covered parking
Garages	Additional storage
Common space w/ TV's, pool table and lounge	

FLOOR PLANS

Bedrooms 1

Bathrooms 1

Floors 1

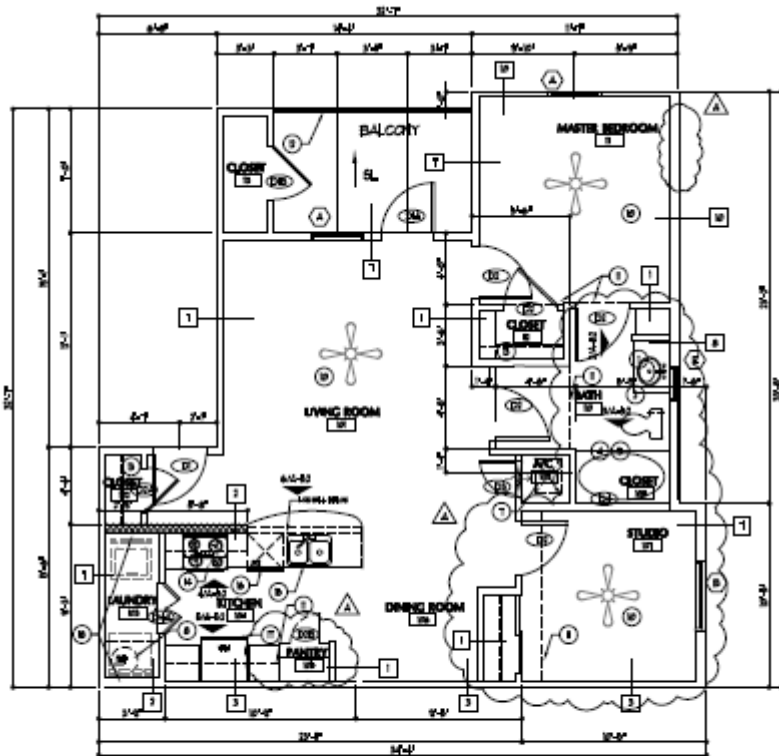


FLOOR PLANS

Bedrooms 2

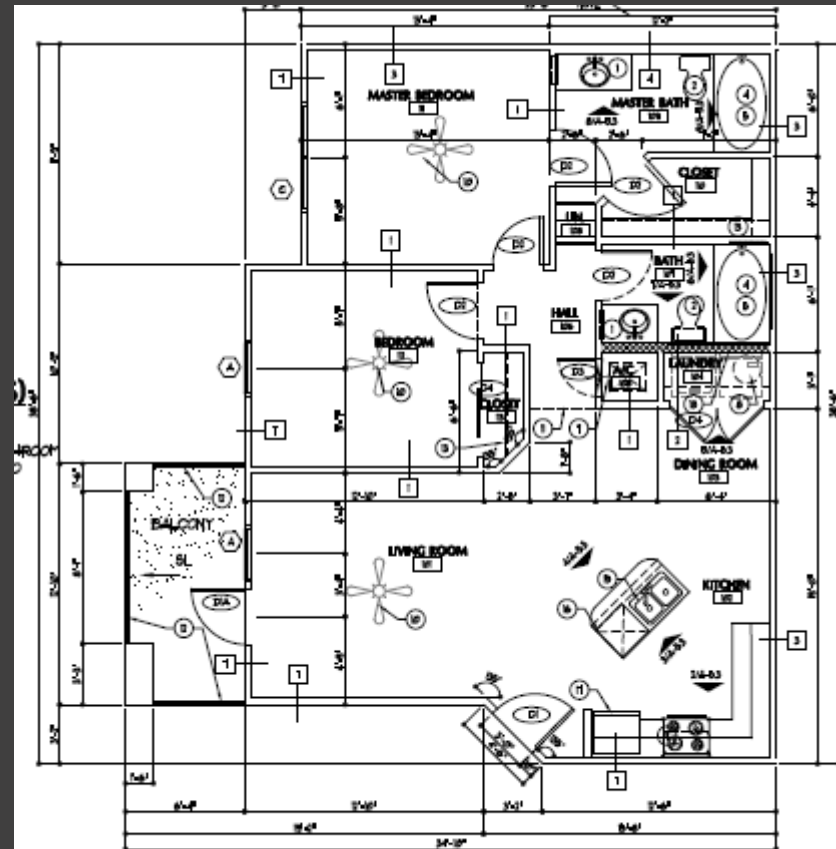
Bathrooms 1.5 & 2

Floors 1



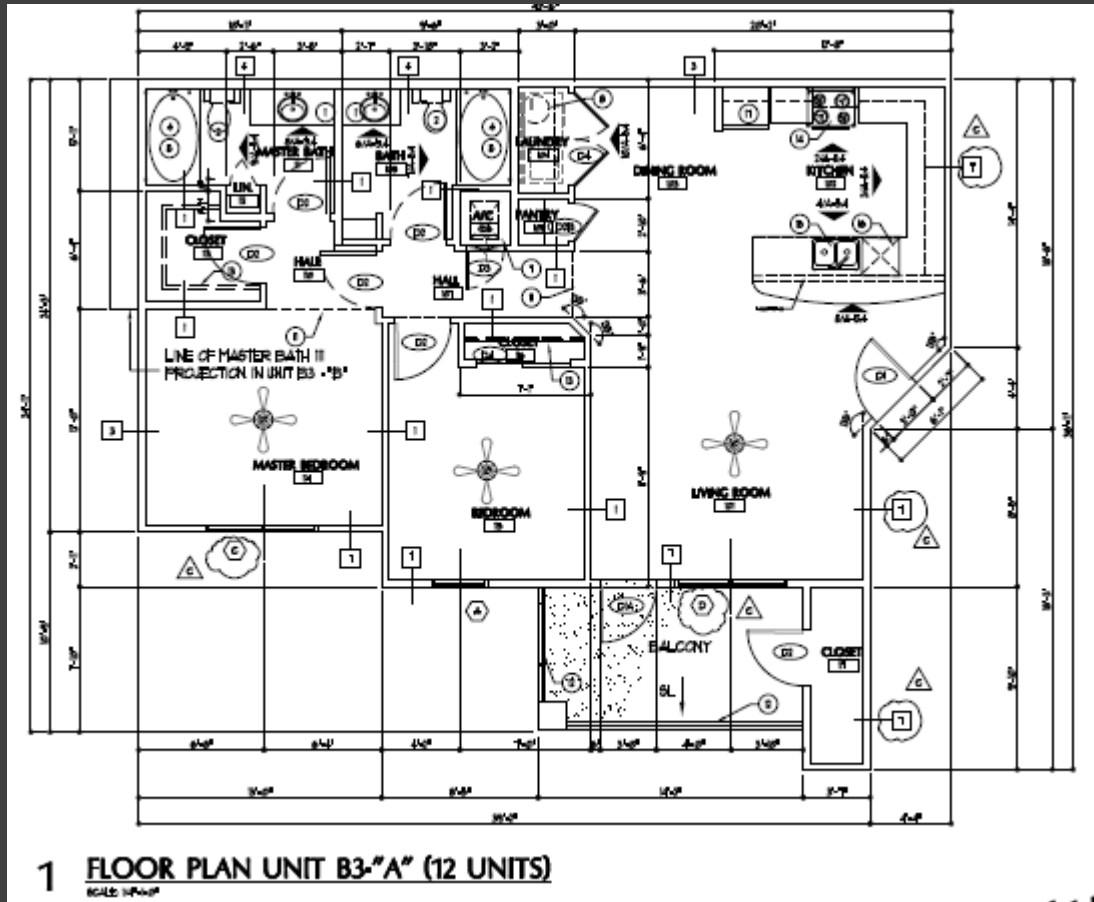
1 FLOOR PLAN - UNIT B1 (36 UNITS)
SCALE 1/4"=1'-0"

NOTES
1 REFER TO BUILDING TYPE 4 FOR UNIT B1 LOCATIONS ON SHEET A-40



1 FLOOR PLAN - UNIT B2-A (60 UNITS)
SCALE 1/4"=1'-0"

FLOOR PLANS



Bedrooms 2

Bathrooms 2

Floors 1

FAQ

- What are the investor requirements to invest in this opportunity?
 - ✓ 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?
 - ✓ This investment will be closing April 29, 2022
- How will profits be distributed to investors?
 - ✓ There will be no monthly distributions on this project. All cash flow will go towards our eventual refinance at stabilization which we anticipate will return 50-70% of the equity (probably 100% but we're being conservative) and then we stay in the deal for monthly cash flow!
- Is due diligence complete?
 - ✓ Yes, all due diligence is complete at this time and we are shovel ready
- What happens with cost segregation?
 - ✓ There is no cost segregation until we do our refinance.





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