

Encore at Murrells Inlet

Class A Build-to-Rent Townhome Community
Murrells Inlet, South Carolina

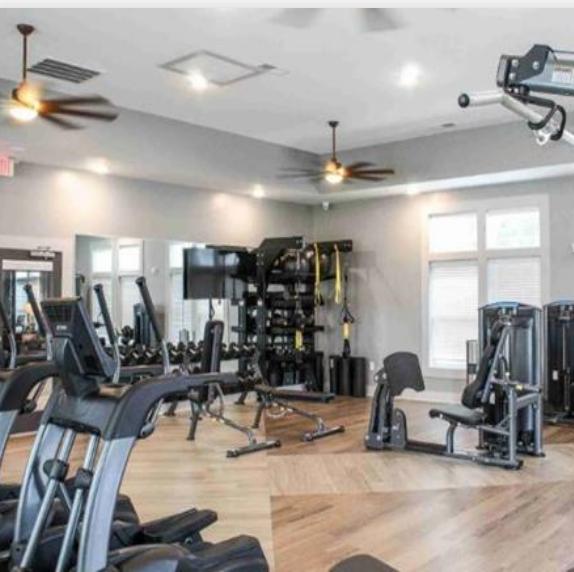


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Sponsor Overview





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Real Estate Investment Firm

Established 2008



Investment Overview



Investment Thesis

Encore at Murrells Inlet is a stabilized Class A townhome community in a coastal South Carolina market with limited supply, strong population growth, and high median incomes. Immediate yield with room for rental growth positions the asset for durable mid-teens returns and principal preservation.

Value-add improvements include adding pickle ball court, playground, fenced in yards for select units.

Deal Snapshot

PROPERTY
Encore at Murrells Inlet

PURCHASE PRICE
\$36,100,000

LOCATION
Murrells Inlet, South Carolina

ENTRY CAP RATE
5.9% (T3 Annualized)

ASSET TYPE
Class A Build-to-Rent Townhome Community

LOAN TERMS
Fannie Mae | 6.21% Fixed | 5 Years I/O | 68% LTV

YEAR BUILT
2022

Occupancy
92%

UNITS
143 (50% 2BD / 50% 3BD)

Target Hold
5 Years

EXIT CAP
5.25%

DSCR
1.35x

Investment Highlights

| GP Equity Net Returns | Target | Notes |
|---------------------------------|---------------------|---------------------------|
| IRR | 17.75% - 22.34% | 5-Year Hold |
| Equity Multiple | 2.13x - 2.5x | Estimated, not guaranteed |
| Average Cash on Cash (Year 1-4) | 5.6% - 7.67% | Paid Quarterly |
| Promote | None | All returns paid pro rata |

| | | | | |
|---|---|--------------------------------|---|--|
| Newly built Class A townhome community (2022) | Murrells Inlet, SC coastal submarket with in-migration and high-income demographics | Entry cap 5.9% (T3 annualized) | Agency loan 6.21% fixed 5 yrs I/O 68% LTV | Immediate in-place cash flow with rent growth upside |
| 143 units, avg 1,301 SF; 50% 2BR / 50% 3BR | 92% occupancy at acquisition | Exit cap assumption 5.25% | \$100–\$175 rent premiums on new leases | No promote structure — all returns paid pro rata |



Capital Structure & Cash Flow



Equity Returns

| Distributions Year | 1 | 2 | 3 | 4 | 5 | Total |
|-----------------------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|
| GP Distributions from Operations | \$368,352 | \$532,354 | \$696,094 | \$536,790 | \$560,002 | \$2,693,592 |
| GP Distributions from Disposition | - | - | - | - | \$14,886,305 | \$14,886,305 |
| Total Distributions | \$368,352 | \$532,354 | \$696,094 | \$536,790 | \$15,446,307 | \$17,579,897 |
| CoC from Operations | 5.2% | 7.6% | 9.9% | 7.6% | 8.0% | |

| | |
|--------------------------|--------------------|
| Equity Investment | \$5,500,000 |
| Levered-IRR | 22.34% |
| Equity Multiple | 2.50 |
| Average Yield | 7.67% |

**The above forecasted returns reflect the upper end of the projected returns range*

Capital Stack Summary

Sources of Capital

63%

SENIOR DEBT
\$24,983,000

18%

PREFERRED EQUITY
\$7,250,000

19%

COMMON EQUITY
\$7,552,000

TOTAL
\$39,785,000

Uses of Capital

PURCHASE PRICE
\$36,100,000

CAPITAL EXPENDITURES
\$620,000

CLOSING COSTS
\$3,065,000

TOTAL
\$39,785,000



Property Overview



Property Stats

UNITS

143

OCCUPANCY

92%

AVG UNIT SIZE

1,301 SF

SITE AREA

7.2 Acres

YEAR BUILT

2022

AVG RENT

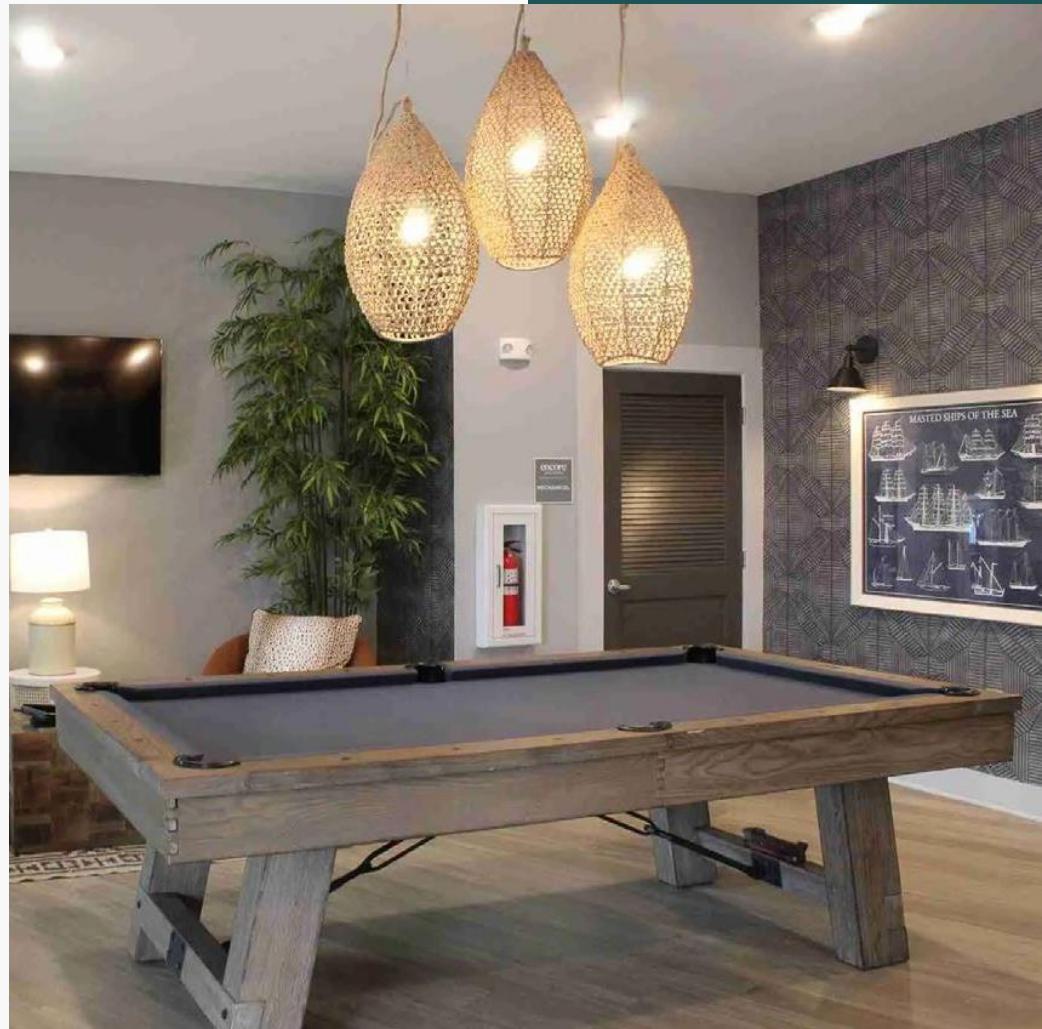
\$2,008

RENTABLE AREA

186,014 SF

AVG RENT/SF

\$2.00



Floor Plan Overview

| Type | Units | Avg SF | Rent | Rent/SF | % Mix |
|-----------|-------|--------|---------|---------|-------|
| 2BR / 2BA | 72 | 1,130 | \$2,025 | \$1.79 | 50% |
| 3BR / 2BA | 71 | 1,474 | \$1,991 | \$1.35 | 50% |

Floor Plan Details



2 Bedroom / 2 Bathroom | 1,130 SF |
50% of Unit Mix



3 Bedroom / 2 Bathroom | 1,474 SF | 50% of
Unit Mix



Site Plan Overview



Legend

- Pool Cabana with Grill Station
- Resort-Style Saltwater Pool
- Clubhouse (Fitness, Lounge, Game Room)
- Garages in 2BR units
- Car Wash
- Dog Park
- Dog Wash Station
- Trash Center
- Bike Barn



Market & Demographics



Demographics & Location Map

Avg Household Income

1 MILE

\$96,966

3 MILES

\$104,233

5 MILES

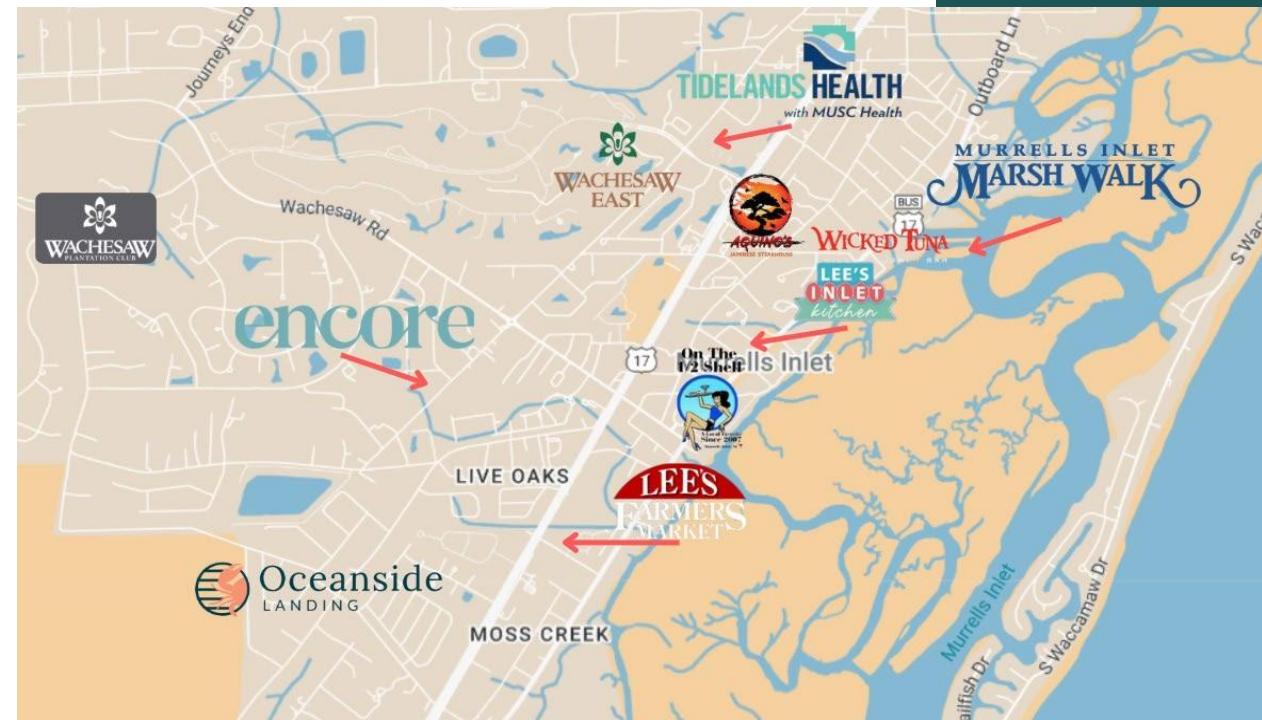
\$99,336

SOURCE: TACTICIAN / DEMOGRAPHICS

AVG HOME VALUE (MURRELLS INLET)

\$400,000

SOURCES: TACTICIAN / REDFIN





Comparable Properties



Rental Comps

| Property | 1BD | 2BD | 3BD | 4BD | Avg. SF | Year Built | Occupancy | Distance |
|---------------------------------|---------|----------------|----------------|---------|--------------|-------------|------------|------------|
| Swells Cottages | \$1,852 | \$2,046 | \$2,705 | - | 947 | 2022 | 90% | 4.9 miles |
| The Springs at Arcadia | - | - | \$2,268 | \$2,562 | 1,817 | 2023 | 81% | 10.9 miles |
| Moorland Reserve | - | - | \$2,588 | - | 1,565 | 2023 | 57% | 13.6 miles |
| Ailsa Village | - | - | \$2,241 | - | 1,427 | 2021 | 94% | 14.2 miles |
| Sea Trace | \$1,795 | \$2,154 | \$2,600 | - | 1,061 | 2024 | 34% | 15.5 miles |
| Villas at Carolina Forest | - | \$2,174 | \$2,375 | \$2,400 | 1,462 | 2024 | 32% | 15.7 miles |
| The Grove at Village Oaks | - | - | \$2,300 | \$2,333 | 2,004 | 2023 | 88% | 16.4 miles |
| Encore at Murrells Inlet | - | \$2,008 | \$1,975 | - | 1,301 | 2022 | 91% | - |

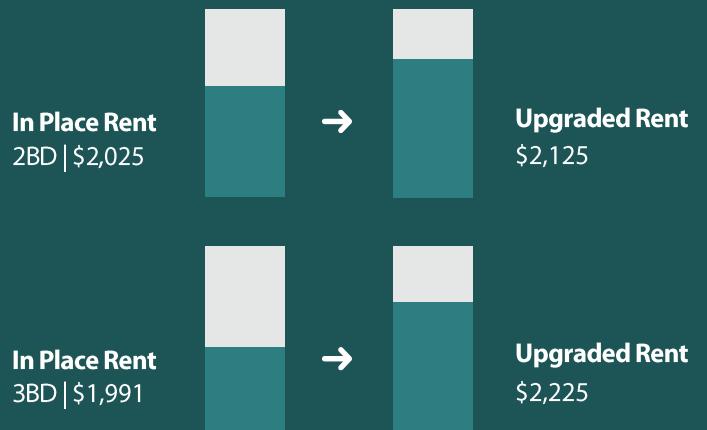


Financial Overview



Pro Forma Summary

| T12 | | Cash Flow Projections | | | | |
|---------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Revenues | | | | | | |
| Gross Potential Rent | \$ 3,720,376 | \$ 3,508,601 | \$ 3,658,623 | \$ 3,826,428 | \$ 3,971,235 | \$ 4,090,373 |
| Loss to Lease | (244,356) | (17,543) | (18,293) | (19,132) | (19,856) | (20,452) |
| Net Potential Rent | \$ 3,476,020 | \$ 3,491,058 | \$ 3,640,330 | \$ 3,807,296 | \$ 3,951,379 | \$ 4,069,921 |
| Vacancy | (332,616) | (279,285) | (254,823) | (228,438) | (197,569) | (203,496) |
| Concessions | - | (120,191) | (31,363) | (19,036) | (19,769) | (20,350) |
| Bad Debt | - | (8,728) | (9,101) | (9,518) | (9,878) | (10,175) |
| Model/Empl/Security Units | (30,960) | - | - | - | - | - |
| Total Rental Income | \$ 3,112,444 | \$ 3,082,855 | \$ 3,345,043 | \$ 3,550,303 | \$ 3,724,175 | \$ 3,835,900 |
| Other Income | 265,781 | 279,756 | 375,126 | 403,462 | 415,355 | 427,605 |
| Effective Gross Income | \$ 3,378,225 | \$ 3,362,611 | \$ 3,720,168 | \$ 3,953,766 | \$ 4,139,530 | \$ 4,263,505 |
| Expenses | | | | | | |
| Controllable Expenses | 648,580 | \$ 608,330 | \$ 626,580 | \$ 645,377 | \$ 664,738 | \$ 684,680 |
| Non-Controllable Expenses | 605,803 | 610,070 | 758,450 | 778,327 | 797,058 | 814,231 |
| Total Operating Expenses | \$ 1,254,383 | \$ 1,218,400 | \$ 1,385,029 | \$ 1,423,704 | \$ 1,461,797 | \$ 1,498,911 |
| Net Operating Income | \$ 2,123,842 | \$ 2,144,211 | \$ 2,335,139 | \$ 2,530,061 | \$ 2,677,734 | \$ 2,764,594 |
| Reserves | | 39,325 | 39,325 | 39,325 | 39,325 | 39,325 |
| Other CF Adjustments | | 1,551 | 5,127 | 7,463 | 9,320 | 10,560 |
| Cash Flow Before Debt | \$ 2,103,335 | \$ 2,290,688 | \$ 2,483,274 | \$ 2,629,088 | \$ 2,714,709 | |
| Debt Service | | 1,572,992 | 1,572,992 | 1,577,302 | 1,572,992 | 1,572,992 |
| Net Cash Flows | | \$ 530,343 | \$ 717,695 | \$ 905,972 | \$ 1,056,096 | \$ 1,141,717 |



Senior Debt

LOAN TYPE

Fannie Mae Agency Debt

PREPAYMENT

Yield Maintenance

LOAN AMOUNT

\$24,983,000

DEBT SERVICE

\$1,572,992 annually

LOAN-TO-VALUE

68%

DSCR

1.35x

INTEREST RATE

6.21% Fixed

INTEREST-ONLY PERIOD

5 Years

TERM

10 Years (30-Year Amortization)

Preferred Equity

AMOUNT

\$7,250,000 (18% of Total Capital)

PREFERRED RETURN

14.5% (6.25% Current / 8.25% Accrual)

TERM

5 Years

PRIORITY

Senior to Common Equity, Subordinate to Debt

DISTRIBUTIONS

Quarterly

CAPITAL RETURN

Prior to Common Equity Participation

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Class A Multifamily Investment
Colony Hills Capital

Encore at Murrells Inlet

