

# Encore at Murrells Inlet

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





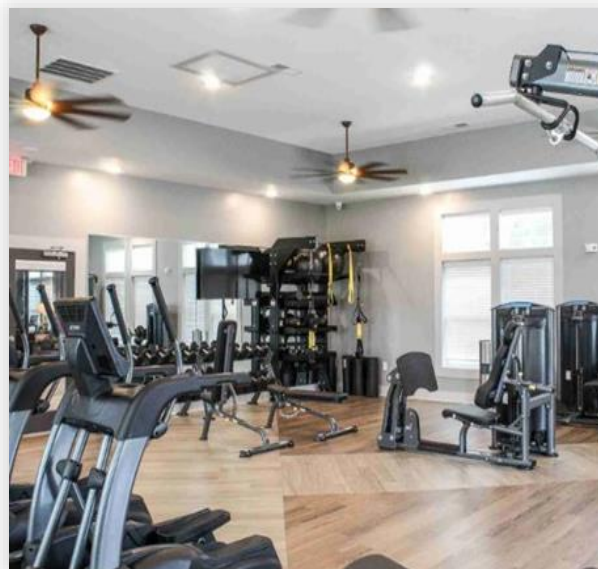
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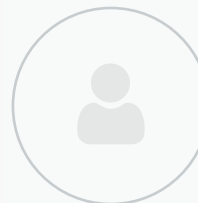


# Sponsor Overview





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MANAGING DIRECTOR

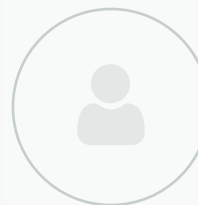
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Real Estate Investment Firm

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)	<b>5.6% - 7.67%</b>	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	<b>\$2,693,592</b>
GP Distributions from Disposition	-	-	-	-	\$14,886,305	<b>\$14,886,305</b>
<b>Total Distributions</b>	<b>\$368,352</b>	<b>\$532,354</b>	<b>\$696,094</b>	<b>\$536,790</b>	<b>\$15,446,307</b>	<b>\$17,579,897</b>
<b>CoC from Operations</b>	<b>5.2%</b>	<b>7.6%</b>	<b>9.9%</b>	<b>7.6%</b>	<b>8.0%</b>	

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**

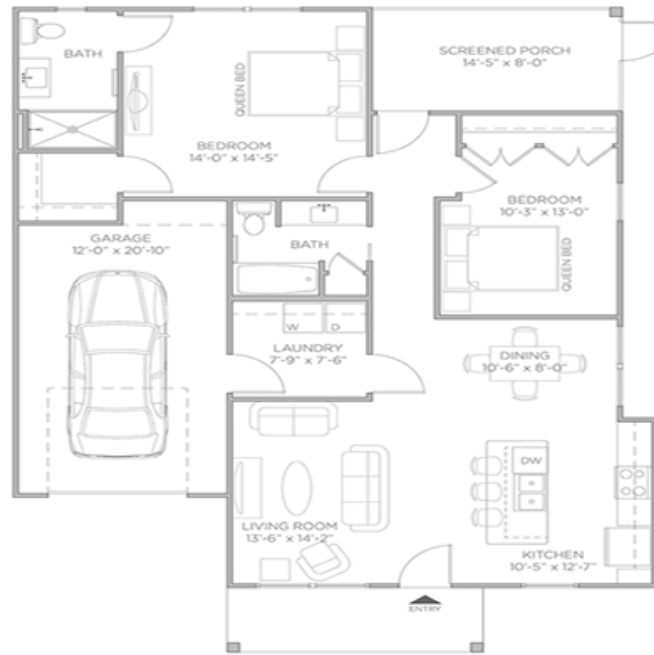




# Floor Plan Overview

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



SECOND FLOOR

# 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



COLONY HILLS  
CAPITAL 

# Market & Demographics



# Demographics & Location Map

## Avg Household Income

1 MILE

**\$96,966**

3 MILES

**\$104,233**

5 MILES

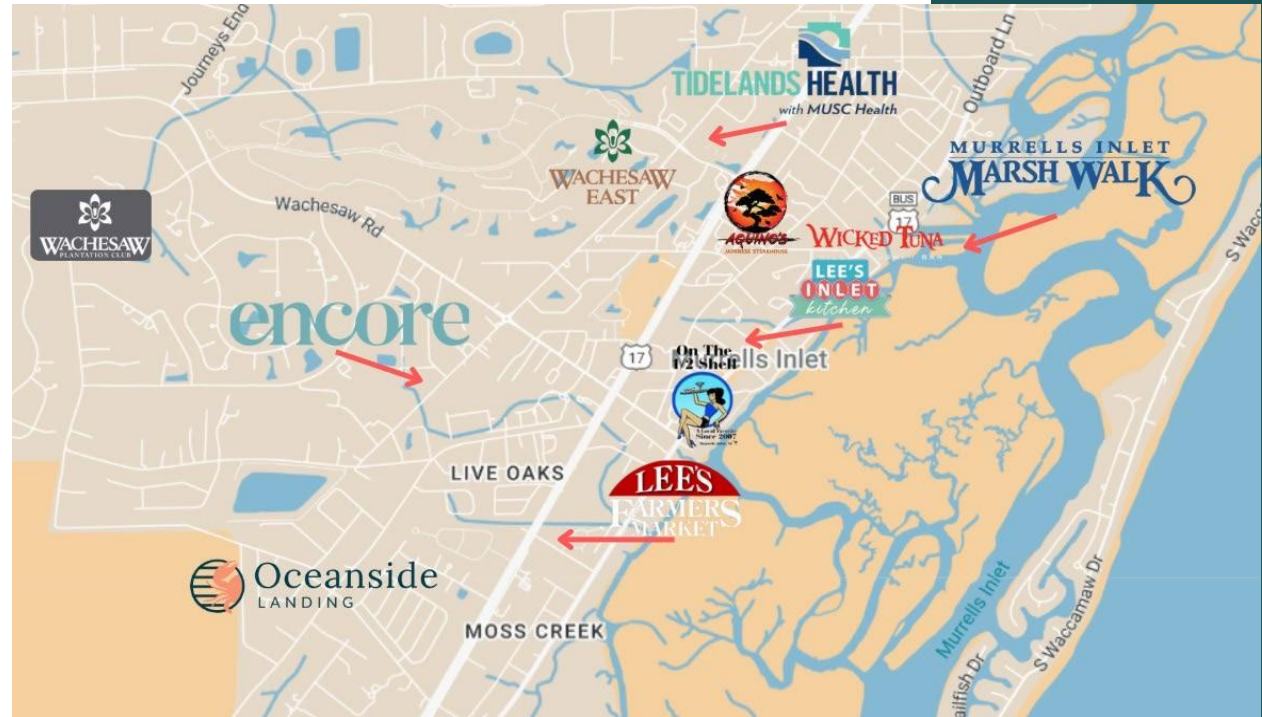
**\$99,336**

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
<b>Encore at Murrells Inlet</b>	-	<b>\$2,008</b>	<b>\$1,975</b>	-	<b>1,301</b>	<b>2022</b>	<b>91%</b>	-



# Financial Overview



# Pro Forma Summary

	T12	Cash Flow Projections				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues</b>						
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)	-	-	-	-	-
<b>Total Rental Income</b>	<b>\$ 3,112,444</b>	<b>\$ 3,082,855</b>	<b>\$ 3,345,043</b>	<b>\$ 3,550,303</b>	<b>\$ 3,724,175</b>	<b>\$ 3,835,900</b>
Other Income	265,781	279,756	375,126	403,462	415,355	427,605
<b>Effective Gross Income</b>	<b>\$ 3,378,225</b>	<b>\$ 3,362,611</b>	<b>\$ 3,720,168</b>	<b>\$ 3,953,766</b>	<b>\$ 4,139,530</b>	<b>\$ 4,263,505</b>
<b>Expenses</b>						
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
<b>Total Operating Expenses</b>	<b>\$ 1,254,383</b>	<b>\$ 1,218,400</b>	<b>\$ 1,385,029</b>	<b>\$ 1,423,704</b>	<b>\$ 1,461,797</b>	<b>\$ 1,498,911</b>
<b>Net Operating Income</b>	<b>\$ 2,123,842</b>	<b>\$ 2,144,211</b>	<b>\$ 2,335,139</b>	<b>\$ 2,530,061</b>	<b>\$ 2,677,734</b>	<b>\$ 2,764,594</b>
Reserves		39,325	39,325	39,325	39,325	39,325
Other CF Adjustments		1,551	5,127	7,463	9,320	10,560
<b>Cash Flow Before Debt</b>		<b>\$ 2,103,335</b>	<b>\$ 2,290,688</b>	<b>\$ 2,483,274</b>	<b>\$ 2,629,088</b>	<b>\$ 2,714,709</b>
Debt Service		1,572,992	1,572,992	1,577,302	1,572,992	1,572,992
<b>Net Cash Flows</b>		<b>\$ 530,343</b>	<b>\$ 717,695</b>	<b>\$ 905,972</b>	<b>\$ 1,056,096</b>	<b>\$1,141,717</b>



# Senior Debt

LOAN TYPE	PREPAYMENT
Fannie Mae Agency Debt	Yield Maintenance
LOAN AMOUNT	DEBT SERVICE
\$24,983,000	\$1,572,992 annually
LOAN-TO-VALUE	DSCR
68%	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  
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