

Encore at Murrells Inlet

*Investment
Opportunity*



225 Grass Cord Loop,
Murrells Inlet, SC

Sponsor

Colony Hills Capital (CHC) was founded in 2008 by CEO, Glenn Hanson. The company's primary focus and strategy is to purchase value-add, class A- to B, multifamily real estate. Since inception, CHC has been involved in the acquisition and/or operation of 37 properties, in 9 states, totaling more than 12,000 apartments homes with a combined capitalization of over \$1.3 billion.

Opportunity

Encore at Murrells Inlet is a class A, luxury townhome/ B T R acquisition strategically located in the affluent community of Murrells Inlet, SC. The property is ideally located near beaches, top rated retail, strong employment, recreation and it is situated right next to US-17 for easy access to Myrtle Beach and Pawleys Island. Being new construction, Encore requires little to no capital improvements and is currently achieving a \$100/unit average premium on new leases. CHC's business plan is to continue to ride the momentum on new leases at a great basis on this new construction asset.

Overview

Encore at Murrells Inlet is located at 225 Grass Cord Loop, Murrells Inlet, SC 29576.

- 143 units and 186,014 rentable square feet.
- CHC is assuming an in-place, fixed rate loan with a 6.2% interest rate and 5 years of interest only (68% LTV).
- 5.9% going-in cap rate based on the purchase price and the trailing three-month income annualized.
- Built in 2022
- Property is currently 92% occupied
- Being new construction, there is little to no capital improvements required.
- CHC will continue the existing trend on new leases of increasing rents by an average **\$100/month**.

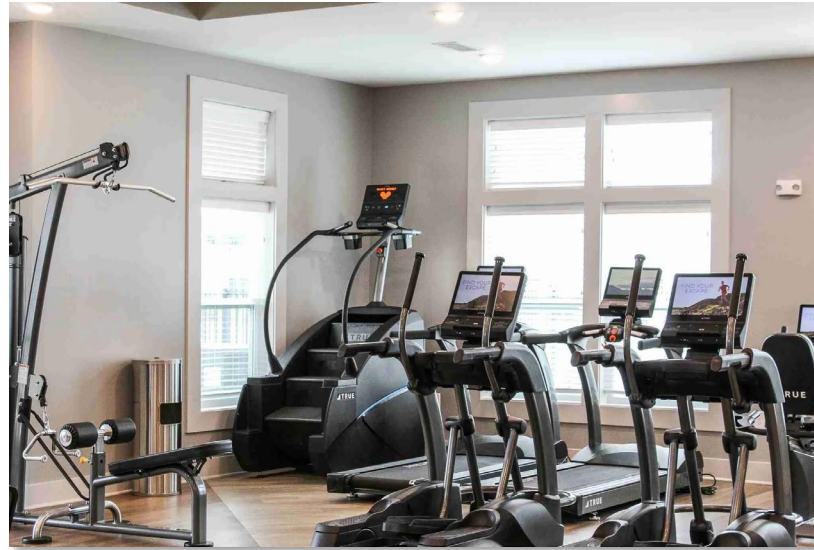
Overview

COLONY HILLS
CAPITAL



Overview

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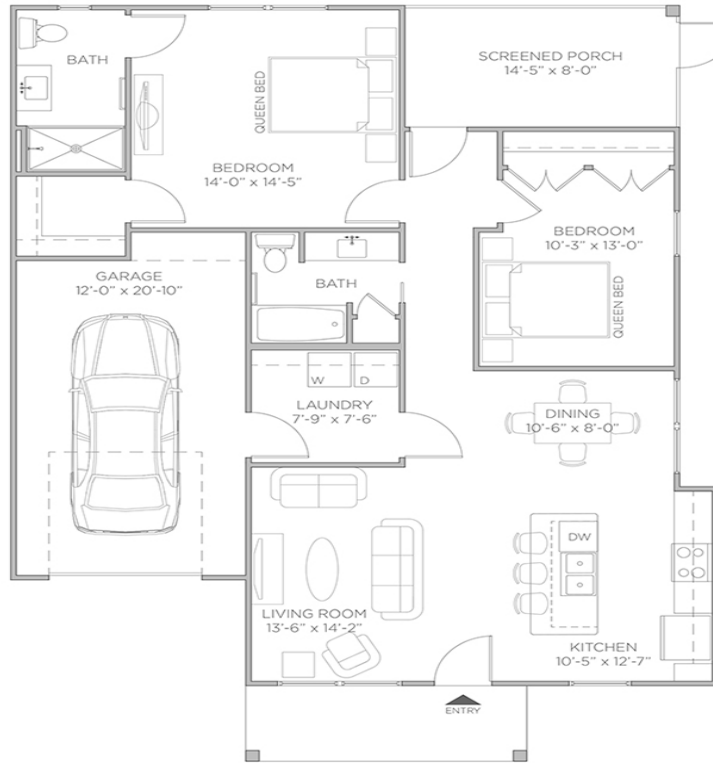


Overview

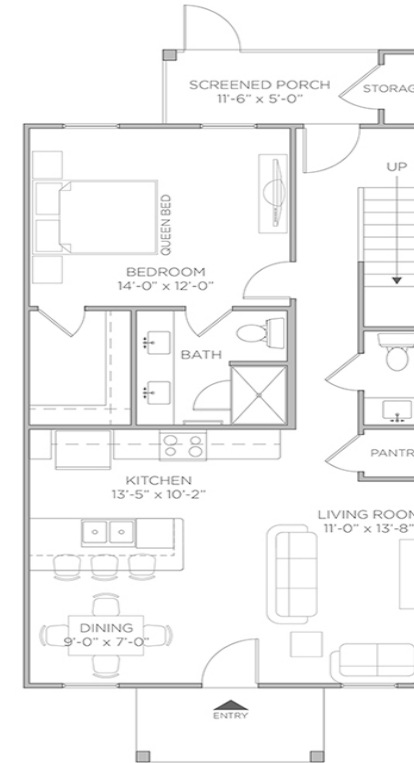
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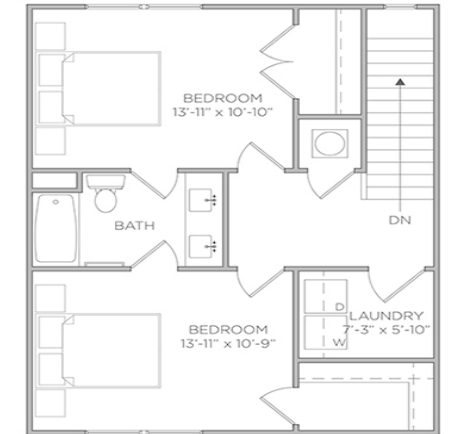
Overview - Floor Plans



2 Bedroom | 2 Bath | 1,130 Square feet
50% of Unit Mix



3 Bedroom | 2 Bath | 1,474 Square feet
50% of Unit Mix



SECOND FLOOR

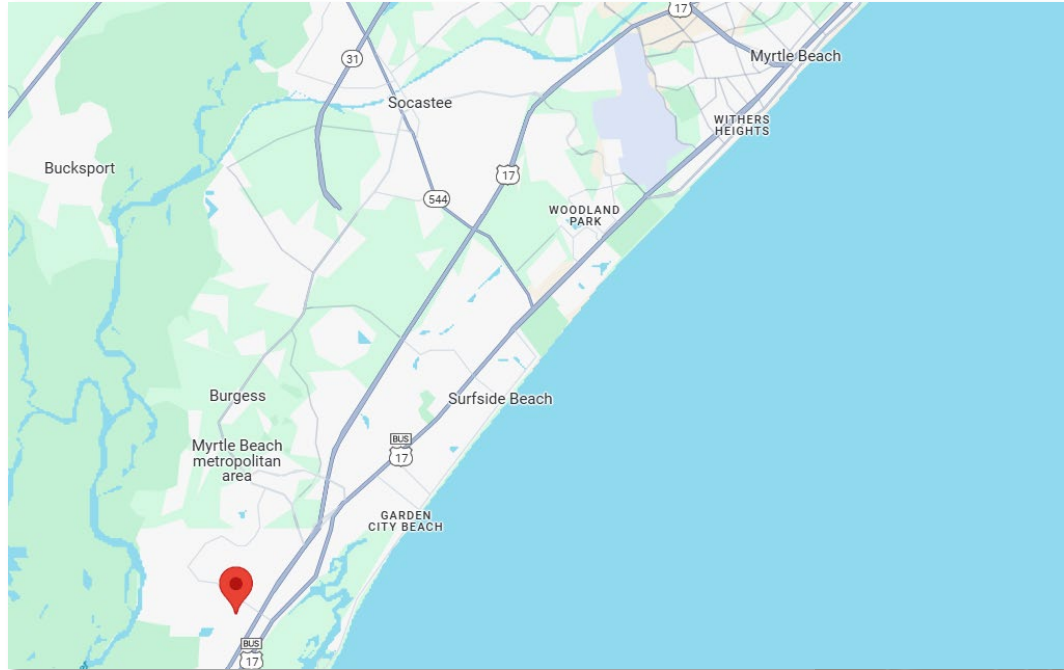
Overview – Site Plan

Map Legend

- A Pool Cabana w/ Grill Station
- B Resort-Style Saltwater Pool
- C Clubhouse:
 - 24 Hour Fitness Center
 - Lounge Area
 - Game Room
- D Garages
- E Car Wash
- F Dog Park
- G Dog Wash Station
- H Trash Center
- I Bike Barn



Property Location - Demographics



Average Family Income

(around Murrells)

1 Mile Radius = **\$96,966**

3 Mile Radius = **\$104,233**

5 Mile Radius = **\$99,336**

Source: Tactician / Demographics

Average Housing: \$400,000

Source: Redfin.com

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%	-

Proforma



	T-12	Cash Flow Projections				
		Year 1	Year 2	Year 3	Year 4	Year 5
Revenues						
Gross Potential Rent	\$ 3,726,424	\$ 3,507,313	\$ 3,623,480	\$ 3,741,822	\$ 3,858,015	\$ 3,973,756
Loss to Lease	(253,684)	(17,537)	(18,117)	(18,709)	(19,290)	(19,869)
Net Potential Rent	\$ 3,472,740	\$ 3,489,776	\$ 3,605,363	\$ 3,723,113	\$ 3,838,725	\$ 3,953,887
Vacancy	(365,036)	(279,182)	(252,375)	(223,387)	(191,936)	(197,694)
Concessions	-	(59,858)	(30,918)	(18,616)	(19,194)	(19,769)
Bad Debt	-	(8,724)	(9,013)	(9,308)	(9,597)	(9,885)
Model/Empl/Security Units	(28,048)	-	-	-	-	-
Total Rental Income	\$3,079,656	\$ 3,142,012	\$ 3,313,056	\$ 3,471,803	\$ 3,617,999	\$ 3,726,539
Other Income	208,753	212,932	291,295	311,312	320,651	330,271
Effective Gross Income	\$3,288,409	\$ 3,354,943	\$ 3,604,350	\$ 3,783,115	\$ 3,938,650	\$ 4,056,809
Expenses						
Controllable Expenses	612,205	\$ 585,002	\$ 602,552	\$ 620,629	\$ 639,248	\$ 658,425
Non-Controllable Expenses	642,885	595,951	740,669	758,473	775,855	792,398
Total Operating Expenses	\$1,255,090	\$ 1,180,953	\$ 1,343,222	\$ 1,379,102	\$ 1,415,103	\$ 1,450,823
Net Operating Income	\$2,033,319	\$ 2,173,990	\$ 2,261,129	\$ 2,404,013	\$ 2,523,547	\$ 2,605,987
Reserves		39,325	39,325	39,325	39,325	39,325
Other CF Adjustments		1,474	3,969	5,756	7,311	8,493
Cash Flow Before Debt		\$ 2,133,191	\$ 2,217,835	\$ 2,358,932	\$ 2,476,911	\$ 2,558,169
Debt Service		1,572,992	1,572,992	1,577,302	1,572,992	1,572,992
Net Cash Flows		\$ 560,198	\$ 644,843	\$ 781,630	\$ 903,919	\$ 985,176

In Place Rent Upgraded Rent

2BD \$2,025 ➡ \$2,125

3BD \$1,991 ➡ \$2,075

Capital Stack: Sources & Uses*

Sources		Uses	
Senior Debt	\$24,983,000	Purchase Price	\$36,100,000
Preferred Equity	\$7,250,000	Capital Expenditures	\$620,000
Common Equity	\$7,552,000	Closing Costs	\$3,065,000
<hr/> Total Sources (approx)		<hr/> Total Uses (approx)	
\$39,785,000		\$39,785,000	

**See Proforma for detailed Sources & Uses*

Debt

Lender	Fannie Mae
Proceeds	\$24,983,000
Interest Rate	6.21% (Fixed)
Term	5 Years
Amortization	30 Years
Interest Only	5 Years
Debt Service & Reserves	\$1,572,992



Preferred Equity

Company	CCL
Investment	\$7,250,000
Current Pay	6.25%
Accrual	8.25%
Total	14.50%
Annual Preferred	\$453,125



Targeted Common Equity Raise

The total common equity contribution is \$7,552,000 of which CHC is offering **\$5,500,000**.

Projected Equity Returns

On a 5-year hold, and assuming an exit cap rate of 5.25%, the equity is projected to earn a net **17.75% IRR (2.13X)** (these are estimated returns, not a guarantee). The average cash-on-cash return is projected to be **5.6%**. There is no promote structure earned by CHC.

Equity Returns

Year	1	2	3	4	5	Total
Distributions from Operations	\$291,500	\$302,500	\$247,500	\$335,500	\$363,000	\$1,540,00
Distributions from Sale					\$10,175,000	\$10,175,000
Total Distributions	\$291,500	\$302,500	\$247,500	\$335,500	\$10,538,00	\$11,715,000
Yield from Operations	5.3%	5.5%	4.5%	6.1%	6.6%	

Equity Investment	\$5,500,000
Levered-IRR	17.75%
Equity Multiple	2.13
Average Yield	5.6%

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