

Knoll Crest  
Apartments  
*Investment  
Opportunity*



207 George St,  
Middletown, CT

# 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 36 properties, in 9 states, totaling more than 12,000 apartments homes with a combined capitalization of over \$1.2 billion.

# Opportunity

Knoll Crest Apartments is a class A-, garden-style multifamily housing acquisition strategically located in the affluent community of Middletown, CT. The property is ideally located near top rated retail, education, strong employment, recreation and it is situated right next to Interstate 91. Knoll Crest is positioned to benefit from interior and exterior value add investments. The property was developed in two phases: 2007 & 2017. However, the property still requires some polishing to several of its amenities, including common area remodeling, amenity additions and garage/storage installation. 82% of the units require light renovations in order to ensure that Knoll Crest leads its comparative set of properties and offer a value alternative to its newer construction competition. Per extensive analysis of the property economics and the market competition, and consistent with our successful model, CHC has underwritten a projected, average \$328/unit lift to the current rents post interior and exterior renovations.

# Overview

**Knoll Crest Apartments** is located at 207 George St, Middletown, CT 06457.

- 204 units and 199,752 rentable square feet.
- CHC is assuming an in-place, fixed rate loan with a 4.84% interest rate and 4 years of interest only.
- 5.9% going-in cap rate based on the purchase price and the trailing three-month income annualized.
- Built in two phases, 2007 & 2017
- Property is currently 97% occupied
- Interior Property improvements will include smart home packages, new lighting, flooring and updated kitchens and bathrooms on 168 units (82%). The weighted average interior capex will be approximately \$13,200/unit.
- Exterior property improvements will include (\$7,458/unit) common area remodeling, amenity additions and installation of submetering, EV charging stations, landscaping, the improvement of the current signage, as well as several other renovation projects (see 'Capex' tab in proforma).
- Post renovation and property improvements, CHC will increase current rents to be in line with comparative properties in the submarket (an average **\$328**/unit premium).



# Overview





# Overview





# Overview





# Overview - Floor Plans



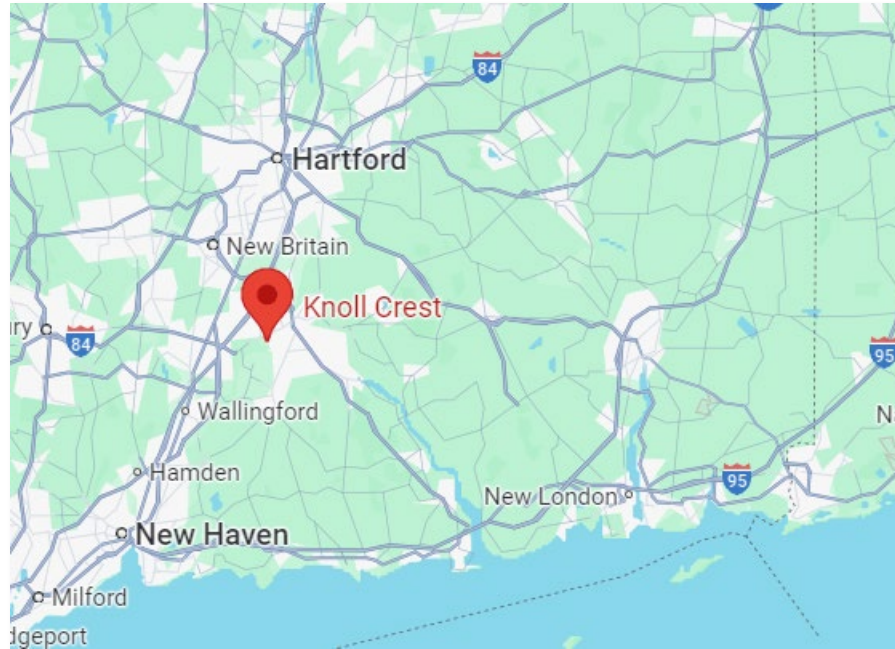
1 Bedroom | 1 Bath | 778 Square feet  
41% of Unit Mix



2 Bedroom | 2 Bath | 1,120 Square feet  
59% of Unit Mix



# Property Location - Demographics



## Average Family Income

(around Knoll Crest)

1 Mile Radius = **\$122,234**

3 Mile Radius = **\$125,965**

5 Mile Radius = **\$120,036**

Source: Tactician / Demographics

Average Housing: \$400,000

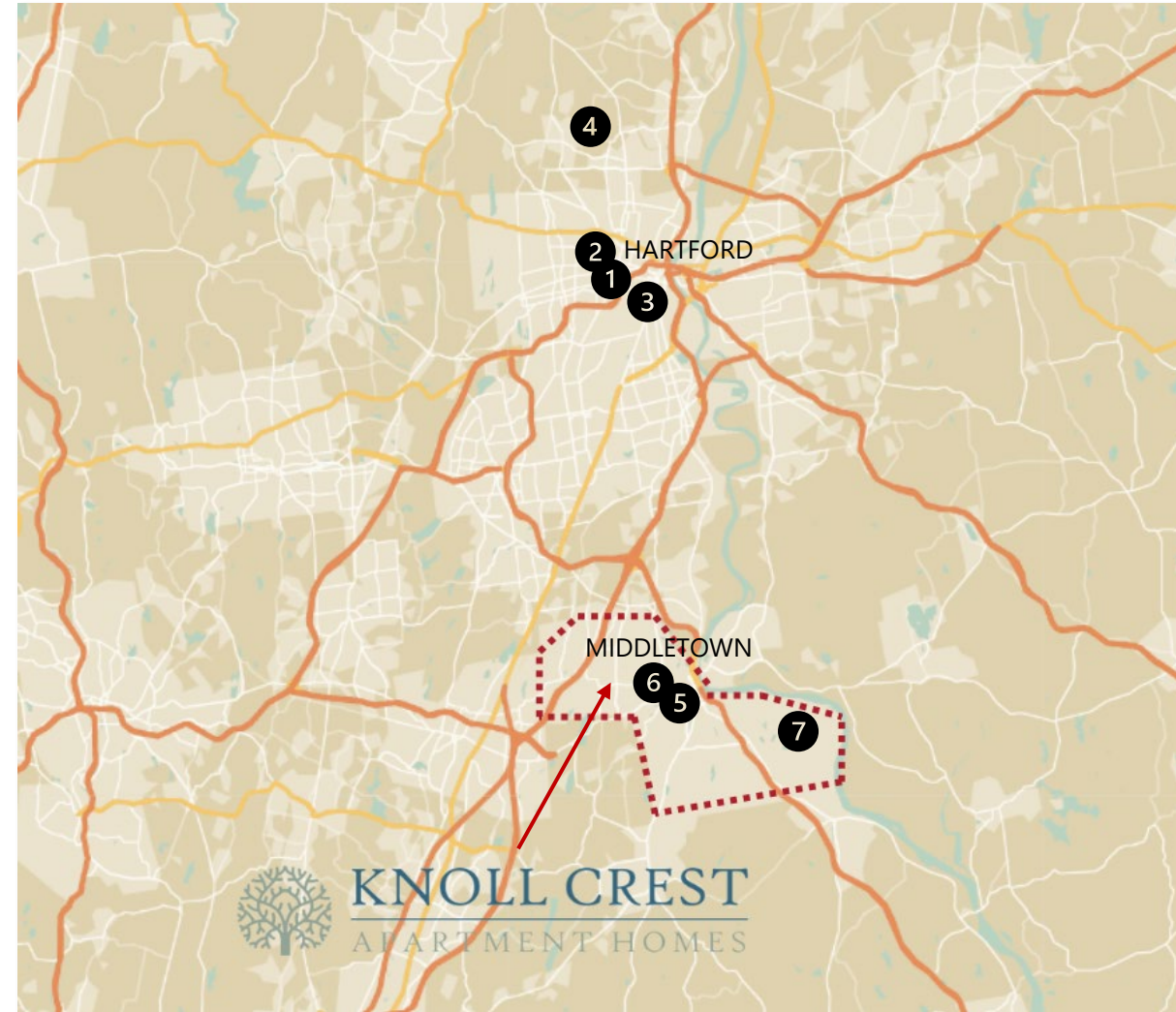
Source: Melissa.com



# Property Location - Employment

Middletown, CT, being in close proximity to Hartford, has access to a diverse range of large employers. Some of the largest employers include:

- 1 **Aetna** (7,000 employees): Now part of CVS Health, Aetna is a major health insurance company headquartered in Hartford.
- 2 **The Hartford** (7,000 employees): The Hartford is a large insurance company with its headquarters in Hartford and employs thousands of workers in various roles.
- 3 **Travelers Insurance** (7,500 employees): One of the largest insurance companies in the U.S., Travelers is headquartered in Hartford and employs thousands of people in various capacities.
- 4 **Cigna** (4,000 employees): Although its headquarters are technically in nearby Bloomfield, Cigna has a large presence in Hartford.
- 5 **Wesleyan University** (1,000 employees): Wesleyan University is one of the largest employers in Middletown. It provides a wide range of jobs, from academic and administrative positions to support staff.
- 6 **Middlesex Health** (2,500 employees): Middlesex Health is a major healthcare provider in the region, offering a full range of medical services.
- 7 **Pratt & Whitney** (2,000 employees): Part of Raytheon Technologies, Pratt & Whitney operates in the aerospace sector and has a substantial presence in Middletown.





# Rental Comps



**The Landon of Cromwell**  
(4.03 miles)  
Age: 2021  
Occupancy: 97%

1BD: \$2,249 (1x1)  
2BD: \$2,889 (2x2)



**Middletown Brooke Apartments**  
(3.33 miles)  
Age: 1989/2005  
Occupancy: 99%

1BD: \$1,878 (1x1)  
2BD: \$2,618 (2x2)



**Springside Apartments**  
(1.42 miles)  
Age: 2024  
Occupancy: Lease up

1BD: \$2,405 (1x1)  
2BD: \$2,831 (2x2)  
3BD: \$3,615 (3x2)



**Knoll Crest Apartments (subject)**  
Age: 2007 & 2017  
Occupancy: 97%

**1BD: \$1,903 (1x1)**  
**2BD: \$2,304 (2x2)**



**Windshire Terrace Apartments**  
(3.1 miles)  
Age: 2000  
Occupancy: 97%

2BD: \$2,622 (2x2)  
3BD: \$3,500 (3x2)



**Town Place Apartments**  
(3.28 miles)  
Age: 1986  
Occupancy: 96%

1BD: \$2,217 (1x1)  
2BD: \$2,482 (2x2)  
3BD: \$2,557 (3x2)

**Average Rent**  
(amongst comps)

1BD: \$2,187  
2BD: \$2,688  
3BD: \$3,086



# Proforma



	T-12	Cash Flow Projections				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Revenues</b>						
Gross Potential Rent	\$ 5,149,452	\$ 5,668,300	\$ 6,126,365	\$ 6,567,376	\$ 6,887,864	\$ 7,128,939
Loss to Lease	176,768	(8,502)	(9,190)	(9,851)	(10,332)	(10,693)
Net Potential Rent	\$ 5,326,220	\$ 5,659,798	\$ 6,117,175	\$ 6,557,525	\$ 6,877,532	\$ 7,118,245
Vacancy	(159,428)	(282,990)	(305,859)	(327,876)	(343,877)	(355,912)
Concessions	(28,624)	(8,490)	(9,176)	(9,836)	(10,316)	(10,677)
Bad Debt	15,724	(14,149)	(15,293)	(16,394)	(17,194)	(17,796)
Model/Emp/Security Units	-					
<b>Total Rental Income</b>	<b>\$ 5,153,892</b>	<b>\$ 5,354,169</b>	<b>\$ 5,786,848</b>	<b>\$ 6,203,418</b>	<b>\$ 6,506,145</b>	<b>\$ 6,733,860</b>
Other Income	170,296	246,428	350,833	422,396	438,440	455,133
<b>Effective Gross Income</b>	<b>\$ 5,324,188</b>	<b>\$ 5,600,597</b>	<b>\$ 6,137,681</b>	<b>\$ 6,625,814</b>	<b>\$ 6,944,585</b>	<b>\$ 7,188,993</b>
<b>Expenses</b>						
Controllable Expenses	940,124	\$ 1,035,319	\$ 1,069,643	\$ 1,104,843	\$ 1,137,989	\$ 1,172,128
Non-Controllable Expenses	1,251,421	1,361,392	1,413,306	1,464,825	1,512,370	1,585,318
<b>Total Operating Expenses</b>	<b>\$ 2,191,545</b>	<b>\$ 2,396,711</b>	<b>\$ 2,482,949</b>	<b>\$ 2,569,668</b>	<b>\$ 2,650,358</b>	<b>\$ 2,757,446</b>
<b>Net Operating Income</b>	<b>\$ 3,132,643</b>	<b>\$ 3,203,886</b>	<b>\$ 3,654,732</b>	<b>\$ 4,056,146</b>	<b>\$ 4,294,227</b>	<b>\$ 4,431,547</b>
Reserves		56,100	56,100	56,100	56,100	56,100
Other CF Adjustments		49,906	55,277	60,158	63,346	65,790
<b>Cash Flow Before Debt</b>		<b>\$ 3,097,880</b>	<b>\$ 3,543,355</b>	<b>\$ 3,939,888</b>	<b>\$ 4,174,781</b>	<b>\$ 4,309,657</b>
Debt Service		1,753,909	1,753,909	1,753,909	1,881,759	2,260,502
<b>Net Cash Flows</b>		<b>\$ 1,343,970</b>	<b>\$ 1,789,446</b>	<b>\$ 2,185,979</b>	<b>\$ 2,293,022</b>	<b>\$ 2,049,155</b>

## In Place Rent      Upgraded Rent

1BD    **\$1,903**        \$2,250

2BD    **\$2,344**        \$2,750



# Capital Stack: Sources & Uses\*

<b>Sources</b>		<b>Uses</b>	
Senior Debt	\$35,732,000	Purchase Price	\$53,000,000
LP Equity	\$10,000,000	Capital Expenditures	\$4,900,000
GP Equity	\$16,568,000	Closing Costs	\$4,400,000
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Total Sources (approx)	\$62,300,000	Total Uses (approx)	\$62,300,000

*\*See Proforma for detailed Sources & Uses*



# Debt

Lender	Fannie Mae
Proceeds	\$35,732,000
Interest Rate	4.84% (Fixed)
Term	10 Years
Amortization	30 Years
Interest Only	4 Years
Debt Service & Reserves	\$1,753,378





# LP Equity

Company	Seller
Investment	\$10,000,000
Preferred Return	1%
Accrual	6%
Total	7%
Annual Preferred	\$100,000



## Targeted Co-GP Equity Raise

The total GP equity contribution is \$16,568,000 of which CHC is offering **\$15,000,000**.

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## 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 **22.58% IRR (2.45X)** (these are estimated returns, not a guarantee). The average cash-on-cash return is projected to be **9.88%**. These returns are after CHC receives a 15% share of the proceeds once all GP members have achieved a 10% IRR.



# Equity Returns

Year	1	2	3	4	5	Total
Distributions from Operations	\$1,035,000	\$1,440,000	\$1,800,000	\$1,890,000	\$1,230,000	\$7,395,000
Distributions from Sale					\$29,355,000	\$29,355,000
<b>Total Distributions</b>	<b>\$1,035,000</b>	<b>\$1,440,000</b>	<b>\$1,800,000</b>	<b>\$1,860,000</b>	<b>\$30,585,000</b>	<b>\$36,750,000</b>
<b>Yield from Operations</b>	<b>6.9%</b>	<b>9.6%</b>	<b>12%</b>	<b>12.6%</b>	<b>8.2%</b>	

<b>Equity Investment</b>	<b>\$15,000,000</b>
<b>Levered-IRR</b>	<b>22.58%</b>
<b>Equity Multiple</b>	<b>2.45</b>
<b>Average Yield</b>	<b>9.88%</b>

# Disclaimer

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