

One Dallas Center
350 N Saint Paul St,
Dallas, TX 75201

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**Isenberg Real
Estate Advisors**

Agenda:



Property Overview

Thesis

Location Overview: Why Dallas?

Supporting Evidence

Risks to thesis

Financials

Questions

Property Overview:

\$50,000,000
Purchasing Price

276
Units/30
Stories

308,800 Square
Feet

827 SF
per Unit

96%
Occupancy

+8% Rent
Growth YOY

Built in
1978
(Renovated
2014)



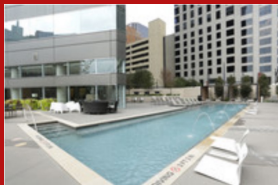
Property Overview Continued:



Amenities



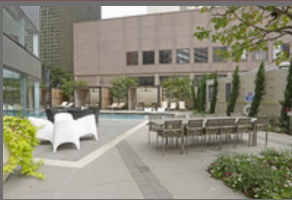
Multiple Lounge Spots



Pool Areas

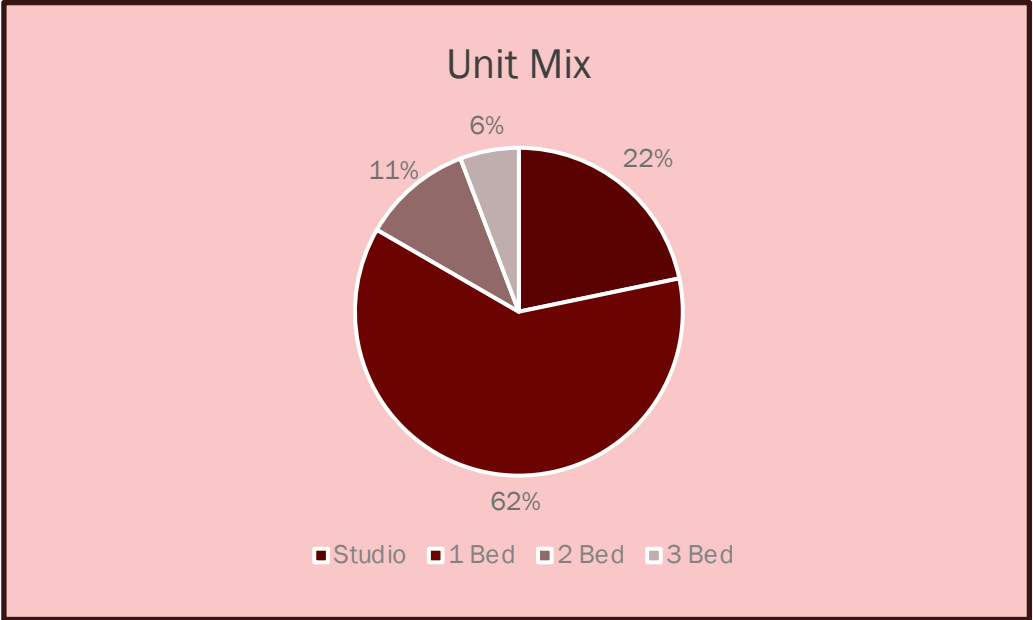


Dog Park



Grill Area

Unit Mix						
Beds	Units	Avg SF	Asking Rent/Unit	Asking Rent/SF		
Studio	60	569	\$ 1,815	\$ 3.19		
1	170	776	\$ 2,170	\$ 2.80		
2	30	1,301	\$ 3,108	\$ 2.39		
3	16	1,451	\$ 3,601	\$ 2.48		
Totals	276	827	\$ 2,674	\$ 2.71		



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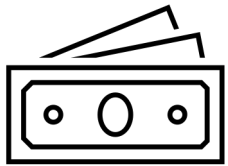
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Rapid and consistent population growth indicates large demand for housing.



Companies relocating to the area insinuates job growth as well as other economic growth for the area.

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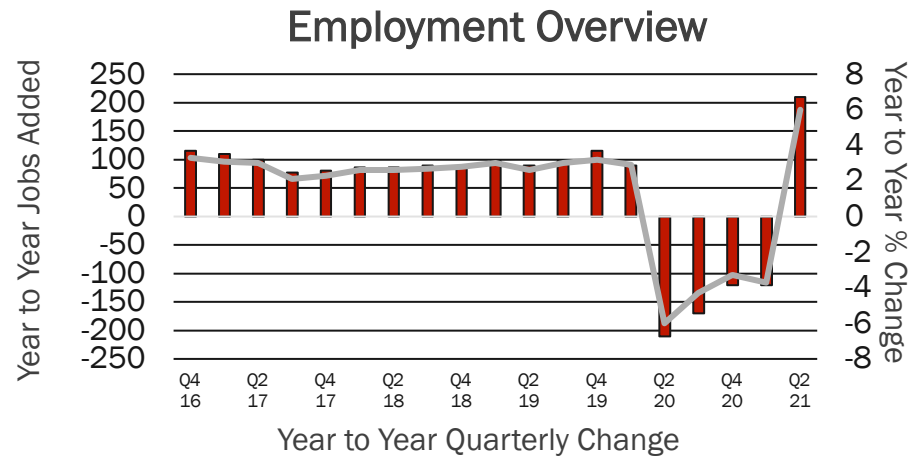
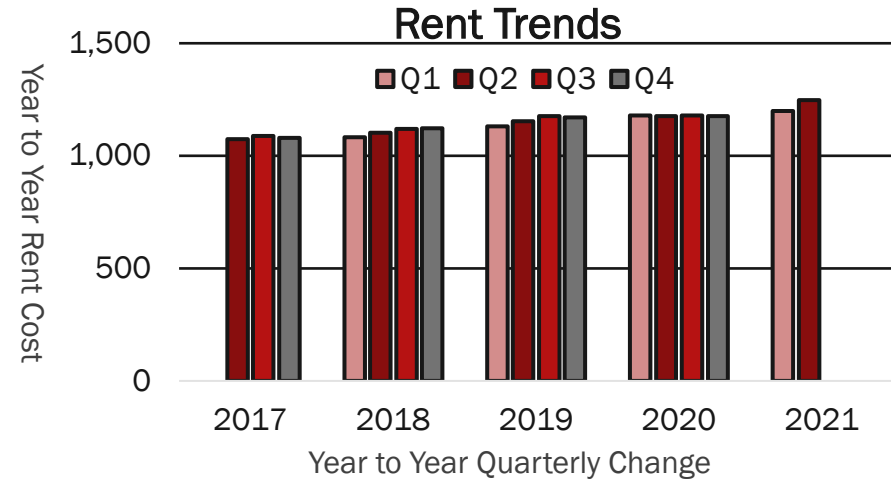
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Location Overview: Why Dallas?



- 1 • Net Absorption has increased by 30% in Dallas resulting in a 10%+ increase in employment from Q1 to Q2 in 2021
- 2 • Fortune 500 Companies are relocating headquarters to Dallas, increasing demand to live downtown
- 3 • Rent rose more than 5% from Q1 to Q2 of 2021
- 4 • Average rent has reached \$1,248 per month for Class A multifamily assets



Why Dallas CBD?



Located in Heart Of Downtown Dallas in the CBD



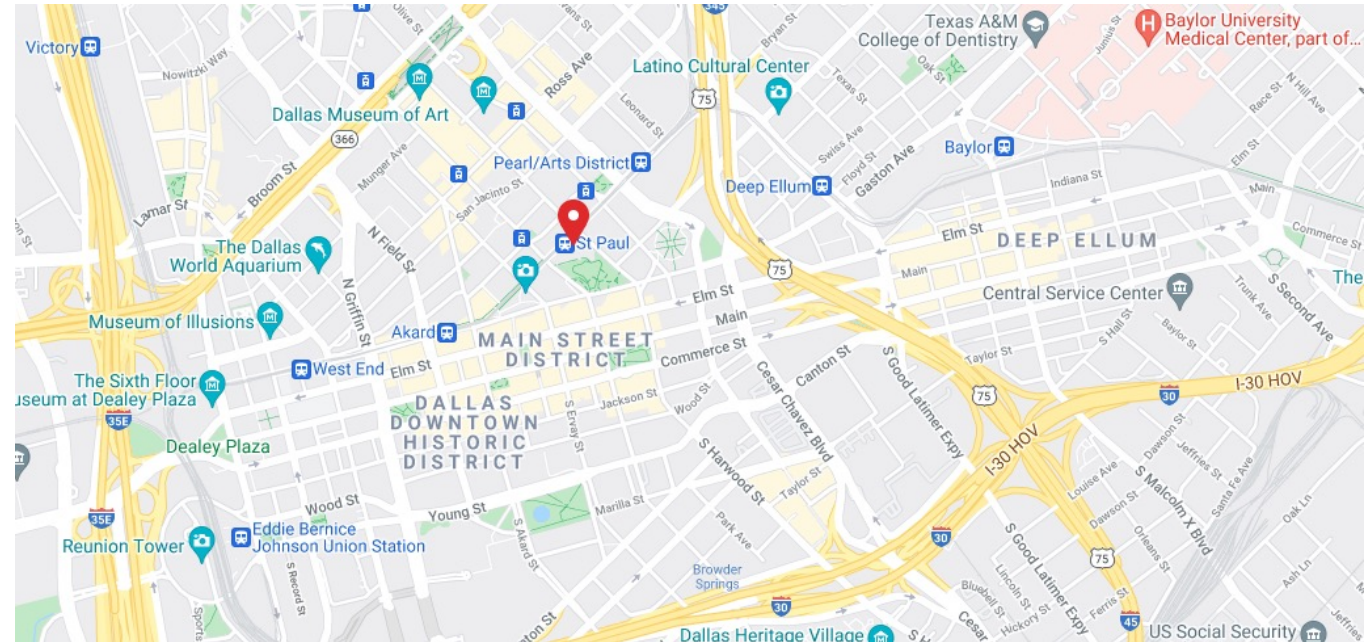
Next to St. Paul T-station which gives tenants easy access to areas all over DFW



54 min. train ride to DFW International Airport



In Close Proximity to Baylor U. Medical Center



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Location Overview: Why Dallas?

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Supporting Evidence

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Risks to thesis

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Financials

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Questions

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Population Growth

1

Dallas has gained 30,000 new residents annually.

2

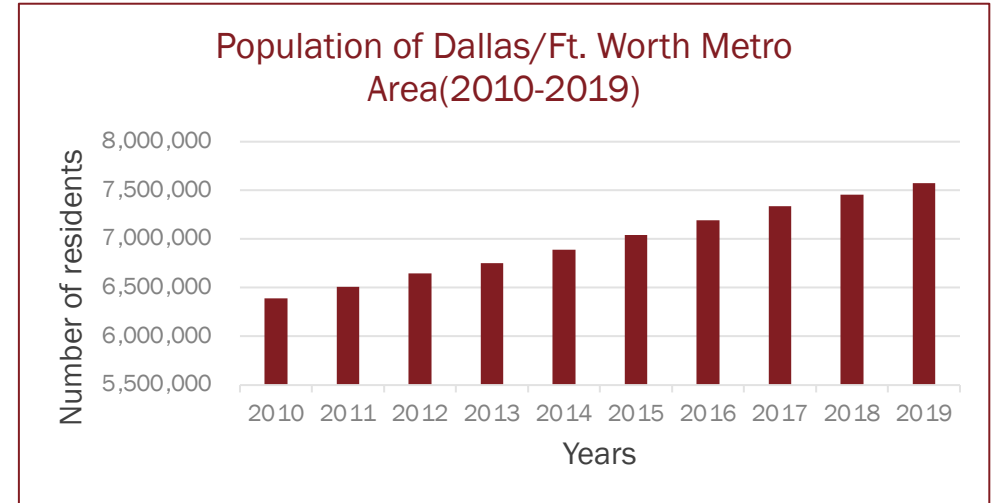
Increase in Multifamily housing as a result of population increase

3

The city with the second largest population growth is only half the size of Dallas'

4

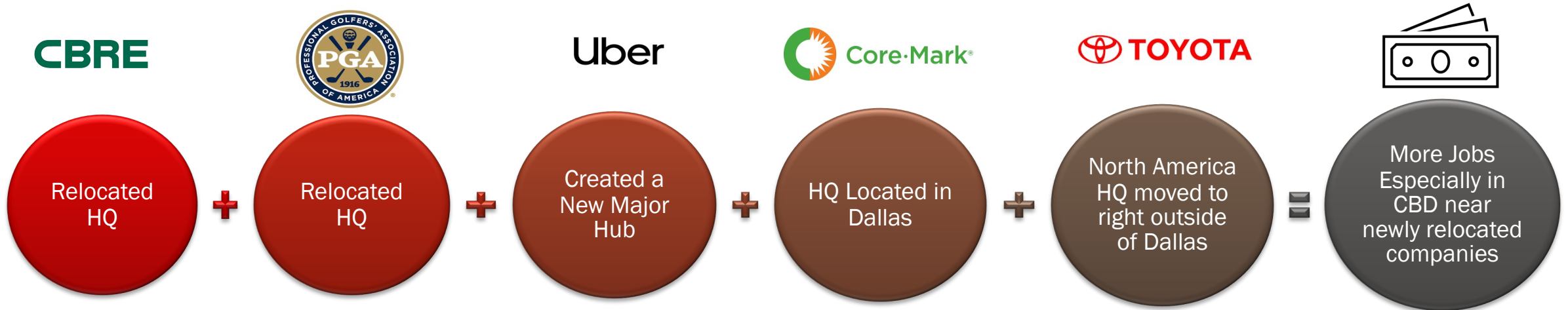
Demand for multifamily units will rise as the population grows at an increasing rate



Annual Population Growth	
Austin	8,000
Chicago	5,000
Dallas	30,000
Houston	15,000
Los Angeles	9,495
New York	6,500
Total	73,995

New Companies and Job Growth in Dallas

Over the last few years Dallas has become home to many Fortune 500 Companies which has aided in a 6.7% increase in employment from 2020 -> 2021.



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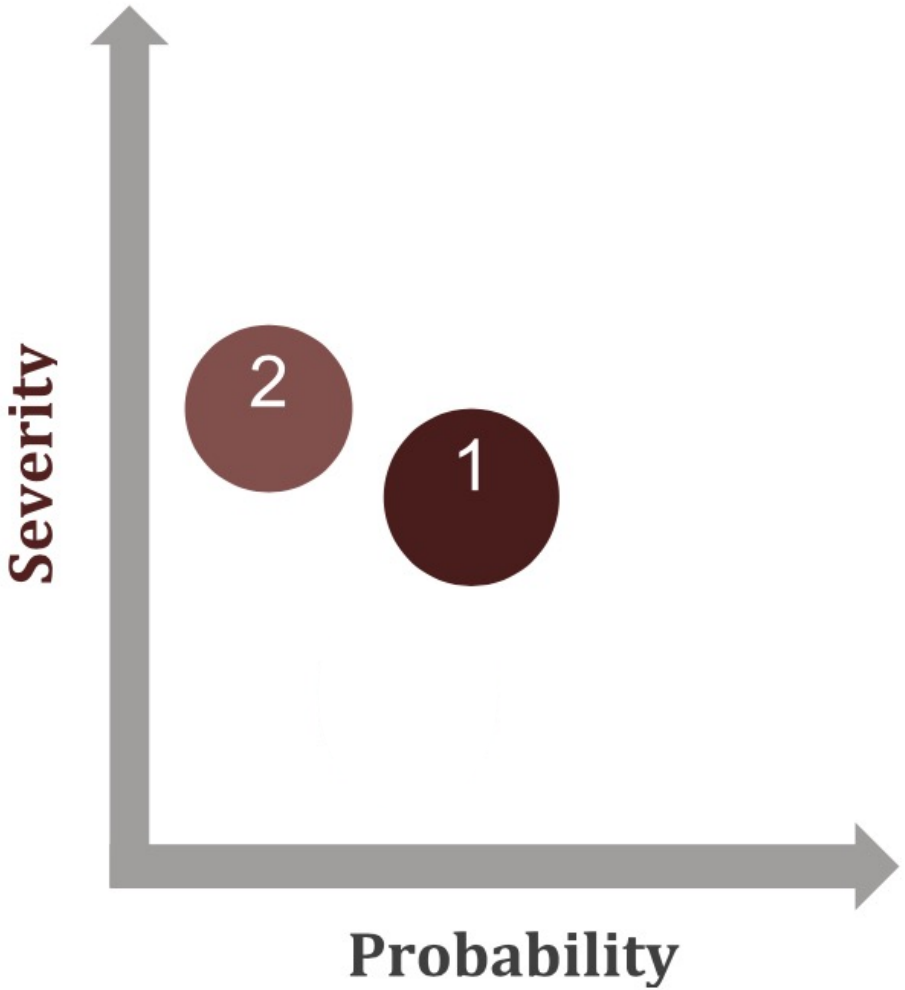
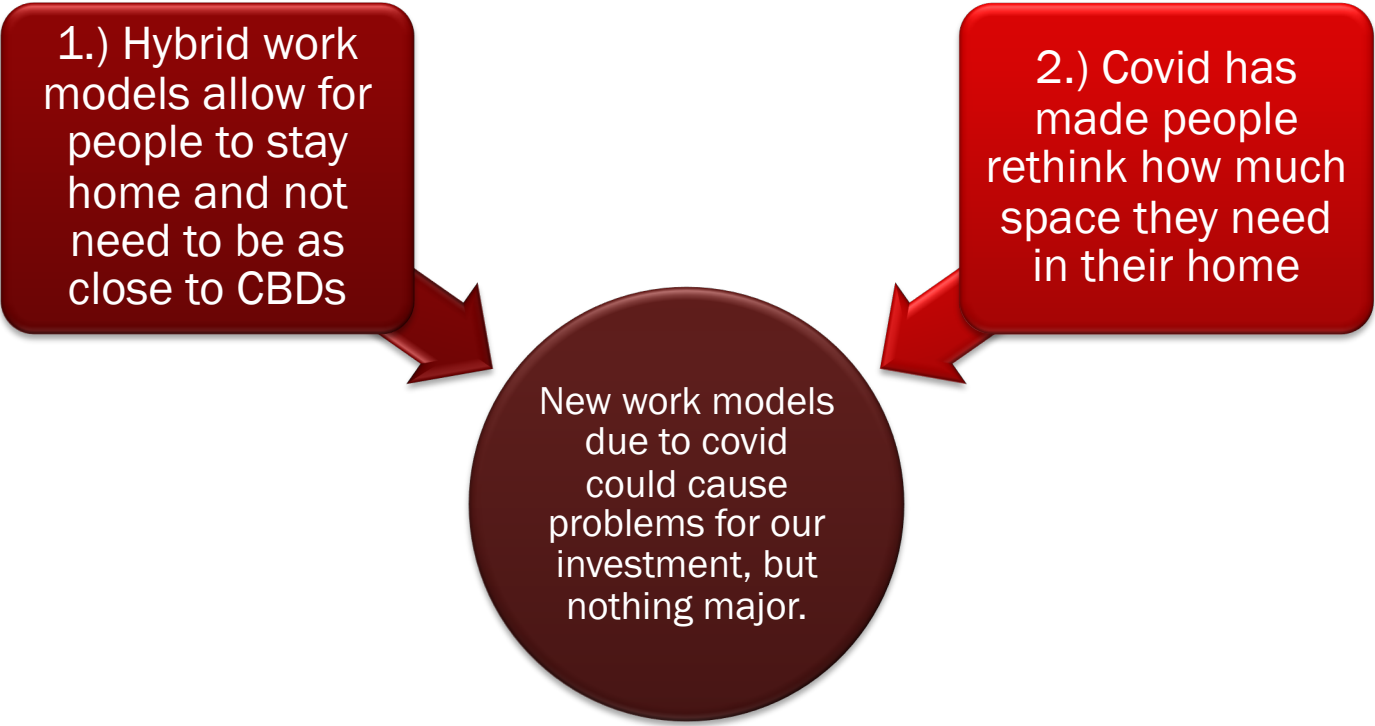
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Assumptions For Financial Modeling:

IREA Given Guidelines	
LTV	65%
Annual Interest Rate	4%
Amortization Period	25
Prepayment Penalty	3%
LP Preferred Return	8%
GP Contribution	5%
LP Contribution	95%
GP Promote	30%
LP Promote	70%

Unit Assumptions			
Beds	Average SF	Number of Units	Rent
Studio	568	60	\$ 1,815
1	776	170	\$ 2,170
2	1,301	30	\$ 3,108
3	1,451	16	\$ 3,601

Individual Group Assumptions	
Purchase Price	\$50,000,000
Loan Value	\$32,500,000
GP Equity	(\$875,000)
LP Equity	(\$16,625,000)
Annual Payment	\$1,971,906
Exit Cap Rate	6.00%
Sale Price	\$ 96,119,332.72

	2020 Year 0	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5	2026 Year 6					
Potential Gross Income	\$	7,543,872	\$	8,087,031	\$	8,669,297	\$	9,293,486	\$	9,962,617	\$	10,679,926
Vacancy	\$	(301,755)	\$	(323,481)	\$	(346,772)	\$	(371,739)	\$	(398,505)	\$	(427,197)
		4.00%		4.00%		4.00%		4.00%		4.00%		4.00%
Credit Loss	\$	(150,877)	\$	(161,741)	\$	(173,386)	\$	(185,870)	\$	(199,252)	\$	(213,599)
Effective Gross Income	\$	7,091,240	\$	7,601,809	\$	8,149,139	\$	8,735,877	\$	9,364,860	\$	10,039,130
Expense Reimbursements	\$	(1,242,520)	\$	(1,331,982)	\$	(1,427,884)	\$	(1,530,692)	\$	(1,640,902)	\$	(1,759,047)
Total Operating Revenue	\$	5,848,720	\$	6,269,827	\$	6,721,255	\$	7,205,185	\$	7,723,959	\$	8,280,084
Operating Expenses	\$	(1,775,029)	\$	(1,902,831)	\$	(2,039,835)	\$	(2,186,703)	\$	(2,344,145)	\$	(2,512,924)
Net Operating Income	\$	4,073,691	\$	4,366,997	\$	4,681,420	\$	5,018,483	\$	5,379,813	\$	5,767,160
Debt Service	\$	(1,971,906)	\$	(1,971,906)	\$	(1,971,906)	\$	(1,971,906)	\$	(1,971,906)	\$	(1,971,906)
Capital Expenditures	\$	(407,369)	\$	(436,700)	\$	(468,142)	\$	(501,848)	\$	(537,981)	\$	(576,716)
Leasing Commissions	\$	(2,278)	\$	(2,442)	\$	(2,618)	\$	(2,806)	\$	(3,008)	\$	(3,225)
Management Fee	\$	(438,654)	\$	(470,237)	\$	(504,094)	\$	(540,389)	\$	(579,297)	\$	(621,006)
Reversion Sale Price								\$	96,119,332.72			0
Property Before Tax Cash Flow from Operations	\$	3,847,806	\$	4,266,826	\$	4,716,014	\$	5,197,545	\$	5,713,745		
Property Before Tax Cash Flow	\$ (50,000,000)	\$	3,847,806	\$	4,266,826	\$	4,716,014	\$	5,197,545	\$	101,833,078	

Exit Cap Rate	6.00%
IRR	21.24%

Equity Waterfall:



	2020 Year 0	2021 Year 1	2022 Year 2	2023 Year 3	2024 Year 4	2025 Year 5
Equity Level Cash Flows:						
Entity Level Operational EBTCF	\$ (17,500,000)	\$ 3,847,806	\$ 4,266,826	\$ 4,716,014	\$ 5,197,545	\$ 5,713,745
Entity Level Reversion EBTCF	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,119,333
Entity Level EBTCF	\$ 17,500,000	\$ 3,847,806	\$ 4,266,826	\$ 4,716,014	\$ 5,197,545	\$ 101,833,078
LP Equity Capital Account:						
Beginning Equity Investment Balance	\$ -	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000
Annual Preferred Investment	\$ (16,625,000.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Preferred Return Earned	\$ -	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000
Preferred Return Owed	\$ -	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000
Accrued But Unpaid Preferred Return	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Equity Investment Balance	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000	\$ 16,625,000
GP Equity Capital Account:						
Beginning Equity Investment Balance	\$ -	\$ 875,000	\$ 875,000	\$ 875,000	\$ 875,000	\$ 875,000
Annual Subordinated Investment	\$ (875,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Equity Investment Balance	\$ 875,000	\$ 875,000	\$ 875,000	\$ 875,000	\$ 875,000	\$ 875,000
Operational Cash Flow:						
LP Level Cash Flows: 70%	\$ (16,625,000)	\$ 3,092,464	\$ 3,385,778	\$ 3,700,210	\$ 4,037,281	\$ 4,398,621
GP Level Cash Flows: 30%	\$ (875,000)	\$ 755,342	\$ 881,048	\$ 1,015,804	\$ 1,160,263	\$ 1,315,123
Reversion Allocations:						
Sale Price						\$ 96,119,333
Closing Costs						\$ (5,767,160)
Remaining Principal						\$ (28,025,525)
Prepayment Penalty						\$ (975,000)
LP Return of Equity						\$ (16,625,000)
GP Return of Equity						\$ 875,000
Remaining Equity						\$ 45,601,647
LP Additional Proceeds						\$ 31,921,153
GP Additional Proceeds						\$ 13,680,494
Reversion cash flow:						
LP Level Cash Flows:						\$ 48,546,153
GP Level Cash Flows:						\$ 14,555,494
Total EBTCF:						
						IRR
LP Level Cash Flows:	\$ (16,625,000)	\$ 3,092,464	\$ 3,385,778	\$ 3,700,210	\$ 4,037,281	\$ 4,398,621
GP Level Cash Flows:	\$ (875,000)	\$ 755,342	\$ 881,048	\$ 1,015,804	\$ 1,160,263	\$ 1,315,123

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