



Diamond Creek Apartments Overview

A complete project plan has been designed by the Management Team and has begun implementation since closing. A purchase price of \$3,940,000 was negotiated for this property. It was financed with a bridge loan of \$2,800,000 and equity partnership for the remaining \$2.338 million which totals the all-in cost of \$5.138 million (purchase price + rehab + fees, costs and contingencies).

Ownership Specifics

- The Equity Partners will receive a 70% ownership in the property during a 12 – 18 month stabilization estimated time frame;
- After stabilization has been reached, the property will be refinanced within 3 to 6 months;
- Once the refinance is complete, the Equity Investors will get back 70% or more of their original investment (100% is the target);
- Managing Partners equity increases from 30% to 40% after performance has been achieved;
- After the refinance, equity investment ownership interest then changes from 70% to 60%;
- The refinance will involve obtaining a new loan for approx. 67% of the estimated \$7.8 million value;
- Following the refinance, all investors will be paid out (70% or greater) of their original investment.
- Tenant profile will be upgraded by evicting problem tenants and marketing for stable and reliable tenants
- Highest priority will be to convert the property into a family oriented venue

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The project plan is summarized below:

Phase 1

- Immediately upon closing, an intense effort will begin to start the rehab schedule, increase security and begin promotion and advertising for the lease-up
- Management will immediately be changed out

Phase 2

- Begin the refinance process within two months after re-stabilized (3 consecutive months of 90% or better occupancy qualifies property to begin refinance)
- Return investors money and continue operations with a target of 95% occupancy.

Phase 3

- Hold property for 7 – 10 years for cash flow while simultaneously marketing at retail price

Fundamental Details of the Project

- Property will be held in a Limited Partnership with 99.9% ownership
- Property will be managed by an LLC with .01% ownership
- Managing Partners (also Limited Partners) will get 30% interest before refinance and 40% after refinance