



2151 Kirkwood
Q4 2023 Investor Update
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● AGENDA

.01

Property
Update

.02

Financials

.03

Capital
Expenses

.04

Market
Update

.05

Investor
Updates

.06

Q & A

Property Update

.01



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● State of the Industry



Change in Eviction Process



Increase in Operating Expenses (Taxes & Insurance)

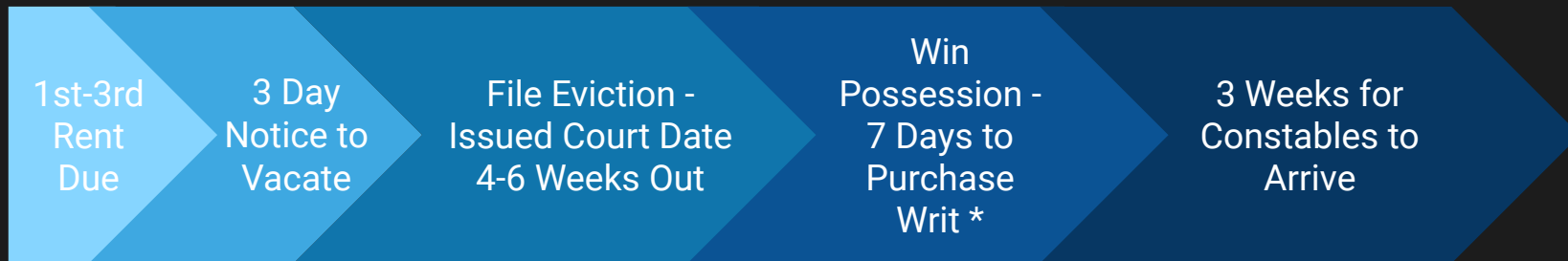


Interest Rates & Cap Rates



Foreclosures

● Eviction Timeline



May							June							July						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6					1	2	3							1
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22
28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29
														30	31					

● Rule 11 Impacts

Rule 11

- Agreement between Landlord and Tenant executed by the courts
- Tenant will give back possession and Landlord will dismiss eviction claim
- Landlord retains the right to collect outstanding rents, but the Tenant does not have an eviction on their record

Impact

- Future Landlords would not be notified of past eviction when Tenant applies (*will be notified of rental debt if it has been reported)
- Applicants are getting approved without Landlords knowing that they were previously under eviction and have rental debt owed

Doing internal rental debt verification, RCR program, double-checking employment status at move-in

Case # _____	
_____ <i>Plaintiff,</i>	IN THE JUSTICE COURT
vs.	PRECINCT 5, PLACE 2
_____ <i>Defendant.</i>	HARRIS COUNTY, TEXAS

FINAL SETTLEMENT AGREEMENT

The two parties have come to an agreement to resolve this forcible detainer eviction lawsuit, and sign this written agreement with the following terms of their own free will and volition. Having understood these terms they understand:

- Defendant-tenant shall move out of the residence at dispute in this lawsuit by **5:00 p.m. on MARCH 14, 2023**. All belongings must be removed and keys returned to Plaintiff-landlord.
- Plaintiff-landlord shall dismiss the claim of outstanding rent and related fees due as alleged in this lawsuit **without prejudice**. Plaintiff retains the right to collect any outstanding rents through collections, litigation, or otherwise.
- Plaintiff-landlord shall dismiss this lawsuit either by filing the appropriate motions or not object to the Judge doing so at the next scheduled hearing.
- The Court shall seal this case immediately and keep it sealed if the agreement is kept.
- **BOTH PARTIES AGREE TO CONTINUE THIS CASE AND SET A FINAL HEARING ON MARCH 15, 2023 AT 2:30 P.M.**
 - IF PARTIES DO NOT APPEAR ON SCHEDULED HEARING DATE/TIME, THE COURT WILL ASSUME THE DEFENDANT/TENANT HAS MOVED AND CASE WILL BE DISMISSED.

If Defendant-tenant fails to comply with this Final Settlement Agreement, the following will occur:

- Plaintiff-landlord may obtain a judgment for rents due, has the ability to obtain an immediate writ of possession and case becomes unsealed.
- Defendant-tenant waives their right to an appeal.

_____ Plaintiff or Plaintiff's Representative	_____ Defendant or Defendant's Representative
DATE _____	

● Operating Expenses



Taxes

- Across our portfolio, we experienced a 29% increase in our Property Taxes between 2022 and 2023
- We are working with consultants to protest the taxes, but the timelines are lagging



Insurance

- Property Insurance rates have gone up by about 50% between 2022 and 2023 in Houston
- We have worked with multiple brokers and have received confirmation that our current rates are very competitive, but we will continue to monitor to see if anything better becomes available.

● Property Update



Exterior & Amenity CapEx projects are completed



Interior renovations are in progress



Community Partnerships - ongoing



Blue Star - new manager + whole team scheduled for certification course in March

- **Resident Events - Halloween**



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● Resident Events - Thanksgiving



Raffle for Thanksgiving
Meal



Provided meals to 56 families on
Thanksgiving Day through
Operation Turkey

Resident Events - Holiday Patio Decorating Contest



● Submarket Projections

Forecast Revised on 09/29/2023

Submarket ↕	History (Quarterly)				1-Year Forecast (Quarterly)				2-5 Year Forecast (4Q)					10-Year
	2022		2023		2023		2024		2024	2025	2026	2027	2028	2033
	3	4	1	2	3	4	1	2	4	4	4	4	4	4
18-Royal Oaks Country Club (West Houston)														
<i>Average Rental Rate (\$)</i>	\$1,171	\$1,177	\$1,186	\$1,186	\$1,191	\$1,208	\$1,216	\$1,223	\$1,239	\$1,287	\$1,336	\$1,385	\$1,434	\$1,677
<i>Year-over-year Rent Change (%)</i>	8.1%	5.0%	3.4%	1.8%	1.7%	2.6%	2.5%	3.1%	2.5%	3.9%	3.8%	3.7%	3.5%	3.0%
<i>Occupancy Rate (%)</i>	91.3%	90.5%	91.2%	92.1%	92.1%	92.1%	92.1%	92.2%	92.3%	92.1%	92.3%	92.2%	92.1%	92.0%

Historical rents are in nominal terms, forecasted rents are in today's dollars

Forecast Revised on 01/11/2024

Submarket ↕	History (Quarterly)				1-Year Forecast (Quarterly)				2-5 Year Forecast (4Q)				10-Year
	2023				2024				2025	2026	2027	2028	2033
	1	2	3	4	1	2	3	4	4	4	4	4	4
18-Royal Oaks Country Club (West Houston)													
<i>Average Rental Rate (\$)</i>	\$1,186	\$1,187	\$1,185	\$1,181	\$1,187	\$1,194	\$1,200	\$1,206	\$1,249	\$1,293	\$1,336	\$1,380	\$1,598
<i>Year-over-year Rent Change (%)</i>	3.4%	1.9%	1.2%	0.3%	0.1%	0.5%	1.2%	2.1%	3.6%	3.5%	3.4%	3.3%	2.8%
<i>Occupancy Rate (%)</i>	90.8%	91.5%	91.2%	91.1%	91.1%	91.1%	91.1%	91.1%	90.9%	90.9%	91.0%	91.0%	91.3%

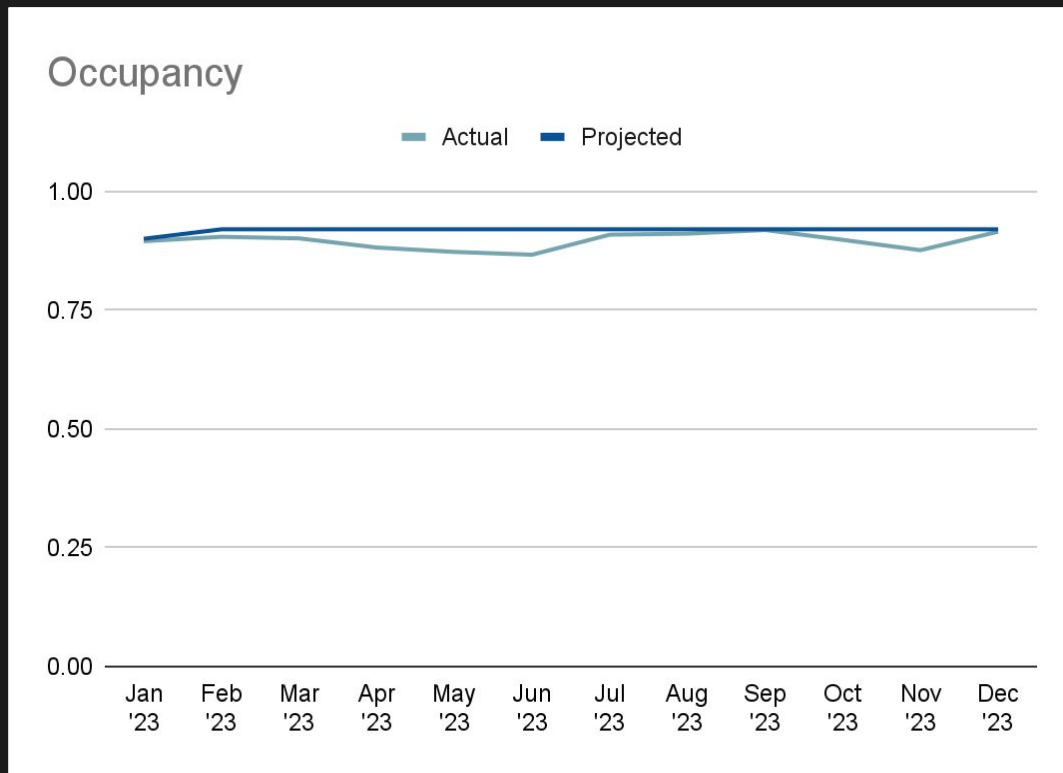
Historical rents are in nominal terms, forecasted rents are in today's dollars

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*SOURCE: YARDIMATRIX

● Occupancy

- **Y1 Forecast - 90%**
- **Y2 Forecast - 92%**
- Jan '23 - 89.49%
- Feb '23 - 90.42%
- Mar '23 - 90.09%
- Apr '23 - 88.16%
- May '23 - 87.24%
- Jun '23 - 86.65%
- Jul '23 - 90.87%
- Aug '23 - 91.08%
- Sep '23 - 91.85%
- Oct '23 - 89.78%
- Nov '23 - 87.61%
- Dec '23 - 91.50%
- **Today - 90.95%**
- **Leased - 94.37%**
- **Q4 Average - 89.63%**



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FINANCIALS

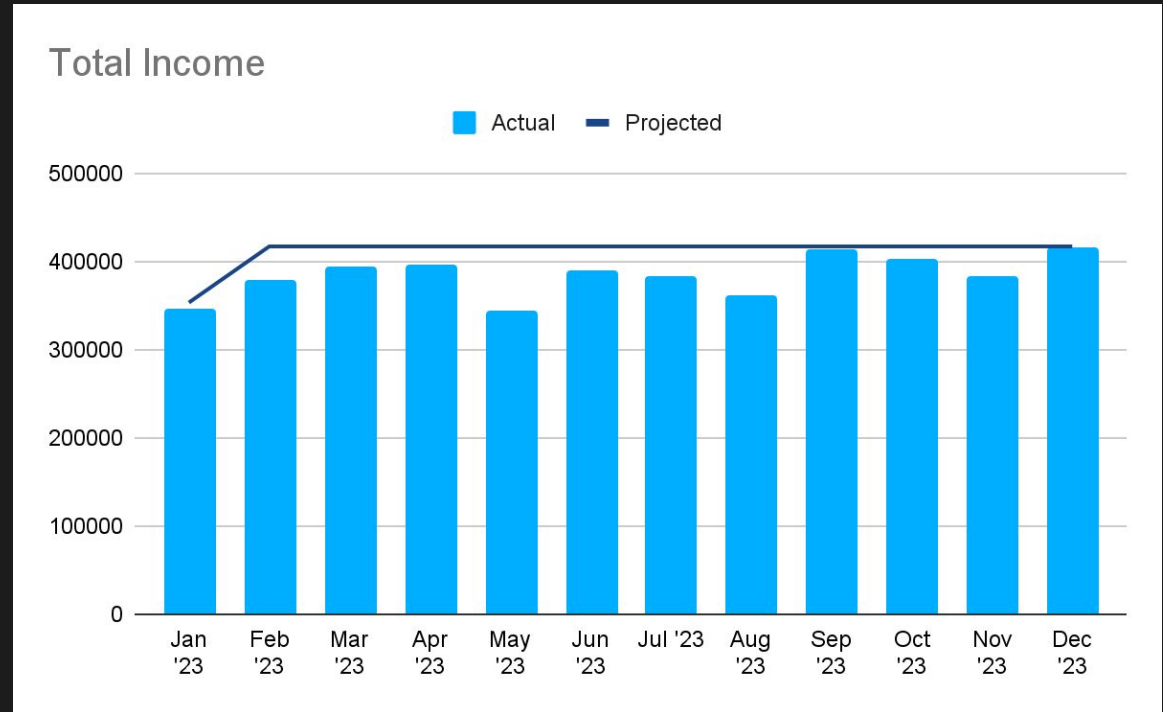
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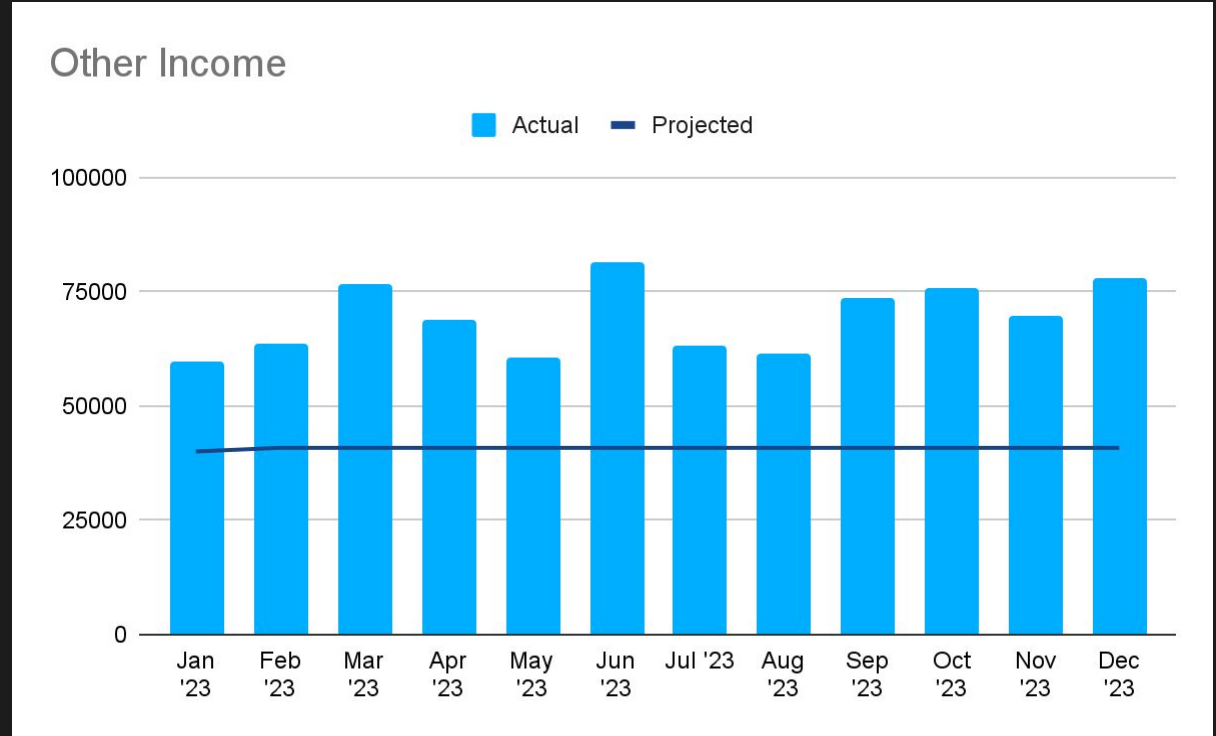
● Total Income

- This is inclusive of rental income & other income
- **Y1 Forecast - \$353,363**
- **Y2 Forecast - \$416,930**
- Jan '23 - \$346,531.53
- Feb '23 - \$378,890.80
- Mar '23 - \$393,851.67
- Apr '23 - \$396,582.48
- May '23 - \$343,641.74
- Jun '23 - \$388,805.81
- Jul '23 - \$384,194.87
- Aug '23 - \$361,289.50
- Sep '23 - \$414,107.65
- Oct '23 - \$403,101.73
- Nov '23 - \$382,695.39
- Dec '23 - \$415,837.82
- **Q4 Average - \$400,544.98**



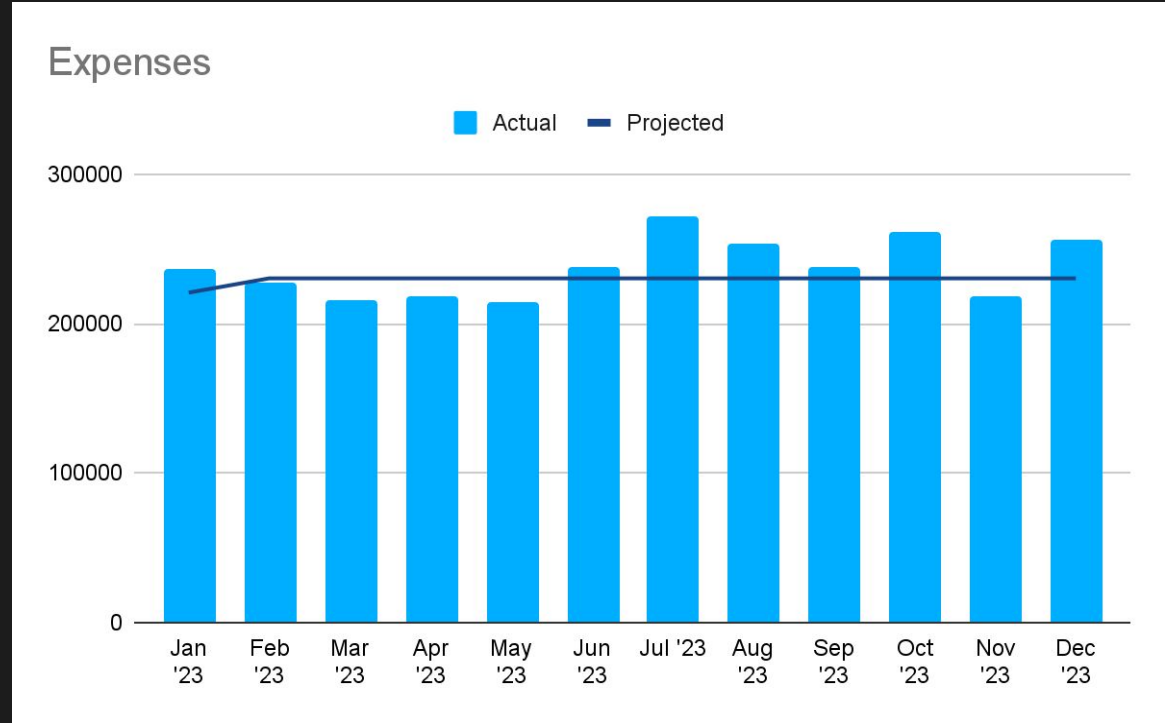
● Other Income

- **Y1 Forecast - \$40,051**
- **Y2 Forecast - \$40,852**
- Jan '23 - \$59,666.78
- Feb '23 - \$63,718.57
- Mar '23 - \$76,608.29
- Apr '23 - \$68,857.54
- May '23 - \$60,680.00
- Jun '23 - \$81,471.14
- Jul '23 - \$63,182.22
- Aug '23 - \$61,454.53
- Sep '23 - \$73,825.85
- Oct '23 - \$75,612.91
- Nov '23 - \$69,862.34
- Dec '23 - \$77,986.70
- **Q4 Average - \$74,487.32**



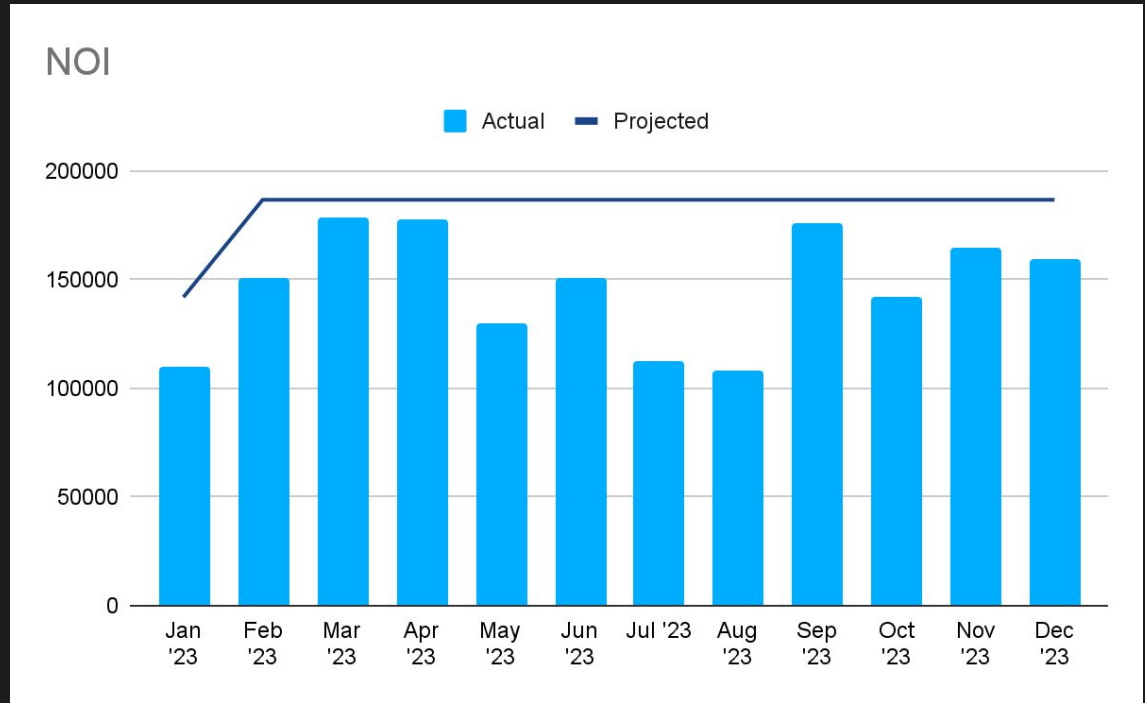
● Total Operating Expenses

- This is inclusive of repairs, maintenance, utilities, taxes, insurance, payroll, etc.
- **Y1 Forecast - \$220,681**
- **Y2 Forecast - \$230,264**
- Jan '23 - \$236,697.15
- Feb '23 - \$227,873.21
- Mar '23 - \$215,366.87
- Apr '23 - \$218,497.22
- May '23 - \$213,704.90
- Jun '23 - \$238,215.77
- Jul '23 - \$271,650.33
- Aug '23 - \$253,057.41
- Sep '23 - \$238,389.65
- Oct '23 - \$261,363.39
- Nov '23 - \$218,427.32
- Dec '23 - \$256,604.58
- **Q4 Average - \$245,465.10**

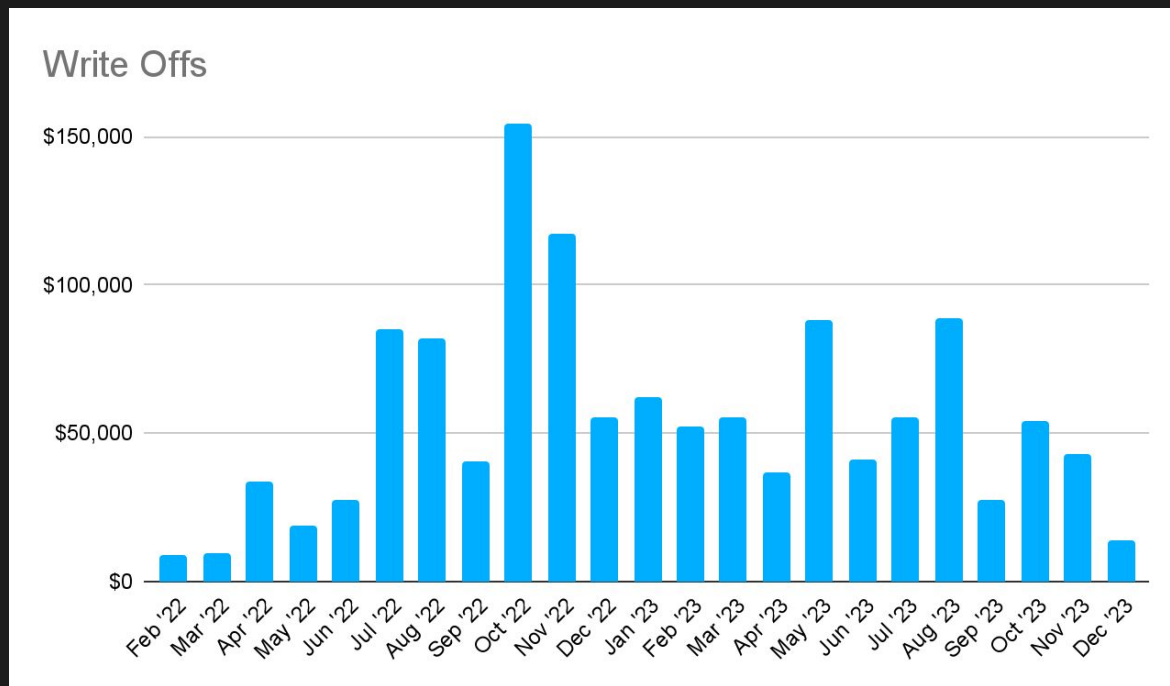


● Net Operating Income (NOI)

- NOI is total income minus operating expenses
- **Y1 Forecast - \$141,885**
- **Y2 Forecast - \$186,666**
- Jan '23 - \$109,834.38
- Feb '23 - \$151,017.59
- Mar '23 - \$178,484.80
- Apr '23 - \$178,085.26
- May '23 - \$129,936.84
- Jun '23 - \$150,590.04
- Jul '23 - \$112,544.54
- Aug '23 - \$108,232.09
- Sep '23 - \$175,718.00
- Oct '23 - \$141,738.34
- Nov '23 - \$164,268.07
- Dec '23 - \$159,233.24
- **Q4 Average - \$155,079.88**



• Write-Offs Per Month



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CapEx

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● CapEx - Interior Renovations



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• CapEx - Office



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• CapEx - Progress Summary

Exterior - 100%

Interiors - 88%

Amenities - 100%

Market Update

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● Market Update



COVID

- Unemployment - 3.8% (October was 4.4%); US current average is 3.7% (October was 3.8%)
- Eviction Delays Ongoing



COMPETITORS

- 1-Bedroom Competitor Set: Average 673 sqft, \$834 (Ours - 654 sqft; \$806)
- 2-Bedroom Competitor Set: Average 951 sqft, \$1,061 (Ours - 1030 sqft; \$1,063)



CURRENT RENTS

1 Bedrooms

- A1 - 1x1, 454 sqft, \$750
- A2 - 1x1, 600 sqft, \$790
- A3 - 1x1, 640 sqft, \$899
- A4 - 1x1, 719 sqft, \$980

2 Bedrooms

- B1 - 2x1, 954 sqft, \$1,170
- B3 - 2x2, 1057 sqft, \$1,300
- B4 - 2x2, 1067 sqft \$1,210
- B5 - 2x2, 1077 sqft \$1,260

Investor Updates

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● Gameplan

Insurance

- Higher Premiums
 - Providers vacating markets
 - Higher natural disaster Risk
 - Replacement cost increase

Taxes

- Higher Assessments
 - Property value increases
 - Lag time associated with tax protests

Insurance - Gameplan

- Holding reserves
- Constant communication w/provider

Taxes - Gameplan

- Holding reserves
- Tax protests

● Investor Updates



Financials, Slide Presentation, and Recording will be posted in the Portal



Continue to Spread the Word & Follow Our Social Media Accounts



Next Quarterly Update Meeting: **End of April**

Q & A

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THANK YOU ●

Does anyone have any questions?

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