



THE FLATS AT

2030

DEEP DIVE



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GenWealth Capital Group



Our Team



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Company Highlights

Houston, TX Based

- **\$120M+ transaction volume**
- **1,680 units transacted since 2016**
- **Houston, Austin, DFW, Phoenix**
- **5 full cycle deals as sponsor or JV**
- **Class B+/C workforce housing assets**



The Flats At 2030

- Phoenix, AZ – 236 units
- C-class, path of progress
- Self managed by owner
- Purchase Price – \$16.7MM
- \$70,000/unit
- >90% Housing Residents



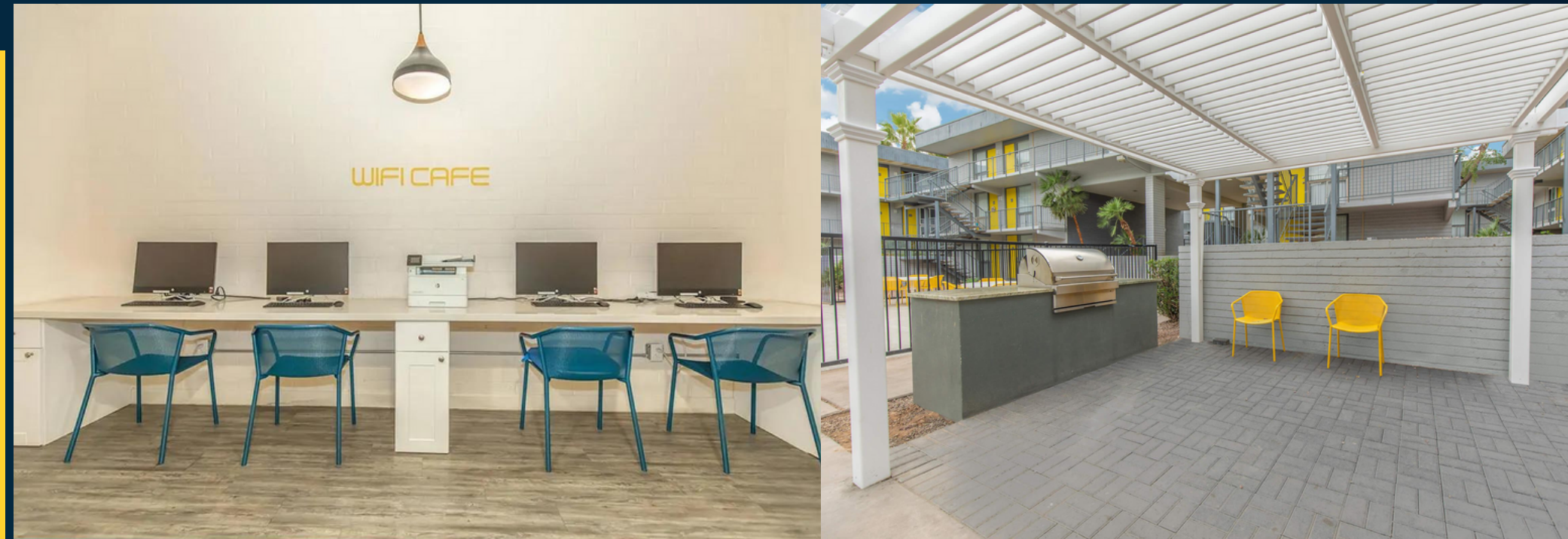
Business Plan

- Fee income - RUBS, pet
- Re-tenant from housing
- Rehab interiors
- Improve amenities
- Add 1 unit = 237 units
- Deferred maintenance
- Chillers/Boilers



Add Amenities

- **WiFi with cafe**
- **2 dog parks**
- **Grilling stations**
- **Refresh pools**
- **Laundry room refresh**
- **Covered parking**
- **Valet trash**



The Business Plan

Exterior Rehab	Total
Leasing Office / Fitness Center	\$58,250
Chiller/ Boilers	\$250,000
Outdoor / Pool Furniture	\$25,500
Gate / Fence Repairs	\$30,000
Roof Repairs	\$50,000
Murals	\$12,000
Laundry Room	\$40,000
Exterior Wood Repairs	\$40,000
LED Lighting	\$27,500
Total	\$533,250

Interior Rehab	Per / Unit	Total
Appliances (Restoration)	\$500	\$82,500
Vinyl Flooring	\$1,000	\$165,000
Paint	\$200	\$33,000
Lighting / Plumbing Fixtures	\$900	\$148,500
Water Savings	\$350	\$57,750
Resurface Countertops	\$350	\$57,500
Tile Backsplash	\$400	\$66,250
Resurface Tub/ Surround	\$260	\$42,900
Hardware	\$85	\$14,025
Cabinet Doors	\$400	\$66,000
Bath Accessories	\$45	\$7,425
Other	\$460	\$75,900
Total	\$4,950	\$816,750



The Debt

- **Freddie Mac - Agency**
- **\$13.36MM**
- **80% LTV, 4 yrs IO**
- **10 year term, 3.7% fixed**
- **\$1.35MM Capex budget**
- **Pre-payment penalty**



Challenges – Every Deal

- Covid-19
- Increased Delinquency
- Increased Bad Debt
- Increased Material Costs
- Increased Labor Costs
- Plumbing Repairs \$400k
- Roof Leak



The Birthday Gift



Fire Building

- 24 units down
- Insurance claim - 5 months
- \$1.3MM claim
- 20 month project
- 100 Residents displaced
- Loss of Income payments



Fire Building



Fire Building



Fire Building



Fire Building



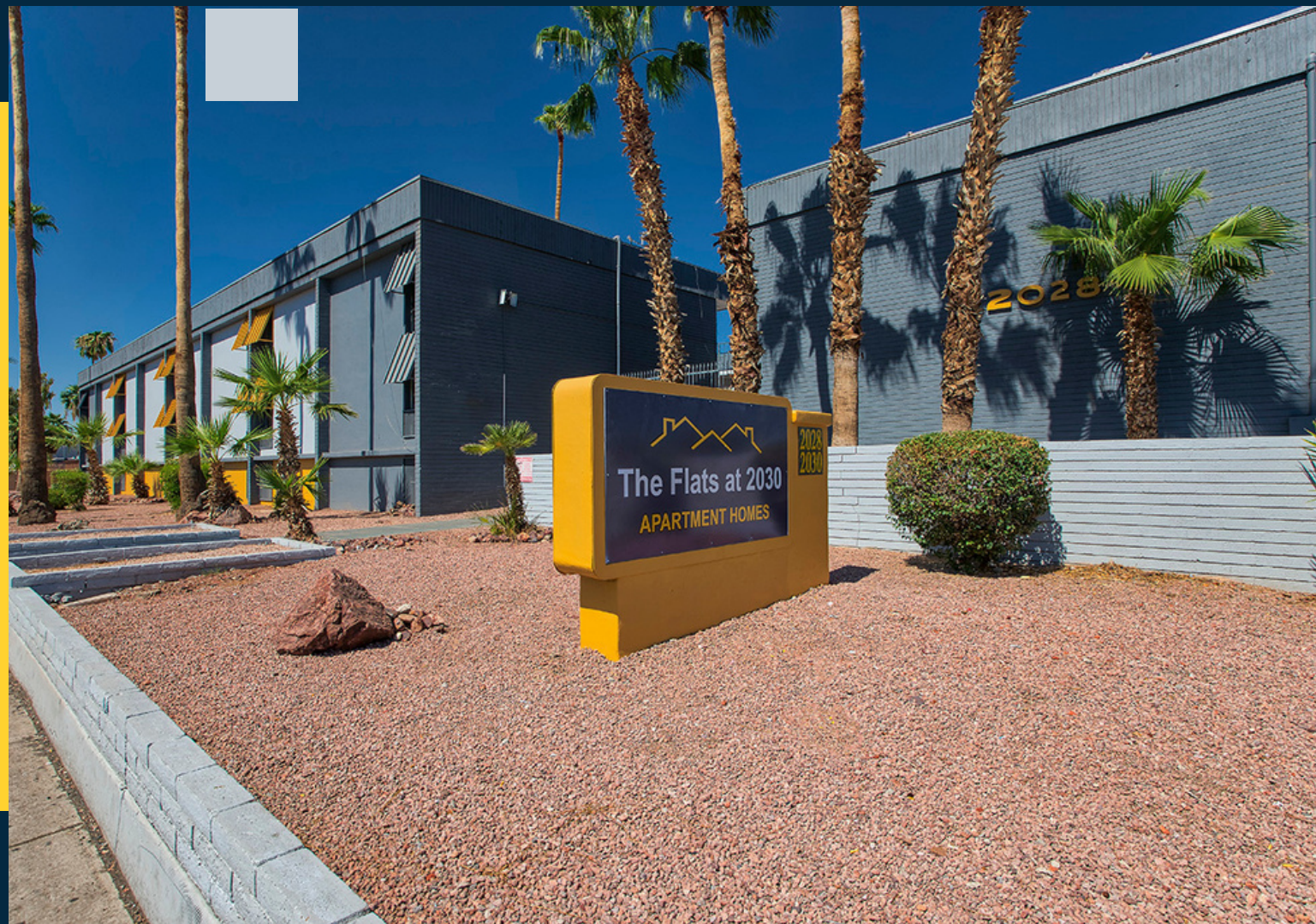
Before and After



Before and After



Before and After



Before and After



Before and After



Platinum Units

- 40 Total rehabs:
 - 6 studio and 34 1/1's.
- Studios: \$664 → \$1,190
- 1/1's: \$793 → \$1,400
- Delta: \$526 → \$607



Other Income Streams

- RUBS – Utility bill back
 - $\$30\text{k}/\text{mo} \times 12 / 0.04 = \$9,000,000$
- Total Fee Income: RUBS, Pet, Damages, late fee, recovery
 - $617\text{k} (T-12) / 0.04 = \$15,400,000$
- Valet Trash
 - $\$7 \times 238 \times 12 / 0.04 = \$497,000$
- Covered Parking
 - $20 \text{ spots} \times \$30 \times 12 / 0.04 = \$180,000$
- Additional Unit
 - $\$1400 \times 12 / 0.4 = \$420,000$



Forced Appreciation

Purchase Numbers Yr-1

Sale Numbers

Other Income:	\$100,834	\$617,942
Total Income:	\$ 1,962,842	\$ 2,812,688
Expenses:	\$ 1,122,124	\$ 1,279,350
NOI:	\$ 840,718	\$ 1,533,338
Purchased:	\$ 16.7M	\$37M



Meat Left On Bone

- Interiors – 197 units left to rehab
 - 197 x \$500 X12 / Cap rate: >\$20M
- Parking – additional can be added
- Add W/D connections
- Add tech package

Projected Vs Actual Returns

Projected Returns

- 5 Yr Hold
- 104% Total Return
- 20.8% AAR
- 17.5% IRR
- 6.5% Reversion Cap

Actual Returns*

- 3.1 Yr Hold
- 259% Total Return
- 86% AAR
- 51% IRR
- 3.8% Reversion Cap

A \$100k investment returned a total of \$359K



*past performance does not guarantee future performance

Thank You



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