

# JEFFERSON RESERVE

SIOUX FALLS, SD



BOARDWALK WEALTH



MAILBOX MONEY



# NOTICES AND DISCLOSURE

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The following information is an investment summary provided to prospective investors and others. This information is not an offering to sell either a security or a solicitation to sell a security.

At the request of a recipient, the Company will provide a private placement memorandum, subscription agreement, and a limited liability company operating agreement.

The Managing Member in no way guarantees the projections contained herein. Real estate values, income, expenses, and development costs are all affected by a multitude of forces outside the managing member's control.

This investment is illiquid and only those persons that are able and willing to risk their entire investment should participate. Please consult your attorney, CPA, and/or professional financial advisor regarding the suitability of an investment.

The Company Business Overview includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which represent our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with our ability to obtain financing for our current and future operations. All statements other than statements of historical facts included in this presentation including are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to have been correct. You should always consult your own independent tax or legal professionals or advisors prior to making any investment, including this one. Important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") are disclosed in the Memorandum, including without limitation, in connection with the forward-looking statements included in the Memorandum. All subsequent written and oral forward-looking statements attributable to us or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements.

The building visuals featured in this presentation are representative of an existing project that serves as a model for Jefferson Reserve. Please note that the final designs and construction of Jefferson Reserve may be subject to modifications at the sole discretion of the Manager.



# EXECUTIVE SUMMARY

## The Opportunity

Jefferson Reserve (the “Project”) is a multi-phase, three-story, garden-style development. Phase 1 will comprise of 60-120 units targeted to be developed within 12-18 months, with the remainder to be developed in Phase 2 or 3.

The development is situated in an opportunity zone. It is strategically located near Marion Rd and Career Ave in the rapidly developing North West submarket of Sioux Falls, SD. The premier location is in close proximity to both I-90 and I-29 major interstates that provide access to the entire Western and Northern portion of the largest metropolitan area in South Dakota. It abuts the Jefferson High School and within walking distance to Southeast Technical Institute and The Career and Technical Education Academy. The Amazon Shipping Center and Walmart are also a short drive away.

The quality but no-frills design reduces construction costs. The phased approach allows significant operating efficiencies pre- and post-construction. By developing one building at a time, we will be in a position to lease up units as they become available. This strategy is successfully executed at sister projects - Reserve Flats (Brookings, SD) and Briarwood Reserve (Sioux Falls, SD).

The major benefits of this strategy:

- Cash flow during construction
- Increased lender confidence and better financing terms in Phase 2/3 due to in-place cash flows from Phase 1
- Ability to refinance Phase 1 quickly upon completion (rates are expected to reduce in 2024)
- Use of refinanced proceeds to fully or partially fund construction of Phase 2/3

Our internal estimates indicate that we can reduce the required equity across both phases by 20%-50% by refinancing Phase 1 and using the proceeds to fully or partially fund future phase(s) (this is not assumed in the underwriting for conservatism). This will result in investors enjoying greater cash flows and equity, over a larger project size, while contributing a lower amount than they would on similar projects.

As a bonus, Phase 1 investors will receive 5% bonus shares that will kick in once Phase 2 starts. This is to reward our investors and ensure that interests are aligned.

Additionally, Boardwalk Wealth has effectively circumnavigated the challenges heightened during these volatile times by sourcing the attractive piece of land despite ultra-low supply in the submarket. To further reduce risk, Boardwalk Wealth and Mailbox Money have teamed with Veldhouse Companies to take on the entire entitlement risk by completing zoning, obtaining building permits, and architectural drawings, resulting in a shovel-ready project for investors.

### PROJECT SUMMARY

Property Name	Jefferson Reserve
Market	Sioux Falls
Submarket	NW Sioux Falls
Units	180
Unit Mix	See “Unit Mix”
Vintage	2023/2024/2025
Total Capitalization	\$32.1M
Targeted Equity	\$10.3M
Targeted Holding Period	~4 years
Year 1 NOI	\$680,378
Year 3 NOI	\$2,318,203
Return Metrics	Pg 14

### ANTICIPATED DEBT FINANCING\*

Principal Balance	\$21.8M
Interest Rate	7.0%
Leverage	70%
Amortization	30 years
Term	5 years
I/O period	3 years

*\*Subject to change prior to closing*

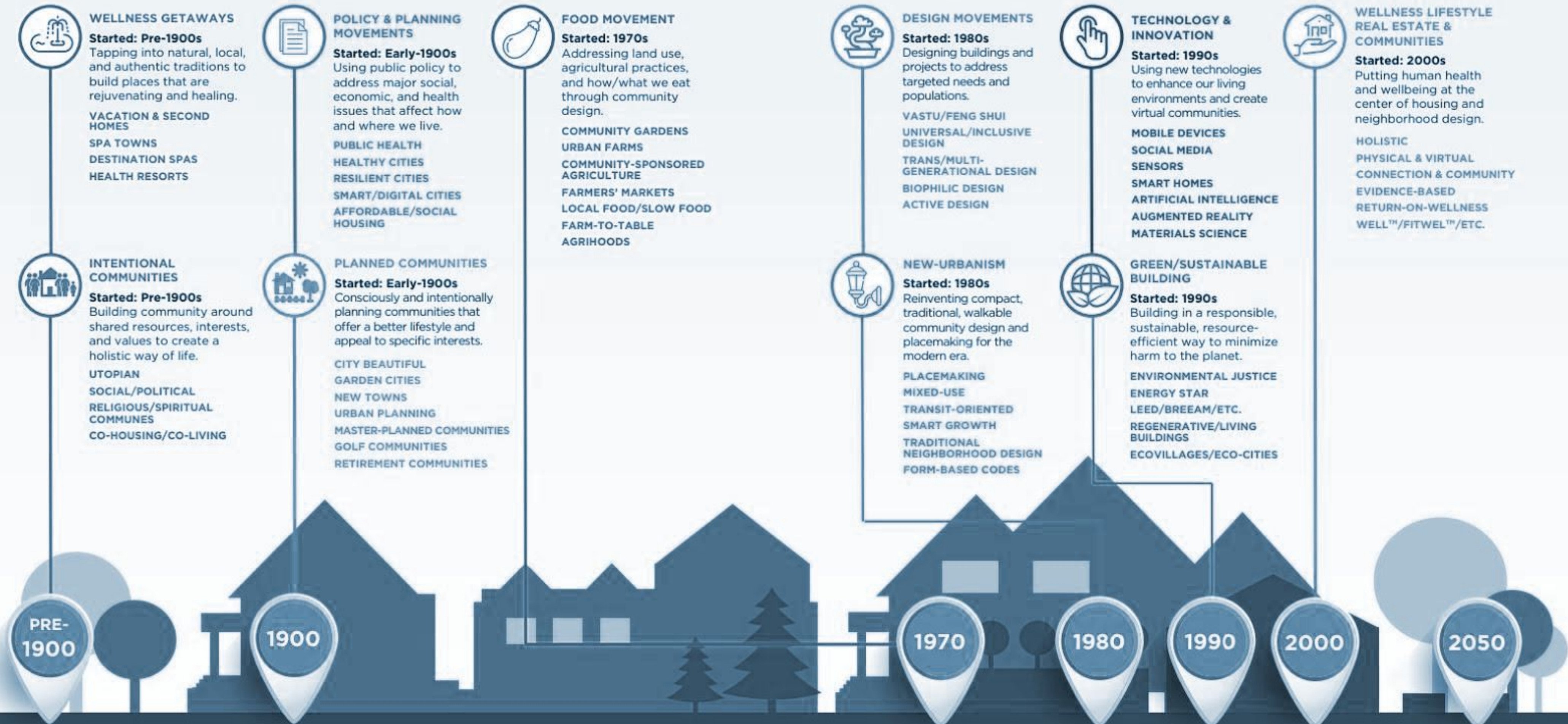




# WELLNESS DESIGN LEADS TO HEALTHIER LIVING



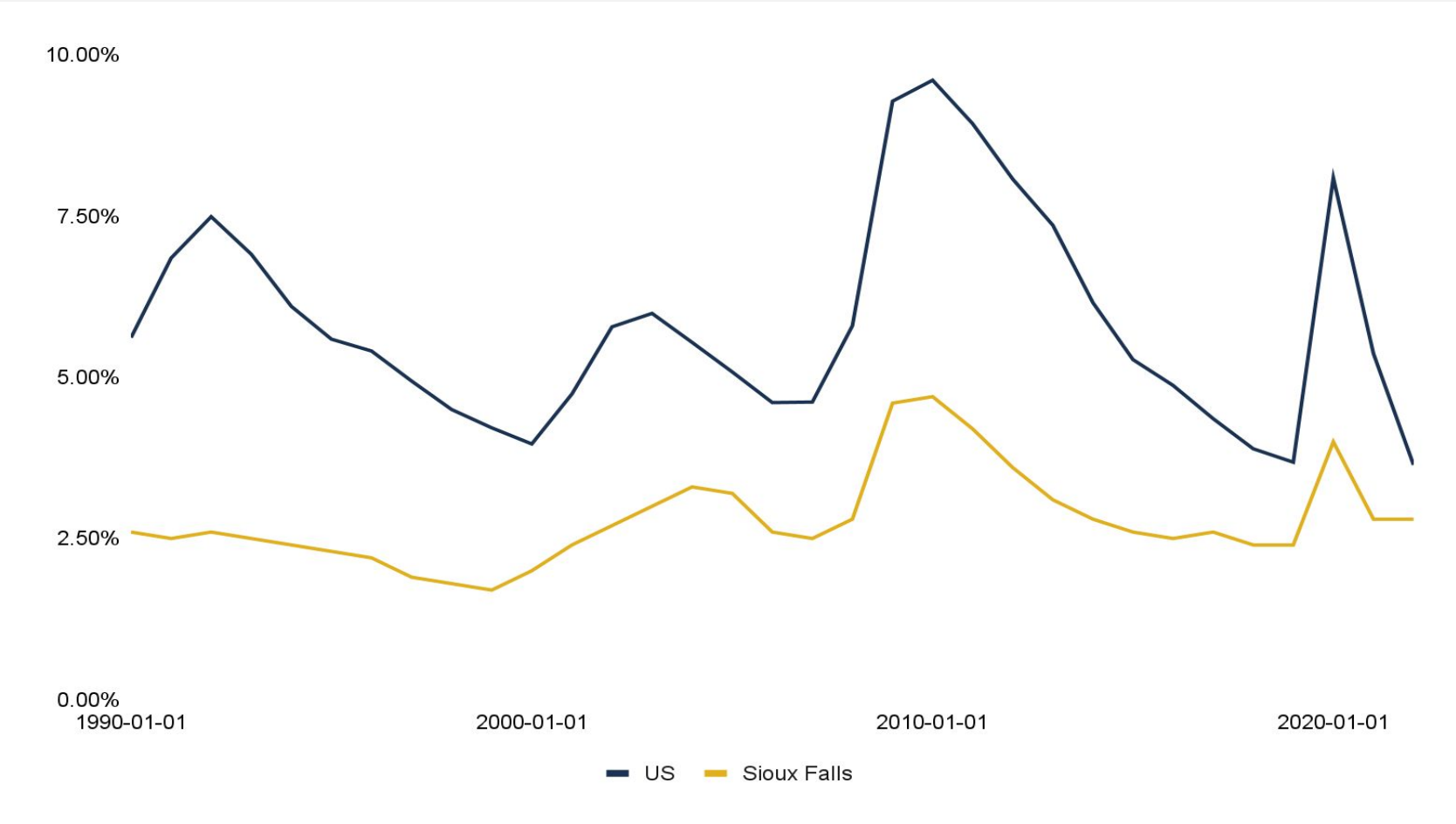
BOARDWALK WEALTH



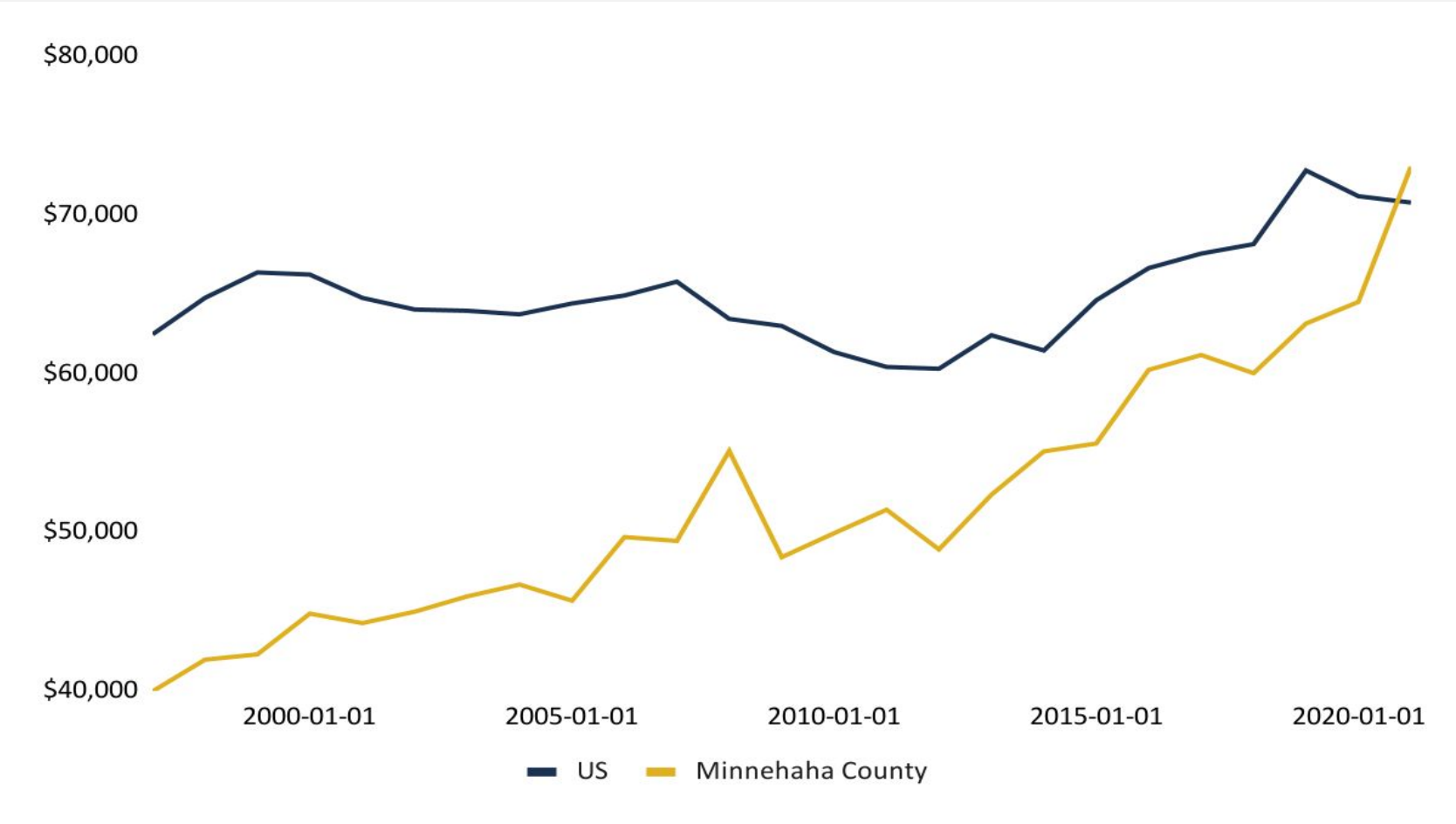


# SIOUX FALLS OUTPERFORMS

Unemployment Trend



Household Income



Sioux Falls boasts a lower unemployment rate than the national average, thanks to its thriving and diversified economy. The city's economy is bolstered by a strong healthcare industry, a growing technology sector, and a vibrant retail and service industry. This diverse mix of industries has helped the city weather economic downturns and maintain a stable job market. In addition, Sioux Falls has an average household income that is higher than the national average. This is a testament to the city's economic strength and its ability to provide good-paying jobs to its residents.

Chart Data Source:  
<https://fred.stlouisfed.org>



# WHY SIOUX FALLS?

## SIOUX FALLS' GROWTH CONTINUES

#4

Best City for Young Professionals

#1

Best Small Places for Business and Careers

#3

Hottest Job Market in 2020

#38

Top 100 Best Places to Live

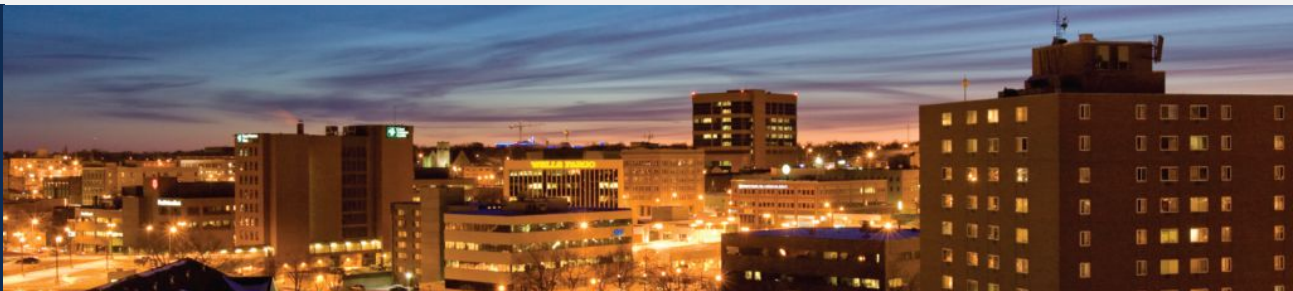
SIOUX FALLS MULTIFAMILY MARKET SNAPSHOT

96.0%

Occupancy

3.6%

YOY Rent Growth



# THE SIOUX FALLS MARKET

## BY THE NUMBERS

\$67K

Median Household Income

5.2%

Population Growth Since 2020

2.3%

Unemployment Rate



MAJOR ECONOMIC DRIVERS

Medical

Multiple hospitals

Big Stores

Walmart, Target, Home Depot, Best Buy

Amazon

Nearby fulfillment center

SANFORD HOSPITAL

#1

Hospital in South Dakota

24-hr

Emergency Care

15 min

Drive

AIRPORT



## TOP 10 LARGEST EMPLOYERS SIOUX FALLS

COMPANY	# EMPLOYEES	COMPANY	# EMPLOYEES
1. Sanford Health	11,500	6. Walmart/Sam's Club	2,000
2. Avera Health	7,500	7. Citi	1,500
3. Sioux Falls School District	4,000	8. City of Sioux Falls	1,500
4. Smithfield Foods	3,500	9. Department of Veterans Affairs Medical	1,500
5. Hy-Vee Food Stores	3,000	10. Good Samaritan Society	1,500

## SIOUX FALLS EDUCATION



\$

Southeast Technical Institute

2300+ students



AU

Augustana University

2000+ students



USF

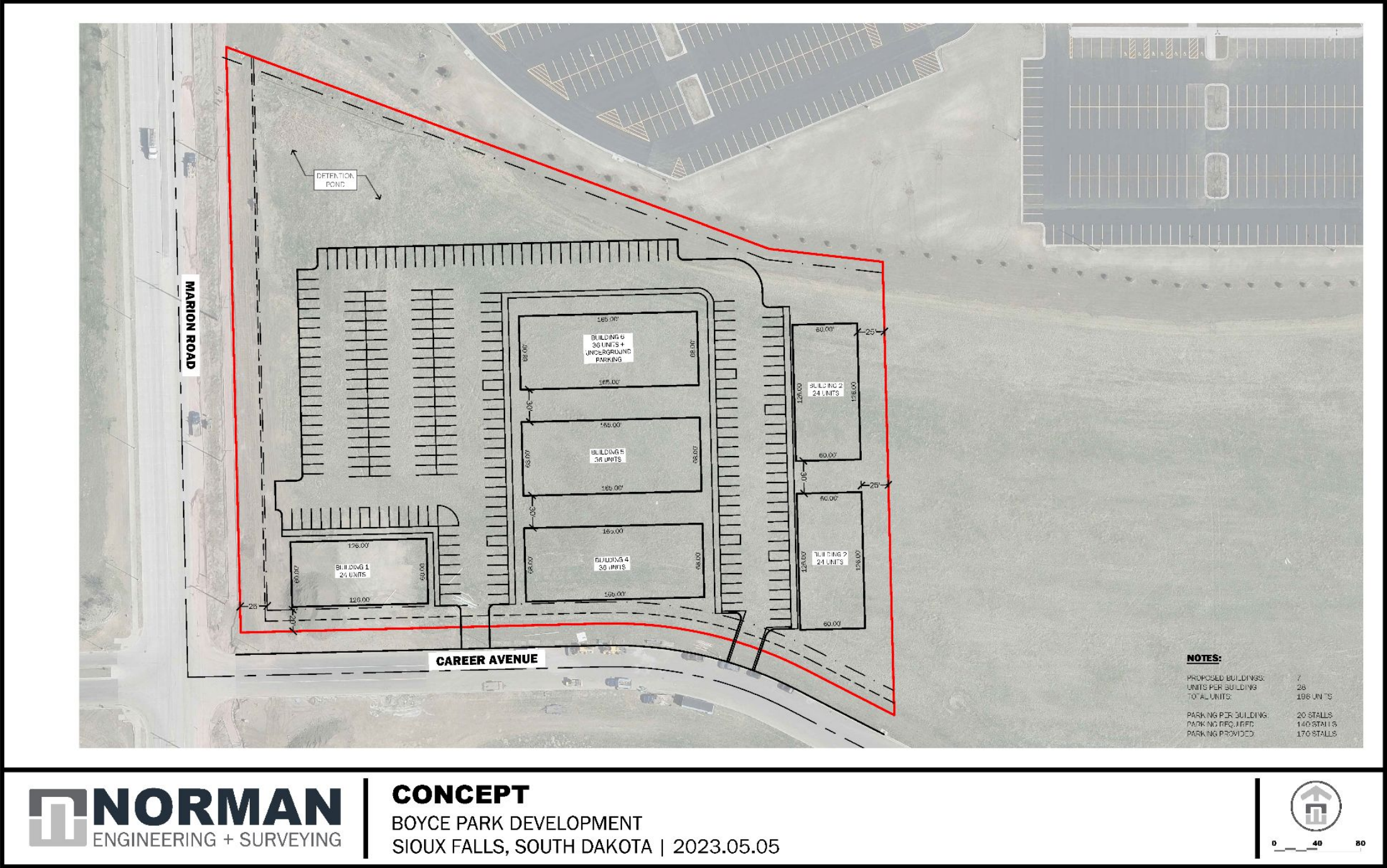
University of Sioux Falls

1600+ students





# SITE OVERVIEW / SITE PLANS





# 57106 ZIP: SIOUX FALLS OVERVIEW



POPULATION	1-MILE	3-MILE	5-MILE
2022 Population	9,730	86,467	157,590
2027 Population Proj.	10,351	95,825	175,927
Population Growth 2022-2027	6.4%	10.8%	11.6%
Annual Growth 2022-2027	1.3%	2.2%	2.3%
HOUSEHOLDS			
2022 Households	4,970	35,220	63,553
2027 Households Proj.	5,316	38,935	70,824
Household Growth 2022-2027	7.0%	10.5%	11.4%
Annual Household Growth 2022-2027	1.4%	2.1%	2.3%
Average Household Size	1.9	2.3	2.4
Average Household Vehicles	1	2	2
HOUSING			
Median Home Value	\$175,671	\$211,541	\$215,466
Median Year Built	1983	1990	1989





# UNIT MIX



UNIT MIX*			
Unit Type	Units	Sq. Ft.	Effective Rent
Studio	48	525	\$1,050
1 Bed/1 Bath	60	695	\$1,175
2 Bed/2 Bath	48	905	\$1,375
3 Bed/2 Bath	24	1,015	\$1,750
Total	180	748	\$1,272

*\*Subject to change*





# RENT COMPARABLES

PROPERTY NAME	VINTAGE	UNITS	AVG SF	1 BED	2 BED	3 BED
The Brixx	2023	450	980	\$995-\$1,070	\$1,195-\$1,230	\$1,465-\$1,575
Lux North	2021	216	980	\$973-\$1,900	\$1,104-\$2,132	\$1,375-\$2,454
The Boundary	2023	188	890	\$987-\$1,134	\$1,248-\$1,459	\$1,493-\$1,702
Thelin Center	2016	96	982	\$943-\$1,528	\$1,105-\$1,802	\$1,282-\$2,050
The MarQ*	2023	164	982	\$1,075-\$1,125	\$1,275-\$1,325	\$1,495-\$1,545

\*Not stabilized





## PROJECT TIMELINE



## BOARDWALK WEALTH

[illegible]



# OPERATING PRO FORMA

Annual Pro forma	Year 1	Year 2	Year 3
<b>Rental Revenue</b>			
Gross Potential Rent	\$1,114,102	\$2,842,198	\$3,089,776
Economic Vacancy	(\$111,410)	(\$284,220)	(\$308,978)
<b>Total Rental Revenue</b>	<b>\$1,002,692</b>	<b>\$2,557,978</b>	<b>\$2,780,798</b>
Total Other Income	\$131,414	\$335,253	\$364,456
<b>Total Income</b>	<b>\$1,134,106</b>	<b>\$2,893,231</b>	<b>\$3,145,254</b>
<b>Operating Expenses</b>			
<b>Controllable</b>			
Property Management Fees	(90,729)	(231,458)	(251,620)
Contract Services	(45,000)	(46,125)	(47,278)
Repairs and Maintenance	(45,000)	(46,125)	(47,278)
Turnover	(40,500)	(41,513)	(42,550)
<b>Total Controllable Expenses</b>	<b>(\$221,229)</b>	<b>(\$365,221)</b>	<b>(\$388,726)</b>
<b>Non-Controllable</b>			
Insurance	(99,000)	(101,475)	(104,012)
Utilities	(108,000)	(110,700)	(113,468)
Real Estate Taxes	(25,500)	(25,500)	(321,300)
<b>Total Non-Controllable Expenses</b>	<b>(\$232,500)</b>	<b>(\$237,675)</b>	<b>(\$538,780)</b>
<b>Total Expenses</b>	<b>(\$453,729)</b>	<b>(\$602,896)</b>	<b>(\$927,506)</b>
<b>Net Operating Income (NOI)</b>	<b>\$680,377</b>	<b>\$2,290,335</b>	<b>\$2,217,748</b>





# EQUITY STRUCTURE

## Multiple-Tiered Equity Structure With Bonus Shares That Allows Investors to Match Investment Goals

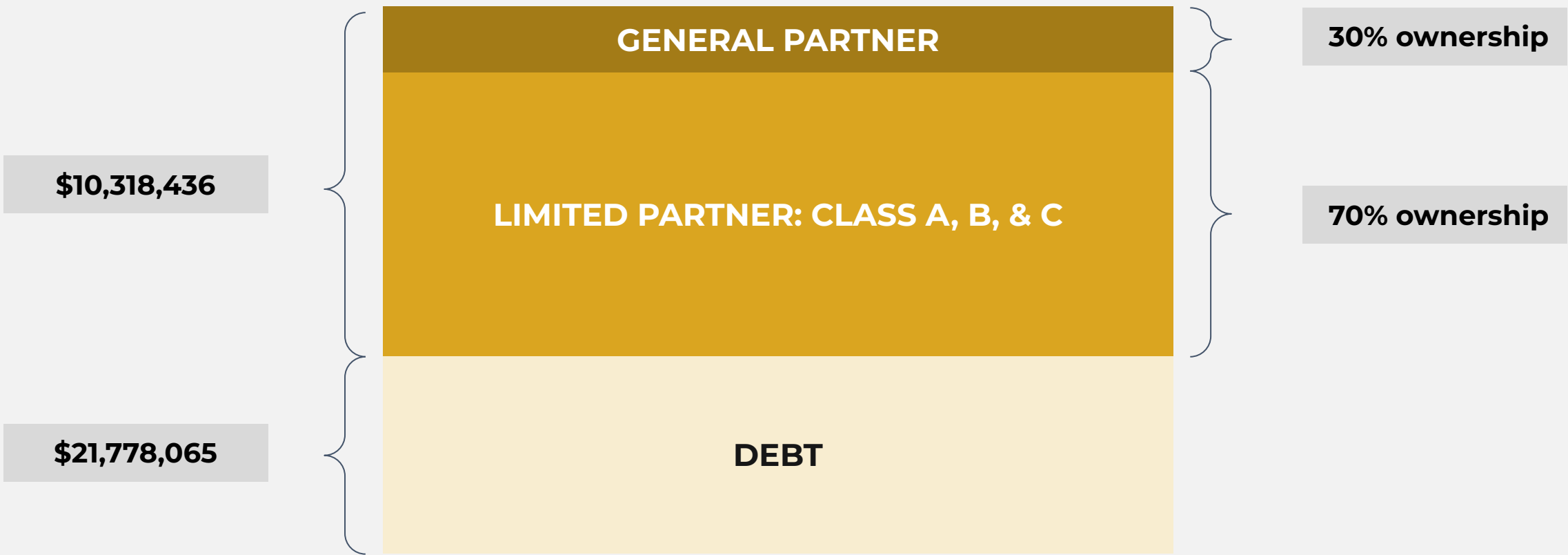
**Multiple-Tiered Return Structure:** A multiple-tiered return structure gives investors more choices when placing their equity. Investors have the opportunity to invest in either tier of equity Class A, B, C, or a combination of multiple classes. Diversifying across classes allows for a risk adjusted and blended return.

**Limited Partner (A, B, & C):** To incentivize investors with higher investments each tier has a different preferred return but the same profit split.

- **Class A: \$50K-75K investment, 5% preferred**
- **Class B: \$80K-145K investment, 6% preferred**
- **Class C: \$150K+ investment, 7% preferred**

**Phase 1 investors will get 5% bonus shares.**

We have limited space in each class of shares so we will accept investors on a first-come, first-serve basis. All tiers are for investors who want to maximize their returns over the life of the investment as they will participate in the upside upon disposition.



CLASS A, B, & C PARTNERSHIP STRUCTURE	
Investor Distribution of Cash Flow	See description on the left
Membership Ownership	70/30 up to 15% LP IRR 60/40 above 15% LP IRR





# INVESTMENT HIGHLIGHTS

## Class A



**17.2%**

IRR



**1.81x**

Equity Multiple

## Class B



**17.4%**

IRR



**1.83x**

Equity Multiple

## Class C



**17.6%**

IRR



**1.84x**

Equity Multiple





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# Organizational Structure, Investment Process & Portfolio





# MEET THE TEAM



## Omar Khan, CFA

Founder, Boardwalk Wealth

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Omar has advised on **\$3.7 billion** in capital financing and M&A transactions, as well as securing **\$50 million+** in equity from private and institutional capital. He is a graduate from the Rotman School of Business (University of Toronto), and a CFA charter holder with **10+ years** of investing experience across real estate and commodities. As the principal of Boardwalk Wealth, Omar is primarily responsible for developing strong relationships with private and institutional investors, brokers, and strategic partners. He has closed on over **\$280 million** of assets across TX, GA, FL and SD.





# MEET THE TEAM



## Dusten Hendrickson

Founder, Mailbox Money RE

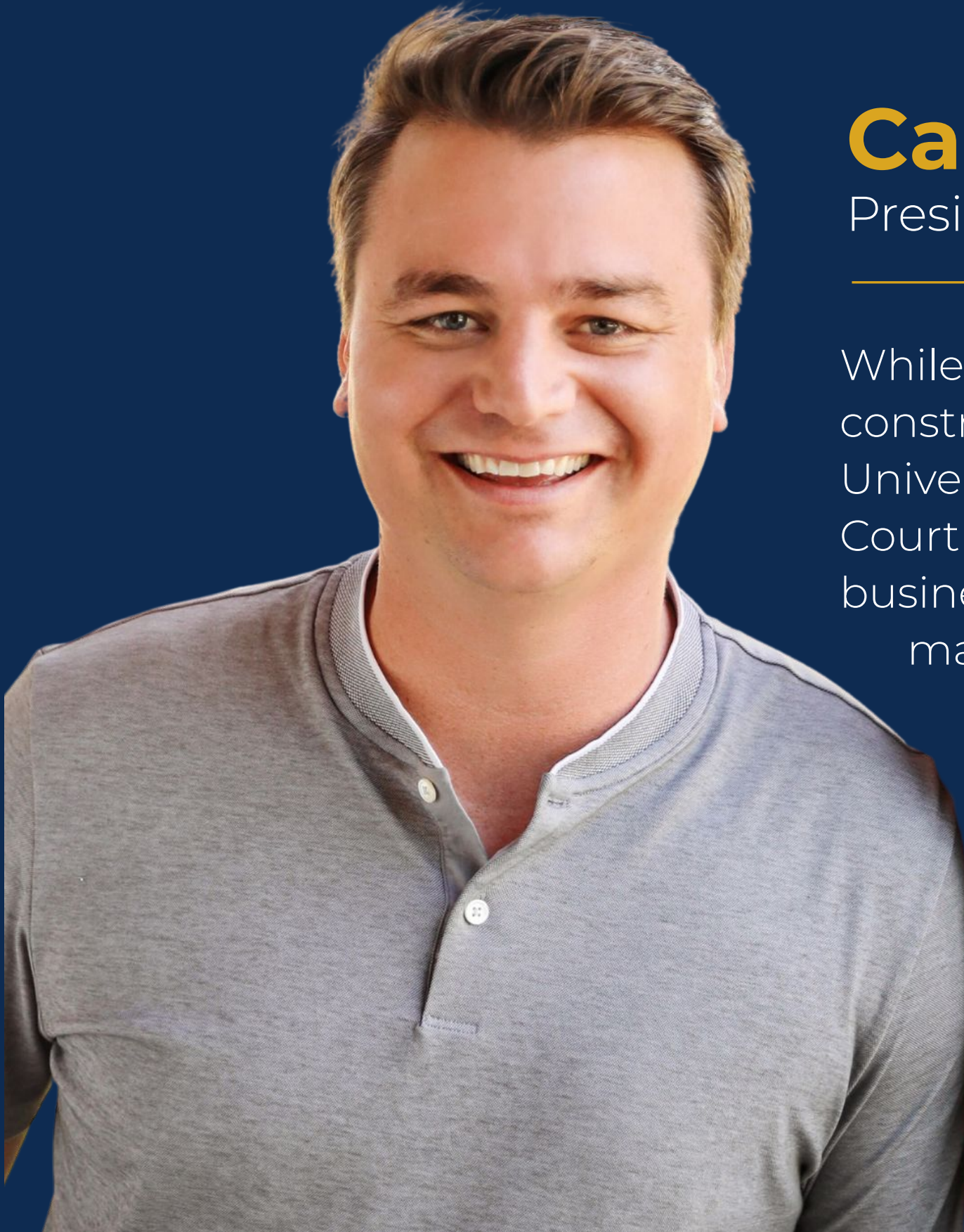
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Dusten is a real estate developer, syndicator, and investor. He has been involved in real estate his whole career: from owning a roofing company, to building homes, duplexes, and apartments. He owns and asset manages 300+ units. In addition, he has worked with historical societies and local councils to develop in revitalized neighborhoods, and has collaborated with the South Dakota State University Dept of Architecture to build the first certified Passive House in the state. As the principal of Mailbox Money, Dusten helps others earn passive income from multifamily investments.





# MEET THE TEAM



## Caleb Veldhouse

President, Veldhouse Construction

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While growing up in Sioux Falls, South Dakota, Caleb worked in almost every facet of the construction industry. After obtaining his MBA and Juris Doctor degrees from the University of South Dakota, he spent time as a law clerk for the South Dakota Supreme Court and held a brief stint in private practice before he went to work full time for the family business. He became President of Veldhouse Construction, Inc. in 2015, and has managed commercial retail center projects, multi-family senior living facilities, bare ground commercial and residential developments, custom commercial buildings, multi-family double podium + frame construction, and everything in between.

Caleb's experience and educational background allow him to swiftly maneuver complex issues with land owners, local governments, tenants, and subcontractors. Caleb specializes in the planning, bare ground development, and management of large commercial projects. As the Principal of Veldhouse Companies, Caleb facilitates and spearheads a development project from site selection to stabilization.





# INVESTMENT PROCESS

## 1 DUE DILIGENCE

- Feasibility and pro forma
- Acquisition budget
- Programming and timeline
- Review with construction manager
- Financing options
- Replacement cost determination
- Supply pipeline
- Market data and third-party reports

## 2 FINANCIAL UNDERWRITING

- Comprehensive financial model
- Investment structure and return profile
- Line item review of performance and reno budget
- Multiple variable sensitivity analysis
- Exit strategy options

## 3 ACQUISITION

- Contract negotiation
- Financing strategy
- Organizational and legal
- Management company
- Earnest money

## 4 DEVELOPMENT/ RENOVATION PERIOD

- Oversight of design, construction and procurement
- Value engineering
- Construction accounting
- Lender and investor reporting

## 5 OPERATIONS MANAGEMENT

- Targeted leasing strategy for demand drivers
- Provide unique and rewarding experiences
- Apply expertise in revenue and operations
- Proven NOI flow-through results

## 6 ASSET MANAGEMENT

- Review of management reports and financials
- Investor reporting and distributions
- Receipt and review of cash analysis
- Strategy sessions regarding performance and exit

## 7 DISPOSITION

- Proactive, collaborative process
- Evaluate multiple exit strategies
- Optimize returns

## INVESTMENT OBJECTIVE

- Invest in acquisition of mismanaged or distressed real estate assets
- Acquisition of value-add and opportunistic properties with robust upside potential
- Reposition assets for a strong exit

## STRATEGY

- Disciplined approach
- Deep value-oriented acquisitions
- Add property level value
- Divestiture

## INVESTMENT COMMITTEE

Investment  
Committee  
memorandum

Unanimous vote  
requirement

Focus on the  
downside/exit





# ASSET MANAGEMENT

Rigorous execution of each asset-specific business plan is the focus of Boardwalk Wealth at a corporate level. Primarily, this involves daily monitoring of occupancy and traffic trends, constant deep data analysis identifying patterns and guiding course-correction, full oversight of capex projects, robust reporting to our investors, and cost-segregation analysis.

Through this granular asset management strategy, Boardwalk Wealth provides a thoughtful and transparent investor experience that stimulates value creation and rapid de-risking of investments at the asset level and within the capital structure.

Asset management is targeted and hands-on. Regular initiatives include a comprehensive renovation package tailored to our resident demographic, reserved parking and carports, fenced-in patio yards, the addition of washer-dryer units, new cash flow-producing telecom contracts, and more.

We leverage our extensive network of vendors to achieve scale pricing on goods and services that create value at the asset level. Measures include property tax protesting, portfolio-shared contracts of landscaping and security, green initiatives, and the addition of valet trash to enhance the resident experience.

**CAPITAL  
EXPENDITURE  
TRACKING**

**REVENUE  
MANAGEMENT**

**COST  
SEGREGATION  
ANALYSIS**

**ROBUST LP  
FINANCIAL  
REPORTING  
CAPABILITIES**



**AGGRESSIVE  
PROPERTY TAX  
PROTESTING**

**DEBT  
MANAGEMENT  
& REPORTING**

**EXPENSE  
MANAGEMENT  
& REDUCTION**

**OCCUPANCY  
& TREND  
MONITORING**





# LEAD DESIGNER AND DEVELOPER

Mailbox Money vertically integrates development, construction, property management, and asset management to add value efficiently and effectively. Acutely aware of the monetary impact each decision makes, we unlock potential with simple and surprising solutions.

Our mission is to make great returns for ourselves, our clients, and our investors by purchasing and improving assets that people want to live in. We add value through low-cost, high-impact design improvements based on the asset at hand.

## MAJOR ROLES IN THE ROLLING GREEN PROJECT

- ✓ Lead visionaries on the project; will liaison with/on civil engineering, land development, general contractors, and architect
- ✓ Develop the amenity plan in conjunction with the property manager to execute the business plan pre and post-construction
- ✓ Design, branding, material selection, and staging





# GENERAL CONTRACTOR AND DEVELOPER



Veldhouse Companies is a family-owned real estate firm with over 30 years of real estate development and general contracting experience in the greater Sioux Falls area. We spearhead a development project from site selection to stabilization:

- ✓ We work alongside the landowner and local government authority to ensure the project's viability for the real estate at issue.
- ✓ We coordinate construction planning and design with the architect and engineering team during the pre-construction phase.
- ✓ We manage, coordinate, and facilitate the construction with subcontractors and vendors during construction.
- ✓ And finally, we seamlessly hand off the project to the final operator for the project, or operate the property ourselves.

Over the last 5 years, Veldhouse Companies has successfully developed and constructed 40 acres and \$70 million of multi-family, commercial, and single-family development projects





# PROPERTY MANAGER

Headquartered in Sioux Falls, South Dakota, Real Property Management Express manages a portfolio of over 3,000 residential units across South Dakota & Iowa, and specializes in A-class multifamily properties from pre-construction through disposition.

Founded and operated by real estate investors, Real Property Management Express understands the importance of excellent property management, continual innovation, and consistent efficiency improvement. We treat the properties we manage the way we would want our investments handled, and we aim to embrace every demonstrable competitive edge.

Our simple pricing facilitates auditing and predictability. Our detailed reporting gives at-a-glance summaries and in-depth visibility. Our property health report dashboards enable us to spot and fix problems before they affect your bottom line.

You deserve the best property management the industry has to offer, and we intend to provide it to you.

3,000+

Units Actively  
Managed

\$500M

Assets Under  
Management

10

# of Markets  
Served





# CURRENT HOLDINGS

Name	State	Acquired/Developed	Units	Purchase Price/Development Cost	Target IRR	Strategy
Watson Clinic	SD	Dec 2013	5	\$1.0M	25.0%-28.0%	Development
Career Crossing	SD	Apr 2015	6 units 10,000sf	\$2.0M	18.0%	Development
Christie Heights	SD	May 2015	72	\$18.0M	15.0%	BTR/Residential Housing Development
Lofts at Main	SD	Sep 2015	30	\$2.5M	20.0%-22.0%	Development
Washington Crossing	SD	Mar 2017	92	\$11.0M	28.0%	Development
Volga 10-Plex	SD	Jun 2017	10	\$1.2M	38.0%-42.0%	Development
Ben Franklin	SD	Apr 2018	20	\$2.8M	15.0%-19%	Development
Roosevelt Marketplace	SD	May 2018	7 units, 25,000 sf	\$4.5M	26.0%	Development
Equinox at Knight	GA	Dec 2019	194	\$23.9M	15.6%	Value-Add
Maple Park	SD	Sep 2020	77	\$6.2M	21.0%	Value-Add
The Preserve	SD	Dec 2020	72	\$6.0M	19.0%	Value-Add
Brighton Farms	GA	Jan 2021	134	\$16.2M	15.2%	Value-Add





# CURRENT HOLDINGS

Name	State	Acquired/Developed	Units	Purchase Price/Development Cost	Target IRR	Strategy
Eagle Creek	SD	May 2021	143	\$6.5M	15.0%	Value-Add
Lofts at Eden	FL	Jul 2021	175	\$35.1M	16.7%-17.7%	Core Plus
Blu on Lorraine	SD	Oct 2021	128	\$16.6M	20.0%	Development
The Reserve Flats	SD	Nov 2021	48	\$8.2M	16.0-18.0%	Development
Pines of Lanier	GA	Feb 2022	157	\$17.8M	15.0%-15.3%	Value-Add
Eastwood Oaks	FL	May 2022	104	\$13.5M	15.3%-15.9%	Value-Add
Langley Place	GA	Jun 2022	116	\$15.3M	15.2%-15.5%	Value-Add
The Velthuis (fka Rolling Green)	SD	Sep 2022	144	\$28.8M	20.7%-21.2%	Development
Monarch Villas	GA	Nov 2022	130	\$24.4M	15.2%-15.7%	Value-Add
Briarwood Reserve	SD	May 2023	144	\$25.6M	17.9%-18.3%	Development





# SOLD DEALS

## Sold Deals

Name	State	Built	Units	Purchase Price	Date Acquired	Date Sold	Sale Price	Months Held	LP IRR	Equity Multiple
The Henry B (Wurzbach Portfolio)	TX	1982	198	\$18.3M	Sep 2018	May 2021	TX is a non-disclosure state	32	15.1%	1.4x
The Blair at Bitters (Wurzbach Portfolio)	TX	1986	190	\$15.9M	Sep 2018	May 2021	TX is a non-disclosure state	32	15.1%	1.4x
Legacy	GA	1985	300	\$28M	Oct 2019	July 2021	\$35.1M	21	25.4%	1.5x
Lakewood Oaks	FL	1974	138	\$12.1M	Feb 2019	Oct 2021	\$17.9M	28	19.5%	1.6x
Rise on McDowell	AZ	1984	76	\$6.9M	Aug 2019	Nov 2021	\$15.6M	26	62.0%	2.9x
Reserve at Walnut Creek	TX	2002	284	\$36.3M	Dec 2018	Apr 2022	TX is a non-disclosure state	39	27.9%	2.1x





# CASE STUDIES

## The Velthuis

Class A, Garden-Style  
Development

### Sioux Falls, SD

Status: Under Construction

Units: 144

Dev. Start: Nov 2022

Dev. End: Q1 2024

Development: \$28.8M



- Attractive land parcel in a supply-starved market sourced directly from the owners based on deep local relationships
- Attractive 3-year, fixed-rate, interest only debt sourced at 4.95% with no prepayment penalty allowing for maximum flexibility while being accretive to valuation if sponsor group decides on an earlier exit.
- Modern Scandinavian design, wellness-focused, luxury community only blocks away from upscale retail and Avera Health's second campus.
- Attractive amenity features includes climate-controlled underground parking, indoor pool and hottub, community room, outdoor kitchen, and fitness center with two story glass facing south for spa ambiance in the frigid winters.





# CASE STUDIES

## Blu on Lorraine

Class A, Cutting Edge Development

### Sioux Falls, SD

Status: Under Construction

Units: 128

Dev. Start: Oct 2021

Dev. End: Q1 2023

Development: \$16.6M



- Attractive land parcel in a supply-starved market sourced directly from the owners based on deep local relationships
- Attractive 5-year, fixed-rate debt sourced at 3.24% allowing for maximum flexibility while being accretive to valuation if sponsor group decides on an earlier exit
- Modern Scandinavian design, wellness-focused, luxury community nestled around beautiful Lake Lorraine
- Attractive amenity features includes climate-controlled underground parking, rooftop sauna, community room, outdoor kitchen, and fitness center overlooking the lake with the latest exercise equipment including VR training
- Projected ~\$250K+ in additional revenue upside vs. conservative underwriting owing to continued market rent increases and additional ancillary income





# CASE STUDIES

## Equinox at Knight

Extremely Favorable Refinance &  
Return Of Equity

**Fayetteville  
(Atlanta suburb), GA**

Status: Refinanced 2x

Units: 194

Vintage: 1988/1991

Acquisition: Dec 2019

Acq. Price: \$23.9M



- Current valuation is ~75% increase over book value: \$41.7M, \$215,000 per unit
- Refinanced 2x in 3 years into attractive long-term debt resulting in 64% return of initial equity and 88% total returns to investors in less than 36 months without dilution.
- Investors earning 20%+ cash-on-cash in a fast appreciating submarket with no coming online in 24 months.
- \$1.5M renovation plan was completed ahead of schedule – 18 months actual vs. 24 months budget
- Occupancy was maintained in the mid-90s with minimal bad debt during Covid due to strong management and strategic upgrades





# CASE STUDIES

## Brighton Farms

Incredible Rent-Growth Story

**Newnan  
(Atlanta suburb), GA**

Status: Refinanced

Units: 134

Vintage: 1972

Acquisition: Jan 2021

Acq. Price: \$16.2M



- Current valuation is ~94% increase over book value: \$31.5M, \$235,000 per unit
- Strategic refinance into long-term debt resulting in ~68% of investor capital returned in 19 months via a combination of distributions and return of equity.
- \$1.4M renovation plan was completed ahead of schedule - 12 months actual vs. 24 months budgeted - and ~34% under-budget due to strong vendor relationships and aggressive management
- Sourced off-market through broker relationships which allowed us to capitalize on absentee ownership resulting in ~30%+ rent increase in less than 12 months and 13% LP cash-on-cash in Year 1
- Strategic Jan closing to save ~\$60-80K taxes in Year 1





# CASE STUDIES

## Lakewood Oaks

Fast Turn-Around & Sale With  
Above-Projected Returns

**Jacksonville, FL**

Status: Sold, Oct 2021

Units: 138

Vintage: 1974

Acquisition: Feb 2019

Acq. Price: \$12.1M

Sale Price: \$17.9M



- Strategic acquisition with significant deferred maintenance and mismanagement resulting in an LP IRR ~20% and LP equity multiple 1.5x+ within 2.5 years.
- \$1.0M renovation plan was completed ahead of schedule - 20 months actual vs. 24 months budget
- Occupancy was maintained in the high-90s with minimal bad debt during the value-add process throughout Covid
- Sale to strategic buyer resulting in the highest per unit price in the submarket





# TAX ADVANTAGES

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**Depreciation:** Depreciation is a reduction in the value of an asset with the passage of time, due to wear and tear. The IRS classifies depreciation as a paper loss which means you do not have to spend money, but still get the expense which can be used to offset taxable income.

**Section 199(a):** Starting in 2018, taxpayers are allowed a deduction tentatively equal to 20% of their qualified business income. Rental income from real estate investments is considered qualified business income for the deduction.

**Appreciation:** The IRS does not tax appreciation of a property until you sell. If you hold the property for many years or you refinance the property you get to enjoy the appreciation with minimal tax exposure.

**Cash-Out Refinances:** This strategy allows you to receive “cash-out” cash from the equity in the investment without tax consequences since the investor is taking out a new loan.

**1031 Exchanges:** This strategy allows you to sell one property and purchase another property with the funds from the sale without having to pay any taxes.

**Cost Segregation Studies:** Allows investors to separate personal property assets from real property assets for tax reporting purposes. This allows the personal property assets to be depreciated much quicker than the real property assets creating larger depreciation expenses to offset taxable income.

**Capital Gains:** Long-Term capital gains rates are taxed less than ordinary income and short-term capital gains rates which allows you to save and invest more of your profit.

**Self-Directed IRA of 401(k) Investments:** Self-Directed IRAs have all the benefits of a traditional IRA or 401(k) plan, but with self-directed IRAs you can invest in real estate or other assets instead of stocks and bonds.

**Death:** If you have real estate when you die your heirs receive a step-up in basis which means the property is revalued at your death and they do not owe any taxes on the appreciated value of a property.







**BOARDWALK WEALTH**



**MAILBOX MONEY**

## Ready to invest?

Email Omar or Dusten and note the amount you will be funding as well as the Share Class(es) you want to participate in:

**omar@boardwalkwealth.com**

**dusten@mailboxmoneyre.com**

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**<https://www.boardwalkwealth.com/jefferson-reserve/>**