

# Parkside Place Apartments (Pasadena, TX)

3101 Spencer Hwy | Pasadena, TX 77504 | 321 Units



**\$32.4 million | 321-unit "Class B" Apartment Community**  
**\$9.8 million equity offering**

# Investment Opportunity

Artisan American and Impex Capital Group are pleased to present to potential investors the opportunity to invest in Parkside Place Apartments, a 321-unit, 1969-built, Class B garden-style community located in the thriving Houston submarket of Pasadena. The location of the property is close in proximity to high quality retail and community services, as well as Beltway 8 and Interstate 45 which provides residents quick access to Houston's major employment centers. Adjacent to the property is the 50-acre Strawberry Park, which serves as the community's recreational hub and features a water park, recreation center, sports fields, walking trails, playground, exercise stations, picnic tables and other park amenities.

Amenities at Parkside Place include two swimming pools, club house, business center, fitness center, as well as others. Prior ownership invested ~\$1MM into the property by installing new roof, solar screens, HVAC, plumbing and electrical improvements, and other upgrades. They also upgraded the interiors of individual units by adding new floors, updated lighting, appliances, granite countertops, and other improvements in approximately 50% of the property. Artisan's plan is to make strategic improvements to the property as well as upgrade the additional units to increase rents on all units not capped at rent restrictions.

Parkside Place offers a strong risk-adjusted investment opportunity with substantial appreciation potential due to constrained submarket supply of rental housing, proximity to major employment centers with wage appreciation, desirable Pasadena school district, and next-door access to irreplaceable Strawberry Park amenity.

Unique aspects of this opportunity include sourcing the deal "off-market" at an attractive basis as well as a property tax abatement structure. The team was able to put the asset under contract through its strong broker relationships as well as securing a partnership with the Southeast Texas Housing Finance Corporation to put the tax-exempt structure in place.

# Investment Highlights

Parkside Place is a well-maintained asset in an excellent location. It is well situated near employment, educational, medical, and transportation hubs. Parkside is ideally situated in an area that has seen an increasing demand for multifamily housing due to relative affordability and access to quality education and growing local demand drivers like Port of Houston, Bayport Industrial District, NASA, and Hobby Airport. Additionally, there is very limited supply of new units in the construction pipeline (one project under construction and none proposed) and Pasadena has implemented strict barriers to entry through new zoning regulations. Factors like high barriers to entry, limited new supply under construction, and consistent rent growth across the submarket provide a solid fundamental base for upgrading units and growing rents at Parkside Place.

**Affordability component:** A unique aspect of the deal is the partnership structure proposed with Southeast Texas Housing Finance Corporation (“SETHFC”). SETHFC will serve as the GP in the partnership structure in order to secure the property tax abatement. In return, the development partnership will agree to set aside units at different affordability (affordability breakdown in later slide) through a regulatory agreement... Artisan has an executed MOU with SETHFC and fully drafted and ready to execute partnership agreement, ground lease, and regulatory agreement.

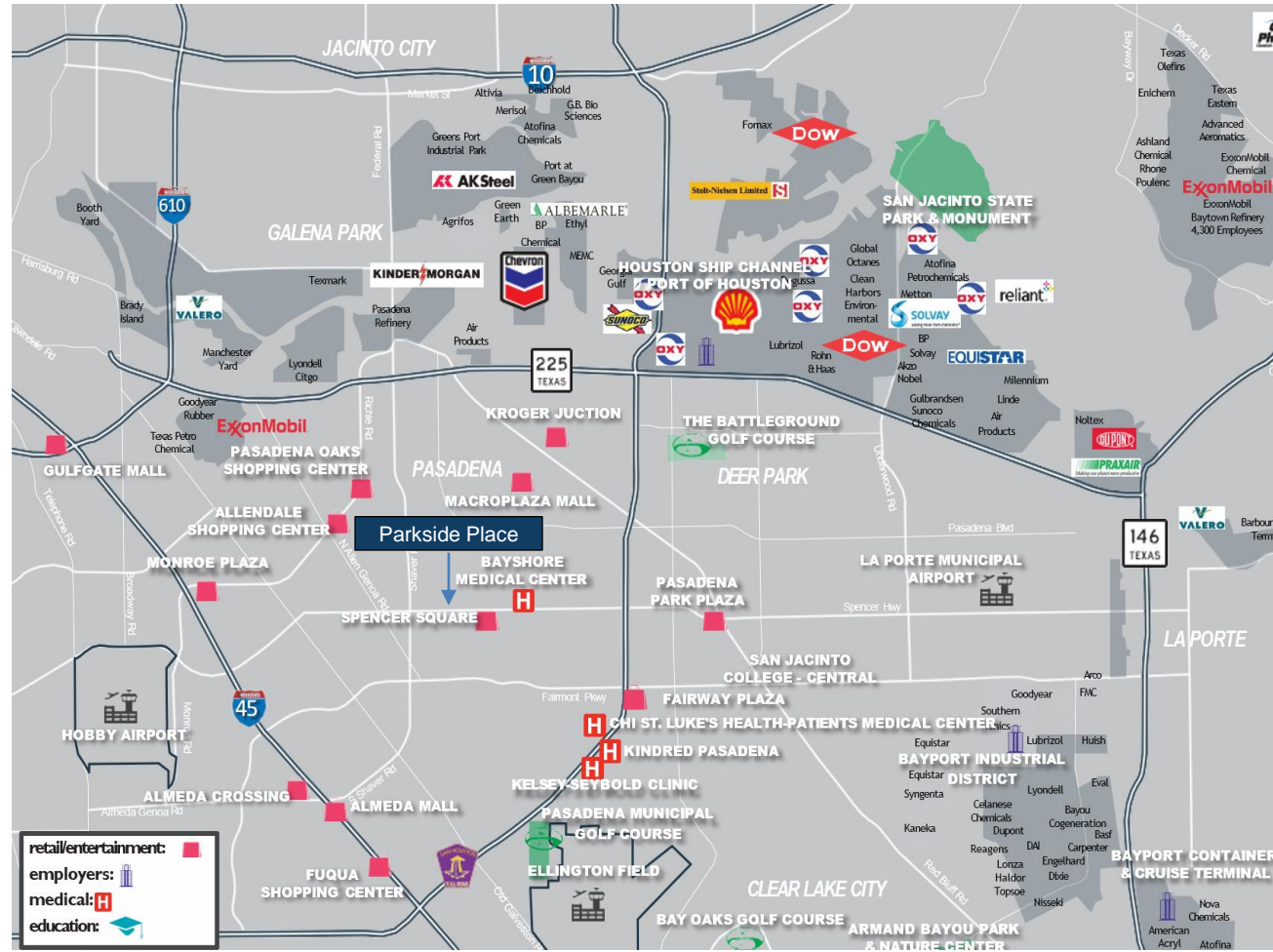
**Rent Growth & Occupancy:** Business plan assumes conservative rent growth projections, based on proven-out value-add plan implemented by previous owner on ~50% of units. New renovations will be completed with higher quality fixtures and finishes, and will be marketed at premium rents to the previously renovated units. Occupancy is expected to remain at historical level during renovations, then stabilize at a slightly higher level based on having a fully completed renovated property, and stickier renter characteristics of affordable housing income-qualified tenants.



# Market Overview

## Proximate to Employment & Retail

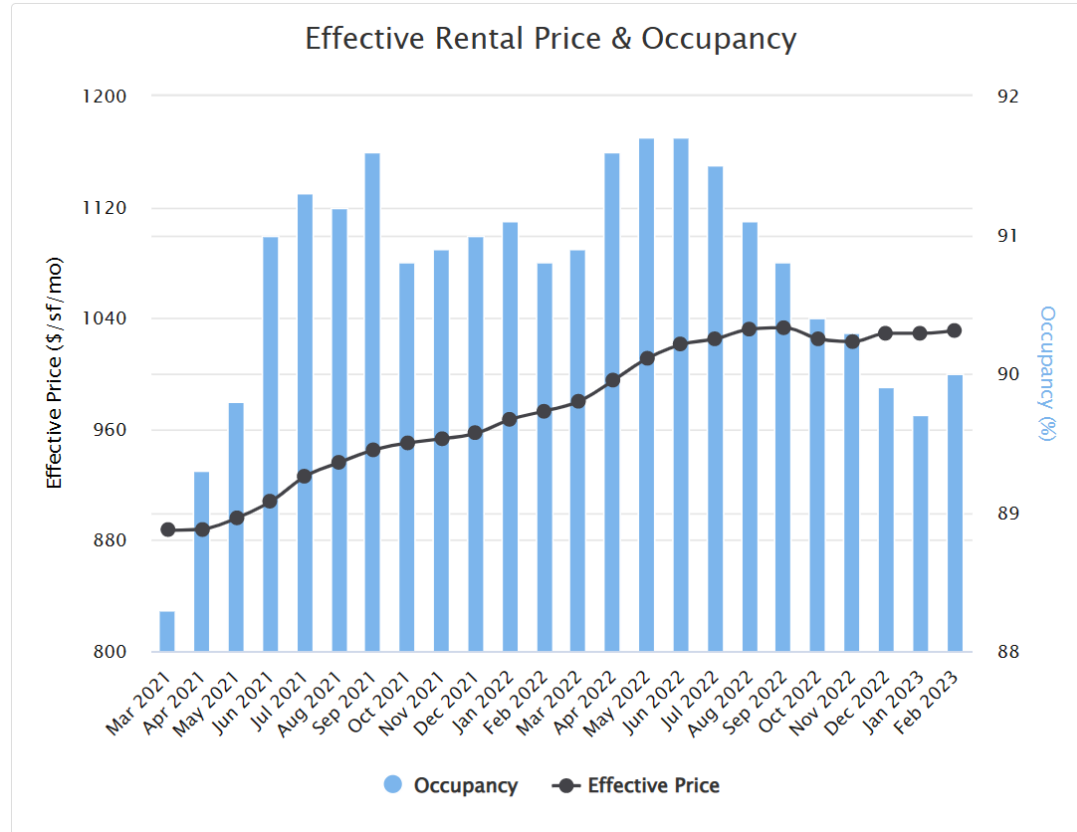
- Less than one mile from a Kroger, Walgreens, more than 10 restaurants, and the HCA Houston Healthcare Southeast Hospital and 24/7 emergency care
- The hospital is a 245-bed facility that is than a mile away from the property and has 1,500 employees
- Easy access to Beltway 8 and Interstate 45 (via Spencer Hwy) provides residents at Parkside Place easy access to Houston's major employment centers



# Market Overview

## Submarket Fundamentals

- The Pasadena/Deer Park /La Porte submarket has experienced double digit rent growth over the past 2 years and an overall average occupancy in excess of 90%
- Class B/C deals have outperformed the submarket as a whole in terms of rent growth and occupancy
- The City of Pasadena has implemented strict barriers to entry for multifamily development including:
  - Maximum of 18 units per acre
  - Maximum of 200 units per complex
  - Projects with 50+ units must be at least 2,500 ft away from other multifamily projects with 20+ units
- According to Apartment Data Service, there is only one project (Dakota at Deer Park – 298 units) under construction and no proposed projects in the Pasadena/ Deer Park/ La Porte submarket. Dakota at Deer Park is located 5.1 miles away from subject.



# Investment Summary

## Project Information

Property Name	Parkside Place Apartments
Location	3101 Spencer Hwy, Pasadena, TX
Submarket	Houston MSA - Pasadena
Year Built	1969
Property Class	Class B
Units	321
Average SF	861 SF
Occupancy	88%
Average Effective Rent	\$993.67
Average Effective Rent/SF	\$1.15
Land Area	11.25
Density	29 u/ac

## Loan Assumptions

Total Amount	\$21,440,000
Leverage (of Purchase Price)	79%
Leverage (of Total Cost)	66%
Term	7 yrs
Interest Rate	5.57%
Interest Only	36 Month
Prepayment	6.5 Yrs YM

## Project Cost

	Total	Per Unit
Purchase Price	\$27,000,000	\$84,112
Capital Expenditure	\$3,550,708	\$11,061
Closing Costs	\$1,793,800	\$5,588
Total Cost	\$32,344,508	\$100,762

## Return Summary

	Project/Gross (5yr)	Project/Gross (7yr)
IRR	24.96%	21.32%
Equity Multiple	2.44x	2.88x
Cash-on-Cash	8.08%	8.30%

## Project Capitalization

	Amount	% of Total
Debt	\$21,440,000	66.29%
Equity	\$10,904,508	33.71%
Total Cost	\$32,344,508	100.00%
LP Equity	\$9,814,057	90%
Sponsor Equity	\$1,090,451	10%
Total Equity	\$10,904,508	100%

# Investment Terms

Investment Summary	
Offering Size	\$9,814,057
Artisan Co-Investment	\$1,090,451
Minimum Investment	\$100,000

Fees	
Acquisition Fee	1.5%
Asset Management Fee	1%
Property Management Fee (Asset Living)	3%
Organizational Fee	2.25%
Construction Management Fee	4%

Estimated Sources and Uses		
<u>Uses:</u>	<u>\$ Amount</u>	<u>\$/Unit</u>
Price	\$ 27,000,000	\$ 84,112.15
Transaction Costs	\$ 1,793,800	\$ 5,588.16
CAPEX	\$ 3,550,708	\$ 11,061.40
<b>Total Uses</b>	<b>\$ 32,344,508</b>	<b>\$ 100,762</b>
<hr/>		
<u>Sources</u>	<u>\$ Amount</u>	<u>% of Total</u>
Debt	\$ 21,440,000	66.3%
Equity	\$ 10,904,508	33.7%
<b>Total Sources</b>	<b>\$ 32,344,508</b>	<b>100.0%</b>

## Distribution waterfall:

1. First, to Operating Member and Investor Member, pari passu based upon the Percentage Interest, until Investor Member has received a 10.00% IRR (compounded monthly), including repayment of principal;
2. Second, 20% to JV Sponsor in respect of its carried interest and 80% to Operating Member and Investor Member, pari passu based upon the Percentage Interest, until Investor Member has received a 16% IRR (compounded monthly);
3. Third, 30% to JV Sponsor in respect of its carried interest and 70% to Operating Member and Investor Member, pari passu based upon the Percentage Interest, until Investor Member has received a 20% IRR (compounded monthly);
4. Thereafter, 40% to JV Sponsor in respect of its carried interest and 60% to Operating Member and Investor Member, pari passu based upon the Percentage Interest.

# Property Details – Exterior & Amenities

The community sits on ~11.25 beautifully manicured acres with the following luxury amenities:

- Business Center
- Beautiful Landscaping
- Copy and Fax Services
- Clubhouse
- Covered Parking
- 2 Shimmering Swimming Pools
- Guest Parking
- On-Site Management
- 24-Hour On-Call Maintenance
- Courtesy Patrol
- Pet Waste Stations
- Public Parks Adjacent
- Easy Access to Freeways
- Fitness Center
- 4 Laundry Facilities





# Property Details – Interior Features

The 321 units at Parkside Place have an average unit size of 861sf across 5 unique floor plans. Units range from a 550sf Studio to a spacious 1,256sf 3 BR/2 BA.

Interior features include:

First Floor\*

Renovated One Bedroom\*

Renovated Studio\*

Renovated Two Bedroom\*

Granite Countertops\*

Pantry

Central Air Conditioning and Heating

Balcony or Patio

Storage for Rent\* If Available

All-Electric Kitchen

Cable and Internet Ready

Separate Dining Area\*

Large Closets

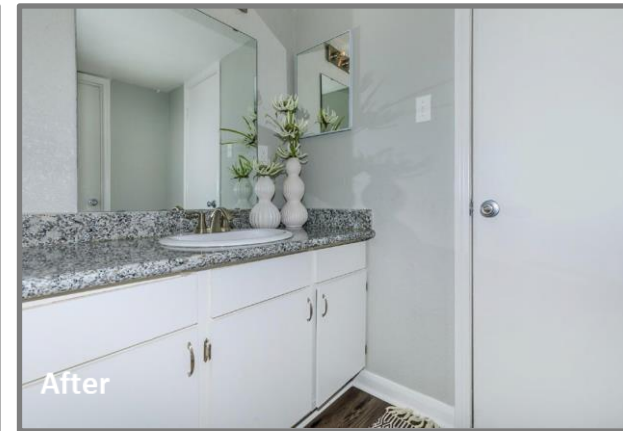
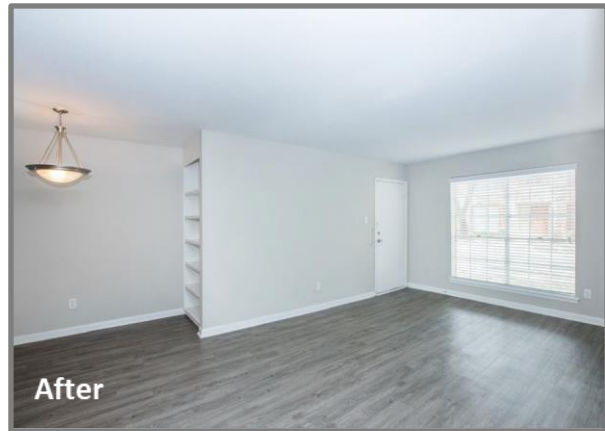


# Unit Renovation

## Classic Units:



## Renovated Units:



# Aerial View



# HFC Background Info

- The Housing Finance Corporation (“HFC”) program utilizes a tax break under the Texas Local Government Code
- Typically, a local government entity (public housing authority, county or city) creates a Housing Finance Corporation to which land is transferred by an apartment developer. The HFC becomes the owner of the land and ground leases it back to a limited partnership controlled by the developer
- Ground leases tend to be at least 75 years in term
- The main trade in the HFC structure is to provide affordability in exchange for a full property tax abatement. Affordability requirements for HFC’s are that at least 90% of the units must be occupied by persons of “low to moderate income” (as defined by the particular HFC), with a maximum of 10% of units at market rate without income restrictions. The definitions of “low to moderate income” vary across HFCs, but the upper bound is typically between 120% - 160% of AMI. Most HFC projects tend to include 50%+ of units to be rented to renters with at most 80% of AMI, and may want deeper affordability restrictions at 60% of AMI depending on the location of the property.
- In most HFCs, tenants must income-qualify, and some but not all HFCs have restrictions on the rent charged itself
- The HFC also typically charges annual fees and varied incentive payments at refinancing and / or sale. Structures vary from flat fees to percentages of profit above preferred returns
- In new developments and renovation projects, HFC-enabled development partnerships have the ability to be exempt from sales taxes on construction materials
- The fee to the property typically reverts back to the operator entity from the HFC if and when the rent and property tax arrangement is terminated, making it a fee simple property
- The HFC program is distinct but similar to the related Public Facilities Corporation (PFC) structures that have received public scrutiny, as constituents debate the tradeoffs of affordability vs. property tax revenue. The sponsor team and its partners will need to keep abreast of potential changes to the PFC and/or HFC structures due to political pressure

# HFC Compensation

## Ground Lease Payments:

- \$60,000 per year

## Partnership Admin Fees:

- \$30,000 per year with 2% escalation

## Development Fee:

- \$894,868 (\$1,763,359 less \$868,492 of the above annual payments over 10 years\*)
- Acts similar to a capital account

Parkside Place Pasadena					
Units 321					
2022 Land Tax Assessed Value		\$1,469,466	\$4,578		
		<u>20%</u>			
		\$1,763,359	\$5,493		
	Ground Lease Agreement Consideration	99 Year Ground Lease	LPA Agreement Consideration		Total SETH Fees
	Developer Fee		Partnership Admin Fee		
Closing	\$0	\$0	\$0	Inflation Factor	\$0
Year 1		\$0	\$30,000	2%	\$30,000
2		\$60,000	\$30,600		\$90,600
3		\$60,000	\$31,212		\$91,212
4		\$60,000	\$31,836		\$91,836
5		\$60,000	\$32,473		\$92,473
6		\$60,000	\$33,122		\$93,122
7		\$60,000	\$33,785		\$93,785
8		\$60,000	\$34,461		\$94,461
9		\$60,000	\$35,150		\$95,150
10 ...		\$60,000	\$35,853	Annual Payments	\$95,853
		\$540,000	\$328,492	\$868,492	\$868,492
				Developer Fee:	<b>\$894,868</b>
				Total 10-yr Comp:	\$1,763,359

# Affordability and Unit Mix

Bedrooms	Bedrooms	SF	Units	Market	Affordable	60%	80%
A1S	1 Bedroom	550	36	4	32	14	18
A2	1 Bedroom	697	105	10	95	42	53
B1	2 Bedroom	963	92	9	83	37	46
B2	2 Bedroom	1050	76	8	68	30	38
C1	3 Bedroom	1256	12	1	11	5	6
<b>Total/Average</b>		<b>861</b>	<b>321</b>	<b>32</b>	<b>289</b>	<b>128</b>	<b>161</b>
<b>Affordability Restrictions:</b>				10%	90%	40%	50%

Unit Mix												
Floor Plan	# of Units	Unit SF	Total Area	Market Rent	Current Mkt Rent PSF	Total Current Mkt Rent	Projected Rent	Projected Rent PSF	Projected Total Rent	Rent Premium/Unit	Total Rent Premium/Mo	Total Rent Premium/Yr
A1S	25	550	13,750	\$803	\$1.46	\$20,070	\$902	\$1.64	\$22,546	\$103	\$2,576	\$30,909
A1S (60% AMI)	0	550	0	\$803	\$1.46	\$0	\$902	\$1.64	\$0	\$103	\$0	\$0
A1SR	0	550	0	\$902	\$1.64	\$0	\$902	\$1.64	\$0	\$23	\$0	\$0
A1SR (60% AMI)	11	550	6,050	\$902	\$1.64	\$9,920	\$902	\$1.64	\$9,920	\$23	\$251	\$3,012
A2	61	697	42,517	\$833	\$1.19	\$50,790	\$958	\$1.37	\$58,408	\$137	\$8,367	\$100,408
A2 (60% AMI)	0	697	0	\$833	\$1.19	\$0	\$958	\$1.37	\$0	\$137	\$0	\$0
A2R	1	697	697	\$958	\$1.37	\$958	\$958	\$1.37	\$958	\$44	\$44	\$524
A2R (60% AMI)	43	697	29,971	\$958	\$1.37	\$41,173	\$958	\$1.37	\$41,173	\$44	\$1,878	\$22,534
B1	33	963	31,779	\$1,018	\$1.06	\$33,585	\$1,142	\$1.19	\$37,698	\$143	\$4,728	\$56,731
B1 (60% AMI)	0	963	0	\$1,018	\$1.06	\$0	\$1,142	\$1.19	\$0	\$143	\$0	\$0
B1R	19	963	18,297	\$1,142	\$1.19	\$21,705	\$1,142	\$1.19	\$21,705	\$43	\$821	\$9,847
B1R (60% AMI)	40	963	38,520	\$1,142	\$1.19	\$45,695	\$1,142	\$1.19	\$45,695	\$43	\$1,728	\$20,731
B2	36	1050	37,800	\$1,064	\$1.01	\$38,310	\$1,205	\$1.15	\$43,389	\$158	\$5,683	\$68,196
B2 (60% AMI)	0	1050	0	\$1,064	\$1.01	\$0	\$1,205	\$1.15	\$0	\$158	\$0	\$0
B2R	8	1050	8,400	\$1,205	\$1.15	\$9,642	\$1,205	\$1.15	\$9,642	\$0	\$3	\$31
B2R (60% AMI)	32	1050	33,600	\$1,205	\$1.15	\$38,568	\$1,205	\$1.15	\$38,568	\$0	\$10	\$123
C1	9	1256	11,304	\$1,307	\$1.04	\$11,760	\$1,385	\$1.10	\$12,465	\$115	\$1,038	\$12,456
C1 (60% AMI)	0	1256	0	\$1,307	\$1.04	\$0	\$1,382	\$1.10	\$0	\$112	\$0	\$0
C1R	1	1256	1,256	\$1,385	\$1.10	\$1,385	\$1,385	\$1.10	\$1,385	\$76	\$76	\$908
C1R (60% AMI)	2	1256	2,512	\$1,385	\$1.10	\$2,770	\$1,382	\$1.10	\$2,764	\$73	\$145	\$1,744
<b>Totals/Avg</b>	<b>321</b>	<b>861</b>	<b>276,453</b>	<b>\$1,017</b>	<b>\$1.18</b>	<b>\$326,330</b>	<b>\$1,079</b>	<b>\$1.25</b>	<b>\$346,314</b>	<b>\$62</b>	<b>\$27,346</b>	<b>\$328,154</b>

# Rental Comparables

#	PROPERTY	YOC	OCCUPANCY	UNIT TYPE	# OF UNITS	TOTAL NRA	AVG. SF	MARKET RENT	MARKET RENT PSF	EFFECTIVE RENT	EFFECTIVE RENT PSF
1	The Ashmore	1978	93%	1	348	216,108	621	\$925	\$1.49	\$925	\$1.49
				2	334	296,926	889	\$1,221	\$1.37	\$1,221	\$1.37
				3	14	16,380	1,170	\$1,775	\$1.52	\$1,775	\$1.52
				<b>Total/Avg.</b>	<b>696</b>	<b>529,414</b>	<b>761</b>	<b>\$1,084</b>	<b>\$1.43</b>	<b>\$1,084</b>	<b>\$1.43</b>
2	Willow Springs	1984	93%	1	160	104,640	654	\$1,035	\$1.58	\$993	\$1.52
				2	68	60,724	893	\$1,353	\$1.52	\$1,311	\$1.47
				3	24	26,400	1,100	\$1,615	\$1.47	\$1,573	\$1.43
				<b>Total/Avg.</b>	<b>252</b>	<b>191,764</b>	<b>761</b>	<b>\$1,176</b>	<b>\$1.55</b>	<b>\$1,134</b>	<b>\$1.49</b>
3	Park on Burke	1978	98%	1	88	52,360	595	\$890	\$1.50	\$890	\$1.50
				2	64	49,408	772	\$1,146	\$1.48	\$1,146	\$1.48
				3	8	8,800	1,100	\$1,470	\$1.34	\$1,470	\$1.34
				<b>Total/Avg.</b>	<b>160</b>	<b>110,568</b>	<b>691</b>	<b>\$1,021</b>	<b>\$1.48</b>	<b>\$1,021</b>	<b>\$1.48</b>
4	Cinnamon Ridge	1979	86%	0	1	480	480	\$890	\$1.85	\$890	\$1.85
				1	191	115,364	604	\$961	\$1.59	\$961	\$1.59
				2	236	213,108	903	\$1,161	\$1.29	\$1,161	\$1.29
				3	12	14,400	1,200	\$1,557	\$1.30	\$1,557	\$1.30
<b>Total/Avg.</b>	<b>440</b>	<b>343,352</b>	<b>780</b>	<b>\$1,084</b>	<b>\$1.39</b>	<b>\$1,084</b>	<b>\$1.39</b>				
5	Oak Run Manor	1982	99%	1	80	52,080	651	\$892	\$1.37	\$892	\$1.37
				2	56	49,616	886	\$1,064	\$1.20	\$1,064	\$1.20
				3	24	26,040	1,085	\$1,388	\$1.28	\$1,388	\$1.28
				<b>Total/Avg.</b>	<b>160</b>	<b>127,736</b>	<b>798</b>	<b>\$1,027</b>	<b>\$1.29</b>	<b>\$1,027</b>	<b>\$1.29</b>
Subject	Parkside Place	1971	87%	0	25	13,750	550	\$803	\$1.46	\$800	\$1.45
				0-Reno	11	6,050	550	\$902	\$1.64	\$851	\$1.55
				1	61	42,517	697	\$833	\$1.19	\$821	\$1.18
				1-Reno	44	30,668	697	\$958	\$1.37	\$906	\$1.30
				2	33	31,779	963	\$1,018	\$1.06	\$993	\$1.03
				2-Reno	59	56,817	963	\$1,142	\$1.19	\$1,085	\$1.13
				2	36	37,800	1,050	\$1,064	\$1.01	\$1,032	\$0.98
				2-Reno	40	42,000	1,050	\$1,205	\$1.15	\$1,208	\$1.15
				3	9	11,304	1,256	\$1,307	\$1.04	\$1,268	\$1.01
				3-Reno	3	3,768	1,256	\$1,385	\$1.10	\$1,309	\$1.04
<b>Total/Avg.</b>	<b>321</b>	<b>276,453</b>	<b>861</b>	<b>\$1,017</b>	<b>\$1.18</b>	<b>\$987</b>	<b>\$1.15</b>				
<b>Classic Units</b>	<b>164</b>	<b>137,150</b>	<b>836</b>	<b>\$942</b>	<b>\$1.13</b>	<b>\$923</b>	<b>\$1.10</b>				
<b>Reno Units</b>	<b>157</b>	<b>139,303</b>	<b>887</b>	<b>\$1,094</b>	<b>\$1.23</b>	<b>\$1,054</b>	<b>\$1.19</b>				

# Proforma

## Parkside Place Apartments

	Per Unit (Y1)	Operational Year Projections							
		T-12	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7
<b>Income</b>									
Gross Potential Rent	12,946	3,667,560	\$4,155,769	\$4,280,442	\$4,408,855	\$4,541,121	\$4,677,354	\$4,817,675	\$4,962,205
Less: Vacancy Loss	-1,363	(394,545)	(437,395)	(301,771)	(308,620)	(317,878)	(327,415)	(337,237)	(347,354)
Less: Employee / Model Units	-168	(82,758)	(54,025)	(55,646)	(57,315)	(59,035)	(60,806)	(62,630)	(64,509)
Less: Loss To Lease	-693	2,737	(222,417)	(178,534)	(161,141)	(162,652)	(164,106)	(165,498)	(166,823)
Less: Concessions	-110	(9,050)	(35,194)	(38,127)	(39,504)	(40,720)	(41,973)	(43,265)	(44,597)
Less: Uncollectable Debt	-65	(29,500)	(20,779)	(21,402)	(22,044)	(22,706)	(23,387)	(24,088)	(24,811)
Net Rental Income	10,548	3,154,444	3,385,960	3,684,961	3,820,231	3,938,130	4,059,668	4,184,956	4,314,111
Other Income	2,158	584,809	692,566	713,343	734,743	756,786	779,489	802,874	826,960
<b>Total Effective Income</b>	<b>12,706</b>	<b>3,739,253</b>	<b>4,078,526</b>	<b>4,398,304</b>	<b>4,554,974</b>	<b>4,694,916</b>	<b>4,839,157</b>	<b>4,987,830</b>	<b>5,141,071</b>
Economic Occupancy		86.0%	81.5%	86.1%	86.6%	86.7%	86.8%	86.9%	86.9%
<b>Operating Expenses</b>									
Real Estate Taxes	42	651,767	13,500	13,905	14,322	14,752	15,194	15,650	16,120
Insurance	1,200	172,788	385,200	396,756	408,659	420,918	433,546	446,552	459,949
Management Fees	381	105,653	122,356	131,949	136,649	140,847	145,175	149,635	154,232
Ground Lease Payments	187	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Supportive Services	0	-	-	-	-	-	-	-	-
Utilities	1,936	615,006	621,432	640,075	659,277	679,055	699,427	720,410	742,022
Payroll	1,209	362,409	388,039	399,680	411,670	424,020	436,741	449,843	463,339
Contract Services	325	41,297	104,325	107,455	110,678	113,999	117,419	120,941	124,570
Repairs & Maint.	285	139,420	91,500	94,245	97,072	99,985	102,984	106,074	109,256
Marketing	84	32,323	27,000	27,810	28,644	29,504	30,389	-	-
General & Administrative	230	95,903	73,830	76,045	78,326	80,676	83,096	120,941	124,570
<b>Controllable Expenses Per Unit</b>		<b>4,007</b>	<b>4,069</b>	<b>4,191</b>	<b>4,317</b>	<b>4,446</b>	<b>4,580</b>	<b>4,730</b>	<b>4,872</b>
Total Operating Expenses		2,216,566	1,887,181	1,947,919	2,005,298	2,063,756	2,123,970	2,190,046	2,254,056
<b>Total Operating Expenses Per Unit</b>		<b>6,905</b>	<b>5,879</b>	<b>6,068</b>	<b>6,247</b>	<b>6,429</b>	<b>6,617</b>	<b>6,823</b>	<b>7,022</b>
Capital Reserves (Replacement Exp for Historical)	250	80,250	80,250	80,250	80,250	80,250	80,250	80,250	80,250
Total Expenses Incl. Reserves	6,129	2,296,816	1,967,431	2,028,169	2,085,548	2,144,006	2,204,220	2,270,296	2,334,306
<b>Net Operating Income</b>	<b>6,577</b>	<b>1,442,437</b>	<b>2,111,095</b>	<b>2,370,135</b>	<b>2,469,426</b>	<b>2,550,910</b>	<b>2,634,936</b>	<b>2,717,534</b>	<b>2,806,765</b>
Asset Management Fee	127		40,785	43,983	45,550	46,949	48,392	49,878	51,411
<b>Net Cash Flow</b>	<b>6,450</b>	<b>1,442,437</b>	<b>2,070,309</b>	<b>2,326,152</b>	<b>2,423,876</b>	<b>2,503,961</b>	<b>2,586,545</b>	<b>2,667,655</b>	<b>2,755,354</b>



# Sensitivity Analysis

		Hold Period			
		Cap Rate Sensitivity (Debt Base Case)			
Cap Rate	24.96%	3 YR IRR	5 YR IRR	7 YR IRR	
	5.45%	36.06%	27.07%	22.61%	
	5.60%	33.84%	26.00%	21.96%	
	5.75%	31.66%	24.96%	21.32%	
	5.90%	29.53%	23.93%	20.69%	
	6.05%	27.42%	22.92%	20.07%	
	6.20%	25.36%	21.93%	19.47%	

		Hold Period			
		Insurance Sensitivity (5.75% Cap Rate Base Case)			
Insurance	24.96%	3 YR IRR	5 YR IRR	7 YR IRR	
	\$1,000	34.44%	26.52%	22.45%	
	\$1,100	33.06%	25.75%	21.89%	
	\$1,200	31.66%	24.96%	21.32%	
	\$1,300	30.25%	24.16%	20.75%	
	\$1,400	28.82%	23.35%	20.17%	
	\$1,500	27.38%	22.53%	19.58%	

		Hold Period			
		Occupancy Sensitivity (5.75% Cap Rate Base Case)			
Occupancy	24.96%	3 YR IRR	5 YR IRR	7 YR IRR	
	87.00%	21.87%	19.53%	17.48%	
	88.00%	23.65%	20.52%	18.18%	
	89.00%	25.37%	21.48%	18.86%	
	90.00%	27.03%	22.40%	19.51%	
	91.00%	28.63%	23.28%	20.13%	
	92.00%	30.17%	24.14%	20.74%	
	93.00%	31.66%	24.96%	21.32%	
	95.00%	34.45%	26.48%	22.39%	

		Exit Cap			
		Occupancy and Cap Rate Sensitivity - 5yr			
Occupancy	24.96%	5.500%	5.750%	6.00%	
	87.00%	21.40%	19.53%	17.70%	
	88.00%	22.37%	20.52%	18.72%	
	89.00%	23.30%	21.48%	19.70%	
	90.00%	24.20%	22.40%	20.64%	
	91.00%	25.07%	23.28%	21.55%	
	92.00%	25.90%	24.14%	22.42%	
	93.00%	26.71%	24.96%	23.26%	
	95.00%	28.20%	26.48%	24.81%	

# The Team – Artisan/American Corp.



**Vernon Young**  
*CEO*

As Chairman & CEO of Artisan/American Corp., Vernon Young is one of the most experienced apartment developers in Houston. He has built well over 10,000 units, and is a former Houston Apartment Association president. His real estate experience includes land development, production homebuilding, office, and manufactured housing. With a longtime focus on affordable housing, Vernon has developed more than 1,500 LIHTC units.



**Elizabeth Young**  
*President*

H. Elizabeth Young has been President of Artisan/American Corp. for more than 30 years, overseeing all of the firm's development, construction, operations and management of LIHTC financed housing. She is a licensed Historically Underutilized Business ("HUD") owner, and holds a Texas Real Estate license. Prior to Artisan, Elizabeth was Director of Real Estate Marketing and Research for The McCann Company in Houston.



**W. Alex Young**  
*COO*

Alex joined the firm in 2020. Formerly of A.G. Hill Partners in Dallas, Alex brings a depth of experience across:

- Investments
- Transactions
- Operations
- Finance
- Legal

A licensed attorney, Alex serves as Artisan's Chief Operating Officer, and oversees all projects and legal matters. Alex received a JD/MBA degree from SMU, and a BS in Mechanical Engineering from UVA.



**William Young**  
*SVP Multifamily*

Since joining the firm in 2021, William's primary responsibilities include assessing project feasibility, acquisitions, overseeing new project development, and project management. Previously of Deloitte LLP, William served as a senior tax consultant in their tax consulting group focused on Securitization issues. William is a licensed CPA in Texas and has received his MBA degree from Rice University prior to joining the Artisan team.



**Gary Davis**  
*Director Develop.*

Gary Davis is a Certified Public Accountant, and for more than 10 years has been Development Director and Financial Controller for Artisan. Prior to joining Artisan, Gary spent 20 years with the company developing the 2,500-acre master planned community South Shore Harbor in League City, TX, where he ultimately held the role of Director of Land Development. In addition to development projects, Gary oversees Artisan's taxation and accounting functions.



**Julian Voller**  
*Inland General*

Julian is Head of Construction for Inland General Construction Co., Artisan's affiliated general contractor entity. Joining Artisan in 2022, Julian brings a wealth of construction experience, primarily focused on garden-style multifamily and single family housing. Previously of Hettig-Kahn, Julian led the construction of more than 2,000 LIHTC financed multifamily units.

\*For more information on Artisan and its Principals please visit website: [www.artisanamerican.com](http://www.artisanamerican.com)

# The Team – Impex Capital



**Ash Shah**

*CEO*

Ash Shah is the President & CEO of IMPEX Capital Group, a Houston-based commercial real estate investment firm. The firm owns and manages over \$1.5 Billion in various properties across the US, including ~\$800 Million in Houston and Texas, in general.

To date, IMPEX has acquired over 10,000 multifamily units, 600,000 square feet of Industrial & Commercial office, and 400,000 square feet of Retail & Mixed Use. Mr. Shah's schedule of real estate ownership also includes Hotels, Assisted Living with Memory Care and Land parcel for housing development.

Ash holds an MBA from Thunderbird Business School of International Management, and his company has been ranked in the "Top 100" and "Fastest Growing Company" by Houston Business Journal and Inc. 5000 magazine.



**Dr. Ram Rao**

*Partner*

Ram K. Rao has purchased, sold, and managed over \$2.5m in single family and multifamily homes in Houston, with 20 years of real estate management experience. He is currently a General Partner in 252 units encompassing \$41 million in AUM.

Ram is also a medical doctor, working professionally as a Radiologist in Houston. He specializes in Musculoskeletal Radiology and focuses on ER/Trauma in over 200 sites located across Texas and several southern/southwestern states. He is currently President of the largest radiology private practice in Houston, consisting of over 100 professionals, with practice revenue exceeding \$100 million annually. He was recently a Featured Doctor in Best in Texas Magazine.

\*For more information on Impex Capital Group and its Principals please visit website: [www.ImpexCapitalGroup.com](http://www.ImpexCapitalGroup.com)

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