

Case Study- Preferred Place

Asset Overview

- In November 2018, Edison Equity purchased a \$232-unit multi family complex located in Dallas, TX for \$19,750,000 which equated to \$85,129/door.
- Edison target this location for an acquisition as a nearby area was being master planned into new retail and higher end apartments. This has and will continue to improve the surrounding area and assist in increasing rental rates.
- This acquisition provided an opportunity to implement a \$2,100,000 (\$9,052/unit) renovation plan which positioned the asset for strong rental growth. Edison has attained a rental increase of \$140/unit/month and the asset is currently 96% occupied with a 97% 60-day trend.
- This asset has successfully been repositioned from a “C” quality asset to “B” quality.

Business Plan

The repositioning of the asset encompassed the following major improvements:

- Complete remodel of club house, offices, gym facility and business center.
- Exterior improvements have included a complete overhaul of the pool, a complimentary grill station, outdoor furniture and new landscaping. Surveillance cameras were also added throughout the property. Each of the buildings were updated with new siding trim where needed. New signage was added throughout the property and laundry facilities were updated.
- Interior unit improvements included new paint, faux wood flooring, new carpet, kitchen tile backsplash, lighting, ceiling fans, new fixtures and washer/dryers were added to select units.
- Based on these renovations in place rents have increased by \$140 since takeover which results in ROC of 24% (based on \$7,000/unit interior renovation)
- Exit Strategy
- ✓ Long term hold asset for Edison Equity providing strong cash flow
- ✓ Sept. 2020 appraisal engaged by Freddie Mac for refinancing, highlights value of \$26,200,000. This equates to a 33% increase in value since acquisition in November of 2018.

Preferred Place Apartments - Refinance



Property Investment Summary

Location	Dallas
Units	232
Investment Type	Equity
Acquisition Date	11/14/2018
Refinance Date	\$11/5/2020
Appraisal Value (prepared by BBG)	\$26,200,000
Gross IRR	27.3%
Equity Multiple	1.76X

