



## TPEG MAPLE FRIENDSWOOD INVESTORS LLC INVESTMENT EXIT SUMMARY

In December 2020, Trinity Investors (formerly Trinity Private Equity Group) partnered with Trammell Crow Residential (TCR) to develop Allora Friendswood, a 249-unit apartment community in Friendswood, Texas. In May 2022, just 17 months after construction initially began, the partnership successfully closed on the sale of the property.

## RETURNS SUMMARY

### HIGHLIGHTS

- Ahead of schedule
- Under budget
- Short hold period

### IRR\*

**64.6%**

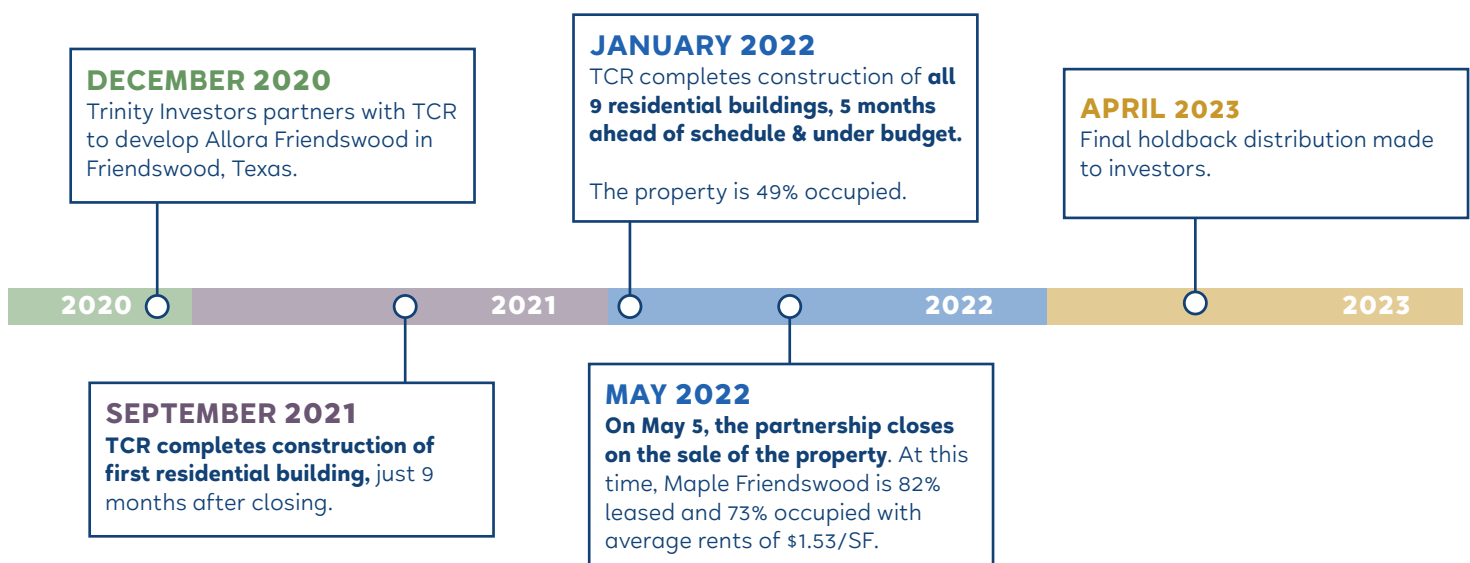
### CoC\*

**2.04x**

### HOLDING PERIOD

**17 Mos.**

## PROJECT TIMELINE



\*Net investor returns after all fees and promotes.

## INVESTMENT SUMMARY

In December of 2020, Trinity Investors (“Trinity”) partnered with Trammell Crow Residential (“TCR”) to develop Allora Friendswood, a 249-unit apartment community in Friendswood, Texas. The Allora-branded community is part of TCR’s new Class A “attainable housing” strategy, which prioritizes delivering a clear value proposition to a target renter base that earns roughly 80% of an area’s median income. By re-engineering how the apartment building is configured, discovering which amenity spaces residents really use and have a desire for, and finding every opportunity for efficiency, TCR has developed a low-cost housing solution for the working class. Trinity was attracted to this project because it represented an opportunity to partner with TCR in a growing submarket with strong multifamily fundamentals at an attractive cost basis. TCR’s cost optimization efforts referenced above, and superior execution (discussed below) resulted in a total project budget that was much lower than other similar projects Trinity analyzed. Additionally, as development costs rose across the apartment industry broadly throughout 2021, the project’s cost basis became extremely favorable relative to replacement cost, other new class A developments and even the acquisition cost of older assets.

The final product consisted of 249 units across nine (9) 3-story buildings and was located at 2911 El Dorado Blvd, Friendswood, TX 77546. TCR delivered the first residential building in September 2021 (an amazing nine months after closing) and began accepting residents shortly thereafter. In January 2022, TCR completed construction of all nine residential buildings, approximately five months ahead of schedule. More importantly, the project was completed under budget, as the team achieved \$2.0 million of total cost savings. At that time, the property was 49% occupied, or 42 residents ahead of original underwriting. By May of 2022, the property was 82% leased and 73% occupied with average rents of \$1.53/SF, which compared favorably to the underwritten rental rate of \$1.45/SF.

On May 5th, 2022, TCR successfully closed on the sale of Allora Friendswood, just 17 months after construction began. The sale price represented an increase of ~21.2% relative to the original underwritten sale price and ~64% relative to our partnership’s total cost basis. With a pre-tax distribution of net sales proceeds equal to approximately 204% of their original equity investment (after holdback release), Trinity equity investors ultimately realized an internal rate of return (“IRR”) of ~65% and a cash-on-cash return of ~2.04x over the 17-month investment horizon. Further detail on the investment return profile is included in the *Returns Summary* section on the following page.



## PERFORMANCE SUMMARY

The Private Placement Memorandum (PPM) forecasted an outright exit of the project in month 36 of the investment horizon. In May of 2022, the partnership elected to sell Allora Friendswood after 17 months due to several factors, including heightened demand (high values) for well-located multifamily assets in strong suburban markets and rental rate outperformance at the property.

Details	Underwriting	Actual	Variance
Sale Month	36	17	-19
Simple Profit	\$10,079,551	\$22,055,209	+\$11,975,658
IRR	19.1%	64.6%	+45.5%
Cash-on-Cash	1.67x	2.04x	+0.37x

The original PPM forecasted a sale in month 36 for a simple (gross) profit of \$10.079 million. Despite the property being sold 19 months earlier than anticipated, the actual simple profit from sale in month 17 (\$22.055 million) meaningfully exceeded the PPM's underwritten expectations - mainly attributable to favorable submarket/market dynamics and property performance.

Additionally, Trinity investors benefitted from TCR's superior execution. Their development team commenced construction the day after our original closing/funding and subsequently delivered and sold an attractive, high-quality project in an exceptionally short amount of time. Coordination and competence across TCR's organization (construction, asset management, capital markets, etc.) clearly led to investment outperformance, as the asset was delivered under budget and ahead of schedule (essentially unheard of in today's environment). In summary, TCR's experience and execution resulted in above-market returns for Trinity investors.

## RETURNS SUMMARY

The figure below details realized pre-tax returns for equity investors over the investment period.

### TPEG Maple Friendswood Investors: Equity Return Summary

		Year 1	Year 2	Year 3*
Equity Investor Contribution	(8,300,409)	-	-	-
Preferred Return Payments (9%)	-	-	1,051,992	-
Return of Equity Investor Capital	-	-	8,300,409	-
Split of Remaining Cash (50% until 20% IRR; 40% thereafter)	-	-	7,094,817	480,706
<b>Total</b>	<b>(8,300,409)</b>	<b>-</b>	<b>16,447,217</b>	<b>480,706</b>
Cash Flows per \$100,000	(\$100,000)	-	\$198,149	\$5,791
Annual Cash Yield (%)		0.00%	198.15%	5.79%
IRR	64.6%			
Cash-on-Cash	2.04x			

\*Release of proceeds that resulted from a holdback at sale

The equity return profile shown in the figure above illustrates the realized, pre-tax returns that Trinity equity investors received throughout the investment (after considering fees and promotes paid to Trinity/TCR). The figure above also reflects the release of incremental sales proceeds in month 28 that were derived from a holdback at sale. **In total, Trinity equity investors realized an internal rate of return ("IRR") of ~65% and a cash-on-cash return of ~2.04x over the investment horizon.** Additionally, mezzanine investors earned a 12% annual interest and received all accrued interest and a full return of capital at sale.

In summary, an attractive cost basis, superior Sponsor execution, and continued demand for multifamily assets helped the investment significantly outperform original projections. Trinity and TCR appreciate the continued confidence of investors and are pleased to deliver such strong investment returns to those that have supported us.



Allora Friendswood - Exterior and Common Area Photos



Allora Friendswood - Interior Photos

