TPEG DOLPHIN LANDING INVESTORS LLC

INVESTMENT EXIT SUMMARY

In August 2019, TPEG partnered with GVA Management to recapitalize Dolphin's Landing Apartments, a 1973- vintage, 219-unit multifamily community located in Corpus Christi, Texas. In March 2021, GVA successfully closed on the sale of property.

Highlights from the investment are shown below.

26.02%
IRR

1.43x
Cash-on-Cash Multiple

19 Month
Investment Period

INVESTMENT SUMMARY

In August of 2019, Trinity Private Equity Group ("TPEG") partnered with GVA Management ("GVA") to acquire and renovate Dolphin's Landing Apartments (renamed to Latitude Apartments), a 1973-vintage, 219-unit garden-style apartment community located at the corner of Saratoga Blvd. and Weber Rd., two major thoroughfares in the Corpus Christi market. At the time of the investment, the underlying thesis centered around buying the asset at an attractive cost basis, a favorable location in a high growth, supply constrained market, an experienced Sponsor, and the opportunity to capture rent upside through investment on the exterior and interiors. **Total capitalization for Latitude equated to $18.190 million**, funded by an $11.830 million senior loan, $1.000 million of TPEG mezzanine debt, ~$4.200 million of TPEG equity, and approximately $1.160 million of equity provided by GVA and affiliates.

Following a successful first year of ownership, TPEG and GVA elected to list the property for sale. **On March 5th, GVA successfully closed on the sale of Latitude for $21.250 million ($97,032 per unit)** – approximately 19 months after the property was acquired**.** As a reminder, our partnership paid $15.000 million ($68,493 per unit) for Latitude in 2019 before investing additional capital to improve the property, representing a ~41.67% increase in value. **With a distribution of net sales proceeds equal to approximately 129.35% of the equity investment, TPEG equity investors realized an internal rate of return ("IRR") of 26.02% and a cash-on-cash return of 1.43x over the 19-month investment horizon**. Further detail on the investment return profile is included in the Returns Summary.

PERFORMANCE SUMMARY

The investment's 2019 Private Placement Memorandum (PPM) projected a refinance in month thirty (30) and a sale in month (sixty) 60; however, TPEG and GVA sought refinance and purchase offers, ultimately electing to sell the asset after just 19 months due to several factors, including an attractive sale price because of strong demand for multifamily assets in the Corpus Christi MSA. Prior to acquisition in 2019, the previous owner had spent minimal money on the unit interiors and the exterior of the property, deferring several of the maintenance issues. Throughout the life of the investment, GVA remedied the deferred maintenance items and renovated 144 of the 219 (~66%) units – 134 of which included a full upgrade package, while the other 10 were in relatively good condition and were selectively renovated to achieve a leasable state. This strategy helped GVA achieve rent growth of more than 13% since acquisition – outpacing original projections and confirming the market's receptiveness of GVA's renovations. Another key aspect of the investment thesis revolved around the inefficiencies at the property created through passive ownership and poor third-party property management. Prior to acquisition, the property struggled with bad debt, rent delinquencies, and expense management. Upon implementation of a GVA selected management team and practices overseen by experienced regional managers, the team quickly removed poor quality tenants, used the created vacancy to accelerate unit renovations, and implemented better expense management practices. Ultimately, their successful changes resulted in a material increase in Net Operating Income (NOI). The annualized NOI for the second half 2020 was ~$1.66 million, which compares favorably to the annualized trailing six-month (T-6) NOI at acquisition of ~$938k. The original PPM forecasted a refinance in month 30 for a valuation of $20.987 million (based on NOI of $1.469 million and a cap rate of 7.00%), and a sale in month 60 for $25.304

million (based on NOI of $1.771 million and an exit cap rate of 7.00%). Although the actual sale price in month 19 ($21.250 million) represents a slight discount to the projected sales price, it represents a premium to the anticipated month 30 refinance valuation despite being sold eleven months earlier – attributable to the robust NOI growth and favorable submarket dynamics mentioned previously.

RETURNS SUMMARY

The sale of Latitude for $21.250 million, or approximately $97,032 per door, (an increase of ~41.67% relative to the original purchase price and ~16.82% relative to our partnership's total basis) closed on March 4th, 2021. Mezzanine investors received a full return of principal and a small amount of accrued interest, totaling 101.78% of their initial contribution. TPEG equity investors received all unpaid preferred return, a return of their initial investment, and a profit split distribution, totaling approximately 129.35% of their original contribution. In total, **TPEG equity investors realized an internal rate of return ("IRR") of 26.02% and a cash-on-cash return of ~1.43x over the 19-month investment horizon.**

TPEG Dolphin Landing Investors: Return Summary		Year 1	Year 2
Equity Investor Contribution	**(5,360,000)**	-	-
Preferred Return Payments (10.00%)		134,000	688,842
Return of Equity Investor Capital		-	5,360,000
Split of Remaining Cash		-	1,478,188
Total	**(5,360,000)**	**134,000**	**7,527,030**
Cash Flows Per $100,000	**(100,000)**	**2,500**	**140,430**
Annual Cash Yield		*2.50%*	*140.43%*
Equity Investor IRR	**26.02%**		
Equity Investor Cash-on-Cash	**1.43x**		

The equity return profile shown in the figure above illustrates the realized, pre-tax returns that equity investors received throughout the entire investment (after considering fees and promotes paid to TPEG/GVA). There may be a small additional distribution in the future, which could modestly increase returns. In summary, an attractive cost basis, strong rent growth, experienced Sponsor, and favorable multifamily market helped the investment outperform expectations and close on a sale faster than anticipated – providing an exceptional return for investors. TPEG and GVA appreciate the continued confidence of investors and are pleased to deliver such strong investment returns to those who that have backed us.