The Flats at Lancaster - Investor FAQ

Last Updated: February 25, 2026

Investment Timeline & Structure

What are the key dates for this offering?

- **506(c) Offering (Accredited Investors):** Opens March 11, 2026
- **Final Funding Deadline:** All funds must be deposited by April 20, 2026

What's the offering type?

- **506(c):** Accredited investors only; allows general solicitation and advertising; requires third-party verification of accredited status

Property Overview

What is The Flats at Lancaster?

- **Property Type:** 112-unit garden-style apartment community
- **Location:** Clarksville, Tennessee (Nashville MSA, 45 minutes from Nashville)
- **Land:** 10.3-acre campus with 14 buildings and clubhouse-office
- **Year Built/Renovated:** 2001/2019
- **Occupancy:** Stabilized asset with premium renovations

What's the unit mix?

- **1 BR / 1 BA:** 16 units | 896 sq ft
- **2 BR / 2 BA:** 64 units | 1,089 sq ft
- **3 BR / 2 BA:** 32 units | 1,275 sq ft
- **Average Unit Size:** 1,115 sq ft

What capital improvements have been made?

Over **$3M invested** in upgrades: - **Unit Upgrades:** $2,550,000 (premium renovations in 96+ units) - **Amenities:** $277,500 - **Equipment:** $251,500

Interior Features: Quartz countertops, stainless steel appliances, luxury vinyl plank flooring, tile backsplash, oil-rubbed bronze fixtures, touch lighted mirrors, floating cabinets, custom light fixtures

Financial Structure

What is the purchase price and capital stack?

- **Purchase Price:** $15,400,000
- **Loan Amount:** ~$10.5M (~68% LTV)
- **Total Equity Required:** $6,514,036 - $7M
- **GP Contribution:** $650,000
- **Going-In Cap Rate:** 6.15%

How are funds being used?

- **Closing Costs & Third-Party Reports:** $~422,956
- **Syndication Costs (PPM, SEC, Sponsor Fees):** $~154,000
- **Working Capital:** $100,000
- **CapEx Reserves:** $~600,000

What are the target returns?

- **Annual Rate of Return (ARR):** ~16%+
- **Average Cash-on-Cash:** ~5% annually
- **Equity Multiple:** 1.8x - 2.0x
- **Hold Period:** 5-7 years

What are the investment terms?

- **Minimum Investment:** $100,000
- **Profit Split:** 80% LP / 20% GP (straight split, no preferred return)
- **Distributions:** Quarterly (subject to cash flow and PPM)
- **Reporting:** Quarterly investor updates

Market & Location

Why Clarksville, Tennessee?

Rapid Job Growth: - 30,000 jobs added (2010-2024): +38% growth - 14,000 jobs forecasted (2024-2029) - 90,000 jobs within 30-minute commute

Household Growth: - 12,600 households forecasted (2024-2029) - +39% household growth (2009-2024)

Affordability Advantage: - $454/month average savings vs. Buying: $68K average household income within 5 miles

Nashville MSA Benefits: - 45 minutes from Nashville - Access to major employment centers - Lower cost alternative to Nashville proper

Employer	Sector	Status	Facility	Employment Impact	Investment
Fort Campbell	U.S. Military	**Permanent**	30,000+ active-duty; 10,000 civilian employees	Non-cyclical demand floor; ~36% of soldiers stay after service; 300+ transition monthly	N/A — federal
LG Chem	Advanced Mfg.	Operating	Major battery materials production facility	Large permanent manufacturing workforce; global investment signal for the market	$—
LG Electronics	Consumer Electronics	Operating	Production & distribution operations	Deepens LG Group's footprint in Clarksville manufacturing corridor	$—
Hankook Tires	Tire Manufacturing	Operating	Full-scale U.S. production plant	$1.6 billion plant investment; one of the largest tire manufacturers in the world	**$1.6B**
Frito-Lay	Food Manufacturing	Expanding	Established + expansion announced	Significant local employer; recent expansion adds production capacity and jobs	$—
TriStar Health	Healthcare	Operating	$286M Clarksville Hospital	Major healthcare investment; healthcare is top-5 employment sector in Clarksville	**$286M**
Austin Peay State Univ.	Education	Permanent	~2,000 positions; ~11,000 students	2nd-largest employer; supports workforce pipeline and rental demand from students/staff	**N/A**
T.RAD North America	Automotive Mfg.	**Announced Dec 2025**	400,000 sq ft facility (expandable to 500K); customers: Honda, Toyota, Kawasaki, Suzuki	928 jobs over 5 years; $90.2M investment; first Tennessee location for Japanese manufacturer	**$90.2M**
Korea Zinc	Critical Minerals	**Announced Dec 2025**	Acquiring Nyrstar plant (1,200 acres) + constructing new ~6.99M sq ft integrated smelter; U.S. HQ	420 new jobs in Montgomery County ($83K–$196K salaries); retains 300 existing Nyrstar employees; 1,464 total including spin-offs; backed by U.S. Dept. of War partnership; largest investment in TN state history	**$6.6B**

Business Plan

What is the value-add strategy?

Year 1 (2026) - Stabilization: - Maintain current rents (no increases in Year 1) - Implement ancillary income programs - Optimize operations and reduce expenses

Years 2-5 (2027-2031) - Growth: - Begin rent increases: 3-5% annually starting 2027(Includes bringing rents to “market”) - Scale ancillary income streams - Deploy amenity monetization - Achieve operational efficiencies

Target: Increase NOI from ~$1.0M (Year 1) to ~$1.3M (Year 5)

What are the specific revenue initiatives?

Rent Upside: - Current rents approximately $200 below market comparables - Conservative 3-5% annual increases starting Year 2(Includes bringing rents to “market”)

Ancillary Income: - Washer/dryer rental program - Reserved parking fees - Pet wash station fees - Valet trash service - Package locker fees

Operational Improvements: - Install pet wash station (will assess and plan accordingly) - Add security cameras - Implement gated access - Lease back washers/dryers

What CapEx is planned?

- **Reserves in Place:** For roofs, HVAC, water heaters
- **Annual Lender Required Replacement Reserves:** $28,000/year
- **Total CapEx Budget:** ~$600,000
- **Focus:** Primarily exterior refresh (interiors already renovated)

Team & Management

Who is the GP team?

Sean Thompson - GP Key Managing Partner - Owns/operates 5 multifamily properties - $85M+ AUM - Leading $32M multifamily development - 9% LIHTC credit awarded for 72-unit development – - LIHTC developer - Fannie Mae and Freddie Mac loan assumptions – Multiple syndications

Melissa Hawkins - **GP Managing Partner** - 28 years healthcare/pharmacy leadership - 19 years commercial real estate experience - Scaled division from $0-$20M in healthcare – LP on FL Multifamily properties - President, National Pharmacy Solutions –
Gold Stevie® Award for Lifetime Achievement

JP Valdes - **GP Managing Partner** - 10 years real estate experience - Luxury home development

Ken Gee – Advisor GP Partner - 28 years real estate experience - $200M+ AUM - CPA, former Deloitte auditor and mortgage lender – 14 full cycle deals – 16K units managed over career - $2B in transactions over career - Advisor on multiple multifamily properties

Who is managing the property?

Billy Jo Suiter, NEXGEN – ***Partner / Property Management*** - 20 years real estate and executive sales/operations – Local native to Clarksville

NexGen Property Management - 20 years property management experience - Local native to Clarksville - 2,800 units under management - Market-native operator with deep familiarity with asset, submarket, and renter demographics

Risk Mitigation

What are the key risks and how are they mitigated?

Loan terms: - LifeCo Conservative leverage (~68% LTV) - **Fixed interest rate** - Healthy DSCR buffers – 7 year term

Renovation/CapEx Execution Risk: - Most CapEx allocated to reserves - Multiple bids for exterior work - Phased execution with clear milestones - Contingency held inside reserve plan - 96+ units already renovated

Property Management Risk: - Local, market-native operator selected - Deep familiarity with asset and submarket - Supports accurate scope planning and resident-facing execution

Physical Due Diligence/Deferred Maintenance Risk: - Asset is stabilized - Interiors already updated/modernized - CapEx focus is primarily exterior refresh - Dedicated third-party physical DD team validates building condition pre-close

Market Risk: - Minimal new construction: Less than 2,000 units planned over next 2 years - Conservative underwriting: Entry cap 6.15%, exit cap 6.25% (no cap rate compression required) - Flat rents in Year 1 (conservative approach)

Exit Strategy

What are the exit options?

Primary Exit - Sale (Year 5-7): - Early buyer mapping - Appreciation is operational, not cap-rate dependent - Conservative exit cap rate: 6.25% vs. 6.15% entry – We believe the asset will be able to trade at 6 CAP in Year 5, if market is favorable

Alternative 1 - Refinance (Year 5): - Refinance upside to return **all or portion** of capital - Investors stay in deal with infinite returns - Cash flow continues

Alternative 2 - Hold: - Cash flow is strong and predictable - Continue quarterly distributions - Extend hold period if market conditions warrant

Investor Qualifications

Who can invest in 506(c)?

- **Accredited investors only**

What qualifies someone as an accredited investor?

Income Test: - $200,000+ individual income for past 2 years (with expectation of same) - $300,000+ joint income for past 2 years (with expectation of same)

Net Worth Test: - $1,000,000+ net worth (excluding primary residence)

What investment vehicles are accepted?

- Cash
- Self-Directed IRA
- Solo 401(k)
- Trust
- LLC
- 1031 Exchange – Requires verification/review

Investment Process

What is the step-by-step process for investors?

1. **Initial Conversation:** Connect for full deal walkthrough
2. **Review Documentation:** PPM, Operating Agreement, Subscription Agreement
3. **Soft Commitment:** Reserve allocation (non-binding)
4. **E-Sign Documents:** Complete subscription package
5. **Wire Funds:** Transfer to secure escrow account (by April 19, 2026)
6. **Closing Confirmation:** Receive notification when acquisition is complete
7. **Ongoing Updates:** Quarterly reports and distributions

What documents will investors receive? (All documents will be in deal room)

- Pitch Deck
- Underwriting
- Executive Summary
- FAQs
- Private Placement Memorandum (PPM)
- Operating Agreement
- Subscription Agreement
- Quarterly investor reports (Post Close)
- Annual K-1 for tax filing (Post Close)

Tax Benefits

What tax advantages does this investment offer? – ***Will depend on each investor's personal situation, how they invest, not a guarantee of benefits***

- **Depreciation**
- **Cost Segregation**
- **Pass-Through Taxation:** Potential Income/losses flow to individual returns
- **1031 Exchange:** Possibility to defer capital gains on exit

Note: Investors should consult their own tax advisors for personalized advice.

Compliance & Legal

Standard Disclaimer: "This is for educational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. Any investment opportunities discussed are available only to accredited investors and will be offered through a **private placement memorandum**. Investing in real estate involves a high degree of risk and potential loss of some or all your principal. Please consult your own financial advisor, tax advisor, and legal counsel before making any investment decision."

What governs the investment terms?

The **Private Placement Memorandum (PPM)** is the governing legal document. This FAQ is for information only and does not supersede the PPM.

Who should investors contact?

Contact the GP Partner that you would like to discuss the opportunity.

931-218-6363

Quick Reference Summary

Metric	Value
Property Type	112-unit garden-style apartments
Location	Clarksville, TN (Nashville MSA)
Purchase Price	$15,400,000
Equity Raise	$6.5M - $7M
Minimum Investment	$100,000 506(c)
Target ARR	16%+
Average CoC	~5%
Equity Multiple	1.8x - 2.0x
Hold Period	5-7 years
LP/GP Split	80% / 20%
Distributions	Quarterly, will start 6 months after close, 1 quarter in arrears
506(c) Opens	March 11, 2026