

# BROOKE SMITH INVESTMENT MEMORANDUM

## 4-Pack Single-Family Development

### INVESTMENT SUMMARY

Houstonian Capital Investments, LLC (HCI) is proud to present the opportunity to acquire land, subdivide the land and develop single family homes for sale per the Project Information Table.

### BUSINESS PLAN

The goal is to couple the expanding demand for new, single-family homes in the Brooke Smith neighborhood on the eastern edge of the Greater Houston Heights, with a targeted land acquisition that will be subdivided into four (4) plats and developed into four (4) homes to sell in the \$550,000 to \$650,000 sales market.

Brooke Smith and east Greater Houston Heights area attracts investors capitalizing on this form of development (i.e., subdividing land to build and sell multiple single-family homes). Over the most recent two years (March 2020 to March 2021) the average construction footprint has been 3,000 square feet for resale sizes of 2,500 square feet of livable space. Within the same timeframe, the investment community has diversified developments with smaller projects (1,800 to 2,200 livable square feet) in an attempt to provide new, single family homes at a lower sales price. This has resulted in a stronger submarket that provides greater risk mitigation protections to investors: larger sales market, lower construction costs, shorter hold times and higher sales revenue per square foot.

The business plan of the project is to leverage this market of smaller, new homes and develop four (4) homes with a construction footprint of 2,500 square feet per for a resale size of approximately 2,000 square feet of livable space.

The project will be developed and constructed by CRV Homes, LLC (CRV Homes), HCI's in-house construction company. CRV Homes is a full-service design-build firm, combining professional design with the development, home building and project management services. The combined CRV Homes team offers the unparalleled benefit of having experts in their specialized fields streamlined under one firm. CRV Homes has the experience and expertise to execute HCI's business plan.

### PROPERTY & DEVELOPMENT

Brook Smith is located in the east Greater Houston Heights neighborhood, one of the most lucrative real estate communities in Houston. It is roughly bordered by North Main Street, Airline Drive, West Cavalcade Street and Interstate 45. Brooke Smith is conveniently located within the Inner Loop, minutes away from Downtown, the Galleria and the Medical Center.

The development is comprised of single-family homes that feature open floor concepts with a modern, traditional exterior. Large windows throughout allow for plenty of natural lighting. The home includes a large patio overlooking a spacious yard that is fully fenced. These homes will be loaded with upgraded features, energy efficiency designs and smart home technology.

### FUNDING REQUIREMENTS

The investor's contributions are outlined in the Funding Requirements Table. Costs of investment financing is not included in the Project Summary.

### PROJECT INFORMATION

|                            |                    |
|----------------------------|--------------------|
| Project Area               | Brooke Smith       |
| Project Type               | Build to Sell      |
| Product Description        | Single-Family      |
| Land Size                  | 10,000 Square Feet |
| Number of Units            | 4 Homes            |
| Construction Size per Unit | 2,460 Square Feet  |

### PROJECT EXPENSES

|                                   |                       |
|-----------------------------------|-----------------------|
| Land Acquisition Cost             | (\$ 531,628)          |
| Land Acquisition Closing Cost     | (\$ 5,316)            |
| Development & Construction        | (\$ 1,290,000)        |
| Professional Design               | Included Service      |
| Architectural & Engineering Plans | Included Service      |
| Municipal Permitting              | Included Service      |
| On-Site Project Management        | Included Service      |
| Overhead & Organizational Costs   | Included Service      |
| Other Administrative Costs        | Included Service      |
| <b>TOTAL EXPENSES</b>             | <b>(\$ 1,826,944)</b> |

### PROJECT REVENUES

|                              |                     |
|------------------------------|---------------------|
| Average Sales Price per Unit | \$ 604,500          |
| Sales Revenue                | \$ 2,418,000        |
| Closing Costs                | (\$ 193,440)        |
| Prorated Property Taxes      | (\$ 60,450)         |
| <b>TOTAL NET REVENUES</b>    | <b>\$ 2,164,110</b> |

### PROJECT SUMMARY

|                         |            |
|-------------------------|------------|
| Targeted Total ROI (%)  | 18.46%     |
| Targeted Total ROI (\$) | \$ 337,166 |

### FUNDING REQUIREMENTS

|                          |                |
|--------------------------|----------------|
| Min. Subscription Amount | (\$ 15,000)    |
| Min. Equity Investment   | (\$ 365,389)   |
| Est. Total Investment    | (\$ 1,826,944) |

