



Case Study: Longwood Manor

Acquisition Metrics	
Purchase Price	\$28,475,000 or 206k/door
Acquisition Date	February 2021
Going in Cap Rate	5.0%
Debt terms	\$21,273,000 Fannie Mae 10-year fixed rate loan at 3.42% interest with 5 years of I/O
Total Capitalization	\$32,263,106 = \$21,273,000 Debt / 10,990,109 Equity (65.9% LTC)
Target Returns	16.00% IRR / 1.77x EMx / 10.35% avg C-o-C / 5 Year hold



The Market: The Property is just 25 miles outside Washington, DC and within a 25 minute drive to Amazon's new HQ 2 in Crystal City, VA. Additionally, the Property is adjacent to an elementary and middle school, providing a built-in demand driver for families with children. Rents at the Property lagged competitors.

The Opportunity: GP identified the opportunity during the winter wave of Covid-19 in February 2021. GP was not the original highest bidder for the Property and lost out. However, after the Property fell out of contract, the CBRE brokerage team brought the opportunity back to GP. GP was able to secure the property at discounted pricing by capitalizing on uncertainty in the market due to the new wave of covid. GP secured long term agency financing at a historically low interest rate of 3.42%. This created a significant spread between the interest rate of 3.42% and in-place cap rate of 5.0%. Additionally, GP saw the opportunity to increase the NOI yield further by repositioning the asset with unit renovations and improved management.

Progress to Date: GP has renovated just under 60 units, achieving a blended return on investment of 28.85%. Along with renovations, GP has been successful driving strong renewals and has increased average rent at the Property from \$1,454 to \$1,615 (11.07% increase). The fixed rate debt at 3.42% has 8 years remaining, allowing GP to focus on business plan execution rather than contend with the current rising interest rates or capital markets conditions.