



# Qaletaq

CAPITAL PARTNERS

SAMPLE INVESTMENT CASE STUDY

## THE SCENE - KNOXVILLE, TENNESSEE

Prepared by Qaletaq Capital Partners

A detailed overview of an example multifamily acquisition, illustrating projected returns, financial structure, and operational performance.

865-431-1282

[www.Qaletaqcapitalpartners.com](http://www.Qaletaqcapitalpartners.com)

[info@qalecap.com](mailto:info@qalecap.com)

# THE SPONSOR TEAM



## **WILL RIVERS**

**DIRECTOR**

**INVESTMENTS & ASSET MANAGEMENT**

- Over 10 years experience as an Electrical Contractor
- Proven track record of keeping projects with budget with delivering quality results.
- Will values building strong relationships and is focused on delivering excellent returns for investors.



## **GRETCHEN RIVERS**

**DIRECTOR**

**STRATEGY & ANALYTICS**

- 12 years of experience in Financial Banking and Analytics
- Specializes in Business Development and Strategic Planning
- Is passionate about combining Data-Driven decision-making and tenant experience to create thriving, profitable communities.



## **NIZAN MOSERY**

**KP/ADVISOR**

- Over 25 years in Real Estate Investment
- 15 years specializing in Multifamily, and has managed more than \$200 Million in Multifamily Assets.
- He believes success requires more than profit - it requires passion, mindset, and the drive to live fully on one's own terms.
- Nizan is on a mission to wake people up to the opportunities that Multifamily Investing provides.

# The Scene Knoxville Tn

## SOURCES AND USES OF FUNDS

<u>Note</u>	<u>Sources of Funds</u>	<u>Amount</u>	<u>% Total</u>
1	<u>1st Trust Deed</u>	\$ 4,300,000	66.7%
2	<u>Investor Equity</u>	\$ 2,150,000	33.3%
	<b><i>TOTAL SOURCES OF FUNDS</i></b>	<b><u>\$ 6,450,000</u></b>	<b><u>100.0%</u></b>
	<u>Uses of Funds</u>	<u>Amount</u>	<u>% Total</u>
3	Acquisition Price	\$ 5,750,000	89.1%
4	Acquisition Fee	\$ 230,000	3.6%
5	Closing Costs	\$28,750	0.4%
6	Capital Formation Fee - Equity	\$ 86,000	1.3%
7	Outside Broker Fee	\$ 115,000	1.8%
8	New Loan Costs	\$ 95,250	1.5%
9	Capital Improvements	\$ 52,800	0.8%
10	Interest Reserve	\$ -	0.0%
11	Working Capital	\$ 26,630	0.4%
	<b><i>TOTAL USES OF FUNDS</i></b>	<b><u>\$ 6,450,000</u></b>	<b><u>100.0%</u></b> \$ 700,000

### Notes

1 New Loan (Senior Loan) to be obtained secured by a first deed of trust (See Loan Summary)

2 Capital Contribution from equity partners

3 Purchase Price to acquire the Property from Seller

4 Fee paid to APEX Group for arranging the acquisition

5 Estimated costs, including costs for escrow deposits, legal, title, and reimbursement to APEX for any actual out-of-pocket due diligence costs

6 Fee paid to APEX Group or Outside 3rd Party for procuring equity capital on behalf of the company. Some or all fees be reallocated to outside third parties for providing said services for the company.

7 Fee paid to Outside Broker for Sourcing the deal

8 Estimated costs incurred to obtain the new Senior Loan

9 Capital Improvements expected to commence upon acquisition of the Property

10 Interest Reserve, if any

11 Unallocated reserves for working capital purposes



**The Scene**

2800 Davenport

Knoxville Tn

Property

Address

City,State

44	1973	30,400	10.77	4.1
Units	Year Built	NSqFt	Lot Size(Acres)	Density (Units/Acre)

**INCOME ANALYSIS (CURRENT & STABILIZED)**

No.	Type	SqFt	MONTH1 Current Rents Vacancy & Estimated Expenses			MONTH12 Stabilized Market Rents, Vacancy & Estimated Expenses			
			Total Rentable SqFt	Total	Per Unit	Per SqFt	Total	Per Unit	Per SqFt
2	1 Bd/ 1 Ba	500	1,000	\$ 2,345	\$ 1,173	\$ 2.35	\$ 2,465	\$ 1,233	\$ 2.47
42	2 Bd/ 1 Ba	700	29,400	\$ 56,970	\$ 1,356	\$ 1.94	\$ 59,729	\$ 1,422	\$ 2.03
<b>44</b>		691	<b>30,400</b>	<b>\$ 59,315</b>	<b>\$ 1,348</b>	<b>\$ 2.14</b>	<b>\$ 62,194</b>	<b>\$ 1,414</b>	<b>\$ 2.25</b>
		avg. sf/unit	364,800						4.9% increase over current rents
* Direct Access to Unit from Carport									
<b>INCOME</b>				<b>TOTAL</b>	<b>PER UNIT</b>	<b>PER SQFT</b>	<b>TOTAL</b>	<b>PER UNIT</b>	<b>PER SQFT</b>
	Market Rent		\$711,780	\$ 59,315	\$ 1,348	\$ 1.95	\$ 62,194	\$ 1,414	\$ 2.05
	Loss to Lease		0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ - 0.00%
<b>GROSS POTENTIAL INCOME</b>			<b>\$711,780</b>	<b>\$ 59,315</b>	<b>\$ 1,348</b>	<b>\$ 1.95</b>	<b>\$ 62,194</b>	<b>\$ 1,414</b>	<b>\$ 2.05</b>
<b>RENTAL LOSS</b>									
	Vacancy Loss	6.80%	\$ (4,033)	\$ (92)	\$ (0.13)	\$ (3,110)	\$ (71)	\$ (0.10)	5.00%
	Concessions	1.21%	\$ (718)	\$ (16)	\$ (0.02)	\$ (753)	\$ (17)	\$ (0.02)	1.21%
	Delinquency	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
	Employee Units	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
	Bad Debt/ Write-offs	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
	Lease Model/ Admin Unit	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
	Plus Prepaid Rent	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
		<b>8.01%</b>	<b>\$ (4,751)</b>	<b>\$ (108)</b>	<b>\$ (0.16)</b>	<b>\$ (3,862)</b>	<b>\$ (88)</b>	<b>\$ (0.13)</b>	<b>6.21%</b>
<b>TOTAL RENTAL LOSS</b>			<b>\$ (4,751)</b>	<b>\$ (108)</b>	<b>\$ (0.16)</b>	<b>\$ (3,862)</b>	<b>\$ (88)</b>	<b>\$ (0.13)</b>	
<b>NET RENTAL INCOME</b>			<b>\$ 654,766</b>	<b>\$ 54,564</b>	<b>\$ 1,240</b>	<b>1.79</b>	<b>\$ 58,332</b>	<b>1,326</b>	<b>1.92</b>
<b>OTHER INCOME</b>									
	Application Fees		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Move Out charges		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Deposit Forfeit		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Miscellaneous Income		\$ 468	\$ 11	\$ 0.02	\$ 468	\$ 11	\$ 0.02	
	Ancillary Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Vending Machine Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Laundry Rm. Income (per unit/mo.)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Late Fees		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	NSF Fee		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Utility RUBS		\$ 2,699	\$ 61	\$ 0.09	\$ 2,699	\$ 61	\$ 0.09	
	Garage Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Carport Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Storage Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Month to Month charges		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Corporate Premium		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
			<b>\$ 3,166</b>	<b>\$ 72</b>	<b>\$ 0.10</b>	<b>\$ 3,166</b>	<b>\$ 72</b>	<b>\$ 0.10</b>	
<b>TOTAL OTHER INCOME</b>			<b>\$ 3,166</b>	<b>\$ 72</b>	<b>\$ 0.10</b>	<b>\$ 3,166</b>	<b>\$ 72</b>	<b>\$ 0.10</b>	
<b>EFFECTIVE GROSS INCOME</b>			<b>\$ 57,730</b>	<b>\$ 692,761</b>	<b>\$ 15,745</b>	<b>\$ 22.79</b>	<b>\$ 737,979</b>	<b>\$</b>	
<b>LESS EXPENSES</b>			Actual						
	RE Taxes 2025	1.52000%	\$ 39,986	\$ 909	\$ 1.32	\$ 39,986	\$ 909	\$ 1.32	
	Insurance		\$ 25,585	\$ 581	\$ 0.84	\$ 25,585	\$ 581	\$ 0.84	
	Utilities		\$ 45,526	\$ 1,035	\$ 1.50	\$ 45,526	\$ 1,035	\$ 1.50	
	Contracts- Pests/pool/Landscaping		\$ 6,600	\$ 150	\$ 0.22	\$ 6,600	\$ 150	\$ 0.22	
	Building Repairs & Maintenance		\$ 11,000	\$ 250	\$ 0.36	\$ 11,000	\$ 250	\$ 0.36	
	Building & Repairs Payroll		\$ 10,384	\$ 236	\$ 0.34	\$ 10,384	\$ 236	\$ 0.34	
	Accounting & Professional Mgmt.	5.00%	\$ 34,638	\$ 787	\$ 1.14	\$ 36,899	\$ 839	\$ 1.21	
	Residential Mgmt. Payroll		\$ 39,600	\$ 900	\$ 1.30	\$ 39,600	\$ 900	\$ 1.30	
	Advertising & Marketing		\$ 8,800	\$ 200	\$ 0.29	\$ 8,800	\$ 200	\$ 0.29	
	Security Patrol		\$ -	\$ 150	\$ 0.22	\$ -	\$ -	\$ -	
	Administrative		\$ 6,600	\$ 250	\$ 0.36	\$ 6,600	\$ 150	\$ 0.36	
	Reserves/Replacements		\$ 11,000	\$ 5,448	\$ 7.89	\$ 11,000	\$ 250	\$ 7.96	
<b>TOTAL EXPENSES</b>			<b>34.60%</b>	<b>\$ 239,718</b>	<b>\$</b>	<b>\$ 241,979</b>	<b>\$ 5,500</b>	<b>\$</b>	<b>32.79%</b>
			*includes special assessments =	\$0					
<b>NET OPERATING INCOME</b>			<b>65.40%</b>	<b>\$ 453,043</b>	<b>\$ 10,296</b>	<b>\$ 14.90</b>	<b>\$ 496,000</b>	<b>\$ 11,273</b>	<b>\$ 16.32 71.60%</b>

VALUATION RATIOS							
PURCHASE PRICE (NET)	current GRM	current CAP RATE	market GRM	Stabilized CAP RATE	PRICE/ UNIT	PRICE/ SQFT	
\$ 5,750,000	8.08	7.88%	7.70	9.28%	\$ 130,682	\$ 189.14	
(GROSS)							
\$ 6,450,000	9.06	7.02%	8.64	8.27%	\$ 146,591	\$ 212.17	

**The Scene**  
Knoxville Tn

**\$2,150,000** Total Equity  
**\$2,150,000** Sponsor Equity  
**\$0** Equity Partner

<b>Rental Appreciation</b>	4.85%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
<b>Vacancy and Rent Loss</b>	6.16%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Expense Increase</b>	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Tax Increase</b>	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

	Month	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
Rent Per Square Foot	\$	1.99	2.09	2.18	2.26	2.36	2.45	2.55	2.66
Average Rent Per Unit Per Month	\$	1,373	1,445	1,503	1,565	1,628	1,695	1,764	1,836
Market Rent	\$	724,861	762,703	793,777	826,117	859,774	894,802	931,258	969,199
Loss to Lease	\$	-	-	-	(8,111)	(8,441)	(8,785)	(9,143)	(9,516)
<b>GROSS POTENTIAL RENT</b>	<b>\$</b>	<b>724,861</b>	<b>762,703</b>	<b>793,777</b>	<b>818,006</b>	<b>851,333</b>	<b>886,017</b>	<b>922,115</b>	<b>959,683</b>

RENTAL LOSS									
Vacancy Loss	\$	(44,572)	(38,135)	(39,689)	(40,900)	(42,567)	(44,301)	(46,106)	(47,984)
Concessions	\$	(8,771)	(9,229)	(9,605)	(9,898)	(10,301)	(10,721)	(11,158)	(11,612)
Delinquency	\$	-	-	-	-	-	-	-	-
Employee Units	\$	-	-	-	-	-	-	-	-
Bad Debt/ Write-offs	\$	-	(1,907)	(1,984)	(2,045)	(2,128)	(2,215)	(2,305)	(2,399)
Lease Model/ Admin Unit	\$	-	-	-	-	-	-	-	-
Plus Prepaid Rent	\$	-	-	-	-	-	-	-	-
<b>TOTAL RENTALLOSS</b>	<b>\$</b>	<b>(53,343)</b>	<b>(49,271)</b>	<b>(51,278)</b>	<b>(52,843)</b>	<b>(54,996)</b>	<b>(57,237)</b>	<b>(59,569)</b>	<b>(61,996)</b>

<b>NET RENTAL INCOME</b>	<b>\$</b>	<b>671,518</b>	<b>713,433</b>	<b>742,499</b>	<b>765,163</b>	<b>796,337</b>	<b>828,781</b>	<b>862,546</b>	<b>897,688</b>
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OTHER INCOME									
Application Fees	\$	-	-	-	-	-	-	-	-
Move Out charges	\$	6,100	7,333	-	-	-	7,000	-	-
Deposit Forfeit	\$	-	-	-	-	-	-	-	-
Miscellaneous Income	\$	3	3	5	6,210	6,300	6,260	7,286	8,600
Keys, Locks	\$	3,833	3,093	-	-	-	4,006	-	-
Vending Machine Income	\$	-	-	-	-	-	-	-	-
Laundry Rm. Income (per unit/mo.)	\$	-	-	-	-	-	-	-	-
Late Fees	\$	-	-	-	-	-	-	-	-
NSF Fee	\$	-	-	-	-	-	-	-	-
Utility RUBS	\$	-	-	3,444	35,844	3,730	3,824	4,205	4,522
Garage Income	\$	-	-	-	-	-	-	-	-
Carport Income	\$	-	-	-	-	-	-	-	-
Storage Income	\$	-	-	-	-	-	-	-	-
Month to Month charges	\$	-	-	-	-	-	-	-	-
Corporate Premium	\$	-	-	-	-	-	-	-	-
<b>TOTAL OTHER INCOME.</b>	<b>\$</b>	<b>37,993</b>	<b>38,826</b>	<b>40,408</b>	<b>42,054</b>	<b>43,767</b>	<b>45,550</b>	<b>47,406</b>	<b>49,338</b>

<b>EFFECTIVE GROSS INCOME</b>	<b>\$</b>	<b>709,511</b>	<b>752,258</b>	<b>782,907</b>	<b>807,217</b>	<b>840,104</b>	<b>874,331</b>	<b>909,953</b>	<b>947,025</b>
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EXPENSES									
RE Taxes (2005-2006)*	\$	(39,986)	(39,986)	(40,785)	(41,601)	(42,433)	(43,282)	(44,147)	(45,030)
Insurance	\$	(25,585)	(25,820)	(25,820)	(25,820)	(25,820)	(26,342)	(26,873)	(27,416)
Insurance Reimbursement	\$	-	\$0	-	-	-	-	-	-
Utilities	\$	(45,526)	(46,022)	(46,951)	(47,898)	(48,865)	(49,852)	(50,858)	(51,884)
Contracts	\$	(6,600)	(6,672)	(6,807)	(6,944)	(7,084)	(7,227)	(7,373)	(7,522)
Building Repairs & Maintenance	\$	(11,000)	(11,120)	(20,225)	(20,634)	(21,050)	(21,475)	(21,909)	(22,351)
Building & Repairs Payroll	\$	(10,384)	(10,497)	(10,709)	(10,925)	(11,146)	(11,371)	(11,600)	(11,834)

Accounting & Professional Mgmt.	4.0%	\$ (35,476)	\$ (37,613)	\$ (39,145)	\$ (40,361)	\$ (42,005)	\$ (43,717)	\$ (45,498)	\$ (47,351)
Residential Mgmt. Payroll		\$ (39,600)	\$ (40,032)	\$ (40,840)	\$ (41,664)	\$ (42,505)	\$ (43,363)	\$ (44,238)	\$ (45,131)
Advertising & Marketing		\$ (8,800)	\$ (8,896)	\$ (12,406)	\$ (12,656)	\$ (12,912)	\$ (13,172)	\$ (13,438)	\$ (13,709)
Security Patrol		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative		\$ (6,600)	\$ (6,672)	\$ (6,807)	\$ (6,944)	\$ (7,084)	\$ (7,227)	\$ (7,373)	\$ (7,522)
<b>TOTAL EXPENSES</b>		<b>\$ (229,555)</b>	<b>\$ (233,329)</b>	<b>\$ (250,495)</b>	<b>\$ (255,448)</b>	<b>\$ (260,905)</b>	<b>\$ (267,027)</b>	<b>\$ (273,307)</b>	<b>\$ (279,751)</b>

<b>NET OPERATING INCOME</b>		<b>\$ 479,956</b>	<b>\$ 518,929</b>	<b>\$ 532,412</b>	<b>\$ 551,769</b>	<b>\$ 579,199</b>	<b>\$ 607,304</b>	<b>\$ 636,645</b>	<b>\$ 667,275</b>
Reserves/ Replacements	\$250	\$ (6,600)	\$ (6,600)	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)	\$ (11,000)
Debt Service (1st TD)		\$ (283,587)	\$ (309,368)	\$ (309,368)	\$ (309,368)	\$ (309,368)	\$ (309,368)	\$ (309,368)	\$ (309,368)
Debt Service (B-Note)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service (Cap Ex)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funded From Reserves		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET CASH FLOW</b>		<b>\$ 189,768</b>	<b>\$ 202,961</b>	<b>\$ 212,043</b>	<b>\$ 231,401</b>	<b>\$ 258,831</b>	<b>\$ 286,936</b>	<b>\$ 316,277</b>	<b>\$ 346,907</b>

<b>NET CASH FLOW</b>		<b>\$ 189,768</b>	<b>\$ 202,961</b>	<b>\$ 212,043</b>	<b>\$ 231,401</b>	<b>\$ 258,831</b>	<b>\$ 286,936</b>	<b>\$ 316,277</b>	<b>\$ 346,907</b>
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Accrued Preferred Return Paid									
<i>Preferred Return</i>									
		\$ 189,768	\$ 202,961	\$ 212,043	\$ 231,401	\$ 258,831	\$ 286,936	\$ 316,277	\$ 346,907
Pref. Return Paid to Investor & Sponsor Equity	7.0%	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500
Equity Partner Portion	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sponsor Equity Portion Investor	100.0%	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500
Deferred Accrued Return Current Year		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Def. Pref. Return Prev. Years		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Accrued Preferred Return		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Preferred Return Paid		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess Cash Flow		\$ 39,268	\$ 52,461	\$ 61,543	\$ 80,901	\$ 108,331	\$ 136,436	\$ 165,777	\$ 196,407
Cash Flow Equity Partner	0.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flow Bethany (LLC)	100.0%	\$ 39,268	\$ 52,461	\$ 61,543	\$ 80,901	\$ 108,331	\$ 136,436	\$ 165,777	\$ 196,407
Accrued Preferred Return Paid from REFI Proceeds									
Total Pref. Return to Inv.		\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500	\$ 150,500
Remaining Cash Flow		\$ 39,268	\$ 52,461	\$ 61,543	\$ 80,901	\$ 108,331	\$ 136,436	\$ 165,777	\$ 196,407
Excess Cash Flow to Investor	70.0%	\$ 27,488	\$ 36,723	\$ 43,080	\$ 56,630	\$ 75,832	\$ 95,505	\$ 116,044	\$ 137,485
Excess Cash Flow to Bethany	30.0%	\$ 11,780	\$ 15,738	\$ 18,463	\$ 24,270	\$ 32,499	\$ 40,931	\$ 49,733	\$ 58,922
<b>Total Cash Flow, Investor</b>		<b>\$ 177,988</b>	<b>\$ 187,223</b>	<b>\$ 193,580</b>	<b>\$ 207,130</b>	<b>\$ 226,332</b>	<b>\$ 246,005</b>	<b>\$ 266,544</b>	<b>\$ 287,985</b>
<b>Annualized Cash-on-Cash Return, Investor</b>		<b>8.28%</b>	<b>8.71%</b>	<b>9.00%</b>	<b>9.63%</b>	<b>10.53%</b>	<b>11.44%</b>	<b>12.40%</b>	<b>13.39%</b>