

Haven at Arrowhead

(currently known as Strayhorse)

136 Units

Phoenix MSA

\$45,000,000



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INVESTMENT HIGHLIGHTS

Rare Opportunity
To Purchase
Golf Course Community
Extensive Value-Add
in a High Growth Market

#1
Fastest Growing
City in the U.S.

5th
Largest City in U.S.

**Tremendous**
Value Add
Potential

- Full Unit Upgrades
- Individual W/D Install
- Rebranding
- Community Amenities



Increase
Income by
\$450+
per unit
per month

Target Returns

1.7x-2.5x
Equity Multiple

12%-21%
IRR

72%-152%
Total Return

EXECUTIVE SUMMARY

What We Are Buying

Strayhorse Apartments
20707 N 67th Ave, Glendale, AZ 85308
136 Units, Class A, built in 1998
Two story garden style apartments
Purchase Price: \$45,000,000

The Story

Strayhorse Apartments was brought to us by IPA, the institutional division of Marcus & Millichap. They currently have Canyon 35 in escrow for us, but this will be the first time we work together on an acquisition.

Strayhorse is an institutional quality asset that was constructed in 1998 as part of a master-planned development called Arrowhead Ranch, with frontage the Legend at Arrowhead Ranch Golf Course.

Being part of a master-planned development, Strayhorse benefits from an incredible competitive advantage since availability of land for new construction is highly limited. Current competition is scarce, and the opportunity for new Class A competition is very limited.

Our Strategy

Purchase the asset for \$45,000,000.

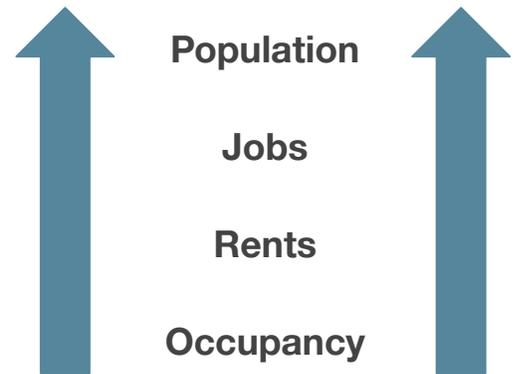
Renovate the property at a cost of \$4.5M over a three year period, increasing income by nearly \$450 per unit.

Once repositioned, either exit the transaction, or secure a Freddie Mac loan to cash-out refinance as much equity as possible.

Our preferred exit on this transaction is 3-5 years, as this maximizes the risk-adjusted returns to the partners. However, we've underwritten a 10-year hold period to accommodate any real estate cycle.

Located in Phoenix,
5th largest city in the U.S.

Phoenix has Strong Fundamentals



In-place Income: \$1,379

Repositioned Income: \$1,864

(per unit per month)

How We Are Structuring

Class A Equity: \$15,500,000

Target Returns: 1.7x - 2.5x
12% IRR - 21% IRR

Hold Period: 3-10 years. Potential for cash-out refinance with return of capital at the end of Year 3.

Haven at Arrowhead

Target Returns on \$100,000 Investment

3 Year Hold

	Year 0	Year 1	Year 2	Year 3
Sample \$100K Partner	\$ (100,000)	\$ 2,121	\$ 4,588	\$ 166,562
Cash on Cash		2.12%	4.59%	66.56%
IRR	21.57%			
Equity Multiple	1.73x			
ROI	73.27%			
Annualized ROI	14.65%			

5 Year Hold

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Sample \$100K Partner	\$ (100,000)	\$ 2,121	\$ 4,588	\$ 18,455	\$ 7,995	\$ 153,694
Cash on Cash		2.12%	4.59%	7.91%	8.94%	71.82%
IRR	15.23%					
Equity Multiple	1.87x					
ROI	86.85%					
Annualized ROI	17.37%					

10 Year Hold

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sample \$100K Partner	\$ (100,000)	\$ 2,121	\$ 4,588	\$ 18,455	\$ 7,995	\$ 8,652	\$ 9,229	\$ 9,823	\$ 10,436	\$ 5,928	\$ 176,499
Cash on Cash		2.12%	4.59%	7.91%	8.94%	9.67%	10.32%	10.98%	11.67%	6.63%	97.31%
IRR	12.59%										
Equity Multiple	2.54x										
ROI	153.73%										
Annualized ROI	15.37%										

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PHOENIX MARKET OVERVIEW

- Strayhorse Apartments is located in the highly desirable Arrowhead ranch master-planned community in North-West of Phoenix.
- Phoenix MSA recorded the greatest population growth of any large city in 2019 and 2020!
- Phoenix is now the 5th largest city in the country, with MSA population of nearly 5 million.
- Maricopa County recorded the greatest population growth of any county in the U.S. in 2019 and 2020.
- Arizona ranked second in the nation in for job growth. Recently TSMC, the world's biggest contract chip manufacturer, announced approval of a [new facility in Phoenix](#) . They will bring in 1,900 jobs high-paying jobs. (Campus will be 5mi. From Strayhorse)
- Median household income in Phoenix is \$64,427, above the national median of \$61,937. In the last year, income in Phoenix grew 10x faster than the national average. Median income in Arrowhead is almost \$90,000.
- Average monthly rent in Phoenix is \$1,233, well below the national average of \$1,453.
- Higher income and lower rental rates leaves a lot of room for rent growth. According to ABI Multifamily, average rent in Q1 of 2021 was up 7.2% from same time-frame in 2020 - this was during the pandemic.
- According to [GlobeSt.com](#) Phoenix lead the nation's rent growth in the month of October at 2.6%.
- Phoenix is [leading the nation](#) in multifamily investment returns.



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PHOENIX MARKET OVERVIEW - INCOME GROWTH

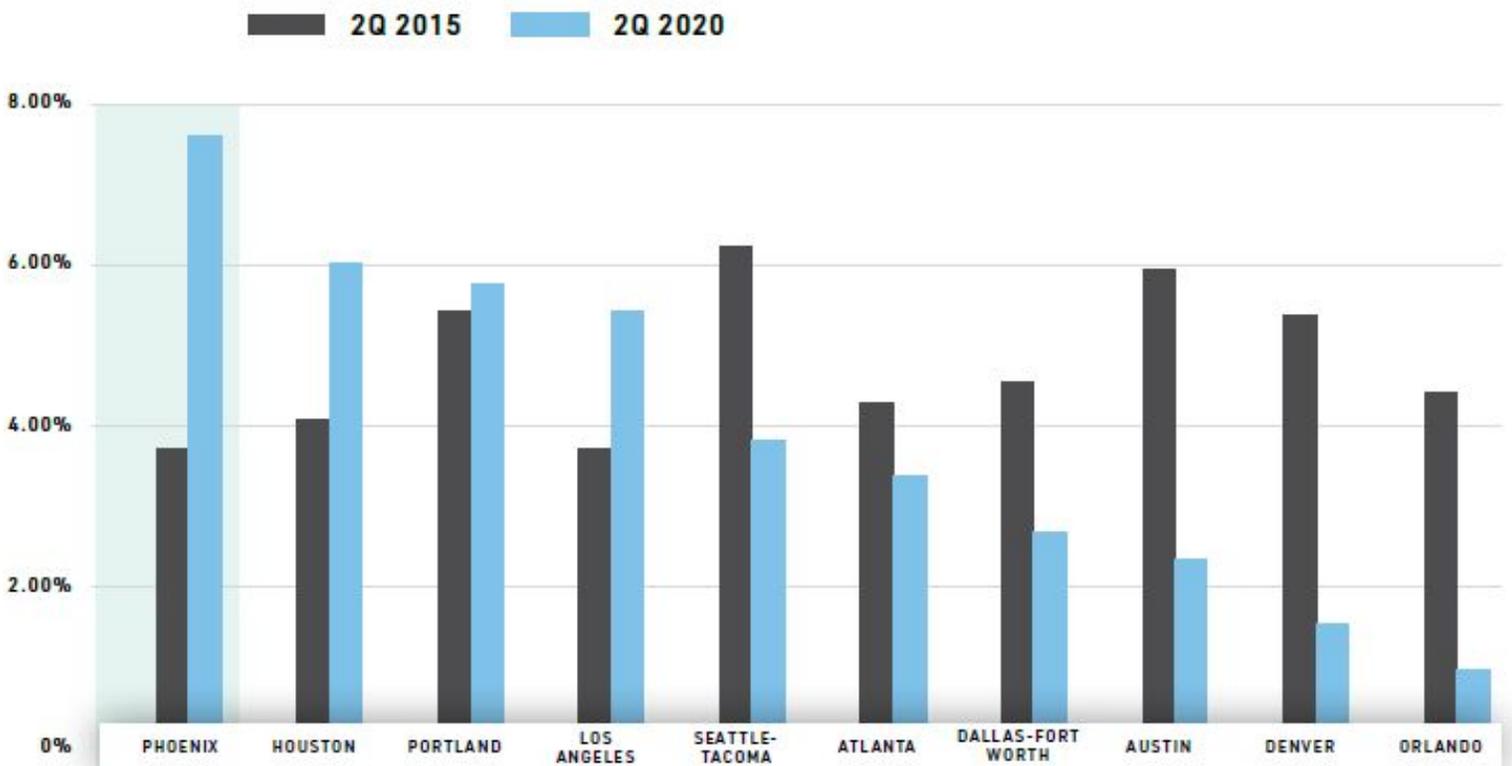
Phoenix MSA has some of the strongest multifamily fundamentals in the country, and has for quite a few years. As shown on the previous page, Phoenix is at or near the top of every list for population growth, job growth, rent growth, etc.

What many don't realize, is Class A rent growth is leading the charge, with 2% rent growth in the month of April - *one month*. How are Class A rents able to grow faster than other classes of properties, even in the top rent growth market? The answer is because Phoenix also has the highest income growth of any major market over the last 10 years. Take a look at the data from Marcus & Millichap below.

Accelerating Income Growth Over Last 10 Years

*Phoenix MSA Rises to the
Top of Major Markets in 2020
for Fastest Growing Household Income*

Percent Change in Median Household Income



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WEST VALLEY - STRONG EMPLOYMENT BASE

Strayhorse is located in Glendale, AZ, the largest suburb of Phoenix in the West Valley. Aside from being a destination for shopping, nightlife, and sports, Glendale is known for being a large employment center in Phoenix's West Valley. From health services, to manufacturing, Glendale has a very diverse economy.

Westgate Healthcare Campus

Located next to Westgate, this \$30 million health care complex is projected to bring as many as 1,500 new jobs to the city. The 250,000 square foot complex will go up on nearly 22 acres of undeveloped land just west of the Loop 101 freeway.

The plans include surgery, treatment, therapy and rehabilitation centers. Other facilities and businesses could include transitional care, nursing, post-acute care, sub-acute care, skilled nursing and offices.



Medical Corridor

Glendale's Medical Corridor encompasses many hospitals, notably Banner Thunderbird Medical Center (2,900 employees) and Abrazo's Arrowhead Hospital (1,010 employees).

Sante' Of Westgate

Also located next to Westgate, Sante' will open a new \$40 million medical and assisted living facility. It will consist of 172-units and offer rehabilitation care as well as services for Alzheimer's and dementia patients.



Manufacturing Corridor

Glendale is quickly becoming known as Phoenix's manufacturing corridor, with the City of Glendale eliminating sales tax on machinery and equipment purchased for manufacturing. Major manufacturing employers include Honeywell Aerospace, Conair, Corning and Magellan Aerospace.

Haven at Arrowhead

UNIT MIX

A majority of the units are two-bedroom two-bathroom floor plans, constituting 59% of the unit mix. The one-bedroom, one-bath units make up 23% of the unit mix. There are 12 three-bedroom, two-bath units (9%).

The average unit size is 927 sq.ft.

Units	Type	SF	Current Rent	Rent/SF	New Rent	Rent/SF
32	1x1	729	\$1,182	\$1.62	\$1,615	\$2.22
12	1x1	771	\$1,206	\$1.56	\$1,645	\$2.13
24	2x2	944	\$1,409	\$1.49	\$1,915	\$2.03
40	2x2	980	\$1,413	\$1.44	\$1,935	\$1.97
16	2x2	1,110	\$1,446	\$1.30	\$1,995	\$1.80
12	3x2	1,161	\$1,594	\$1.37	\$2,370	\$2.04
136		927	\$1,360	\$1.47	\$1,876	\$2.02

1x1
729 SF



1x1
771 SF



2x2
944 SF



2x2
980 SF



2x2
1,110 SF



3x2
1,161 SF

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STRATEGIC APPROACH

The majority of the unit interiors are original, with particle board cabinets, laminated countertops, and carpeting. While the current ownership of Strayhorse Apartments has undertaken renovation of some of the interiors. However, we do not believe that the scope of work that has been done is at the level of Class A. We consider this community to be a full value-add scope.

The construction budget on this project is \$4.4M, which includes \$675,000 of construction contingencies.

Exterior Value-Add

The exterior renovations will consist of paint and window sunscreens, expanded and resurfaced pool decking with glass fencing and new outdoor furniture for a modern look and feel that will attract new tenants. We will upgrade the ramada, as well as build a large deck area directly behind the pool. Additionally, we plan to spend close to \$500,000 to revamp the office space, and create a more inviting entrance. Finally, we will upgrade landscape and signage.

Interior Value-Add

All unit interiors will be modernized with new cabinets in the kitchen and bath, quartz surfaces, and undermount sinks. We will install stainless steel appliances, including french-door refrigerators and front-control stoves. We will replace the flooring, paint, and fixtures throughout. The renovation budget also includes replacement of washers and dryers in every unit with front-loading machines on pedestals.



We intend to perform all of the exterior and common area upgrades in the first year. The interior upgrades will be completed within the first two-three years, as per the lease expiration schedule. We anticipate stabilized operations by the end of year three.

We plan on exiting the asset in three to ten years, subject to market conditions.

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RENOVATION BUDGET

Capital Expenditures Budget		
Item	Amount	Per Unit
Unit Interior Renovation	\$2,220,000	\$16,324
Signage	\$40,000	\$294
Pool/BBQ/Ramada	\$100,000	\$735
Office/Clubhouse/Gym	\$600,000	\$4,412
Landscaping	\$250,000	\$1,838
Garages and Parking Lot	\$200,000	\$1,471
Paint	\$95,200	\$700
Washer/Dryer	\$272,000	\$2,000
Subtotal	\$3,777,200	\$27,774
Contingency	\$984,705	\$7,240
Construction Management	\$238,095	\$1,751
Total Renovation Costs	\$5,000,000	\$36,765

Contingencies		
Item	Amount	Per Unit
Roof Contingency	\$650,000	\$4,779
Plumbing Contingency	\$50,000	\$368
HVAC Contingency	\$95,200	\$700
Overall Contingency	\$189,505	\$1,393
Total Contingencies	\$984,705	\$7,240

As you can see in the top line, our proposed interior unit renovation is \$16,051 per unit. An additional \$2,000 per unit for washer and dryer replacement brings the total budget for the interiors to approximately \$18,000, before contingency and construction management.

The budget for the common area improvements is approximately \$8,500 on a per unit basis, which brings the total renovation scope before contingencies and construction management to \$26,406 per unit.



Current Bathroom Example



WhiteHaven Bathroom Renovation Example

SOURCES AND USES OF CAPITAL

Uses	
Purchase and Renovation	
Purchase Price	\$45,000,000
Renovation Costs	\$5,000,000
Total	\$50,000,000
Closing Costs	
Entity Formation & Legal	\$40,000
Buyer Due Diligence & PSA	\$7,000
Lender Third Party Costs	\$20,000
Lender Origination Fee	\$484,375
Lender Application Fee	\$7,500
Title & Escrow	\$20,000
Interest Rate Cap	\$137,750
Finance Fee	\$775,000
Acquisition Fee	\$1,125,000
Total Closing Costs	\$2,616,625
Deposits and Reserves	
Taxes and Insurance to Lender	\$154,188
Two months of Debt Service	\$189,583
Interest Reserve	\$160,000
Working Capital	\$761,603
Construction Float	\$300,000
Funding Accounts	\$47,600
Utility Account Deposits	\$20,400
Total Deposits & Reserves	\$1,633,375
Total Uses	\$54,250,000

Sources	
Debt	\$38,750,000
Equity	\$15,500,000
Total Sources	\$54,250,000

Margin of Safety	
Construction Contingencies	\$984,705
Interest Reserve	\$160,000
Construction Float	\$300,000
Working Capital	\$761,603
Total	\$1,245,490

Construction Contingencies - This represents our ability to cover mechanical and structural items that could need replacing during our hold period, as well as the overall contingency for projects that go over budget. A breakdown can be found on the previous slide.

Interest Reserve - This amount is held by the lender and is released back to us once we hit certain targets, projected to be approximately 12 months after acquisition.

Construction Float - While our lender does finance 100% of the renovation, we are required to pay for the work up front, and submit draw requests, accompanied by invoices and receipts. Once lender's inspector confirms that the work has been completed, we are reimbursed by the lender. This is the float that allows us to cover those up-front costs.

Working Capital - This supports our ability to withstand a hit to operations. Between working capital and interest reserve, we have the ability to pay 9 months of debt service. Both are included in Deposits and Reserves in the table to the left.

PROJECTED PROFIT & LOSS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME										
Gross Scheduled Rent	\$3,061,680	\$3,214,764	\$3,359,428	\$3,493,806	\$3,616,089	\$3,724,571	\$3,836,309	\$3,951,398	\$4,069,940	\$4,192,038
- LTL	20.65%	6.88%	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
RENO LTL ALLOWANCE	632,214	221,275	0	52,407	54,241	55,869	57,545	59,271	61,049	62,881
Gross Potential Rent	2,429,466	2,993,489	3,359,428	3,441,398	3,561,847	3,668,703	3,778,764	3,892,127	4,008,891	4,129,157
+ Utility Income	100,485	102,494	104,544	106,635	108,768	110,943	113,162	115,425	117,734	120,088
+ Miscellaneous Income	116,280	158,141	161,304	164,530	167,820	171,177	174,600	178,092	181,654	185,287
Gross Scheduled Income	2,646,231	3,254,124	3,625,276	3,712,563	3,838,435	3,950,823	4,066,526	4,185,644	4,308,278	4,434,533
- Stabilized Loss (Excl. LTL)	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
- Reno Physical Vacancy Prem.	6.0%	6.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stabilized Vacancy Allowance	330,779	406,766	235,643	241,317	249,498	256,803	264,324	272,067	280,038	288,245
GROSS OPERATING INCOME	\$2,315,452	\$2,847,359	\$3,389,633	\$3,471,247	\$3,588,937	\$3,694,019	\$3,802,202	\$3,913,577	\$4,028,240	\$4,146,288
Operating Expenses										
Taxes	\$124,188	\$126,672	\$129,206	\$131,790	\$134,426	\$137,114	\$139,856	\$142,654	\$145,507	\$148,417
Insurance	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853
Repairs & Maintenance	54,400	55,488	56,598	57,730	58,884	60,062	61,263	62,489	63,738	65,013
General & Admin	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853	36,570
Marketing	30,000	30,600	31,212	31,836	32,473	33,122	33,785	34,461	35,150	35,853
Utilities	100,485	102,494	104,544	106,635	108,768	110,943	113,162	115,425	117,734	120,088
Contract Services	34,000	34,680	35,374	36,081	36,803	37,539	38,290	39,055	39,836	40,633
Payroll	177,114	180,656	184,269	187,955	191,714	195,548	199,459	203,448	207,517	211,668
Property Management	69,464	85,421	101,689	104,137	107,668	110,821	114,066	117,407	120,847	124,389
CapEx Reserve	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600
Operating Expenses	\$650,251	\$677,823	\$705,940	\$720,473	\$736,331	\$752,056	\$768,126	\$784,549	\$801,332	\$818,483
NET OPERATING INCOME	\$1,651,601	\$2,155,935	\$2,670,093	\$2,737,173	\$2,839,006	\$2,928,363	\$3,020,475	\$3,115,428	\$3,213,309	\$3,314,205
Debt Service	1,137,500	1,259,375	1,259,375	1,312,518	1,312,518	1,312,518	1,312,518	1,312,518	2,109,105	2,109,105
Asset Management	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Legal & Accounting	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
CapEx Reserve	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400
CASH FLOW	\$328,701	\$711,160	\$1,225,318	\$1,239,256	\$1,341,089	\$1,430,445	\$1,522,558	\$1,617,511	\$918,803	\$1,019,700

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Cash Flow, CoC, & IRR - 3 Year Hold

	IRR	Multiple	Totals	Year 0	Year 1	Year 2	Year 3
Capital Calls			\$ (15,500,000)	(15,500,000)	0	0	0
Cash Flow Distributions			\$ 2,265,180	0	328,701	711,160	1,225,318
Capital Distributions			\$ 27,466,260	0	0	0	27,466,260
Net Cash Flow		1.92x	\$ 14,231,440	(15,500,000)	328,701	711,160	28,691,578
Capital Account							
Starting Balance				0	15,500,000	15,500,000	15,500,000
Add to Balance				15,500,000	0	0	0
Deduct from Balance				0	0	0	(15,500,000)
Ending Balance				15,500,000	15,500,000	15,500,000	0
Deal Level Cash on Cash					2.12%	4.59%	7.91%
Cash Flow from Capital Event				0	0	0	11,966,260
Pref Hurdle <i>100% until reaching 10% return</i>							
Starting Balance				0	0	1,221,299	2,060,139
Pref Owed				0	1,550,000	1,550,000	1,550,000
Pref Paid			\$ 4,650,000	0	328,701	711,160	3,610,139
Ending Balance				0	1,221,299	2,060,139	0
Distribution <i>90% Thereafter</i>							
Cash Flow after Pref			9,581,440	0	0	0	9,581,440
Investor Take				0	0	0	6,707,008
Investor/Promote Split							
	IRR	Multiple					
Total to Investors	21.57%	1.73x	\$ 11,357,008	(15,500,000)	328,701	711,160	25,817,146
Total to Promote				0	0	0	2,874,432
Investor Cash on Cash					2.12%	4.59%	66.56%

Haven at Arrowhead

Cash Flow, CoC, & IRR - 5 Year Hold

	IRR	Multiple	Totals	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Calls			\$ (15,500,000)	(15,500,000)	0	0	0	0	0
Cash Flow Distributions			\$ 4,845,524	0	328,701	711,160	1,225,318	1,239,256	1,341,089
Capital Distributions			\$ 26,704,819	0	0	0	1,635,163	0	25,069,656
Net Cash Flow	17.36%	2.04x	\$ 16,050,343	(15,500,000)	328,701	711,160	2,860,482	1,239,256	26,410,745
Capital Account									
Starting Balance				0	15,500,000	15,500,000	15,500,000	13,864,837	13,864,837
Add to Balance				15,500,000	0	0	0	0	0
Deduct from Balance				0	0	0	(1,635,163)	0	(13,864,837)
Ending Balance				15,500,000	15,500,000	15,500,000	13,864,837	13,864,837	0
Deal Level Cash on Cash					2.12%	4.59%	8.84%	8.94%	9.67%
Cash Flow from Capital Event				0	0	0	0	0	11,204,819
Pref Hurdle									
	100% until reaching 8% return								
Starting Balance				0	0	1,221,299	2,060,139	2,384,820	2,532,048
Pref Owed				0	1,550,000	1,550,000	1,550,000	1,386,484	1,386,484
Pref Paid			\$ 7,422,967	0	328,701	711,160	1,225,318	1,239,256	3,918,532
Ending Balance				0	1,221,299	2,060,139	2,384,820	2,532,048	0
Distribution									
	70% Thereafter								
Cash Flow after Pref			8,627,376	0	0	0	0	0	8,627,376
Investor Take				0	0	0	0	0	6,039,163
Investor/Promote Split									
	IRR	Multiple							
Total to Investors	15.23%	1.87x	\$ 13,462,131	(15,500,000)	328,701	711,160	2,860,482	1,239,256	23,822,532
Total to Promote				0	0	0	0	0	2,588,213
Investor Cash on Cash					2.12%	4.59%	7.91%	8.94%	71.82%

Haven at Arrowhead

Cash Flow, CoC, & IRR - 10 Year Hold

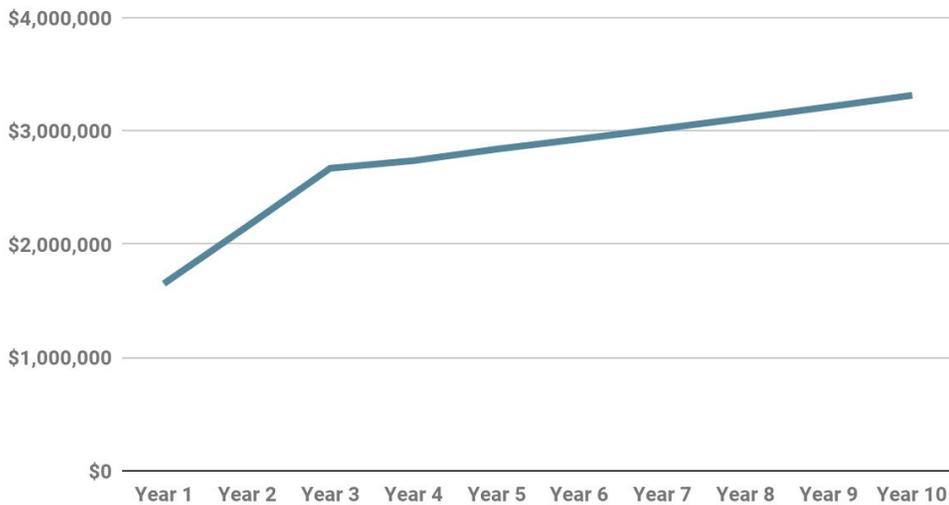
	IRR	Multiple	Totals	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital Calls			\$ (15,500,000)	(15,500,000)	0	0	0	0	0	0	0	0	0	0
Cash Flow Distributions			\$ 11,354,540	0	328,701	711,160	1,225,318	1,239,256	1,341,089	1,430,445	1,522,558	1,617,511	918,803	1,019,700
Capital Distributions			\$ 32,032,301	0	0	0	1,635,163	0	0	0	0	0	0	30,397,138
Net Cash Flow	13.8%	2.8x	\$ 27,886,841	(15,500,000)	328,701	711,160	2,860,482	1,239,256	1,341,089	1,430,445	1,522,558	1,617,511	918,803	31,416,838
Capital Account														
Starting Balance				0	15,500,000	15,500,000	15,500,000	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837
Add to Balance				15,500,000	0	0	0	0	0	0	0	0	0	0
Deduct from Balance				0	0	0	(1,635,163)	0	0	0	0	0	0	(13,864,837)
Ending Balance				15,500,000	0	15,500,000	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837	13,864,837	0
Deal Level Cash on Cash					2.12%	4.59%	18.45%	8.94%	9.67%	10.32%	10.98%	11.67%	6.63%	226.59%
Cash Flow from Capital Event				0	0	0	0	0	0	0	0	0	0	16,532,301
Pref Hurdle	100% until reaching 8% return													
Starting Balance				0	0	1,221,299	2,060,139	2,384,820	2,532,048	2,577,443	2,533,482	2,397,408	2,166,381	2,634,062
Pref Owed				0	1,550,000	1,550,000	1,550,000	1,386,484	1,386,484	1,386,484	1,386,484	1,386,484	1,386,484	1,386,484
Pref Paid			\$ 14,355,386	0	328,701	711,160	1,225,318	1,239,256	1,341,089	1,430,445	1,522,558	1,617,511	918,803	4,020,545
Ending Balance				0	1,221,299	2,060,139	2,384,820	2,532,048	2,577,443	2,533,482	2,397,408	2,166,381	2,634,062	0
Distribution	70% Thereafter													
Cash Flow after Pref			13,531,456	0	0	0	0	0	0	0	0	0	0	13,531,456
Investor Take				0	0	0	0	0	0	0	0	0	0	9,472,019
Investor/Promote Split	IRR	Multiple												
Total to Investors	12.6%	2.54x	\$ 23,827,405	(15,500,000)	328,701	711,160	2,860,482	1,239,256	1,341,089	1,430,445	1,522,558	1,617,511	918,803	27,357,401
Total to Promote				0	0	0	0	0	0	0	0	0	0	4,059,437
Investor Cash on Cash					2.12%	4.59%	7.91%	8.94%	9.67%	10.32%	10.98%	11.67%	6.63%	97.31%

Haven at Arrowhead

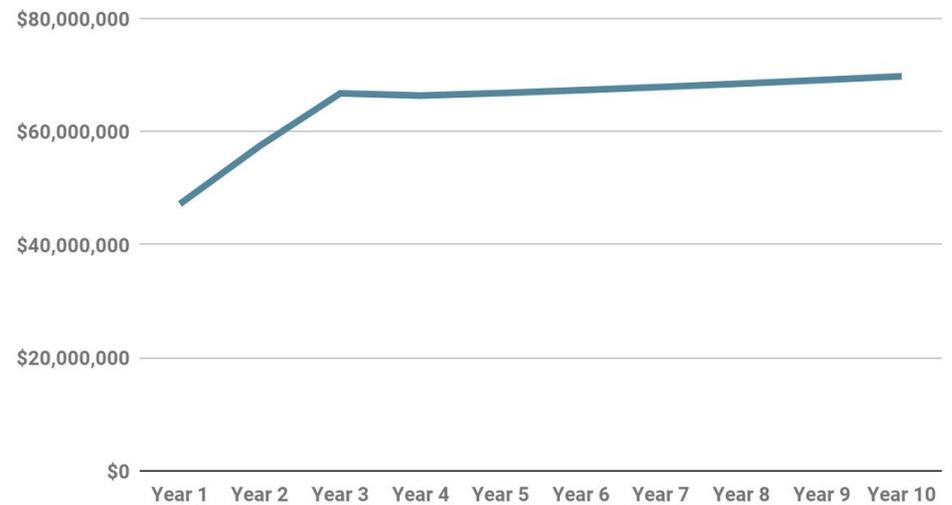
SALE ANALYSIS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
NOI	\$1,651,601	\$2,155,935	\$2,670,093	\$2,737,173	\$2,839,006	\$2,928,363	\$3,020,475	\$3,115,428	\$3,213,309	\$3,314,205
Exit Cap	3.50%	3.75%	4.00%	4.13%	4.25%	4.35%	4.45%	4.55%	4.65%	4.75%
Sale Price	\$47,188,607	\$57,491,605	\$66,752,336	\$66,355,718	\$66,800,153	\$67,318,685	\$67,875,851	\$68,470,953	\$69,103,410	\$69,772,745
Cost of Sale	\$1,533,630	\$1,868,477	\$2,169,451	\$2,156,561	\$2,171,005	\$2,187,857	\$2,205,965	\$2,225,306	\$2,245,861	\$2,267,614
Prepayment Fee	\$387,500	\$387,500	\$0	\$807,703	\$807,703	\$807,703	\$807,703	\$807,703	\$791,532	\$0
Loan Balance	\$38,750,000	\$38,750,000	\$38,750,000	\$40,385,163	\$40,385,163	\$40,385,163	\$40,385,163	\$40,385,163	\$39,576,602	\$38,741,368
Deposits Return	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375	\$1,633,375
Net Sales Proceeds	\$8,150,852	\$18,119,002	\$27,466,260	\$24,639,666	\$25,069,656	\$25,571,336	\$26,110,394	\$26,686,155	\$28,122,790	\$30,397,138

Net Operating Income



Sale Price



Break-Even Economic Occupancy Stress Tests

Break-Even Economic Occupancy establishes the minimum economic occupancy necessary for break even operations. In other words, we answer the question - how much of an economic hit can the property sustain and still be able to pay its bills without dipping into the reserves?

The IREM Report which tracks income and expenses in multifamily across the United States, and is widely considered to be one of the more comprehensive reports available, indicates average all-in economic loss for Phoenix MSA of approximately 7.2% for stabilized garden style buildings. This includes physical vacancy and all other economic loss.

STABILIZED BREAK-EVEN ANALYSIS

	Year 1	Year 2	Year 3	Year 4	Year 5
Operating Expenses, Capex, Debt Service*	\$1,821,751	\$1,971,198	\$1,999,315	\$2,066,991	\$2,082,848
Gross Scheduled Income**	\$2,646,231	\$3,254,124	\$3,625,276	\$3,764,970	\$3,892,677
Breakeven Occupancy***	68.84%	60.58%	55.15%	54.90%	53.51%

*To maintain normal operations the following items need to be fully funded: Operating Expenses, Capital Expense Reserve Fund, and Debt Service.

**Gross income in this table is the Gross Scheduled Income with no economic losses taken into account.

***Break Even-Economic Occupancy indicates the necessary occupancy to meet break-even operations.

****Following the Cash Out refinance in Year 4, which will add approximately \$2.5M to the debt load, the break-even economic occupancy is projected at 55%. Once the 30-year amortization begins in Year 9, the break-even occupancy is projected to go up to 67%. This is obviously higher than in Year 4 due to amortization, but the asset will be fully stabilized by then, and considering the average economic occupancy in Phoenix MSA prior to the COVID-19 pandemic of above 92%, we feel that 67% is acceptable and prudent.

RENTAL COMPS

Introduction

As it relates to value-add execution, there are only two ways to approach it - you can either lead the way, or you can follow. Most institutional investors feel a lot safer not being first in line. They tend to operate more in a “check the box” mode and want a proven concepts and execution with a lot of supporting comparables before dipping their toe in the water.

The WhiteHaven model, on the other hand, is opportunistic. We like to lead, and we have proven this to be the safer approach for us. The simplest way to understand our perspective is to note that when we are the first to prove a concept, we essentially contribute to the evolution of the very market cycle that eventually provides us the exit. We validate the value through our repositioning and then wait for the market to accept it, for it to become the norm, and for someone to eventually pay us.

Strayhorse Apartments represents a very compelling yet unique value-add opportunity, much as all of our projects. The reality is that within a 3 mile radius there simply aren't any good direct comps. There are a total of 4 apartment communities in the Arrowhead Ranch proper, and all of them are mid-90'es vintage. There are no updated communities of similar vintage that could provide a direct parallel to our renovations, nor is there stabilized Class A new construction in exactly similar location.

In an absence of direct comps, we've needed to instead focus on the socioeconomics of the subject location and draw a comparison to other parts of Phoenix MSA of similar socioeconomic make-up. And we've needed to consider much newer construction than the subject to hurdle the repositioned quality.

The rationale is extraordinarily compelling, and we believe we've left considerable upside in our post-renovated projections of rents.

Let us begin.



This information is confidential in nature, and should not be reproduced in whole or in part without the express written permission of WhiteHaven Capital. Projected returns are subject to change due to loan terms, new discovery, occupancy, additional capital investment, owner decisions, market conditions and various factors involved in property management, and therefore WhiteHaven Capital does not guarantee these returns.

RENTAL COMPS

Strayhorse Apartments 20707 N. 67th Glendale, AZ 85308 **Units: 136 Year Built: 1998**



Units	Type	SF	Latest Leases	Rent/SF	Renovated Rent	Rent/SF
32	1x1	729	\$1,182	\$1.62	\$1,615	\$2.22
12	1x1	771	\$1,206	\$1.56	\$1,645	\$2.13
24	2x2	944	\$1,409	\$1.49	\$1,915	\$2.03
40	2x2	980	\$1,413	\$1.44	\$1,935	\$1.97
16	2x2	1,110	\$1,446	\$1.30	\$1,995	\$1.80
12	3x2	1,161	\$1,594	\$1.37	\$2,370	\$2.04
136		927	\$1,360	\$1.47	\$1,876	\$2.02

Sponsor's Notes

Strayhorse Apartments was constructed in 1998. The mechanicals include individual forced air HVAC, individual water heaters, combination of flat and pitched tile roof, free-standing office, and a swimming pool.

The unit mix is comprised of varying types 1x1, 2x2, and 3x2 floor plans. Unit sizes range from 729 square feet to 1,169 square feet, with a weighted average size of 927 square feet. Units feature very large private patios and balconies, full-size in-unit washers and dryers, individual cooling and heating, individual water heaters, and spacious storage units. On top of a typical whiteHaven renovation scope, we've budgeted for additional items at Strayhorse, including higher-end flooring and fixtures, french door refrigerators, front-control ranges, and front loading washer and dryers on pedestals.

As you can see in the table above, our underwriting assumes post-renovated weighted blended rent of \$1,856 per month before economic loss, which is \$2.00 per sq.ft.

On the following pages we will provide rent comparables that provide context and support our assumed post-renovation pricing.

RENTAL COMPS

The Core Chandler 5151 S Arizona Ave, Chandler, AZ 85248 **Units:** 220 **Year Built:** 2019



Type	SF	Rent	Rent/SF
1x1	685	\$1,663	\$2.43
1x1	842	\$1,722	\$2.05
2x2	1,083	\$2,005	\$1.85
3x2	1,450	\$2,452	\$1.69

Sponsor's Notes

As we mentioned in the introduction, there are no ideal comps available for the repositioned product in the subject location. Therefore, to support our rents the focus has been to identify assets in similar socioeconomic locations throughout Phoenix MSA, with similar quality of finishing surfaces as the proposed renovated Haven at Arrowhead.

The Core Chandler is located in South Chandler where the demographics and median income are very similar to the Arrowhead Ranch. It is a newer asset, built in 2019. Unit sizes are mostly similar to the subject, though the 3x2 units are larger.

Important to note is that the South Chandler submarket is saturated with apartments, many of which are newer vintage. This makes the pricing in this submarket much more competitive. By contrast, the Arrowhead Ranch apartment submarket is extremely compressed, to the point that we can not identify comps. And being part of a master planned community it is likely to remain compressed. Thus, we can expect the pricing to be much tighter here. Not to mention the intrinsically attractive subject location on the golf course! With a lake!

All of our proposed rents for the subject are lower than this comp on a per month basis, and all but the 3x2 are also lower on a per square foot basis.

We are confident that following the \$4M of capital improvements we will deploy into Haven at Arrowhead, the condition and presentation of the units will be very comparable to new construction, while the location will be intrinsically superior for the foreseeable future.

RENTAL COMPS

Arrive at Ocotillo 825 W Queen Creek Rd, Chandler, AZ 85248 **Units:** 272 **Year Built:** 1998



Type	SF	Rent	Rent/SF
1x1	742	\$1,650	\$2.22
2x2	978	\$1,805	\$1.85
3x2	1,182	\$2,145	\$1.81

Sponsor's Notes

Arrive at Ocotillo is another example of an apartment community in the South Chandler submarket. Ocotillo is a community in the South West of Chandler with heavy presence of Intel.

Arrive at Ocotillo is a great comp to our subject for several reasons. The demographics are close to identical, with household income in Ocotillo being approximately \$91,000 and in Arrowhead Ranch \$88,000. The parallel between Intel and TSMC is clear, and likely to impact the household income in Arrowhead to the upside. The vintage of both properties is the exact same, 1998. The unit mix is very similar, with 1x1, 2x2, and 3x2 units. And, the units are practically the same size.

That said, this community has not undergone renovation since being constructed. The cabinets are dated. The countertops are laminated, with drop-in sinks. The appliances are stainless, but the refrigerators are small apartment-style units. The ranges are of the type we install in our Mid-80's renovation with controls in the back. The flooring and fixtures are entry-level as well.

We are confident that post-renovated Haven at Arrowhead will be a far superior product in a much more compressed rental market, which should justify a premium in excess of our proposed rents.

RENTAL COMPS

Almeria at Ocotillo 2471 W Edgewater Way, Chandler, AZ 85248 **Units:** 389 **Year Built:** 2014



Type	SF	Rent	Rent/SF
1x1	794	\$1,663	\$2.09
2x2	1,096	\$2,001	\$1.83
3x2	1,294	\$2,352	\$1.82

Sponsor's Notes

Almeria at Ocotillo is another example of an apartment community in the South Chandler submarket, with heavy presence of Intel.

We would like to draw a comparison between this property, and the much older Arrive at Ocotillo on the prior slide. Arrive at Ocotillo, having been built in 1998, is 16 years older than Almeria at Ocotillo, yet the rents at both are very similar on a per square foot basis. And in fact, the average per square foot pricing at the older Arrive is \$1.96, which is \$0.05 higher than Almeria's \$1.91.

It's quite telling that a 1998 property exhibits higher pricing than a much newer 2014 construction. We think this is driven by two factors. On one hand, there is obviously significant demand for units in a high growth market of Chandler. On the other hand, though, the over-building of Class A units is causing a very competitive environment whereby older product sees very little discount, if any at all.

If we translate this to Haven at Arrowhead we begin to note a very compelling story. On one hand, the demographics are strong as is, but the incoming TSMC is liable to set this submarket on fire. This is very similar to Intel's presence in the South Chandler Ocotillo submarket. But, unlike Ocotillo, the master plan does not allow for much development of new product, which should help the post-renovated Haven at Arrowhead enjoy incredible competitive advantage and staying power.

RENTAL COMPS

Velaire at Aspera

7700 Aspera Blvd, Glendale, AZ 85308

Units: 286 Year Built: 2016



Type	SF	Rent	Rent/SF
1x1	783	\$1,580	\$2.02
2x2	1,048	\$1,884	\$1.80
3x2	1,281	\$2,370	\$1.85

Sponsor's Notes

Velaire at Aspera is a 2016-built community in the Arrowhead submarket. Located approximately 2 miles due East from the subject, this location is not as desirable or gentrified. The property sits right next to the freeway and is subject to the noise emanating from it.

Generally speaking, since most of the land in Arrowhead is entitled under the master plan, there are very few incidental parcels here and there available for new construction development, and they tend to not be the best locations and highly utilitarian in nature. This is such a parcel, and it is not comparable to Haven at Arrowhead placement on the golf course.

The finishing surfaces here include granite countertops and upgraded fixtures. The black appliances do include a side-by-side refrigerator.

The location of our subject is better. The unit sizes are comparable. Valaire is a 3-story walk up, which makes it less desirable for some of the tenant profiles. Valaire is a much larger property and does have the capacity to accommodate larger and more community amenities. However, having spent nearly \$1M on the office, gym, clubhouse, and pool areas, we believe Haven at Arrowhead will be fully able to compete in this regard.

And relative to unit interiors, we will be upgrading to a Class A scope, and even going beyond Velaire at Aspera with stainless steel appliances of higher grade and front-loading washers and dryers on pedestals that are available only at the highest-end properties in Phoenix.

Haven at Arrowhead

SALE COMPS

	Property	YOC	Units	Price	\$/Unit
S)	 <p>Strayhorse 20707 N 67th Ave Glendale, AZ 85308</p>	1998	136	\$45,000,000	\$330,882
1)	 <p>Almeria at Ocotillo 2471 W Edgewater Way Chandler, AZ 85248</p>	2014	389	\$129,250,000	\$332,262
2)	 <p>Arrive Ocotillo 825 W Queen Creek Rd Chandler, AZ 85248</p>	1998	272	\$86,496,000	\$318,000
3)	 <p>Parland Crossing 800 W Willis Rd Chandler, AZ 85286</p>	2013	383	\$125,000,000	\$326,371
4)	 <p>Superstition Canyon 1247 S 96th St Mesa, AZ 85209</p>	2010	200	\$63,000,000	\$315,000
5)	 <p>The Paragon at Kierland 15440 N 71st St Scottsdale, AZ 85254</p>	2001	276	\$108,300,000	\$392,391
Average			276	\$92,841,000	\$336,805

HOLDINGS, HISTORICAL RETURNS & THESIS

Holdings and Returns

Since inception in 2018, WhiteHaven has purchased five communities, with Haven at Arrowhead being the sixth. Two of these communities, namely Haven at South Mountain and Haven on Peoria, have been liquidated. Canyon 35 and Haven on the Rail are both in escrow to be sold, with an expected closing date for both in August of 2021.

Property	Units	Purchase Price	Purchase Year	Renovation Budget	Equity Raise	Exit Status	Sales Price
Canyon 35	98	\$8,150,000	2018	\$1,388,850	\$3,571,000	In Escrow	\$15,500,000
Haven at South Mountain	117	\$10,750,000	2019	\$1,500,000	\$4,500,000	Sold	\$18,000,000
Haven on Peoria	164	\$19,750,000	2019	\$2,700,000	\$7,450,000	Sold	\$28,700,000
Haven on the Rail	94	\$10,600,000	2019	\$3,000,000	\$4,200,000	in Escrow	\$19,550,000
Haven on Thomas	104	\$16,000,000	2021	\$2,800,000	\$10,419,000	N/A	N/A

Property	Status	Target IRR	Actual IRR	Hold Period
Canyon 35 (Silver Tree)	In Escrow	15%	23%*	36 Months
Haven at South Mountain (South Mountain Square)	Sold	15%	41%	21 Months
Haven on Peoria (Ridgepoint Apartments)	Sold	15%	25%	22 Months
Haven at the Rail (Sun Crest Apartments)	In Escrow	15%	50%*	21 Months
Haven on Thomas (Villa De La Paz)	Holding	15%		Holding

*Estimated based on contract price or offers received

Thesis - How Do We Know When to Sell?

Our mandate is to **deliver to partners the highest possible return on a risk-adjusted basis**.

The chief mitigator of risk in a real estate transaction is presence of value-add. While nothing completely absolves all risk, value-add enables us to engineer appreciation through strategic inputs into the operations of the investment, which, in turn, can help counteract adverse market dynamics.

By definition, then, the less the value-add the more the risk, which necessarily means that as we make our way through the value-add program there comes an inflection point whereby the remaining potential upside no longer justifies the risk. At this inflection point is when we look for an exit, and we only stay in the deal in the event an exit cannot be accomplished at terms we deem as desirable to our partners.

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SPONSOR BIOS

WhiteHaven Capital is a real estate private equity firm with a focus on multifamily assets in Phoenix, Arizona. Since inception in 2018, the firm has transacted \$150M, including full-cycle disposition of 2 assets.

WhiteHaven Construction was formed in 2019 with the express purpose of executing unit renovations on behalf of WhiteHaven Capital properties, and is currently renovating nearly 500 units across our portfolio.



Ben Leybovich



As a principal of both WhiteHaven Capital and WhiteHaven Construction, Ben oversees new acquisitions, asset management, and investor relations.

Ben has been a real estate investor since 2006. He has been a principle in acquisitions totaling \$80M, \$1.5M of which he is the sole equity partner.

Ben resides outside of Phoenix in Mesa, Arizona with his wife, Patrisha, and their two kids, Aaron and Isabella.

Sam Grooms



As of principal of both WhiteHaven Capital and WhiteHaven Construction, Sam oversees acquisitions, financing, reporting and construction.

Sam began his career at Deloitte, where he assisted public companies with their SEC filings. He went on to manage the SEC reporting for Amkor, a \$3 billion public company.

Sam graduated summa cum laude from Arizona State University with bachelor's and master's degrees in Accounting, and is a Certified Public Accountant.

COMMITMENT INSTRUCTIONS AND TIMELINE

Eligibility

In order to be eligible to participate in this investment, prospective investors must meet the definition of an Accredited Investor as defined by Regulation D, promulgated under the Securities Act of 1933, as amended. There are two common categories of accredited investors:

- 1) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000. Net worth excludes equity in primary residence.
- 2) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

Other categories do exist. Please contact WhiteHaven Capital for specifics or refer to the Private Placement Memorandum, Operating Agreement and Subscription Agreement.

Funding

The Fund will open the second week of June. If you have placed a soft-reserve for this opportunity, you will be receiving an invitation to subscribe. The minimum investment is \$50,000, but priority is given to investments of \$100,000 or more. The maximum investment is \$1,500,000.

Verification of Accreditation

In order to process your subscription we will need to verify your status as an accredited investor. You will receive an email from our third-party verifier, VerifyInvestor.com, with instructions on what is required.

Your subscription will be pending until we are in possession of the verification of your accredited status from VerifyInvestor.com, at which time it will be approved.

Time is of the essence as this process will be handled on a first-come-first-serve basis.

Subscriptions

This informational property package is not an offer to sell securities. An offer to sell securities can only be made via the Confidential Private Placement Memorandum.

If you are interested in subscribing to this investment, please request access to the Confidential Private Placement Memorandum and Subscription Agreement.