

\$5.5 Million Preferred Equity

Prime New Rentals

Twenty (20) New Townhouses

Prime Location in Dallas, Texas

December 21, 2021

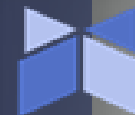


CHESTERFIELD FARING LTD

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Overview. An affiliate of Chesterfield Faring Ltd (“CFL”), 3911 North Hall LLC (the “**Sponsor**”) acquired 3911 North Hall, Dallas, Texas 75239 (the “**Property**”) from Alto Townhomes on Hall, LLC (the “**Owner**”) on November 5th, 2021. An affiliate of CFL had made a preferred equity investment in August 2019 and took control over the Owner on November 20th, 2021, upon its default of the first mortgage loan. The Property consists of twenty (20) townhomes at one of the best locations in Uptown Dallas. The Property is 85% complete. The hard costs to complete is \$1.2 million plus \$200,000 of contingency hard cost reserves (total \$1.4 million).

Profitability. The Property will cost \$15.0 million (the “**Total Costs**”) to complete including; i) \$10.4 million acquisition costs, ii) \$1.4 million in construction costs including \$200,000 contingency, plus iii) \$3.0 million in closing plus carrying costs. By Year 3, the Property will be worth approximately \$20.0 million for a \$5.0 million profit (the “**Profit**”).

First Mortgage Loan. CFL arranged a first mortgage loan of \$9.5 million (the “**Loan**”) at 8.4% interest rate per annum for one (1) year plus extensions. Minimum interest payment on the Loan is six (6) months. CFL arranged a takeout loan upon completion and lease-up (6 months) for \$12.0 million from B1B Bank. The Total Costs less the Loan equal a requirement for \$5.5 million Preferred Equity (“**PE**”).

The Offering. The PE has been bifurcated as follows: i) \$2.0 million Series A paying 15.0% per annum accruing in Year 1 paid within twelve (12) months, ii) \$1.0 million Series B a 10.0% annual preferred return plus 20% of the profits, and iii) \$2.5 million Series C paying 8% annual preferred return plus 40.0% of the profits. The investors will receive back their Series upon the \$12.0 million refinancing from B1B bank.

CFL Equity. CFL has invested \$2.5 million of the Series C.

Property Description. The Property sits upon a 31,243 SF site with twenty (20) 1,968 SF townhouses (39,374 SF total). The Property was built to Condo standards. Rental product is more valuable than Condos in Dallas. There are rental comps at \$5,000 per month for 1,500 SF apartments. Each 1968 SF townhouse has a garage, a strong selling point. Leasing quickly, rents start at \$4,500 per month, 15% lower than local market rates. Local brokers confirmed a fast lease-up in the current market. Market comparable rents for similar projects are \$36 PSF annually. The Property rental rate is only \$31 PSF annually.

Exit Strategies. Upon lease up of the townhomes in approximately six (6) months and then refinancing. CFL and the investors will transfer the Property to a new entity for \$17.5 million

Other exits are available: i) **Sell** the Property as one rental project, ii) **Finance** and sell individual townhouses to real estate investors and manage the townhouses as investments for them, or iii) **Hold** and refinance in 6 months at \$12.0 million with 3.85% annual interest paying off half of the Series A, but the full amount to the investors.





Year 1

Financial Analysis	Monthly	Year 1
Gross Income	\$ 93,000	\$ 1,116,000
Vacancy	\$ 4,650	\$ 55,800
Net Effective Income	\$ 88,350	\$ 1,060,200
Expenses	\$ 25,742	\$ 308,900
Net Income	\$ 62,608	\$ 751,300
CAPEX	\$ 500	\$ 6,000
Net Operating Income	\$ 62,108	\$ 745,300
Valuation		\$ 18,632,500

FIVE YEAR PROJECTIONS



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Five Year Projection	Monthly	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Income	\$ 93,000	\$ 1,116,000	\$ 1,149,480	\$ 1,183,964	\$ 1,219,483	\$ 1,256,068
Vacancy	\$ 4,650	\$ 55,800	\$ 57,474	\$ 59,198	\$ 60,974	\$ 62,803
Net Effective Income	\$ 88,350	\$ 1,060,200	\$ 1,092,006	\$ 1,124,766	\$ 1,158,509	\$ 1,193,264
Expenses	\$ 24,675	\$ 296,100	\$ 304,983	\$ 314,132	\$ 323,556	\$ 333,263
Net Income	\$ 63,675	\$ 764,100	\$ 787,023	\$ 810,634	\$ 834,953	\$ 860,001
CAPEX	\$ 500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Net Operating Income	\$ 63,175	\$ 758,100	\$ 781,023	\$ 804,634	\$ 828,953	\$ 854,001
Valuation		\$ 18,952,500	\$ 19,525,575	\$ 20,115,842	\$ 20,723,818	\$ 21,350,032



SOURCE & USE OF FUNDS



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Sources	
First Mortgage- USC	\$9,500,000
Equity from CFL	\$5,500,000
Total	\$15,000,000
Uses	
First And Second Mortgages	\$10,400,000
Extension Fees To Lender	\$461,000
Creditors	\$122,000
Local Borrower Counsel	\$79,500
NY Borrower Counsel	\$35,000
Lender Costs	\$769,819
BK Adm Costs	\$87,000
Litigation Costs	\$23,000
Escrow Hard Costs	\$1,200,000
Contingency Hard Costs	\$200,000
Title Company	\$446,951
Title Policy	\$43,530
Insurance Costs	\$105,976
Travel Expenses	\$4,000
Bank Expenses (Peak)	\$97,824
Bank Costs (CV)	\$43,175
Fees	\$615,000
RET Reserves	\$200,000
Insurance Reserves	\$20,000
Subtotal	\$4,553,775
Sub Totals	\$14,953,775
Contingency	\$46,225
Totals	\$15,000,000

Preferred Equity	Units	Per Unit	Gross Amount	Preferred Return	% Owned
Series A	20.0	\$100,000	\$2,000,000	15.0%	0.0%
Series B	10.0	\$100,000	\$1,000,000	10.0%	20.0%
Series C	25.0	\$100,000	\$2,500,000	8.0%	40.0%
Totals	55.0		\$5,500,000		60.0%



CONSTRUCTION BUDGET



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CONSTRUCTION BUDGET LINE ITEMS	
Builders Risk	\$5,000
Security	\$5,000
Security & LV Trim	\$10,000
Prints / Ongoing Hard copies	\$1,000
Equipment & Rentals	\$5,000
Rough Cleans	\$10,000
Grading	\$10,000
Concrete Paving	\$25,000
311T	\$20,000
Concrete Testing	\$5,000
Termite Treatment	\$1,800
Fire Lane Striping	\$2,500
Gutter	\$23,000
Drainage	\$7,000
Flashings	\$3,000
Caulking and Sealing	\$1,500
Plumbing	\$55,000
HVAC	\$50,000
Electrical	\$25,000
Stucco	\$15,000
Brick	\$7,000
Siding	\$7,000
Drywall	\$5,000
Interior Paint	\$40,000
Exterior Paint	\$25,000
Finish Carp	\$25,000
Tile	\$40,000
Railing/ Millwork	\$55,000
Final Clean	\$20,000

Mailboxes	\$2,500
Punch Out	\$13,000
Window Glazing	\$7,000
Exterior Doors	\$10,500
Plumbing Fixtures	\$15,000
Light Fixtures & LED can lights	\$20,000
Fire Alarm	\$25,000
Wood Flooring	\$75,000
Finish Carp - Interior - Material	\$25,000
Interior Door	\$25,000
Cabinets	\$40,000
Hardware and Install	\$13,000
Countertops	\$20,000
Backsplash	\$12,000
Garage Door - Turnkey	\$8,000
Shower Glass and Mirrors	\$12,000
Appliances	\$80,000
Construction Fencing	\$3,000
Utilities and Underground	\$13,000
Water Meters	\$5,000
Fire Sprinklers/ Fire Protection	\$6,000
Fence & Gates	\$20,000
Landscape, Lawn, Drainage	\$30,000
Final Survey	\$1,200
Final Permits	\$15,000
Energy Inspections	\$10,000
Mold Remediation	\$45,000
Builders Fee	\$125,000
Total Cost	\$1,180,000
Contingency	\$120,000
Totals	\$1,300,000
GMP Fee	\$100,000
Totals	\$1,400,000



RENT ROLL & EXPENSES

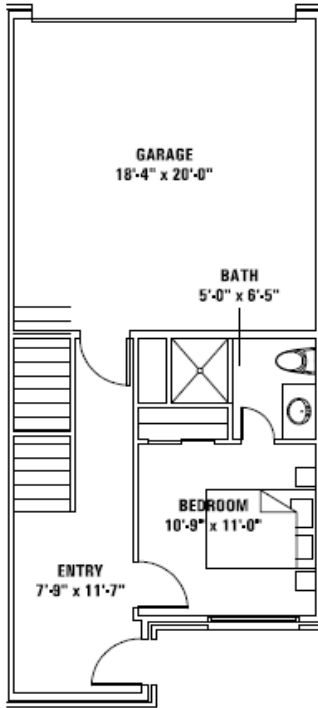


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Unit	BRs	Office	Corner	Annual Rent	Rent	SF	PSF Rents
101	3	0	Y	\$60,000	\$5,000	1,939	\$ 30.94
102	3	0		\$54,000	\$4,500	1,977	\$ 27.31
103	3	0		\$54,000	\$4,500	1,977	\$ 27.31
104	3	0		\$54,000	\$4,500	1,977	\$ 27.31
105	3	0		\$54,000	\$4,500	1,977	\$ 27.31
106	3	0	Y	\$60,000	\$5,000	1,977	\$ 30.35
201	3	1	Y	\$60,000	\$5,000	1,960	\$ 30.61
202	3	1		\$54,000	\$4,500	1,962	\$ 27.52
203	3	1		\$54,000	\$4,500	1,968	\$ 27.44
204	3	1		\$54,000	\$4,500	1,968	\$ 27.44
205	3	1		\$54,000	\$4,500	1,968	\$ 27.44
206	3	1		\$54,000	\$4,500	1,968	\$ 27.44
207	3	1	Y	\$60,000	\$5,000	1,977	\$ 30.35
301	3	1	Y	\$60,000	\$5,000	1,962	\$ 30.58
302	3	1		\$54,000	\$4,500	1,968	\$ 27.44
303	3	1		\$54,000	\$4,500	1,968	\$ 27.44
304	3	1		\$54,000	\$4,500	1,968	\$ 27.44
305	3	1		\$54,000	\$4,500	1,968	\$ 27.44
306	3	1		\$54,000	\$4,500	1,968	\$ 27.44
307	3	1	Y	\$60,000	\$5,000	1,977	\$ 30.35
Totals/ Averages				\$1,116,000	\$4,650	39,374	\$ 28.34

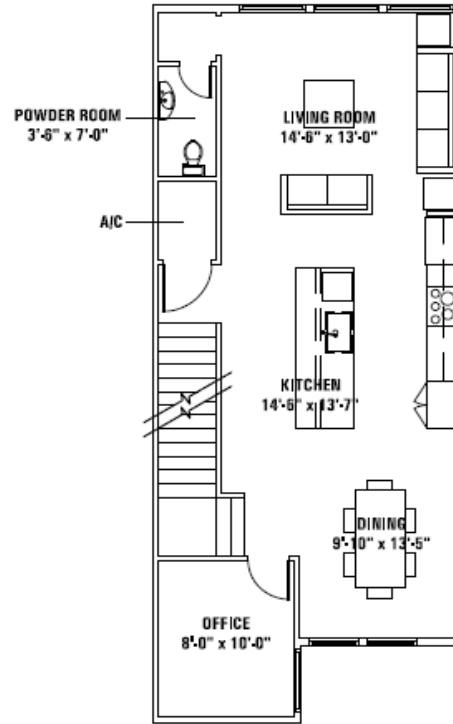
Expenses	Annual	Monthly
Real Estate Tax Estimate	\$240,000	\$20,000
Insurance Extra Coverage	\$5,000	\$417
HOA Fees Mgt	\$30,000	\$2,500
Insurance D&O, Prop	\$12,000	\$1,000
Landscaping	\$3,600	\$300
Landscape Improvements	\$1,000	\$83
Maintenance	\$6,000	\$500
CPA Fees	\$400	\$33
Water	\$1,200	\$100
Fire Monitoring	\$900	\$75
Fire Inspections	\$1,200	\$100
Security System Monitor	\$3,000	\$250
Extermination	\$1,000	\$83
Contingency	\$1,200	\$100
Electronic Gating	\$2,400	\$200
Totals	\$308,900	\$25,742
CAPEX Reserves	\$6,000	\$500
Total Expenses	\$314,900	\$26,242



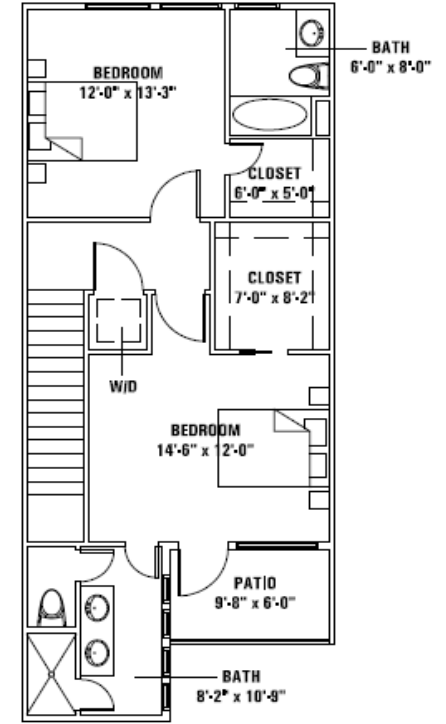


FIRST FLOOR PLAN

A/C: 1995 SF



SECOND FLOOR PLAN



THIRD FLOOR PLAN



Development Market Facts

Dallas is the #1 US Market to watch in 2020

Dallas is number #3 in the nation for housing demand and stability

Dallas number #11 in the nation for investor demand

Dallas population growth 2x times the national rate

Dallas is in the top 4 cities identified as experiencing a beneficial demographic and economical shift.

Unemployment at lowest in 15 years.

Texas has been fueled by the addition of over 800,000 jobs since 2010 (State Farm, Toyota, Samsung, Lulu, Uber, Apple).

Affordable housing at a rate of 19.2% of income

No state income tax in Texas.

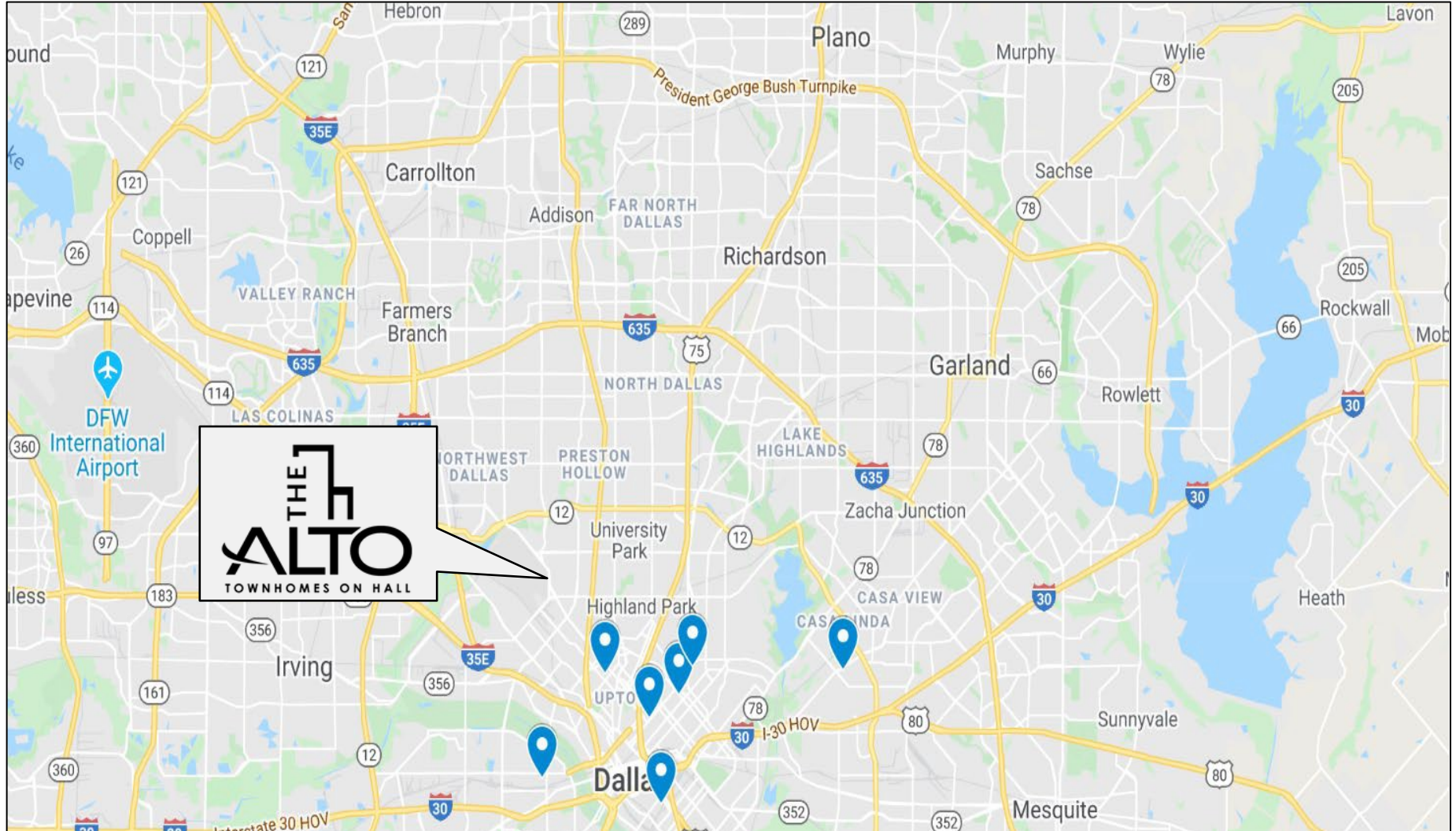
1800 companies left California for Texas last year.

67.5% of closings in 2019 were in our price range.

Affordable housing at a rate of 19.2% of income

Housing supply to 1.8 months of inventory only





2934 N Hall St, Dallas, TX 75204 – Uptown Dallas

Monthly Rent: \$5,000

Bedrooms: 2 bedrooms

Bathrooms: 2.5 baths

Square Feet: 1,449

Rent Per Month: \$5,000

Rent Per Square Foot: **\$41.40 per annum.**

Less than three blocks from the Subject Property

Subject has rooftop garden and garages. Subject at \$28 PSF annual rents.

About 2934 N Hall St Dallas, TX 75204

Pristine and spacious two-bedroom unit in the heart of Uptown Dallas with immediate access to all area hot spots, restaurants, nightlife, shops, Trolley, and the Katy Trail. The chef's kitchen includes beautiful wood cabinets, granite countertops, island, and stainless-steel appliances. Two spacious bedrooms with beautiful en suite bathrooms, cozy living room with a fireplace, smart TV & state-of-the-art audio equipment, great dining space, tons of natural light, and two and a half stunning bathrooms. Be the first to live in this recently built unit and enjoy the gated parking and secured building access with an elevator for guests. Can be leased full furnished.

