

SOUTHLAKE VILLAGE

CONFIDENTIAL EXECUTIVE SUMMARY



LAKE CHARLES, LOUISIANA

an exciting investment opportunity

by



SOUTHLAKE VILLAGE
LAKE CHARLES, LOUISIANA

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EXECUTIVE SUMMARY

Lake Charles, like much of Southwestern Louisiana is booming. Unemployment is below 4%, and there is a continual influx of skilled labor into the market. Currently, there are approximately \$118 Billion of Gas and Chemicals related projects identified for construction in and around the Lake Charles/Gulf Coast region between 2017 and 2027 and beyond. So far, \$48 Billion worth of projects are either under construction or approved for construction. It is estimated that 80% of the remaining projects will “go ahead.”

The Louisiana & Lake Charles Economic Development Council are projecting up to 70,000 construction workers will be required to complete these projects. This influx will undoubtedly overwhelm the already stressed infrastructure.

To emphasize the seriousness of the situation, Lake Charles area currently has a total population of around 90,000 people.

The city is expected to require housing for an additional 35,000 permanent population over the next 10 years.

Our team has been active in the Lake Charles market for some time with workforce housing solutions.

Now is the time to meet the increased demand for permanent housing as several of the mega projects enter the production phase

The expansion of Lake Charles is part of a broader economic expansion underway all along the Gulf coast including communities like Galveston, Port Arthur, and Baton Rouge to name a few. Lake Charles is unique in that it has a natural gas pipeline infrastructure unlike almost any other community in America. It is a natural gas hub.

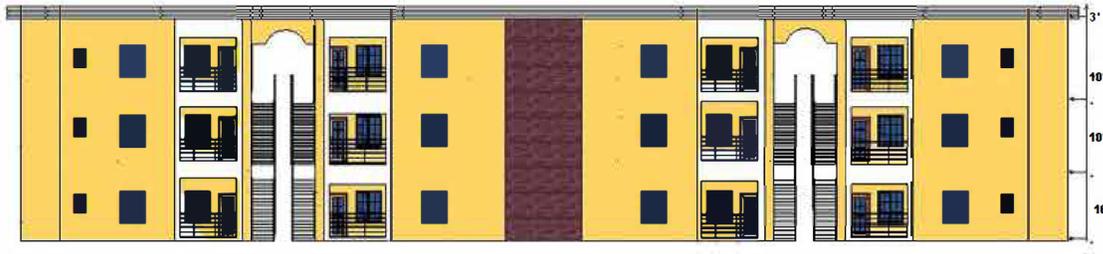


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The Sponsors have secured a strategic 14 acre parcel of land at the corner of Weaver (N-S), and Ham Reid (E-W). This property is well located at the South end of the city, where most of the residential development is focused. It is surrounded by residential subdivisions, and a planned supermarket is located one block away

The Partnership is seeking an equity investment to complete the acquisition of the lands in November 2017, with construction starting by Spring of 2018, and occupancy beginning in phases by October 2018, with full occupancy in 2019. The scope of this project is the land only with an exit consisting of the transfer of the lands into hands of the developer 6-9 months after the purchase of the lands.

We have a development plan identified that consists of a captive developer purchasing the acquired lands, completing the detailed construction drawings, and bringing the capital for the construction. The project will support 240 apartments in 10 buildings of 24 units each. This complex will have a mix of 1BR, 2BR and 3BR units. The rents in Lake Charles are strong due and vacancy remains low due to the combination of high paying jobs, strong employment and population growth.



Market Dynamics

In Louisiana, counties are called parishes. This dates back to its history as a French colony and the heavy historic influence of the Catholic Church in local government. These mega projects are located in Calcasieu Parish and Cameron Parish.

Several of the mega projects are located in Cameron Parish to the South. Cameron has no residential infrastructure. As a result, most of the population serving these projects will reside in the Lake Charles area where the elevation above sea level is higher and the infrastructure is more robust for residential and commercial development.

The city of Lake Charles has been extremely supportive of our project. They understand the market demand for housing. The City Council met on October 4, 2017 and approved the site plan and zoning application. The project is fully entitled as proposed.

The Gulf Coast regularly receives tropical weather systems. The latest damage from hurricane Harvey which devastated parts of Houston and Port Arthur is a case in point. Lake Charles is well situated 19 miles inland. The ground elevations are high enough above sea level, and the local building code has been enhanced to improve drainage, and storm water detention. The property contains a storm-water detention pond that covers nearly 3 acres of land. This sizable pond is capable of handling a 25 year storm event. In addition to the normal demand for housing, weather related damage from Harvey may take 2-5 years to recover from in some areas. That is also increasing the demand for housing in the local area.

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THE OPPORTUNITY

The sponsors seek \$2,200,000 to acquire approximately 14 acre lands for the Lake Charles Southlake Village project.

The lands are worth \$7.00 per square foot, plus drainage improvements, as currently entitled. They are being purchased for \$3.30 per square foot, approximately 45% of the current value.

Exit Strategy: The developer has committed to buy the land at \$5.50 per square foot within 9 months of the initial purchase, providing an exit strategy for investors in the land. All investors in the land will exit the land phase. However, they will have the opportunity to re-invest in subsequent phases of the project on a preferential basis if they so choose.

The investors will receive a 19% rate of return on the 9 month commercial paper, which equates to approximately 25% on an annualized basis. The 9 month loan will be secured on title with a first lien position mortgage. This mortgage will be released when the construction financing and equity raise is in place for phase 2. The principals are committed to reinvesting a meaningful portion of their profits in phase 2 of the project.

The capital raise for the remaining phases of the project is outside the scope of this document. However, we expect this to be a Regulation D, 506 compliant private offering. It will only be available to accredited investors.

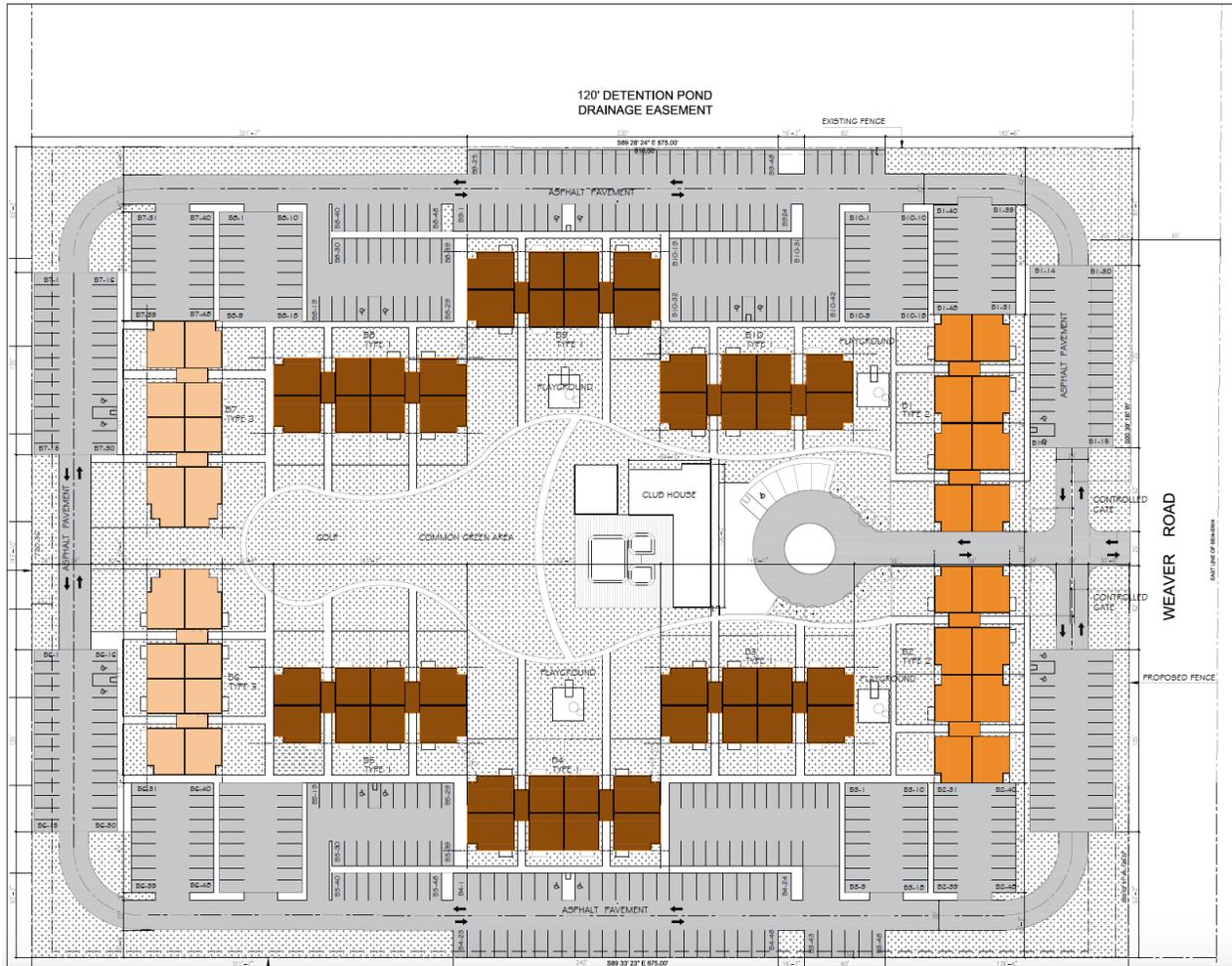
USE OF FUNDS / SALE TO CONSTRUCTION

Land Purchase	\$1,866,000	Land Sale	\$3,500,000
Closing Costs	\$20,000	Profit to Sponsors	\$1,150,000
Holding Costs	\$14,000	Profit to Investors	\$450,000
Architecture and Consultants	\$300,000	Rate of Return to Investors	25%

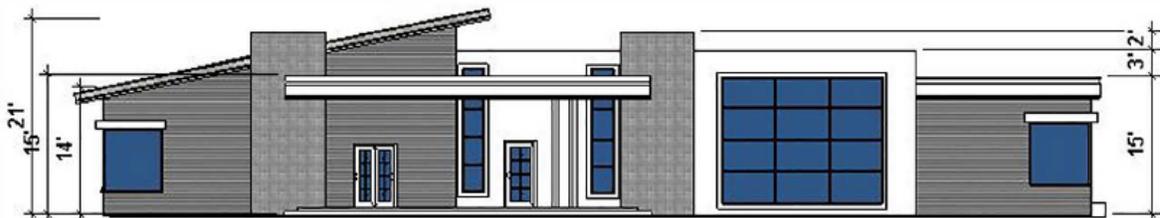
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Land Use Plan

The project will be built in two phases of construction. It is designed to accommodate 240 apartments in 10 buildings over the complex located on Weaver Road. Initially, half of the project comprising 5 buildings and the club house will be built. The remaining 5 buildings will follow shortly thereafter. Construction of the project overall will take place over 24 months.



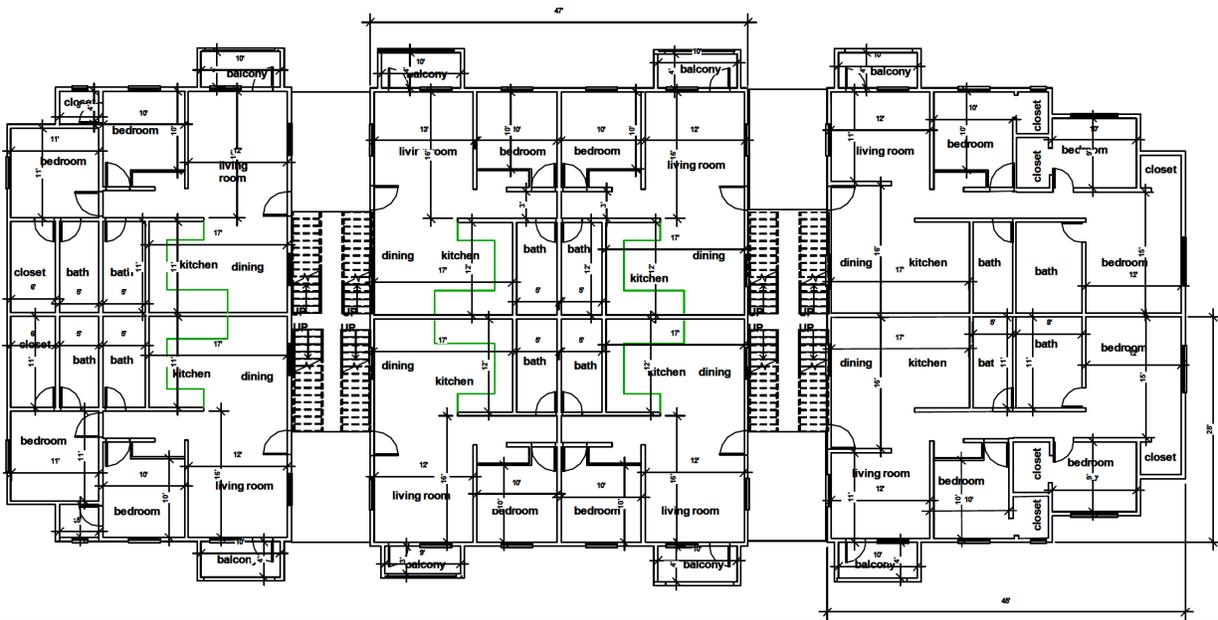
All of the buildings face the interior expanse of green space. The road, parking, and fire lane access surrounds the perimeter of the property. The apartment complex will feature many desirable amenities including a central pool, playground, golf putting green, club house with party room, outdoor grills and dining area, and a fitness center.



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The unit layouts are designed to support single professionals up to small families in the 1BR, 2BR and 3BR layouts.

The buildings are designed with the Louisiana climate in mind. The hallways between buildings are open air breezeways, designed to maintain the luxury feel and ambiance of the property, while also minimizing the operational costs associated with air conditioning enclosed common area spaces. The buildings feature a majestic entry way with a towering arch. While the project is large and consists of 240 units, each hallway has only four apartments on each level. This more intimate entry-way minimizes the feeling of a large complex.



Unit Mix

The project will contain a mix of 1BR, 2BR and 3BR apartments. The mix of units is based on market analysis. The majority of households in Lake Charles consist of one person and two person families.

Unit Size	Number	Projected Rent
1 Bedroom, 1 Bath	96	\$1,225
2 Bedroom, 2 Bath	132	\$1,475
3 Bedroom, 2 Bath	12	\$1,875

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Financial Projection of Completed Project

Construction Budget

Land	\$3,500,000
Hard Construction	\$28,400,000
Soft Costs	\$3,642,000
Total Project Cost	\$35,542,000

Operating Budget

Rental Income	\$3,949,680
Operating Expenses	\$1,222,994
Debt Service	\$2,167,517
Debt Coverage Ratio	1.26
Cash Flow Years 3-5	\$559,169
Investment Cap Rate	7.67%
Market Cap Rate	6.50%

Investment Summary

Total Investment	\$35,542,000
Appraised Value	\$42,000,000
Equity Requirement	\$7,500,000
Cash in Project	\$4,000,000
Mezzanine or Equity	\$3,500,000

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New Exxon CEO Touts \$20B Gulf Coast Building Boom, Warns Trump On Protectionism

MAR 6, 2017 @ 03:15 PM



Woods sees downstream as an Exxon growth engine. (AP Photo/Richard Drew)

In a speech this afternoon Darren Woods, the new CEO of ExxonMobil set forth his vision of how America's biggest oil company will invest over the next decade to capitalize on the miracle of the U.S. oil and gas boom. Speaking at the annual CERAWEEK conference in Houston, Woods touted Exxon's new \$20 billion Growing the Gulf initiative. It's their umbrella term for 11 major chemical, refining, lubricant and liquefied natural gas projects along the coasts of Texas and Louisiana. All told, these projects could create 35,000 construction jobs, and 12,000 full-time jobs, said Woods.

"Hydraulic fracturing has opened up a whole new energy future for the United States, and potential for many other countries," said Woods. "An upstream technology breakthrough has led to a downstream manufacturing renaissance. It has created new manufacturing jobs, investment and exports."

Exxon isn't just figuring out how to make more gasoline and diesel at Beaumont, Baytown and Baton Rouge. Woods wants to add more value to that oil and gas before exporting it, by strengthening Exxon's links in the supply chain, all the way from the Permian well head to the Korean plastics buyer. "These businesses are leveraging the shale revolution to manufacture cleaner fuels and more energy-efficient plastics. We are using new, abundant, domestic energy supplies to provide advantaged products to the world." Their specialty chemicals groups are working on advanced lubricants, lightweight, durable to the thin films used to keep food fresher, longer. "These applied technologies are good for the environment, and they're good for business."

At Exxon the idea of better living through chemistry is alive and well. Woods came up through the ranks of Exxon's downstream businesses, the refining and chemicals side. It's only natural that he wants to put his stamp on it as CEO.

Woods also spoke out in favor of free trade. Governments "can help by opening trade channels and implementing smart regulations." And he warned about some of the unintended consequences that could result from moving down the more protectionist, isolationist path promulgated by President Trump:

« "[P]olicies in the form of subsidies, mandates and trade barriers only hinder progress. They are more



Christopher Helman,
FORBES STAFF

From Texas, I cover the energy sector

expensive and lead to poor investment decisions, focused on the limitations imposed, not true innovation. The real drive to innovate comes from competition in a free market. It comes from all of us striving to out-perform one another to find a cleaner, cheaper, smarter way to meet society's needs. When we win, we are rewarded in this market, and we use these rewards to invest in more technology and more growth. The only way to keep winning in a competitive industry is to keep innovating."

Woods said Exxon would continue to innovate. With Craig Venter's Synthetic Genomics, the company is looking for the best algae to turn into biofuel. With Georgia Tech, Exxon is working on membrane technology that will enable chemists to use reverse osmosis to turn raw fuels into value-added chemicals. Exxon is also working on carbon-capture technology.

Woods isn't a natural speechifier, but he should loosen up as he gets used to his new role. So far the core message of his time as CEO has been clear: ExxonMobil will continue to invest for growth in both its upstream and downstream business while improving existing operations by capturing efficiencies and reducing emissions. It ain't sexy, but then it doesn't need to be.

For more on Woods and his thoughts on taking over from CEO Rex Tillerson, check out my exclusive interview with him from [last week](#).

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Sasol Project Achieves Safety and Construction Milestones

From achieving first mega lifts to 15 million work hours without a lost-time incident, the project is going strong.

Tuesday, February 28, 2017 4:20 pm EST

The Sasol ethane cracker and derivatives project in Southwest Louisiana made significant advancements in 2016, with all of the work underpinned by an unwavering focus on safety.

Fluor, in a joint venture with TechnipFMC, is serving as the project's primary engineering, procurement and construction management contractor, which encompasses an ethane cracker, six derivatives units and utilities and offsites. Valued at \$11 billion, the project will roughly triple Sasol's chemical production capacity in the United States.

In January 2016, the team commenced heavy haul transports, transporting a 930-ton boiler approximately 2.5 miles from the project's construction dock to the project site and placing it on its permanent foundation. Since then, the project has completed more than 270 heavy haul transports from the construction dock to the project site, with nearly 500 total expected throughout the life of the project.

Mega lifts began in August 2016, as the team lifted a 595-ton polymerization reactor into place for the linear low-density polyethylene (LLDPE) unit. LLDPE is used in such products as films, plastic bags and food packaging. With a diameter of 30.5 feet and a height of 144 feet, the reactor is the size of a 14-story building. Thirty-six mega lifts are planned through the life of the project and 13 have been safely performed to date.



In December 2016, the first of the 78 modules for the 1.5-million-ton-per-year ethane cracker were delivered to the project site. The ethane cracker creates ethylene, one of the key building blocks of the petrochemical industry.

As the project enters 2017, the project has passed the 55 percent completion point. Site civil work is nearly complete, and mechanical, instrumentation and electrical work is ramping up.

With more than 5,000 construction workers currently onsite, a strong safety program has been critical to achieving these milestones. Weekly meetings with all of the contractors onsite help ensure buy-in.

This collaborative effort has enabled the project to achieve these construction milestones while achieving its most important goal, safety, as the project has worked 15 million hours without a lost-time incident as of January 2017.

"We are building one of the largest and most complex projects on the continent," said Phil Clark, senior vice president and project director for Fluor. "I am very proud of this safety milestone achievement, which reflects the hard work and commitment to safety by our client, staff, contractors and the thousands of craft personnel working on the project. Our great safety culture, where everyone is looking after each other and where each day is a fresh start, is a great foundation to this ongoing success."

"In this industry, 15 million man hours is an outstanding achievement that I am very proud of," says Mario Tommaselli, executive project director for TechnipFMC. "Doing the right thing is fundamental to achieving Health, Safety, Environment (HSE) and Quality excellence. We have created a culture that makes safety a personal commitment to everyone on the project. I want to personally thank all of the women and men that have participated in this achievement for their work and commitment to the Sasol ethane cracker and derivatives project. It's because of their efforts, that this project has achieved such an outstanding milestone."

The project is expected to begin a phased commissioning of the seven manufacturing units in 2018.

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ABOUT THE PRINCIPALS

VICTOR MENASCE is Managing Partner at US Real Estate Partners where he is responsible for strategy and capital deployment for projects across the country. The company specializes in realizing new projects in high demand markets. The vast majority of the company's projects consist of new construction, and the remainder involve repositioning and redevelopment of existing assets. The company is based in Chicago, Illinois. Mr. Menasce brings 30 years of senior management and investment management experience to the partnership. Mr. Menasce is the author of "Magnetic Capital" and is a frequent guest on radio and TV in Canada as an authority on US real estate and investment.

PAM ABIDE is a principal at New Orleans Equity Partners where she is responsible for operations and management of the investment portfolio. She is also responsible for acquisition of new assets. The company's holdings include commercial and residential real estate, land, mineral rights, and oil and gas wells. Ms. Abide brings a wealth of service and retail experience to the table and has been instrumental in building the company's operations and systems.

SHARON FOREMAN is a principal at New Orleans Equity Partners where she is responsible for marketing and client relationship management. Ms. Foreman brings a wealth of entrepreneurial experience as the co-founder and franchisor of Another Broken Egg of America which she sold in 2011. She has extensive project management experience and has been involved in the development of significant real estate projects in her career. Ms. Foreman is playing a key role in assembling the core team on the ground to execute the projects.

MONICK HALM is a principal at Vineyard Investment Partners where she is responsible for investor relations, rehab and design, and management of the firm's investment portfolio consisting of multifamily residential, mobile homes, and single family rentals. Ms. Halm previously practiced corporate litigation at Morrison & Foerster, LLP and Gibson, Dunn & Crutcher, LLP. She earned her Juris Doctorate degree from Columbia Law School in New York. She is also a certified interior designer, author, speaker, and co-founder of the Real Estate Investor Goddesses, a real estate investment network for women.

PETER HALM is a principal at Vineyard Investment Partners where he is responsible for finding investment opportunities, analysis and marketing. Mr. Halm started out as an urban planner focusing on inner city redevelopment in Australia. A move to Los Angeles led to building a successful graphic design business working with the biggest names in entertainment. Developing a passion for remodeling he bought, renovated and sold multiple properties for a profit over the past 20 years and currently is invested in over 1000 multifamily units and mobile homes. He has a keen eye for value-add opportunities and is dedicated to optimizing investor returns while creating a better environment for tenants.

DAVID ZOOK is the founder and CEO at The Real Asset Investor

Dave is a successful business owner and an experienced real estate investor active in the Multi Family apartment space. Dave and his partners own well over \$100 Million dollars worth of Multi Family apartments purchased since 2009 in some of the strongest job markets in the US. He is well versed and actively involved in the ATM investment space and has provided investment opportunities to lots of investors looking for strong cash flow and tax benefits. Dave is a published author and has been guest speaker at the International Business conference, The Jason Hartman real estate mastermind, The Wealth Formula podcast and the Real Estate Guys radio show as well as a host of others.