



# Preferred Equity Investment Opportunity

CLASS A MULTIFAMILY

LEGACY @ DENTON CROSSING APARTMENTS



CLUB CAPITAL

# EXECUTIVE SUMMARY 15.0% ANNUAL RETURN

Club Capital is pleased to present a Preferred Equity investment opportunity in Legacy @ Denton Crossing Apartments. Located in Denton, TX, and the 6<sup>th</sup> fastest growing county in the U.S., Legacy is a Class A property tax-exempted multifamily development with construction over 50% complete.

Club Capital is seeking \$4.3M in Preferred Equity investments from accredited investors through a 506 (c) offering. Investors are expected to receive a return of 15.0% per annum, structured as a 8.0% current pay distributed quarterly, with an additional 7.0% per annum deferred pay upon exit. In the Preferred Equity position, investors will enjoy priority distribution, securing their investment ahead of the \$16.0M common equity and member loans.

(Investments of less than \$100k will receive 12.5% per annum: 7.5% current pay and 5% deferred pay).

## KEY TERMS

- Immediate cash distributions paid quarterly.
- Shorter investment period of 17 – 41 months.
- Redemption mechanisms designed to protect investor interests.
- 24 months of return protection reserved up-front.

## PROJECT SUMMARY

<b>Name</b>	Legacy @ Denton Crossing
<b>Address</b>	4298 E McKinney Street, Denton, TX
<b>Product Type</b>	Class A, Multifamily, Garden-Style, Affordable, Property Tax-Exempted
<b>Unit Count</b>	264
<b>Land</b>	15.79 Acres



# INVESTMENT HIGHLIGHTS

A modern multi-story apartment building with a swimming pool and landscaped grounds. The building features light-colored siding, white balconies, and brick accents. The pool area is surrounded by a concrete deck, lounge chairs, and a well-maintained lawn with colorful flowers.

## PROPERTY TAX-EXEMPTION

Under the existing Public Facility Corporation (PFC) structure, the asset receives an estimated \$1.5M in annual property tax savings, significantly enhancing the outcome of investor distributions to be made in a timely and sufficient manner.

## STEADY WORKFORCE

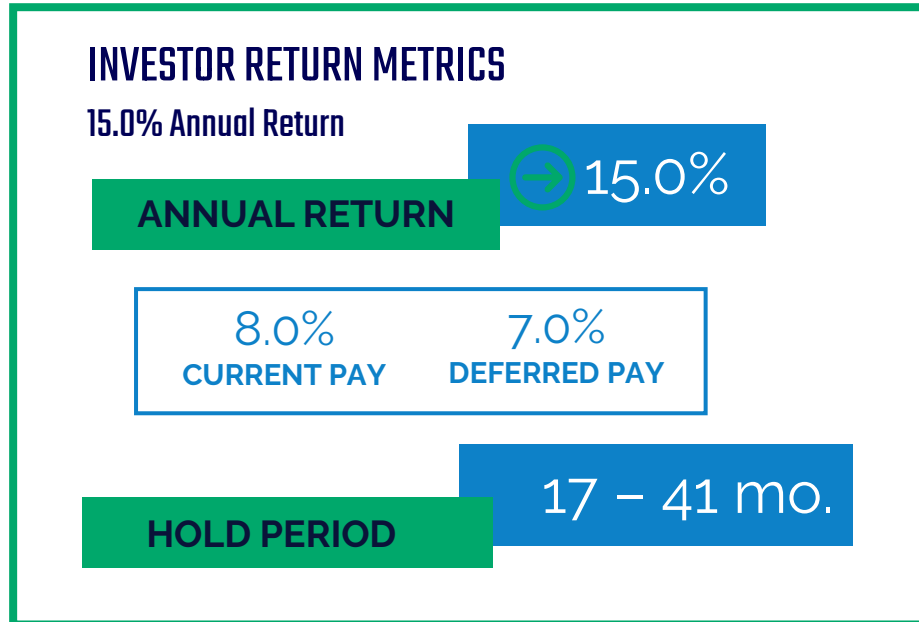
With a unique local culture and lower cost of living, the county of Denton has attracted a continuously expanding 500,000-strong workforce. Major employers are located within proximity to Legacy @ Denton Crossing Apartments and are diversified in a variety of industry sectors, including higher education, healthcare, oil & gas, financial services, manufacturing and distribution. Approximately 45% of the households in Denton meets income levels that qualify for affordable housing. A steady tenant base with diversified income source fits well into our Preferred Equity business model.

## REPEAT PARTNERSHIP

Founded in 1991, Provident Realty Advisors (PRA) is a highly respected and well-capitalized real estate development and general contractor platform. Provident Realty Advisors is a proven and trusted sponsor with whom we have executed a full-cycle project and have another current project in process.

# PREFERRED EQUITY

## 15.0% ANNUAL RETURN



\*Investments of less than \$100,000 will receive 12.5% annual return: 7.5% current pay and 5.0% deferred pay

### CURRENT PAY

Current Pay represents the portion of the Preferred Equity return that is distributed to investors on a quarterly basis, which begins immediately after the Preferred Equity is funded to the project.

### DEFERRED PAY

Deferred Pay represents the portion of the Preferred Equity return that is not distributed during the holding period but is accrued and paid out upon a capital event or exit, such as the sale or refinancing of the property.

### PROJECT CAPITAL STACK

SENIOR DEBT	\$45.6M	69%
<b>PREFERRED EQUITY</b>	<b>\$4.3M</b>	<b>7%</b>
COMMON EQUITY	\$16.0M	24%
<b>TOTAL</b>	<b>\$65.9M</b>	<b>100%</b>

### PAYMENT PRIORITY

HIGH  
↑

## Preferred Equity is Pouring into Multifamily

Preferred Equity, a once-sidelined mode of financing, is attracting new investors due to the higher-than-average returns it offers them ~ [Multi-Housing News](#)



**Real Estate  
Capital USA**

## Preferred Equity Becomes the Preferred Lifeline

The structure is becoming the place more lenders want to be in the capital stack. ~ [Real Estate Capital USA](#)

## Preferred Equity Takes Center Stage

Regarding solutions for refinancing floating rate debt issues, panelists agreed that “Preferred Equity is the go-to strategy.” ~ [Globest.com](#)

**GlobeSt.com™**

 Wealth  
Management.com

## Rescue capital—often offered as preferred equity

Any apartment project that received bridge financing or construction loans at the peak of the market in 2021 may need this rescue capital in the second half of 2023 and early 2024. ~ [WealthManagement.com](#)

# PREFERRED EQUITY

Preferred Equity in commercial real estate refers to a type of financial tool used to support the common equity and senior debt for a successful exit. It represents a form of financing that offers distinct advantages to investors in comparison to common equity investments.



**Capital Stack Seniority:** Preferred Equity ranks higher in the capital structure and is structured to receive distributions before common equity investors. In situations of financial distress or liquidation, Preferred Equity investors are more likely to recover given their priority status.



**Immediate Cash Distributions:** Preferred Equity often provides predictable and consistent income stream in the form of regular distributions. Investors seeking reliable cash flow as well as meaningful returns may find this attractive.



**Short-Term Investment:** A short-term investment provides investors with the advantage of quickly capitalizing on market trends and taking advantage of immediate profit potential. It offers flexibility, allowing investors to adjust their investment strategy and reallocate funds to emerging opportunities.



**Opportunistic Timing:** Investors can capitalize on the market conditions, potentially maximizing returns. By strategically entering the market during opportune moments, investors can take advantage of temporary market inefficiencies to enhance their investment portfolios.

# EMPLOYERS

## MAJOR LOCAL

1. University of North Texas
2. Peterbilt Motor Company
3. Texas Health Presbyterian Hospital
4. Texas Woman's University
5. Sally Beauty Holding
6. Medical City Denton
7. Safran Electrical & Power
8. Tetra Pak

## DRIVE TIME

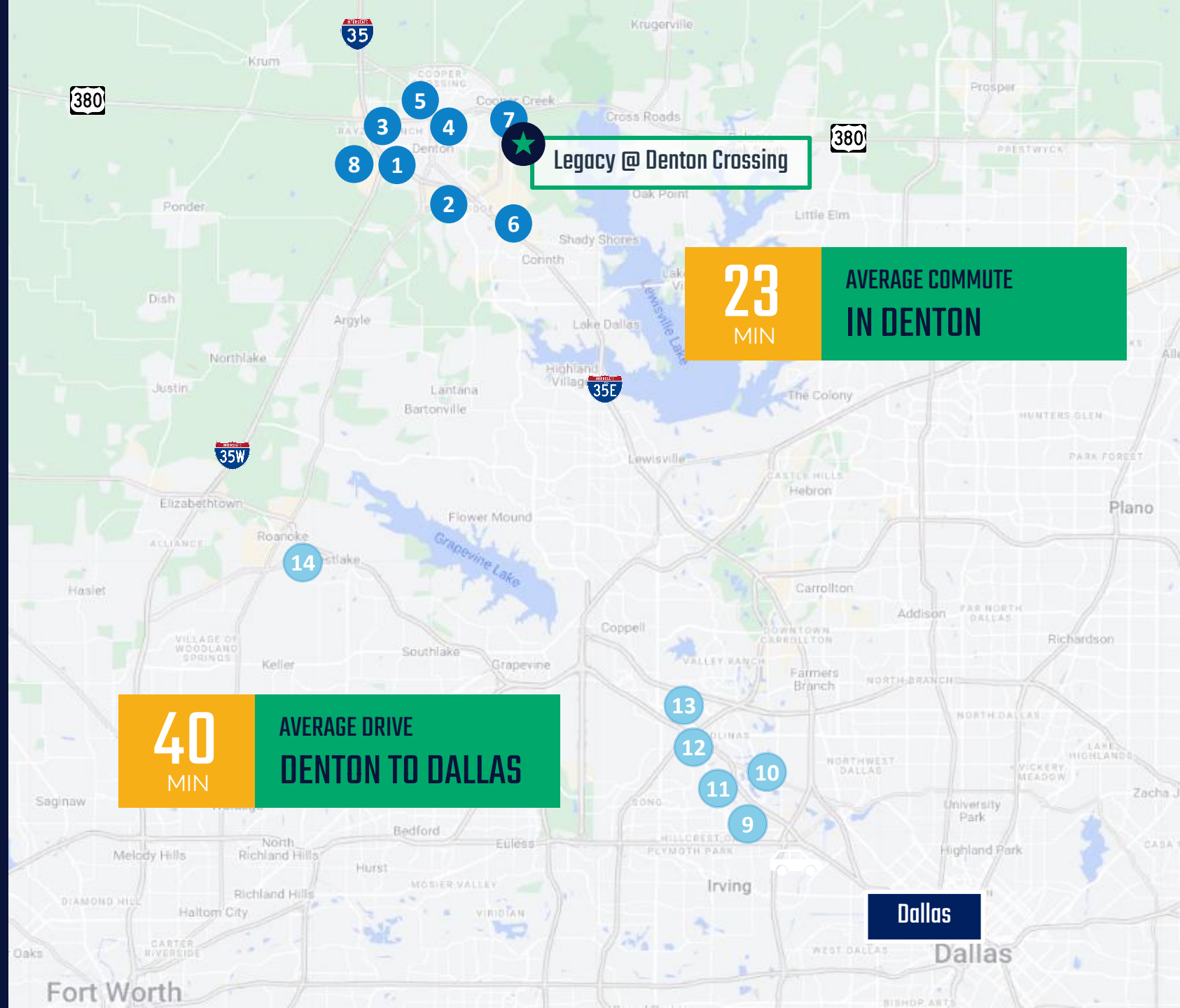
- 11 MIN
- 20 MIN
- 16 MIN
- 8 MIN
- 8 MIN
- 6 MIN
- 2 MIN
- 15 MIN

## MAJOR REGIONAL

9. Exxon Mobil Pipeline Co.
10. Caterpillar Inc.
11. Kimberley Clark Corp.
12. Pioneer Natural Resources
13. McKesson Corp.
14. Charles Schwab

## DRIVE TIME

- 38 MIN
- 34 MIN
- 36 MIN
- 35 MIN
- 31 MIN
- 35 MIN



# CONSTRUCTION PROGRESS PHOTOS

Construction at the Legacy at Denton Crossing is already over 36% complete. Legacy will benefit greatly from the area's strong workforce and fast-growing population. Affordable housing will be well-received by the local demographic, of which over 45% of two-member households already qualify.





# DENTON, TX

Denton, TX has routinely been named as one of the Best Places to Live in the U.S., citing its accessibility, vibrant college town atmosphere, and cultural scene, according to Livability. In 2022, Denton was also named as one of the top ten Best Real Estate Markets in the U.S.

Denton has continued to attract families to the area, boasting a 24.6% population growth since 2010. It has been named the 25th fastest growing city with a population over 70k, and 14th fast growing city with a population of 50k. Denton County was also named the 6<sup>th</sup> fastest growing county in the U.S. in 2023.

In addition to having the #1 busiest general aviation airport in Texas, the area is home to the 1st female-focused university system in the nation, and over 55k+ college students. Denton is also 100% powered by renewable energy.



#6

**FASTEST GROWING COUNTY  
NATIONWIDE FOR 2023**

# DENTON, TEXAS

Denton has continuously been named as one of the Top 100 Places to Live according to Livability. Known for its art and music scene, the City of Denton provides a variety of amenities for its 50K+ student population and the 40K+ workforce that calls Denton home. Denton offers surprising ease of access to multiple major employment corridors, with residents in Denton having an average commute time of 23 minutes. In contrast, the average commute in the overall DFW Metroplex is 29 minutes.



**#6** **FASTEST GROWING**  
County Nationwide in 2023

**45%** **AFFORDABLE HOUSING**  
Of Two-Member Households Qualify

**7.4%** **AVERAGE VACANCY**  
For Affordable Housing In Denton  
(2002 Average Vintage)

**13%** **POPULATION GROWTH**  
Expected by 2028 (77% since 2000)

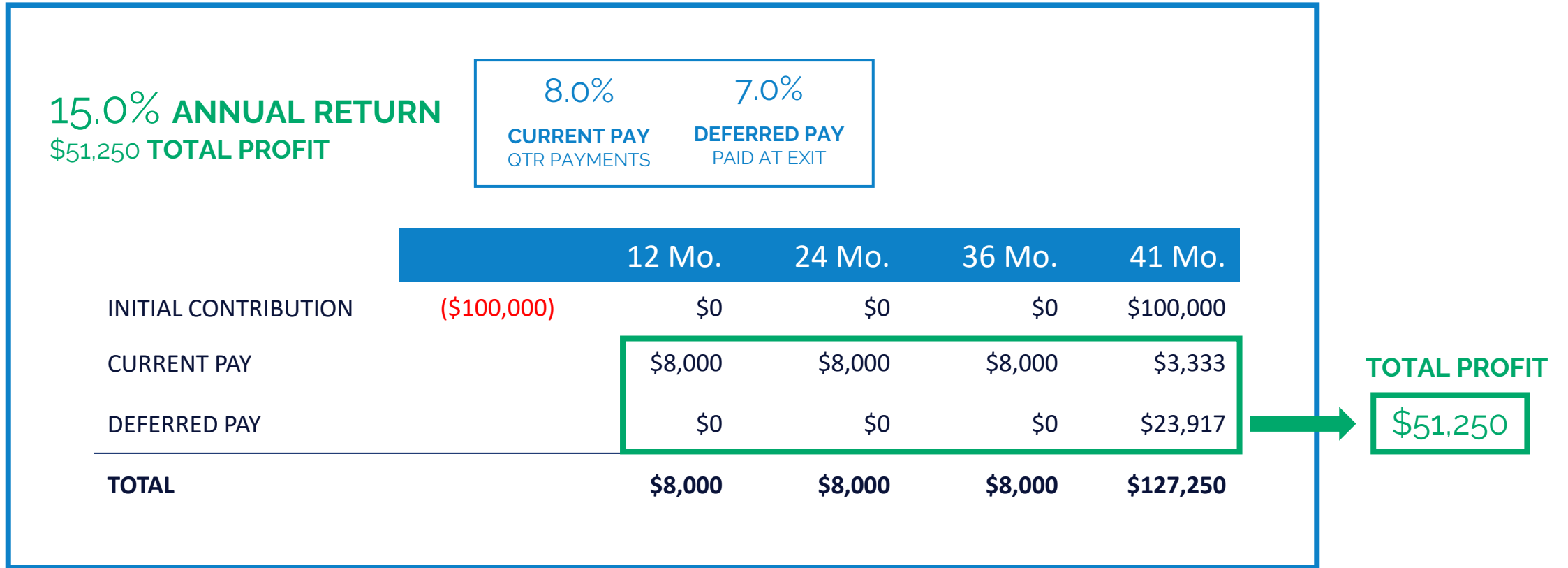
**40K** **EMPLOYEES**  
Living in City of Denton

**51%** **RENTERS**  
Of The Population

# PROJECTED INVESTOR RETURNS





## INVESTMENT EXAMPLE \$100K

\*Investments of less than \$100,000 will receive 12.5% annual return: 7.5% current pay and 5.0% deferred pay



The chart represents a projection of potential distributions for an investor making a \$100,000 initial contribution. The financial projections contained herein are for general reference only. They are based on assumptions relating to the overall economy and local competition, among other factors. Accordingly, actual results may vary from such projections. A prospective investor must make independent investigations, projections, and conclusions regarding the investment without reliance on this Memorandum or any other Confidential Information.

# INVESTMENT PROCESS

-  Review Offering Materials
-  Investor Commitment
-  Complete Investor Subscription Package
-  Execute Membership in LLC (LIMITED LIABILITY COMPANY)
-  Wire Funds
-  Sponsor to Fund the Investment
-  Receive Quarterly Performance Updates
-  Receive Distributions

**ELIGIBILITY:** Open to Accredited Investors

**MINIMUM INVESTMENT:** \$50,000

**CONTACT US**



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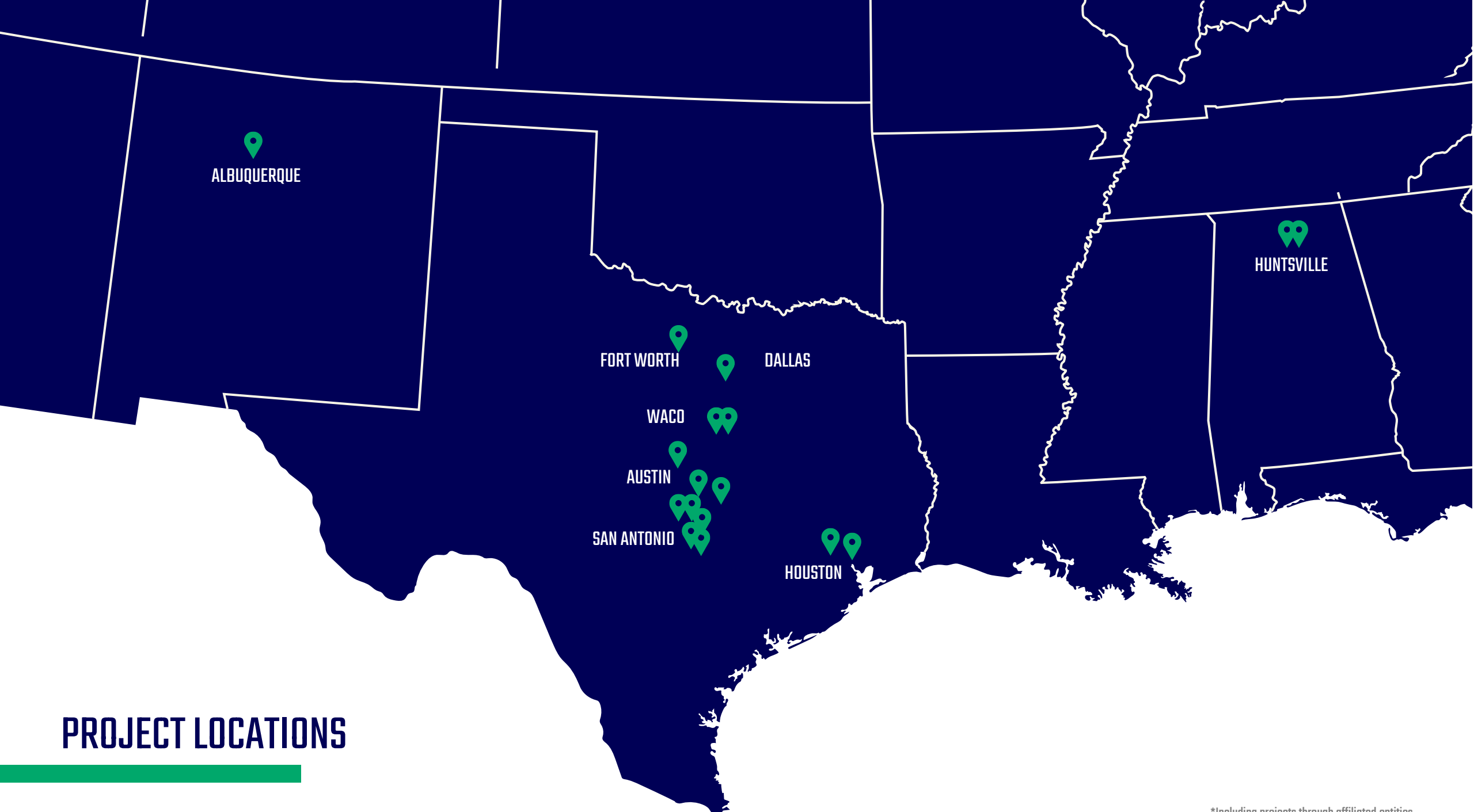
**SPONSOR  
PROFILE**



**DARIN DAVIS**  
PRINCIPAL



**PRIMA ZHAO**  
PRINCIPAL



ALBUQUERQUE

HUNTSVILLE

FORT WORTH

DALLAS

WACO

AUSTIN

SAN ANTONIO

HOUSTON

# PROJECT LOCATIONS

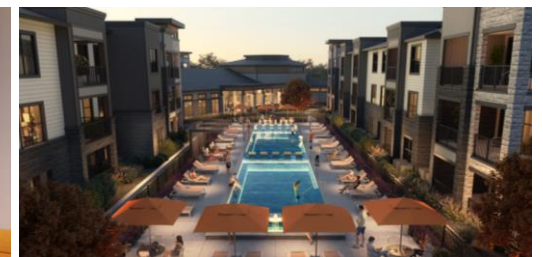
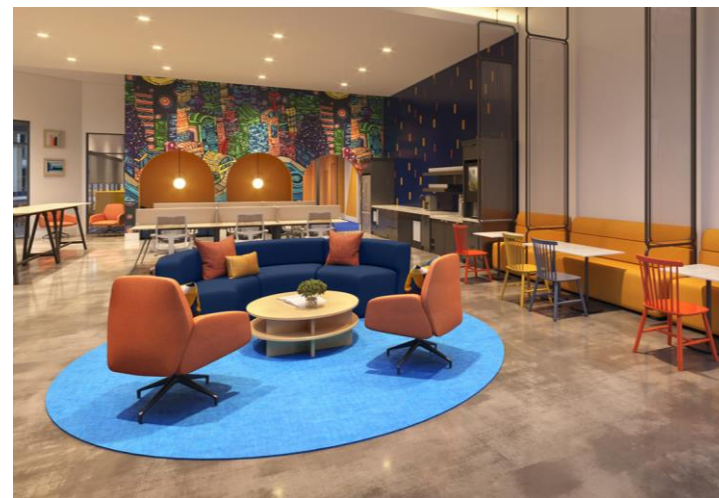
\*Including projects through affiliated entities.



# CLUB CAPITAL

Club Capital is an Austin-based commercial real estate owner-sponsor specializing in multifamily acquisitions, development, private equity investments, asset management, and public-private partnerships. Combining over three decades of experience from its principals, Club Capital inherits rigorous practices in all facets of commercial real estate investment and launches with a new aim where vision meets value.

Club Capital partners with reputable sponsors nationwide and provides Preferred Equity investment solutions to various asset types and situations. Driven by programmatic relationships, Club Capital continues to serve institutional investors, family offices, private equity partners, and accredited investors.



**CURRENT  
COMMERCIAL  
PORTFOLIO**



**EXTENDED-STAY PORTFOLIO**

**TX (4) AL (2)**

**652 KEYS  
PROJECTED DELIVERY 2024**



**VISTA AT RAYZOR RANCH**

**DENTON, TX**

**212 UNITS  
BUILT 2022**



**PRESERVE AT WOODRIDGE**

**PORTER, TX**

**131 UNITS  
BUILT 2022**



**ARDEN AT KOHLERS CROSSING**

**KYLE, TX**

**263 UNITS  
PROJECTED DELIVERY Q1 2024**



**CAVALRY AT LIBERTY HILL**

**LIBERTY HILL, TX**

**270 UNITS  
PROJECTED DELIVERY Q3 2024**



**HAVEN AT TREELINE**

**TOMBALL, TX**

**231 UNITS  
PROJECTED DELIVERY Q4 2024**

\*Including projects through affiliated entities.



**SOLD**  
COMMERCIAL  
PORTFOLIO



**DEBBIE LANE FLATS**  
331 UNITS  
BUILT 2022

MANSFIELD, TX



**RETREAT AT NORTH BLUFF**  
240 UNITS  
BUILT 2011

AUSTIN, TX



**THE CURRENT**  
188 UNITS  
BUILT 2021

NEW BRAUNFELS, TX



**THE STANTON**  
140 UNITS  
BUILT 2019

LOCKHART, TX



**EXETER PLACE**  
248 UNITS  
BUILT 2020

SAN ANTONIO, TX



**CASA TIERRA**  
122 UNITS  
BUILT 1974

ALBUQUERQUE, NM

\*Including projects through affiliated entities.

# TRACK RECORD

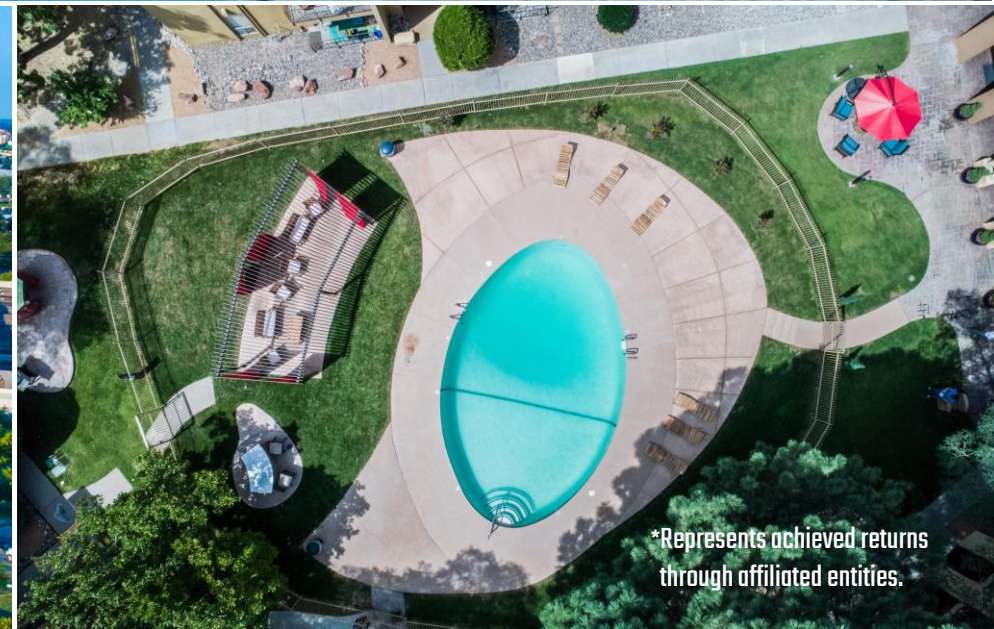
AVERAGE  
INVESTOR RETURN

2.6X

MULTIPLE

4 YRS 3 MOS

HOLD TERM



\*Represents achieved returns through affiliated entities.

# Preferred Equity Opportunity

LEGACY @ DENTON CROSSING



CLASS A, MULTIFAMILY, AFFORDABLE, PROPERTY TAX-REDUCTION



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## DISCLAIMER:

This Confidential Offering Memorandum ("Memorandum") is being given to you for the sole purpose of evaluating the possible investment in Legacy @ Denton Crossing ("Project") and is not to be used for any other purpose or made available to any other party without the prior written consent of Club Capital.

This Memorandum was prepared by Club Capital and contains select information about the Project and the real estate market but does not contain all the information necessary to evaluate the Project. The financial projections contained herein (or in any other Confidential Information) are for general reference only. They are based on assumptions relating to the overall economy and local competition, among other factors. Accordingly, actual results may vary materially from such projections. Various documents have been summarized herein to facilitate your review. These summaries are not intended to be a comprehensive statement of the terms or a legal analysis of such documents. While the information contained in this Memorandum and any other Confidential Information is believed to be reliable, Club Capital does not guarantee its accuracy or completeness. Because of the foregoing and since the investment in the Project is being offered on an "As Is, Where Is" basis, a prospective investor or other party authorized by the prospective investor to use such material solely to facilitate the prospective investor's investigation, must make its independent investigations, projections, and conclusions regarding the investment in the Project without reliance on this Memorandum or any other Confidential Information.

The enclosed proforma information regarding the Project is based on assumptions concerning future events over which the Partnership may have only partial or no control. The selection of assumptions underlying the proforma information is based on Club Capital's judgment and is subject to considerable uncertainty due to general economic and financial changes that may result from future events. To the extent that assumed events or trends do not occur, actual results may differ materially from those set forth in the proforma projections. There can be no assurance that the projections will be realized, and actual results may be higher or lower than the projections. Consequently, the inclusion of projections herein should not be regarded as a representation by Club Capital or the Partnership or any other person that the projected results will be achieved. Club Capital does not intend to update or otherwise revise these projections to reflect circumstances existing after the date hereof or to reflect the occurrence of future events, even in the event the assumptions or estimates underlying the projections are shown to be in error. Prospective investors should not rely on, and will be deemed not to have relied on, the projections in making an investment decision.