

Plantation Apartments

240-Unit Apartment Community

Available for 1031 Exchange or Direct Investment



2255 Switzer Road, Gulfport, MS 39507

Hamilton Point Investments is offering accredited investors Delaware Statutory Trust (“DST”) interests in Plantation Apartments (“Plantation” or the “Property”). The 240-unit Property is located in Gulfport, MS.

Investment Summary

- Class A- apartment community built in 1995 to high-quality construction standards
- Total capitalization of \$87,917 per unit (\$82.35 per square foot), which is well below replacement cost
- Investment offering 6% initial yield and 6.6% average yield over ten-year hold period
- 30-year amortization with three-year interest only period reduces debt by \$1,664,198 during hold period
- \$405,000 upfront escrow plus \$68,160 per year ongoing capital reserve escrow
- Sponsor has managed Plantation for nearly four years; Sponsor also manages Oxford Point, direct comparable property in the market

This material does not constitute an offer and is authorized for use only when accompanied or preceded by a definitive confidential private placement memorandum and any applicable supplements (collectively the “PPM”). Reference is made to the PPM for a statement of risks and terms of the offering. The information set forth herein is qualified in its entirety by the PPM. All potential investors must read the PPM and no person may invest without acknowledging receipt and complete review of the PPM.

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The Market

- Gulfport-Biloxi MSA is comprised of three counties and has a population of nearly 250,000 residents (Source: *U.S. Census*, June 2016)
- Population growth of 8.4% in 1-mile radius from 2010-15 (Source: *Nielsen Company* June 2016 Report)
- Population growth of 5.1% projected in 1-mile radius from 2016-20 (Source: *Nielsen Company* June 2016 Report)
- Household growth of 8.9% in 1-miles radius from 2010-15 (Source: *Nielsen Company* June 2016 Report)
- Household growth of 5.6% projected in 1-miles radius from 2016-20 (Source: *Nielsen Company* June 2016 Report)
- Employment growth rate of 2.7% for 1Q16 over 1Q15 (Source: 1Q16 *MHA Market Insight*)
- Competitive set of seven properties has 95.8% occupancy rate (Source: *Co-Star Market Analytics* 6/2/16)
- Overall market occupancy rate of 95.5% (Source: 1Q16 *MHA Market Insight*)
- Competitive set of seven properties averages 1987 year of construction vs. Plantation 1995 year of construction (Source: *Co-Star Market Analytics* 6/2/16)
- Competitive set of seven properties averages 907 square foot unit size, compared to 1,068 square feet for the average unit size at Plantation (Source: *Co-Star Market Analytics* 6/2/16)
- Sponsor believes current market rental rates are too low to justify new construction. Average asking rents at Plantation are approximately \$766 per month. Sponsor believes rent of \$1,100 per month is necessary to justify new construction
- Only 200 new multifamily apartment units have been developed since 2010 in the market, and none are currently under construction (Source: *Co-Star Analytics*, 6.2.16)

The Property

- 240-unit garden-style apartment community situated on 12.5 acres
- Built in 1995 to class-A construction standards with large unit sizes, averaging 1,068 square feet
- Interiors with washer-dryers, nine-foot ceilings, crown molding, hard-wired alarms, walk-in closets, six-panels doors and private patios or porches. Fireplaces, wood flooring and vaulted ceilings in select units
- Amenities include a swimming pool with spa, clubhouse with grilling area, fitness center, business center, pet walk area, children's playground and volleyball court
- Occupancy rate (June 7, 2016) of 94.3%. Average occupancy rate of 93.2% for trailing-12 months ending May 31, 2016



1 Bed / 1 Bath



2 Bed / 1 Bath



2 Bed / 2 Bath



2 Bed / 2 Bath



3 Bed / 2 Bath



The Submarket

The Port of Gulfport will complete a \$570 million expansion project in 2017. This is timed to coincide with the soon-to-be-completed Panama Canal expansion and accommodate the increased volume and size of ships the canal project will allow for. The port project includes a recently completed 84-acre addition, increasing the Port of Gulfport to 300 acres and including construction of wharfs, terminals, container storage, cranes, and intermodal container transfer facilities. (Source: *2015 Status Report on the Port of Gulfport Restoration Project*, Mississippi Development Authority)

Mississippi Gulf Coast Community College is located directly across the street from the Property. Nearly 6,000 students attend school at this campus. Three miles away is the college's Technology Center, which has an enrollment of nearly 1,000. It is the only community college in Mississippi, Alabama, and Louisiana to be named in the "Top 100 Associate's Degree" list by *Community College Week* in 2015. It is the 12th time MGCCC has been on the list since 2002. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16* & MGCCC.edu)

Local School District is a Level-5 school district providing residents with access to Anniston Avenue Elementary, a highly ranked K-5 school one mile from Plantation. Bayou View Middle School, located three miles from the property, is a National Blue Ribbon School. Only 5% of American schools (public or private) receive this honor. Plantation residents' children are able to attend these schools. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16* & Gulfportschools.org)

Edgewater Mall is largest enclosed shopping mall on the Gulf Coast and is located one mile from the Property. The regional mall encompasses more than a million square foot of retail space with more than 90 tenants including Dillard's, JC Penny, Belk, and Sears. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16* & Edgewater.com)

Keesler Air Force Base is home to the 2nd Air Force, 403rd Wing and the 81st Training Wing of the Air Education and Training Command. More than 28,000 airmen are trained at the base each year by a staff of 14,600 military and civilian employees. The base has a \$1.1 billion economic impact on the Gulfport/Biloxi area and generates 3,700 local jobs. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16* & keesler.af.mil)



The Naval Construction Battalion Center is home to the Atlantic Fleet Seabees, the Navy's construction force. The 1,100-acre site is one of only two battalion centers in the U.S. The Battalion employs 900 and has an economic impact of \$500 million. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16*)

Gulf Coast Casinos host over 12 million visitors annually. Plantation is located a 10-minute drive from twelve casinos, which employ over 12,000 people. The casinos include 6,000 hotel rooms, 40 restaurants, 14,000 slot machines and 480 gaming tables. Golf courses, convention centers, spas, shops, and concert venues are also located on-site. The Jimmy Buffett-inspired Margaritaville Casino opened in 2015 and Foxwood Resort Casino recently announced plans to build the 781,000 square foot Foxwoods Biloxi, which is scheduled to open in 2019. (Source: *CBRE Gulfport-Biloxi Market Report 1Q16* & *The Day*, 6/7/2016)

Gulfport-Biloxi International Airport is located three miles from the Property. It provides direct commercial flights to Dallas, Charlotte, Houston and Atlanta, with about 644,000 travelers per year flying into or out of the airport. (Source: *Gulfport-Biloxi International Airport Statistics*, April 2016)

Top Ships, Inc. announced it will begin construction in 2017 on a new \$68 million shipbuilding facility in Gulfport that will employ over 1,000 people. (Source: *Area Development, Halcyon Business Publications*, 2/8/16)

MGM Park is a new \$36M baseball stadium which seats over 6,000 people. It opened in June 2015 as home of the Double A affiliate of the Milwaukee Brewers. (Source: *Stadium Journey*, 2016)

Unit Count	# Units	Market Rent/Month	Market Monthly Rent	Market Annual Rent	Avg S.F.	Total S.F.	Rent/S.F.
1 Bed / 1 Bath	48	\$695	\$33,360	\$400,320	853	40,944	\$0.81
2 Bed / 1 Bath	36	\$745	\$26,820	\$321,840	955	34,380	\$0.78
2 Bed / 2 Bath	84	\$770	\$64,680	\$776,160	1,116	93,744	\$0.69
2 Bed / 2 Bath	36	\$770	\$27,720	\$332,640	1,130	40,680	\$0.68
3 Bed / 2 Bath	36	\$865	\$31,140	\$373,680	1,291	46,476	\$0.67
Total	240	\$766	\$183,720	\$2,204,640	1,068	256,224	\$0.72



Corporate Overview

Hamilton Point Investments LLC

Hamilton Point Investments LLC (“HPI”) is a real estate investment firm founded in 2009 by Matthew A. Sharp and J. David Kelsey (“Principals”), after the two merged their former companies, which were formed in 2005 and 2007, respectively. The firm is based in Old Lyme, CT with its asset management office based in Atlanta, GA. HPI, through affiliated entities and managed funds, has acquired nearly 7,000 apartment units since 2009 and currently owns and operates 24 properties totaling nearly 5,000 apartment units. HPI and its subsidiary property management company employ over 125 people. The Company has a highly experienced team of seasoned professionals specialized in asset management, property management, accounting, reporting, acquisitions and financing.

Hamilton Point Property Management LLC

Hamilton Point Property Management LLC (“HPPM”) manages multi-family apartment properties owned by Hamilton Point Investments LLC affiliates. HPPM was founded by David Kelsey and Matt Sharp to manage the day-to-day activities at properties they run through various partnerships and investment funds managed by Hamilton Point Investments. HPPM is run by Melissa Sheldon who is responsible for cost-effective, efficient and institutional quality property-level staffing, leasing, maintenance, contracting, marketing and reporting with over 125 property managers, maintenance supervisors, leasing agents, and maintenance staff reporting to her. Melissa has been a senior-level property management executive for over 25 years with some of the largest and most well-respected multifamily property managers in the country. Ms. Sheldon reports directly to Mr. Sharp and Mr. Kelsey, who are closely involved with her in property management oversight.

Business Strategy

Hamilton Point Property Management, LLC (“HPPM”) will continue to management the property, as it has since October 2012. Self-management is a key tenet of HPI’s investment strategy and is a crucial element to maintaining institutional quality property oversight that includes revenue enhancement, cost control, tenant credit quality.

Net Income Enhancement*

- Maintain strong occupancies above 94%. Vacancy rate was 5.7% at Plantation as of June 7, 2016 and 4.2% at the competitive set of seven properties. A 6% constant vacancy rate was included in the cash flow projections. (Competitive Set Source: *Co-Star Market Analytics*, 6/2/16)
- Increase rental rates. Although we may be able to achieve higher rental rate increases in response to the low vacancy rate and lack of new construction, we have assumed a 3% annual growth rate for both revenues and expenses.
- Continue unit interior upgrade program to include laminate hardwood flooring in ground floor units, refinished kitchen and bathroom counters and cabinets and replacement of brass colored fixtures with brushed nickel to allow for rental rate premiums on those units. While we continue to complete these modest unit upgrades, no rental increase attributed to them has been assumed in the cash flow projections.
- Continue with strict expense controls made possible by Sponsor’s self-management of the property. While third party property managers may significantly upcharge for property level employee, operating and capital expenses, Hamilton Point Property Management does not upcharge any items, leading to significant expense savings.

* There can be no assurance that Net Income Enhancement will be achieved.



Securities offered through Orchard Securities, LLC member FINRA/SIPC

This material is neither an offer to sell nor a solicitation of an offer to buy a security, which can be made only by the Private Placement Memorandum (“PPM”), filed or registered with appropriate state and federal regulatory agencies, and sold by broker-dealers authorized to do so. This material must be preceded or accompanied by, and read in connection with, the PPM to fully understand the implications and risks of the offering of securities to which this material relates.

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Investment Plan ⁽¹⁾

- Acquire a 240-unit apartment community located in Gulfport, MS
- Maximize occupancy and revenue while maintaining cost control with institutional quality property management
- Distribute monthly cash flow to investors
- Sell in approximately 10 years, or when the market dictates

Acquisition Details

Acquisition Cost ⁽²⁾ :	\$21,100,000 (\$87,917 per unit; \$82.35 psf)
Occupancy (as of 6/7/16):	94.3%
Year Built:	1995

Loan Amount and Terms

First Mortgage:	\$12,400,000
Term:	10 years
Amortization:	30-year fixed rate, yrs. 1-3 interest only
Rate ⁽³⁾ :	10-year Treasury + 217 basis points (T-10 is 1.67 as of 6/9/16)
Leverage ⁽⁴⁾ :	58.8%
Debt Coverage Ratio:	2.04x (1.47x with amortization)

DST Master Lessee

Offering Size:	\$8,700,000
Minimum Investment:	\$200,000
Suitability:	Accredited Investors

Projected Returns

Projected Yield ⁽⁵⁾:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
6.00%	6.00%	6.00%	5.75%	6.00%	6.25%	6.50%	6.75%	7.00%	7.25%

Projected IRR ⁽⁵⁾: 9.61%



Note 1: There can be no assurances that Investment Plan will be successfully executed.

Note 2: Acquisition cost includes all expenses related to the DST. Also includes \$405,000 of upfront capital reserves.

Note 3: The loan will be fixed shortly before closing at the then 10-year Treasury plus 217 basis points. As of June 9, 2016 the Treasury rate was 1.67, which would result in a rate, fixed for the life of the mortgage of 3.84%. The Treasury rate will fluctuate until closing and may be higher at the closing date, resulting in a higher fixed interest rate for the loan. To account for this interest rate risk through the closing date, the cash flow projections assumed a 4.35% fixed rate. This would allow for a 51 basis point increase in the Treasury without resulting in an increase to the underwritten interest rate. Our hope and expectation is that the interest rate at closing is fixed at less than the amount to which we underwrote.

Note 4: Until the loan closes, this loan-to-value could fluctuate.

Note 5: There can be no assurance that these projected returns will be achieved.

Risks of the Investment

An investment in the Interests of the trust involves significant risk and is suitable only for Investors who have adequate financial means, who desire a relatively long-term investment, who will not need immediate liquidity from their investment and can afford to lose their entire investment. Investors must read and carefully consider the Private Placement Memorandum ("PPM") related to the offering of Interests in the Trust, including the discussion set forth in the section of such PPM entitled "Risk Factors." Such risks include, but are not limited to:

- The Interests may be sold only to accredited investors, which are investors who meet certain minimum annual income or net worth thresholds.
- The Interests are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933 and are not required to comply with specific disclosure requirements that apply to registration under such Act.
- The Interests are not registered with the Securities and Exchange Commission nor any state securities commissions; they have not passed upon the merits of or given their approval to the Interests, the terms of the Offerings, or the accuracy or completeness of any Offering materials.
- The Interests are subject to legal restrictions on transfer and resale and Investors should not assume they will be able to readily dispose of their Interests.
- Investors should be able to bear the loss of their entire investment.
- Investors may not realize a return on their investment for years, if at all.
- Investors have limited control over the Trust.
- The Trustees of the Trust have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments, including national, regional and local economic and market risk over which neither the Trust nor the Sponsor has any control.
- There is no public market for the Interests and none is expected to develop.
- The Trust is not providing any prospective Investor with any separate legal, accounting or business advice or representation.
- Various tax risks, including the risk that an acquisition of an Interest may not qualify as a Section 1031 Exchange.
- Fees and expenses may outweigh the benefits of tax deferral.

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