



# MANOR GROVE APARTMENTS

1 Manor Drive Groveland, MA

60-Unit apartment complex



## OVERVIEW

Arrowpoint Properties is currently under contract to purchase a 60-unit apartment complex (the “Property”) in Groveland, Massachusetts at price of \$10,300,000 (\$171,666/unit). The Property is being purchased in an “off-market” transaction, similar to a majority of Arrowpoint’s prior acquisitions. Arrowpoint intends to utilize the 1031 Exchange process and roll in the equity from a sale of another asset. The entity that is selling the “relinquished” property is “Arrowpoint Union-Grove LLC” and will also be the new owner of the Property. The sale of Arrowpoint’s current asset is scheduled to occur on June 23<sup>rd</sup>, 2021 and the closing of Manor Grove should occur shortly thereafter (currently targeting late July). Our immediate plan once we have acquired the Property, is to establish ourselves as new ownership/management. We will look to place any tenant-at-will residents (TAW) on a fixed-term (12 mos) lease under Arrowpoint and at current market rates. We will also begin capital improvement projects within the initial 30 days (highlighted within this document).

## ABOUT THE PROPERTY

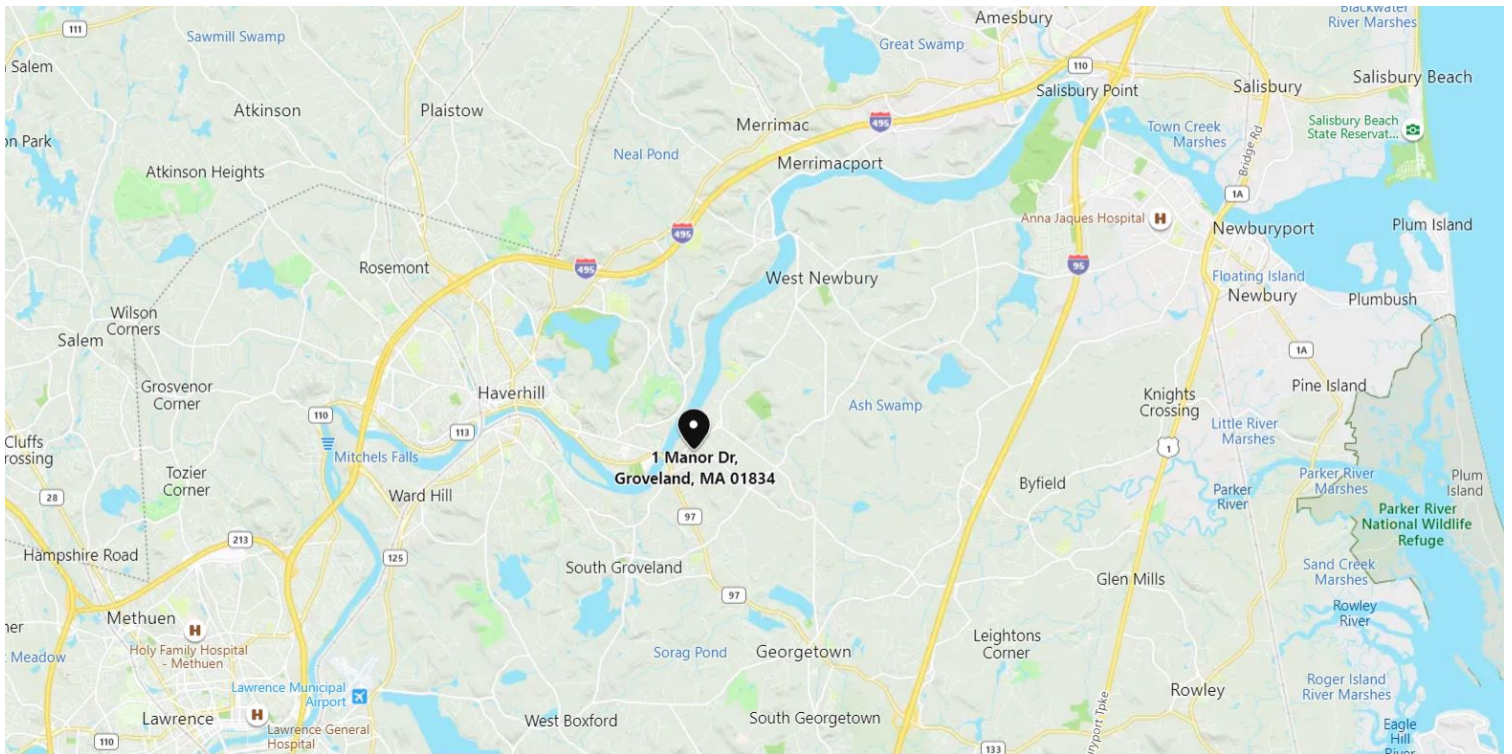
The Property contains 60 two-bedroom/1 bath units within 13 buildings and spread across approximately 14 acres. Manor Grove was built in the late 60’s and is still owned by the original family (Property was inherited by two sons). The Property overall is in average condition, with most of the roofs being replaced in the last 7-10 years and most of the windows and patio sliders being upgraded to vinyl replacement. Each building has a central, gas-fired boiler and hot water tank with most being considered average to good condition. There is also potential developable land, and according to the owners, the Property was originally approved for additional units, though they were never built (reason unknown). This is an area that Arrowpoint intends to explore and could be a significant bonus if approvals to build are granted. The Property also has some amenities which are not typical of a property this size. The residents have an inground pool (revamped in 2011) to enjoy in the summer months as well as a large, landscaped area to relax, walk their dogs, etc. Arrowpoint will have plans to improve upon these amenities as well.

## WHAT WE LIKE

- The Property fits our “value-add” model very nicely, with significant upside through improved management, increased rents, efficiencies and capital improvement projects
- Off-market transaction where the asset never had a chance to get bid up in price
- Well-located in a suburban area where more and more renters are flocking to
- Purchase price is significantly below replacement cost
- Unique property with amenities not typical for size. Sets it apart from the competition.
- Great unit mix consisting of 100% two-bedroom units which are always in high demand

## LOCATION

The Property is located in the town of Groveland, Massachusetts which borders Haverhill to the West, West Newbury to the North, Newbury and Georgetown to the East and Boxford to the South. Groveland is a small residential community which retains all the characteristics of a friendly rural town in the setting of a convenient suburb. Manor Grove is also the only apartment complex in the town of Groveland, a characteristic which sets it apart from other towns. The Property sits right off Main Street, giving residents easy access to neighboring Haverhill, where they will find a wealth of restaurants, pubs and area shopping. Groveland is also just a short drive to the coastlines of Newburyport and Salisbury which offer boating, beaches and renowned restaurants. Arrowpoint also appreciates the fact that the Property is less than 20 minutes from its corporate office as well as other assets in its portfolio. This allows for better management efficiencies when it comes to leasing, maintenance and general oversight.



PHOTOS





# CAPITAL IMPROVEMENT PLAN

Manor Drive Groveland, MA

60 Units  
40 to be renovated

## Construction Budget

Project	Budgeted	Per Unit	Detail
Unit Upgrades	\$460,000	\$11,500.00	Interior units will see a combination of new kitchen cabinets, updated counter tops, tile backsplashes, vinyl plank flooring, SS appliances, new lighting and plumbing fixtures
Exteriors	\$128,000	\$2,133	Install vinyl siding over shaker shingles to each building face Repair or replace front staircases where needed. Paint all exterior decks that are weathered
Common Areas	\$30,000	\$500	Update hallways with new carpet tiles, fresh paint
Electrical	\$50,000	\$833	Update electrical to circuit breakers each building (15)
Amenity Space	\$50,000	\$833	Possible addition of patio/grills
<b>*Subtotal</b>	<b>\$718,000</b>	<b>\$11,967</b>	
Contingency @ 12%	\$82,000	\$1,367	This amount is reserved for additional Capex that may arise and/or cost overruns
Construction Mgmt Fee	\$50,000	\$833	Paid to Manager for organizing and overseeing all construction projects from start to finish
<b>Total Budget</b>	<b>\$850,000</b>	<b>\$14,167</b>	

**\*These are preliminary estimates and subject to change as further due diligence is conducted.**

# FINANCIALS

PROFORMA							
REVENUE	%	Per Unit	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Potential Rent		\$18,300	\$1,098,000	\$1,119,960	\$1,142,359	\$1,165,206	\$1,188,511
Renovation Income		\$327	\$19,602	\$63,617	\$109,386	\$136,157	\$138,880
Loss to Lease		(\$1,729)	(\$103,712)	(\$17,754)	(\$18,776)	(\$19,520)	(\$19,911)
<b>Gross Potential Income</b>		<b>\$16,898</b>	<b>\$1,013,890</b>	<b>\$1,165,824</b>	<b>\$1,232,969</b>	<b>\$1,281,843</b>	<b>\$1,307,480</b>
Vacancy Loss	5%	(\$845)	(\$50,695)	(\$58,291)	(\$61,648)	(\$64,092)	(\$65,374)
Bad Debt	0.50%	(\$84)	(\$5,069)	(\$5,829)	(\$6,165)	(\$6,409)	(\$6,537)
<b>Net Rental Income</b>		<b>\$15,969</b>	<b>\$958,126</b>	<b>\$1,101,703</b>	<b>\$1,165,155</b>	<b>\$1,211,342</b>	<b>\$1,235,569</b>
<b>Other Income</b>							
Pet Rent		\$60	\$3,600	\$7,200	\$7,344	\$7,491	\$7,641
Lease Termination Fees		\$0		\$4,500	\$7,500	\$7,650	\$7,803
Late Fees		\$0		\$600	\$612	\$624	\$637
Laundry Income		\$225	\$13,500	\$13,770	\$14,045	\$14,326	\$14,613
<b>Total Other Income</b>		<b>\$285</b>	<b>\$17,100</b>	<b>\$26,070</b>	<b>\$29,501</b>	<b>\$30,091</b>	<b>\$30,693</b>
<b>Effective Gross Income</b>		<b>\$16,254</b>	<b>\$975,226</b>	<b>\$1,127,773</b>	<b>\$1,194,657</b>	<b>\$1,241,433</b>	<b>\$1,266,262</b>
<b>Total EGI per Unit</b>				<b>\$18,796</b>	<b>\$19,911</b>	<b>\$20,691</b>	<b>\$21,104</b>
<b>OPERATING EXPENSES</b>							
Property Insurance		\$667	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Property Management Fees	5.00%	\$813	\$48,761	\$56,389	\$59,733	\$62,072	\$63,313
Pool Maintenance		\$83	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Advertising/Marketing		\$125	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441
Utilities (Electric, Water/Sewer, Gas)		\$1,705	\$102,313	\$105,382	\$108,544	\$111,800	\$115,154
Landscape/Snow Removal		\$590	\$35,400	\$36,462	\$37,556	\$38,683	\$39,843
Trash Removal		\$200	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506
General Repairs/Maintenance	8%	\$1,625	\$97,523	\$112,777	\$95,573	\$99,315	\$101,301
Legal - Evictions		\$50	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377
Real Estate Taxes		\$1,200	\$72,000	\$74,160	\$76,385	\$78,676	\$81,037
<b>Total Operating Expenses</b>		<b>\$7,058</b>	<b>\$423,497</b>	<b>\$454,695</b>	<b>\$449,401</b>	<b>\$464,304</b>	<b>\$476,620</b>
<b>Total Expenses per Unit</b>				<b>\$7,578</b>	<b>\$7,490</b>	<b>\$7,738</b>	<b>\$7,944</b>
<b>NOI</b>		<b>\$9,195</b>	<b>\$551,730</b>	<b>\$673,078</b>	<b>\$745,256</b>	<b>\$777,129</b>	<b>\$789,642</b>
<b>NOI per Unit</b>				<b>\$11,218</b>	<b>\$12,421</b>	<b>\$12,952</b>	<b>\$13,161</b>
Replacement Reserves		\$300	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
<b>CORPORATE EXPENSES</b>							
Accounting & Finance		\$	\$6,500	\$2,500	\$2,575	\$2,652	\$2,732
Corporate Tax & Admin		\$	\$500	\$515	\$530	\$546	\$563
Corporate Legal		\$	\$5,000	\$0	\$0	\$0	\$0
Partnership Supervisory Fee	2.00%	\$	\$19,505	\$22,555	\$23,893	\$24,829	\$25,325
<b>Total Corporate Expenses</b>		<b>\$</b>	<b>\$31,505</b>	<b>\$25,570</b>	<b>\$26,999</b>	<b>\$28,027</b>	<b>\$28,620</b>
<b>Net Cash Flow Before Debt</b>			<b>\$502,225</b>	<b>\$629,508</b>	<b>\$700,257</b>	<b>\$731,101</b>	<b>\$743,022</b>

## PROJECTED RETURNS

The return schedule will remain the same for the entity Arrowpoint Union-Grove LLC, which is exchanging into the Property. Cash flows will be distributed 70% to the LP's (Class A Members) and 30% to Arrowpoint Holdings LLC (the Manager, Class B Member). Upon a sale of the Property and after initial contributions paid to LP's, sale profits will also be split 70% to Class A Members and 30% to Class B Members (the Manager). Note, the projected returns are based on a "new" LP investor and their capital contribution to Arrowpoint Union-Grove LLC, not existing LP members who will be rolling in their capital balances from the sale of the relinquished property. Below is a projected schedule of Distributable Cash Flow.

### Distribution of Cash Flow

#### Sharing of Cash Flow Distribution

- 70% Excess Cash to LP's (Class A Members)
- 30% Excess Cash to Manager (Class B Member)

Cash Equity (Class A Members)	\$ 2,450,000
Manager (Class B Member)	\$ 480,000
<b>Total Equity Investment</b>	<b>\$ 2,930,000</b>

For the Years Ending		Year 1	Year 2	Year 3	Year 4	Year 5	Totals
<b>Net Cash Flow</b>		<b>\$ 222,194</b>	<b>\$ 336,299</b>	<b>\$ 398,766</b>	<b>\$ 261,825</b>	<b>\$ 273,746</b>	<b>\$ 1,492,830</b>
<b>Distribution Level 1</b>							
Cash Equity		\$2,930,000	\$ 2,930,000	\$2,930,000	\$2,930,000	\$ 2,930,000	\$ 2,930,000
LP's (Class A Members)	70%	\$ 155,536	\$ 235,410	\$ 279,136	\$ 183,277	\$ 191,622	\$ 1,044,981
Manager (Class B Member)	30%	\$ 66,658	\$ 100,890	\$ 119,630	\$ 78,547	\$ 82,124	\$ 447,849
<b>TOTAL CASH DISTRIBUTED</b>		<b>\$ 222,194</b>	<b>\$ 336,299</b>	<b>\$ 398,766</b>	<b>\$ 261,825</b>	<b>\$ 273,746</b>	<b>\$ 1,492,830</b>

## Projected Returns - 5 Years

Summary of Projected Cash Flows and Returns to LP / Investor (Class A Member)						
	Member Share	5.4060%				SALE
	1	2	3	4	5	Total Return
LP Capital Account Balance	190,365	190,365	190,365	190,365	190,365	
LP Cashflow	12,012	18,180	21,557	14,154	14,799	80,702
COC Yield	6.31%	9.55%	11.32%	7.44%	7.77%	
Return of LP Capital	0	0	0	0	(190,365)	
Ending LP Capital Account Balance	190,365	190,365	190,365	190,365	0	
Net Sale Proceeds					192,622	
Total Return of Investment						463,689
Average Annual Yield prior to Sale						8.48%
IRR						21.69%
Equity Multiple						2.44x

Summary of Projected Cash Flows and Returns to Sponsor / Promote						
	Sponsor Share	30%				SALE
	1	2	3	4	5	Total Return
Sponsor Capital Account Balance	480,000	480,000	480,000	480,000	480,000	
Sponsor Cashflow	66,658	100,890	119,630	78,547	82,124	447,849
COC Yield	13.89%	21.02%	24.92%	16.36%	17.11%	
Return of Sponsor Capital	0	0	0	0	(480,000)	
Ending Sponsor Capital Account Balance	480,000	480,000	480,000	480,000	0	
Net Sale Proceeds					1,068,933	
Total Return on Investment						1,996,781
Average Annual Yield prior to Sale						18.66%
IRR						39.01%
Equity Multiple						4.16x

## EXIT STRATEGY

We anticipate a sale of the Property to occur end of year 5. Our exit cap rate we anticipating to be 5.25% based on condition and location. With a projected NOI of \$790,000 we project a sale price of approximately \$15,000,000.

### Exit Strategy / Capital Event

Exit Strategy	Year	# of units
<b>Sale / Disposition at End of Year</b>	<b>5</b>	<b>60</b>
Net Operating Income Yr 5 ending		\$789,642
Cap Rate		5.25%
Sales Price		\$15,040,803
Sales Price/Unit		\$250,680
Sales Cost	2.0%	(\$300,816)
Outstanding Loan Balances		\$ (8,246,878)
Total Equity		\$6,493,109
Return of Capital - Class A & B Equity		(\$2,930,000)
Net Proceeds/Profit from Sale		\$3,563,109
Net Proceeds/Profit to LP's (Class A Members)	70.00%	\$2,494,176
Net Proceeds/Profit to Manager (Class B Member)	30.00%	\$1,068,933
<b>Total Net Proceeds/Profit from Sale</b>	<b>100.00%</b>	<b>\$3,563,109</b>

## DEBT & FINANCING

We have received a loan commitment (pending appraisal) from Northeast Community Bank who we have several existing loans with. The loan will be a 5 year term at an interest rate of 3.625% with first 3 years being interest only (I/O) then amortizing over a 30 year schedule. The initial loan amount will be \$7,725,000 (75% LTV) with an anticipated draw for construction proceeds of \$850,000 over the initial 3 years. Total loan amount will be sized up to \$8,575,000 before principal reduction kicks in in year 4.

## OFFERING TERMS SUMMARY

Closing Date	on or before July 30 <sup>th</sup> , 2021
Total Equity Requirement	\$2,930,000
Contract Price	\$10,300,000 (\$171,666/unit)
Subscriptions Due By	July 12 <sup>th</sup> , 2021
Funding Due By	Within 48 hours of receipt of Subscription Agreement
Investment Vehicle	Partnership (existing entity)
Property Mgmt Fee	5% of Effective Gross Income
Minimum Investment	\$100,000
Ownership Share	70% of LP interests
Eligible Investors	Accredited Investors Only
IRA/401K/1031 Eligible	Yes

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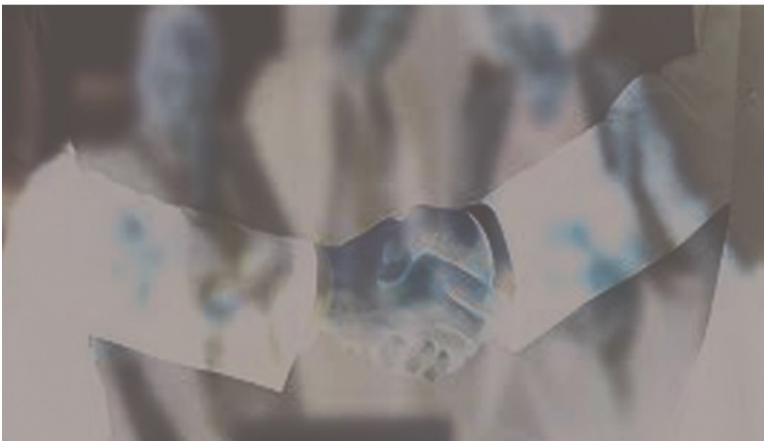
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Thank you