

BEACON NEWS

Quarterly Newsletter — September 18, 2018

Goals:

- Acquire 50 to 200 unit property
- Class C+ or B Yield / Hybrid Play
- 4-5 Properties in 5 years
- Create wealth for investors and ourselves
- Make our communities a better place to live

The Search Continues

We started the identification process early this year and it has been challenging to find the right property *at the right price*. Currently we have screened approximately 50 deals and submitted five LOI's. This may seem like a lot but it is all part of the journey; we must stay patient to find a quality property in a good location that generates solid returns. It is a sellers market with high property premiums that are effectively eliminating much of our potential upside and Harris county is

hitting hard on property tax assessments which is compounding that issue. As an example we evaluated a 177 unit property with an asking price of \$15.73 MM and an assessed value at \$6.7 MM. That difference is an additional \$1300 in expenses per unit per year making the gap too far to close with the seller. There are many bad deals on the market which we could get under contract quickly but we aren't interested in those, so we will stay focused not compromising on our goal of finding a quality investment opportunity.

All four major Texas metros' (Austin, Houston, Dallas-Fort Worth and San Antonio) sales prices beat their assessed values in 2017, and Houston has been highlighted as a top 'buy' market for apartment investors as a resurgent energy sector ushers in higher rents and lower vacancies. The commercial forecasts we have seen predict Houston and Dallas / Fort Worth are likely to prove considerably more resilient during a modeled downturn than other markets. So we are looking in the right places and will continue to follow the lifestyles process - results will come.

Team Beacon Hill Background

Inspired by Del Walmsley and Curtis Haines podcast, we are seeking to create a family office to optimize the family's assets thru cashflow generating investments. This has opened our eyes to a truly different investment strategy that we are aggressively pursuing.

The team consist of two families Kasper & Juliana Bihlet and Josh and Linda Froelich.

- Kasper Bihlet is lead certified with a background as a marine transportation executive
- Juliana Bihlet is a PIG member and business owner of a civil engineering firm.
- Josh Froelich is a PIG member and oil & gas executive with a engineering background
- Linda Froelich is a PIG member with a background as an mechanical engineer



Skagen, Denmark - Sunset at the Vippefyr (A "Tipping Lantern" lighthouse designed and used in the 1600's)