LGX
CAPITAL

Is an investment management group focused on real estate in the USA. We purchase apartment buildings with value-add components and aim to offer our investors above-market returns by implementing proven strategies.

The Company was born from the alliance of the managing partners of three previously succesful real estate focused companies: Axiom Equity Management, Telus Capital and Veritas Praedium.

In this alliance, the experience and capabilities of the three partners come together to achieve the best opportunities in the market, reaching more select investments, with better returns on larger projects.

Every project carried out by LGX has a coinvest of above 10% from the partners, proving our commitment to the opportunities we offer.

The LGX team by the numbers

Over **4,200+**

apartment units purchased

Over **80+** years

of joint experience in real estate

25+

properties acquired

Over **$600M** USD

in AUM over 15 years

LGX Team

Seasoned Team with vast experience in Real Estate Investment

Scott Van Nostrand

Managing Principal, Member of the Investment Committee

- 30+ years of experience in managing real estate investments sales and marketing experience
- Managed and advised over 600M USD in assets of high-net-worth individuals, family offices and C- suites
- Managed more than 100M USD investors' equity in the last 15+ years

Alonso Camus

Managing Principal, Member of the Investment Committee

- 15+ years of direct success in developing more than 20M USD in vertical real estate
- Managing 30M USD worth of commercial real estate
- Experienced investor in commercial, residential (single and multifamily) real estate, in Mexico and USA
- Broad experience in direct and indirect investment in multifamily projects

William Acuña

Founding Partner - Member of the Investment Committee

- 20+ years of experience in business development and managing multi-million dollar projects across real estate and O&G industries
- Overseen the acquisition and management of 200M+ USD of multiifamily assets in TX and FL.
- Extensive experience in managing large operations
- Specialized in managing and execution of value-add multifamily projects

Fletch W. Froude

Managing Principal, Member of the Investment Committee

- 25+ years of experience in business development, stakeholder management, due diligence, investor relations and M&A evaluation in the O&G and construction industries
- Broad experience in underwriting and execution of value-add multifamily projects
- Managed over 22M USD in multifamily properties

Claudia Camus

Head of Investor Relations Mexico City

- Degree in international business
- 10+ years of extensive experience in real estate sales, development and fundraising
- Strong ability in negotiation and public relations
- Broad experience investing in real estate in the US and Mexico

Santiago Pams

Head of Finance, Member of the Investment Committee

- 6+ years of experience in real estate
- Successfully led the effort to originate and manage a multifamily fund which currently has 500M USD in assets under management
- Broad experience in underwriting and project analysis.
- Direct experience in development of residential projects with over 10M USD in sales.

LGX Team

Seasoned Team with vast experience in Real Estate Investment

Gunel Mammadzada

Director of Compliance, Member of the Investment Committee

- 15+ years of experience in project management and execution
- Proven track record in efficiently delivering value-add rehabilitation and managing capital expenditure
- Overseen the management of 200M+ USD portfolio of multifamily properties

Denise Nicanor

Head of Operations, Member of the Investment Committee

- **20+** years of managing multifamily assets
- Proven track record in portfolio management and consistently exceeding the budgeted income and lowering the operational expenditure

Eva Kluber

Regional Operations Manager -

- 20+ years of experience in business development, property operations, new constructions and lease-up.
- Overseen the acquisition and management of 200M+ USD of multiifamily assets in TX and FL.

Chad Hurta

VP of Business Development

- 18+ years of experience in project management, business development, and partner relations through operations in oil & gas industries.
- Proven track record in project management and execution excellence
- 5+ year experience with investment of multifamily projects
- Broad experience in underwriting and analysis of real estate opportunities.

Adam Helfand

Executive Administrator

- 5+ year of experience in managing Human Resources and Payroll
- Experienced in setting up new multifamily property accounts
- In charge of onboarding new properties & handling the disposition process of properties

What we do

1. We acquire cashflowing properties with value-add components such as:
   - Poor management
   - Differed maintenance
   - Potential fees that are not charged
   - Below market rents
   - Excessive operating expenses
   - Limited amenities

   Our track record allows us to secure the best loans available to purchase properties and maximize returns, whilst maintaining a conservative approach.

2. We increase the property NOI by improving on value-add components and pushing rents.

   We work hand in hand with property managers to implement the business plan.

   We distribute available cashflow to investors.

3. We sell to capitalize on the increased property Value.

   We continuously monitor market conditions to sell the property at its highest value.

What sets us apart

We work on a project-to-project basis, allowing our investors to choose which projects they want to invest in. We offer specific solutions for specific investors. We welcome Investors from all around the world and help them out throughout the whole process.

Working project to project allows us to have a nimble structure which in turn gives us more flexibility when it comes to choosing the projects we want to execute.

Market selection criteria

- Landlord friendly markets (e.g., Texas, Midwest & Florida)
- Strong demographics
- Potential for rent increase
- Submarkets with strong fundamentals such as growing population and job market

Risk Mitigation in our investment and management process

1990's and Newer

We only purchase properties built after 1990, newer construction is typically easier and more effective to renovate or turn over. Less risk of environmental issues with lead, asbestos and older building methods that increase risk.

Fixed Debt

EVERYTHING we buy, we buy with a fixed rate for a fairly long period of time. This gives us flexibilty to hold or sell the property with no added pressure due to maturity dates, adjusting interest rates or expensive rate caps.

Pricing

We simply will not pay a crazy number. We look at close to 100 deals before we buy one. We bid on several deals but we do so at a price that makes sense to us. We will not do deals just to do deals. Numbers HAVE TO WORK.

Location

We buy in highly desirable areas where we attract good, paying tenants in locations where we know we can sell the property easily.

Exit Assumptions

We buy at cap rates that make sense and exit at what we feel is an above market rate. We make sure our projected exit price per unit makes sense and isn't only cap driven.

Underwriting Assumptions

Proforma Rents below market rent comps. We increase expenses annually. Over budget renovations. Assume increase in vacancy. No more than 4% annual rent growth unless driven by upgrades. Use common sense.

Leverage

We don't go over 70% LTV unless we purchase well below market value.

Management

We have weekly calls with our property manager and keep track of every single line item in our trailing profit & loss statement.

Site Visits

In addition to weekly calls we have members of our asset management team visit the properties on a weekly basis

Accounting & Tracking

We work with the best Bookkeepers and CPAs avaliable. We constantly look at the financials for our properties. We track trends as they are taking place and adjust accordingly.

Reserves

We put money aside as reserves. We do so during the fundraising process and add to it monthly. If every tenant in a property were to stop paying rent for 2 months we have enough reserves to cover all expenses and debt.

Asset Class

We know multifamily, so we stick to it. We dont try our hand at other commercial real estate classes.

Tax Reassessment

We dont just assume taxes are going up 2% or 3% annually. We contact the county tax assesor's office and find out EXACTLY what we will have to pay and when the reassesment will take place.

Investment Process | LGX

Underwriting
- Financials are received from the seller or broker and a thorough analysis of project viability is carried out
- Expenses and income are analyzed and compared with benchmarks
- Duration: 2-3 weeks

Due Diligence
- A site visit is carried out
- Units are inspected
- Loan viability is validated with brokers
- Offer price is defined
- Duration: 1-2 Weeks

Letter of Intent
- A letter of intent is submitted based on all the information previously found
- This letter is often submitted in a first round where the seller reviews several offers
- Fundraising process begins
- Duration: 1-2 Weeks

Best and Final
- The most attractive offers submitted go through to a best and final round
- All potential buyers submit their final offers

Purchase Sale Agreement
- A purchase sale agreement is signed with the seller
- All specifics such as price, earnest money and closing period are defined.
- Duration: 90-120 days

Closing
- Capital calls are made two weeks prior to the date of closing
- The property is purchased

LGX Success Cases

Solano & Mayridge/Westbrook

Metric	Solano, Clear Lake, TX (262 Units)	Mayridge/Westbrook, Cincinnati, OH (189 Units)
Purchase Price & Acquisition Date	$7.7M | January 2008	$7.5M |January 2018
Total Initial Equity Raised	$2.435M	$3.2M
Total Distribution prior to Sale	$7.1M	$627,500
Sale Price & Date	$25.4M | July 2021	$13.5M | October 2021
1031 Account & Bank Account	$11.7M	-
Total Distribution	$19.4M	$7.87M
Equity Multiple & IRR	**7.7x I 25%**	**2.65x I 30%**

LGX Success Case

Tiffany Bay

Tiffany Bay (46 Units)
16505 Tiffany Court Houston, TX 77058

This project is a clear case of success, a conservative underwriting as well as good timing and execution lead to an IRR of above 40% and equity multiple of above 1.6x in only one year. Tiffany Bay's investment period was projected to be 4 years yet the goals were achieved in only 1 year.

Metric	
Purchase Price & Acquisition Date Total	$5.2M | May 2021
Initial Equity Raised	$1.87M
Total Distribution prior to Sale	$70k
Estimated Sale Price & Date	$6.8-$7.2M | Feb 2023
1031 Account & Bank Account	-
Total Cash out	-
Equity Multiple & IRR	**1.65x I 40%**

Investment Opportunity | General Overview

LGX Capital targets properties with the following characteristics:

Property Location: Texas Triangle, Florida, Midwest (Ohio & Kentucky)

Asset Type: Multifamily Class A,B & C

Business model: Value Add

Purchase Price: US$10MM to $40MM

Equity Raise: $5MM - $15MM

Target Gross IRR: 16%+

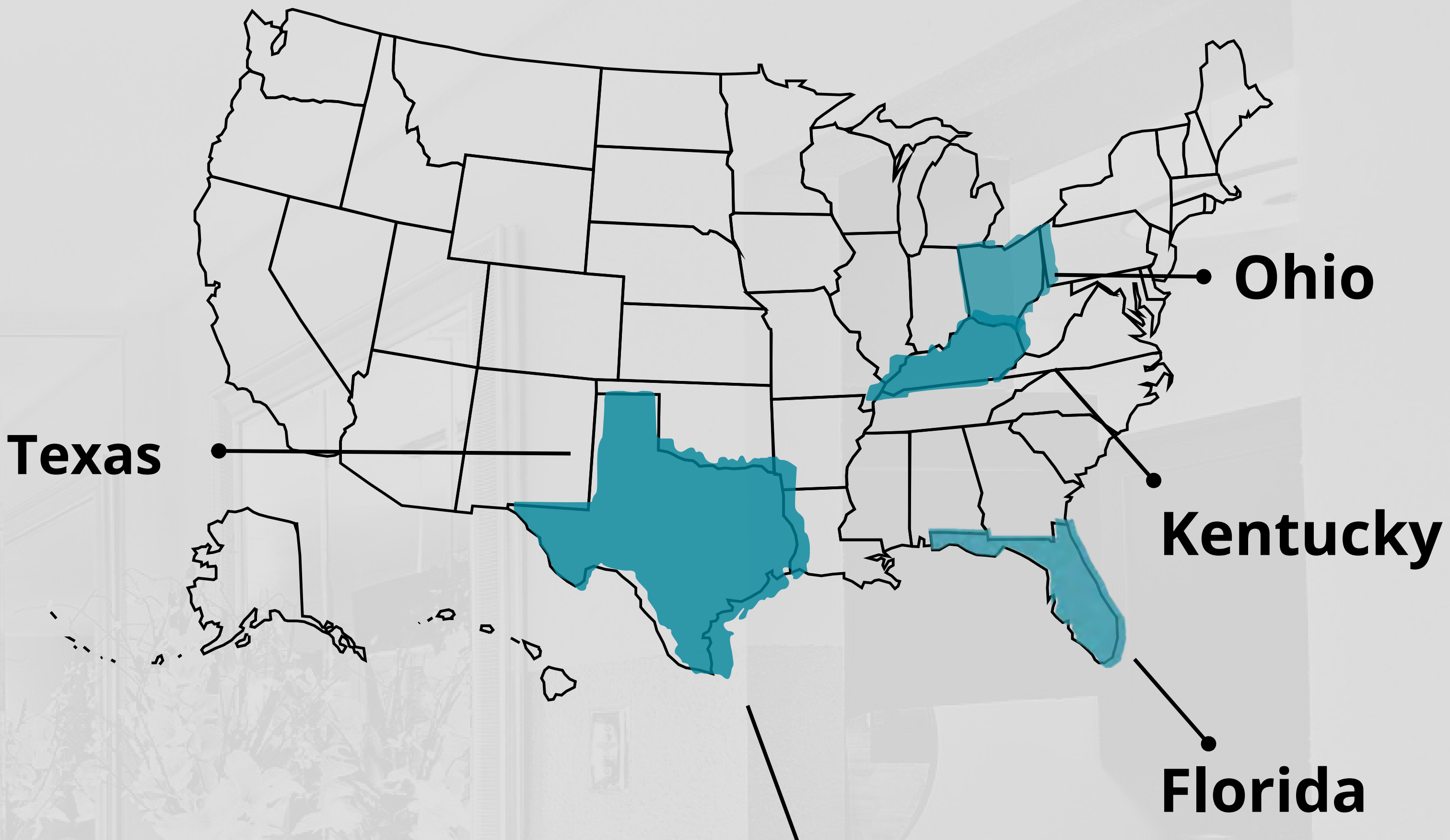
Target Equity Multiple: 1.8X+

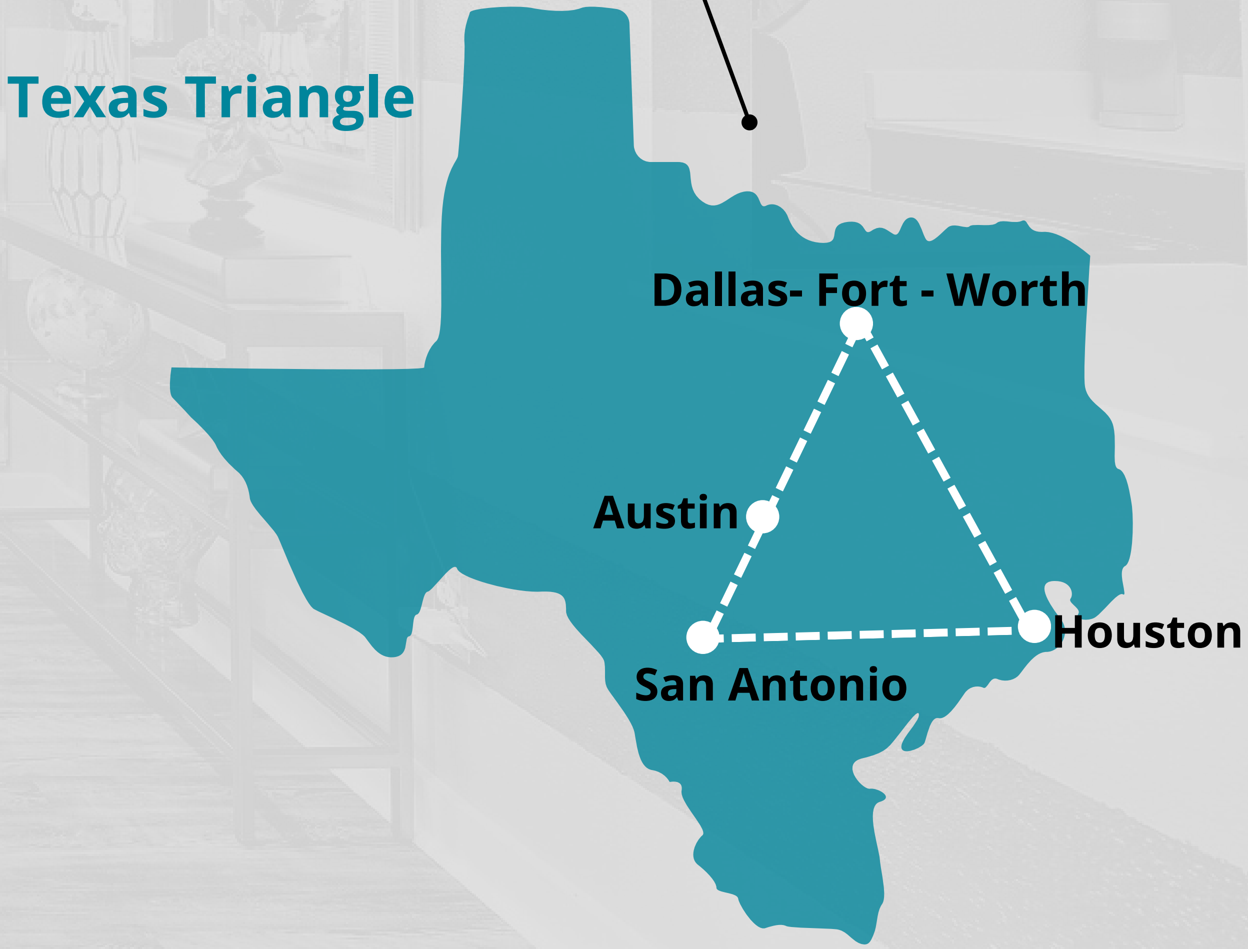
Target Cash on Cash: 5.0% +

Hold Period: 4 to 7 years

Number of Units (Per property): 80-400

Investment Vehicle: A single entity vehicle will be created for the purchase of each property





Fees:

Asset Management Fee: 1% on Equity to be discounted quarterly via property income

Acquisition Fee: 2% on the purchase price

Preferred Return: 8%

Promote: 80/20 above Preferred Return

Promote: 65/35 Above 20% IRR

Glossary of Terms

Cap Rate: A cap rate represents the yield of a property over a one-year time horizon. Cap Rate= NOI/ Property Purchase Price

NOI: Net Operating Income. (Income-Expenses)

IRR (Internal Rate of Return): Discount rate that makes the net present value (NPV) of all cash flows equal to zero in a discounted cash flow analysis.

Equity Multiple: Total Cash Distributions / Invested Equity

Cash On Cash: The cash income earned on the cash invested in a deal. CoC= Cash flow before tax in a given period / Equity invested in that period. Often calculated yearly.

1031 Exchange: A 1031 exchange is a real estate investing tool that allows investors to swap out an investment property for another and defer capital gains or losses or capital gains tax that you otherwise would have to pay at the time of sale.

LTV (Loan to Value): Total Loan Amount/ Purchase Price. Used as a reference for the leverage level on a deal.

Tax Reassessment: The periodic review and revaluation of a property to determine its value for property tax purposes.

Disclaimer

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To learn more about investment opportunities, please email Santiago@lgxcapital.com.