

A 200 UNIT / 632 BED STUDENT ASSET NEXT TO SLIPPERY ROCK UNIVERSITY

# University Village

1 VINEYARD CIRCLE SLIPPERY ROCK, PA 16057



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UNIVERSITY VILLAGE

# Executive Summary



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EXECUTIVE SUMMARY

# 1 Vineyard Circle

SLIPPERY ROCK, PA 16057

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PROPERTY  
DETAILS

<b>200</b>	units
<b>632</b>	beds
<b>2007</b>	year built
<b>203,040±</b>	residential NRA (SF)
<b>42.75</b>	acres
<b>1,015</b>	average unit size (SF)
<b>\$2,130</b>	average rent / unit
<b>\$674</b>	average rent / bed
<b>94.6%</b>	occupancy (as of Sept '21)
<b>\$40,600,000</b>	purchase price
<b>\$203,040</b>	price per unit

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# Investment summary



## Pedestrian Asset with Historical Success

Pedestrian to campus on the east side of Slippery Rock University; 95 percent occupied for 2021/2022 AY; 10 year average occupancy of 96.1 percent; Located in the Pittsburgh Metropolitan Area



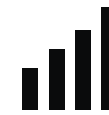
## Operational Upside Through Concession Burn Off

Given SRU has normalized operations with in-person classes, the PBSH market surrounding Slippery Rock is anticipated to see stronger demand, leading to the ability to increase rates



## Physical Value-Add Upside

Current ownership has renovated 44 beds of the 4x4 units leaving 588 beds left to be renovated; Currently garnering \$45/bed premiums on renovated units



## Enrollment Growth with No Properties in the Development Pipeline

Enrollment has grown by 4.5 percent over the past 7 years; No new developments since 2014



## Healthy Market Fundamentals

Historically stabilized market – currently 94.2 percent; Strong Year 2 upside with full leasing cycle post COVID-19



## Transitioning University Dynamics

SRU is considered a value school, providing students well-priced tuition for the education received; Recently completed \$4m projects on various buildings and corridors around campus



## Additional Phase 2 Opportunity

2 acres next to Phase I, includes all horizontal improvements



## Strong Division II Sports Program

Slippery Rock University is a member of the Pennsylvania State Athletic Conference (PSAC); Consistently ranks as one of the top football and baseball programs in the conference



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## UNIVERSITY VILLAGE

# Executive Summary

Kahuna Investments, along with its partners is pleased to present University Village Apartments in Slippery Rock, PA. This 200 unit, 632 bed, property is a B-class asset in an A-class area and has many strong attributes that make this opportunity desirable:

- » Serves the expanding Slippery Rock University with over 8,500 students and other smaller community colleges.
- » Currently 94.6% leased as of February 2022.
- » Several luxurious amenities and contemporary apartment features.
- » Strong cashflow starting on day 1 with a true value add opportunity.

Built in 2007, University Village is an incredible, well-kept property making it desirable for students and yet provides opportunities to increase income with our \$1.6 million capital improvement budget.

The planned updates will allow us to obtain a \$45 per bed premium in rents and include:

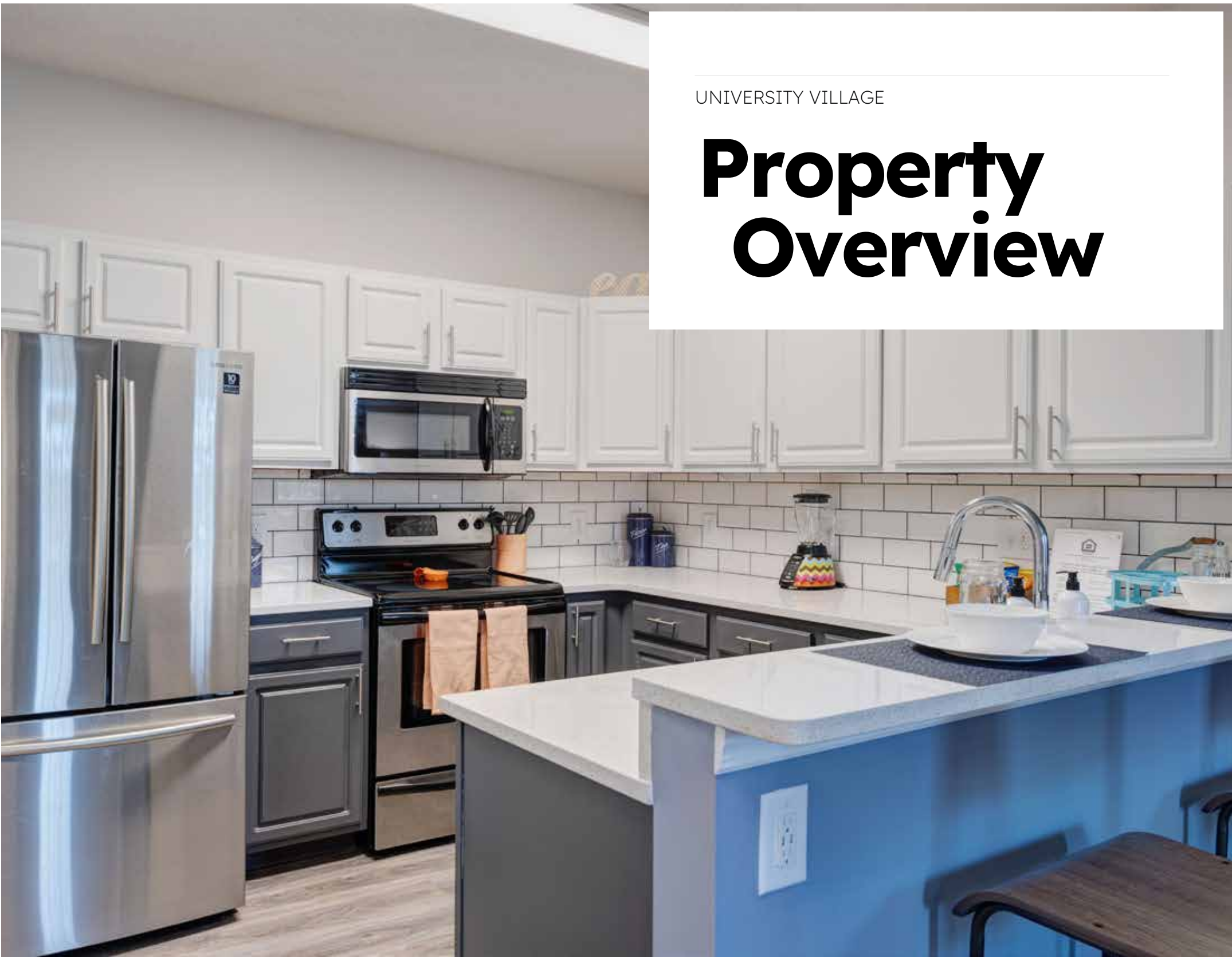
- » LVP Flooring
- » Solid surface countertops
- » Paint
- » Refreshed Cabinets
- » Stainless Steel appliances
- » Updated color scheme

Our CapEx plan, along with our sophisticated property management strategy will allow us to sustain positive NOI growth every year and meet the growing needs in the community for safe, spacious and disciplined student living.



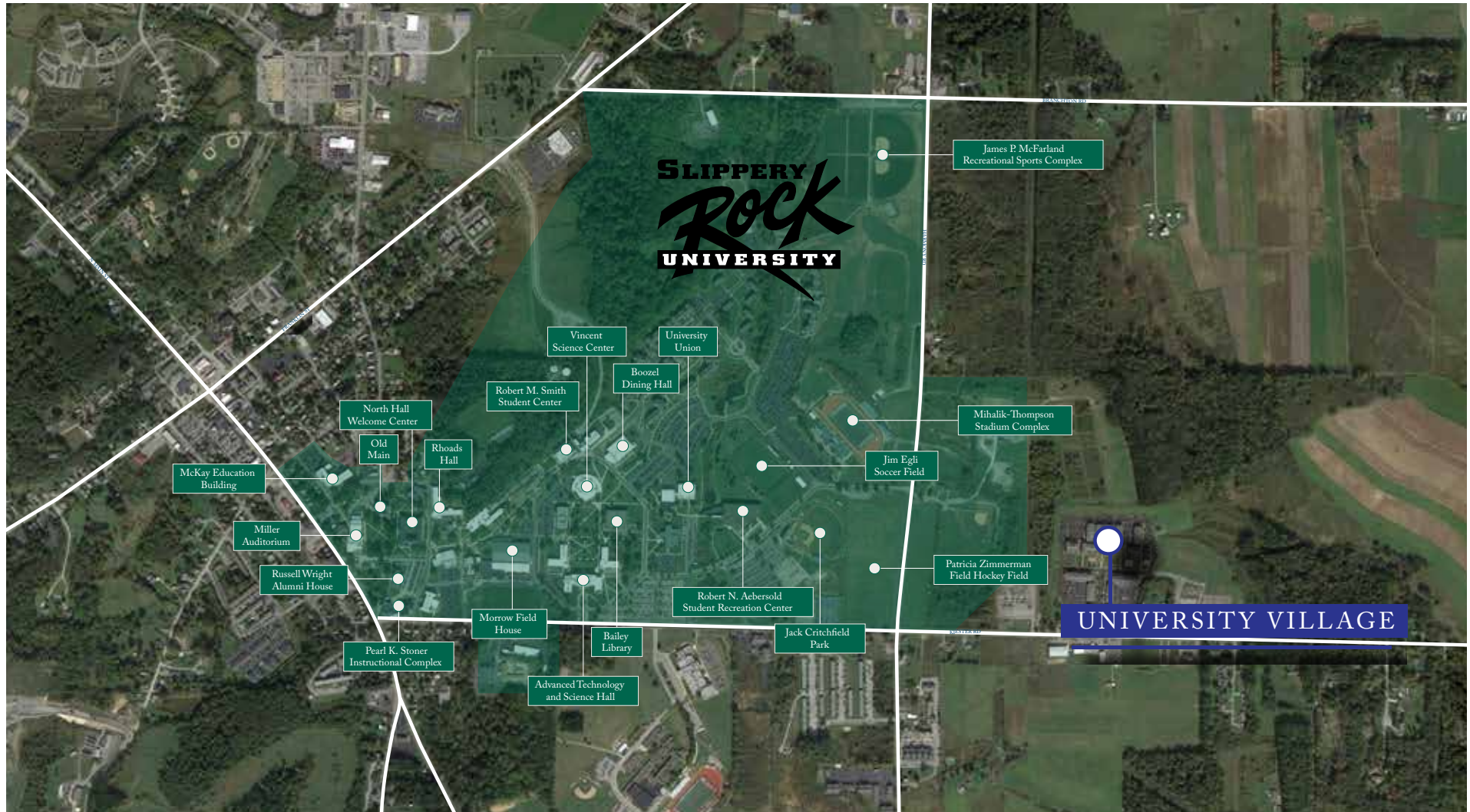
UNIVERSITY VILLAGE

# Property Overview





# Location Aerial



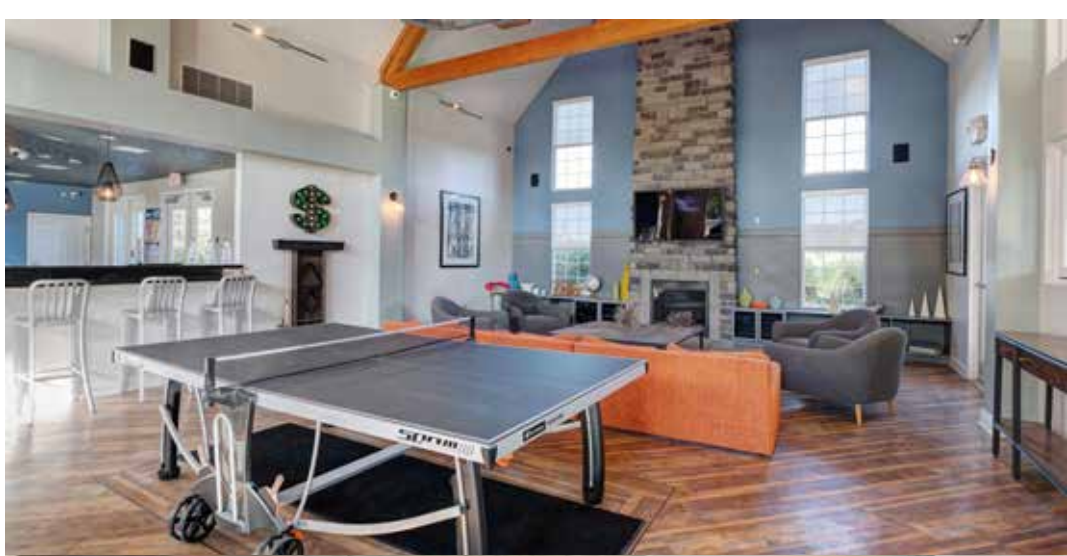
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## PROPERTY OVERVIEW

# Amenities

### Community Amenities

- Heated Resort-Style Pool
- Sand Volleyball Court
- Basketball Court
- Two Fire Pits
- Grilling Areas
- Open Courtyards
- Outdoor Kitchen
- Newly Renovated, 24-Hour Clubhouse
- NFL Sunday Ticket
- Self-Serve Coffee Bar
- Free Tanning (Stand-Up & Lay Down Available)
- Courtesy Patrol
- Resident Events & More



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## PROPERTY OVERVIEW

### Construction Details

Style	Garden
Foundation	Concrete Slab
Exterior	Brick, Hardi-Plank
Roof	Pitched, Composition Shingles
Flooring	Carpet, Vinyl Tile, Faux Floors
Paving	Paved with Curbs
Wiring	Copper
Cable	Single Digits (Owner & Resident Pays)
Internet	Single Digits (Owner & Resident Pays)

### Mechanical Systems

Electricity	Individually-Metered (Owner & Resident Pays)
HVAC	Individual Climate Controlled Units
Hot Water	Individual Heaters (Owner & Resident Pays)
Water/Sewer	Master-Metered (Owner Pays)

### Parking

Construction Type	Paved
Surface Spaces	763
Total # of Spaces	763 (includes 8% handicap)

### Personnel Overview

Manager	1 Full-Time
Assistant Manager	1 Full-Time
Leasing Manager	1 Full-Time
Leasing Consultant	5 Part-Time
Maintenance Supervisor	1 Full-Time
Maintenance Technician	1 Full-Time
Porter	1 Full-Time
Total	11 (6 Full-Time, 5 Part-Time)

### Fees

Application Fee	\$50 - \$100
Bedroom Deposit	\$500 (if approved with conditions)
VIP Parking Fee	\$30 renewals, \$35 new (2022 pre-lease); currently \$30 renewals & new
Green Fee	\$150
Tech Fee	\$5/month
Pet Fee	\$275
Pet Rent	\$30/month/pet
Max # of Pets	1/resident



## PROPERTY OVERVIEW

# CAPEX Summary

- Roofs
  - » All replaced within the last 5 years
- Parking Lot Re-Surface
  - » All new overlay 2020
- Fitness Equipment
  - » All replaced September 2021
- Clubhouse
  - » Refreshed summer of 2021
  - » Installed new nano doors and windows
- Sports Courts
  - » Refreshed in Fall of 2021
- Building Entry Doors
  - » All replaced in 2021
- Exterior Security Cameras
  - » Installed in 2021
- Interior Unit Dining Room Chandeliers and Kitchen Lighting
  - was all replaced in 2020
- Unit Common Area Floors Replaced in 2016 with LVT
- Premium Units introduced in 2020
- Wifi and Cable Upgrade
  - » Single Digits- 2018 (property wide wifi and cable install)



PROPERTY OVERVIEW

# Unit Mix

Summary

Unit Type	# of Units	# of Beds	Unit Size (SF)	Avg Rent Per Unit	Avg Rent Per Bed	Avg Rent Per SF	Monthly Rent Total	Annual Rent Total	Total SF
2x2	84	168	760	\$1,397	\$699	\$1.84	\$117,370	\$1,408,443	63,840
4x4	116	464	1,200	\$2,661	\$665	\$2.22	\$308,711	\$3,704,528	139,200
TOTAL/AVG	200	632	1,015	\$2,130	\$674	\$2.10	\$426,081	\$5,112,971	203,040



**760 SF**

**2x2**



**1,200 SF**

**4x4**

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UNIVERSITY VILLAGE

# Market Overview



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## MARKET OVERVIEW

# Slippery Rock University

A four-year, public, coeducational, comprehensive university in scenic Slippery Rock, PA

Slippery Rock University (SRU), founded in 1889, is a member of Pennsylvania's State System of Higher Education. The University is shaped by its normal school heritage and characterized by its commitment to intellectual development, leadership, and civic responsibility. SRU provides students with a comprehensive learning experience that intentionally combines academic instruction with enhanced educational and learning opportunities that will help them succeed in their lives, professional careers and be engaged citizens.

Slippery Rock University opened its doors on March 26, 1889, as Slippery Rock State Normal School with the primary purpose of training teachers. In 1926, the institution was purchased by the Commonwealth, renamed Slippery Rock State Teachers College, became a four-year teachers college, and continued the tradition of teacher training.

Slippery Rock State College was established in 1960 and for the first time, could award undergraduate and graduate degrees in the liberal arts and in the professions. Expanded curricular offerings and an increased number of degree programs created an appreciable rise in enrollment. It was granted university status in 1983.



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## MARKET OVERVIEW

Today, Slippery Rock University is a four-year, public, coeducational, comprehensive university offering a broad array of undergraduate and select graduate programs to more than 8,500 students. The University has earned institutional accreditation through the Middle State Commission on Higher Education and discipline-specific accreditations. SRU offers students more than 150 undergraduate majors and 40 graduate degrees and certificates. They participate in 17 NCAA Division II men's and women's teams, 12 intercollegiate sports.

Located in the rolling hills of western Pennsylvania, the 660-acre campus is less than an hour north of Pittsburgh, one hour south of Erie, and 45 minutes east of Youngstown, Ohio. Two major highways, I-79 and I-80, intersect within seven miles of the University, conveniently linking it to the entire Commonwealth and its contiguous regions. The campus is situated in the borough of Slippery Rock in Butler County, Pennsylvania, a safe and friendly community of approximately 3,500 people.

Slippery Rock University is ranked among the "Best Regional Universities - North" and "Top Public Schools - Regional Universities (North)" on The U.S. News & World Report's 2022 Best Colleges rankings. SRU earned a spot on the publication's Best Regional Universities list for a 13th straight year in 2022.

For a fifth straight year, Slippery Rock University was ranked in The Wall Street Journal/Times Higher Education College Rankings 2021. SRU was among 797 institutions ranked nationally by WSJ/THE, which started ranking colleges and universities in 2017 based on its four "pillars" of resources, engagement, outcomes, and environment.

Slippery Rock University has been recognized on the Princeton Review's "Best Northeastern" list of the top colleges and universities in the region. Each year, the Princeton Review publishes the top institutions by region and SRU was among the more than 650 schools listed on the website's "2022 Best Colleges: Region by Region" resource.





UNIVERSITY VILLAGE

# Financial Analysis



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## FINANCIAL ANALYSIS

### Proposed Loan Terms

Loan Amount	\$26,390,000
% Down	35%
Down Payment	\$14,210,000
Interest Rate (10 Yr)	4.2%
Term	10 Yrs Perm with 3 Yrs IO
Amortization Term	30 Yrs
Principle and Interest	3 Years IO/ 4.2% Perm
Annual Debt Service	IO \$1,108,380 Perm \$1,548,620



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## FINANCIAL ANALYSIS

### Capital Required From Investors

35% Down Payment	\$14,210,000
Capital Improvement	\$850,000***
Title Cost/Loan Fee/3rd Party Reports	\$694,900
Acquisition Fee	\$1,218,000*
Due Diligence	\$18,000
Bank Reserve/ Tax/ Ins.	\$200,000
New Deal Exploration	\$10,000 **
Cash In The Bank	\$299,100
Total Equity Invested	\$17,500,000

\* Paid to Sponsors

\*\* Reimbursed to Sponsors

\*\*\* Not including \$750,000 capital improvement paid through cashflow over 2 years



## FINANCIAL ANALYSIS

**Proforma P&L**

Rent Growth 5% Increase Year One  
 Rent Growth 8% Increase Year Two  
 Rent Growth 4% Increase Year Three+

\*\* Assumes a 3% 3rd Party Manager Fee with  
 2% Asset Management Fee to Kahuna Investments  
 \*Based upon management operations

Year	Trailing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>RENTAL INCOME</b>							
Gross Potential Rent	5,078,036	5,194,408	5,527,442	5,864,065	6,098,628	6,342,573	6,596,276
Vacancy	(261,762)	(263,978)	(276,372)	(293,203)	(304,931)	(317,129)	(329,814)
Vacancy %	5%	5%	5%	5%	5%	5%	5%
Total Concessions/Credit Loss	(54,429)	(53,920)	(55,274)	(58,641)	(60,986)	(63,426)	(65,963)
Concessions/Credit Loss%	1%	1%	1%	1%	1%	1%	1%
<b>TOTAL RENTAL INCOME</b>	4,761,845	4,876,509	5,195,796	5,512,221	5,732,710	5,962,019	6,200,499
<b>RUBS INCOME</b>	237,916	241,344	260,392	280,664	286,277	292,003	300,925
<b>OTHER INCOME</b>	231,303	233,586	238,092	242,854	247,711	252,665	257,718
<b>TOTAL INCOME</b>	5,231,064	5,351,440	5,694,279	6,035,739	6,266,698	6,506,686	6,759,142
<b>OPERATING EXPENSES</b>							
Salaries and Related	538,239	490,000	499,800	509,796	519,992	530,392	551,607
Advertising/Promotion	160,855	160,000	163,200	166,464	169,793	173,189	180,117
Maintenance	270,604	240,000	244,800	249,696	254,690	259,784	270,175
Office Admin	112,940	100,000	102,000	104,040	106,121	108,243	112,573
Security	88,899	25,000	25,500	26,010	26,530	27,061	28,143
Mgmt Fees	207,586	262,262	267,507	272,857	278,315	283,881	295,236
Utilities	668,288	668,288	681,654	695,287	709,193	723,376	752,311
<b>TOTAL CONTROLLABLE OPEX</b>	2,047,411	1,945,550	1,984,461	2,024,150	2,064,633	2,105,926	2,190,163
Insurance	70,932	80,000	81,600	83,232	84,897	86,595	90,058
per unit	355	400	408	416	424	433	450
Taxes	346,142	346,142	359,988	374,387	389,363	404,937	421,135
per unit	1,731	1,731	1,800	1,872	1,947	2,025	2,106
<b>TOTAL OPERATING EXPENSES</b>	2,464,485	2,371,692	2,426,049	2,481,769	2,538,893	2,597,458	2,701,356
(Expenses to income ratio)	47%	44%	43%	41%	41%	40%	40%
<b>NET OPERATING INCOME</b>	2,766,579	2,979,748	3,268,230	3,553,970	3,727,806	3,909,229	4,057,786
<b>DEBT SERVICE</b>		1,108,380	1,108,380	1,108,380	1,548,620	1,548,620	1,548,620
Cap Ex Reserve		(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
<b>CASH FLOW BEFORE TAXES</b>		1,811,368	2,099,850	2,385,590	2,119,186	2,300,609	2,449,166
Class A Members		1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Sponsors		761,368	1,049,850	1,335,590	1,069,186	1,250,609	1,399,166

## Projected Return of Investor Equity on Sale

Sales Price (at end of the year 6)*	\$62,427,476
Loan Repayment	-\$24,985,083
Broker Fee (2%)	-\$1,248,549
Closing Costs (.5%)	-\$312,137
Return of Equity	-\$17,500,000
Equity to be distributed	\$18,381,707
Majority Partners	\$14,561,907
DCAP (Corporation)	\$579,800
1.SynDcap DAO LLC (Investors)	\$3,240,000

### Projected Investor Return - \$82,500 investment

1.SynDcap DAO LLC	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Cash Flow	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$36,000
Property Sale Distribution	0	0	0	0	0	\$72,000	\$72,000
<b>Total Return</b>	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$78,000	\$108,000

### Projected Investor Return - \$17,500 investment

Preferred Token	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Annual Dividends	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$8,748
Preferred Tokens Distributed	14,580	0	0	0	0	0	14,580
<b>Total Return</b>	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$450,000	\$8,748

FINANCIAL ANALYSIS

**COST SEGREGATION STUDY**

*BENEFIT ANALYSIS*

*Kahuna Investments*

*1 Vineyard Circle, Slippery Rock, PA 16057*



**Summary of Benefits:**

Year 1 Increased Depreciation	13,014,053
Year 1 Tax Savings	4,303,747
Years 1-5 Increased Depreciation	11,083,252
Years 1-5 Present Value of Tax Savings	3,775,036
All Years Present Value of Tax Savings	2,558,893

**Input Data:**

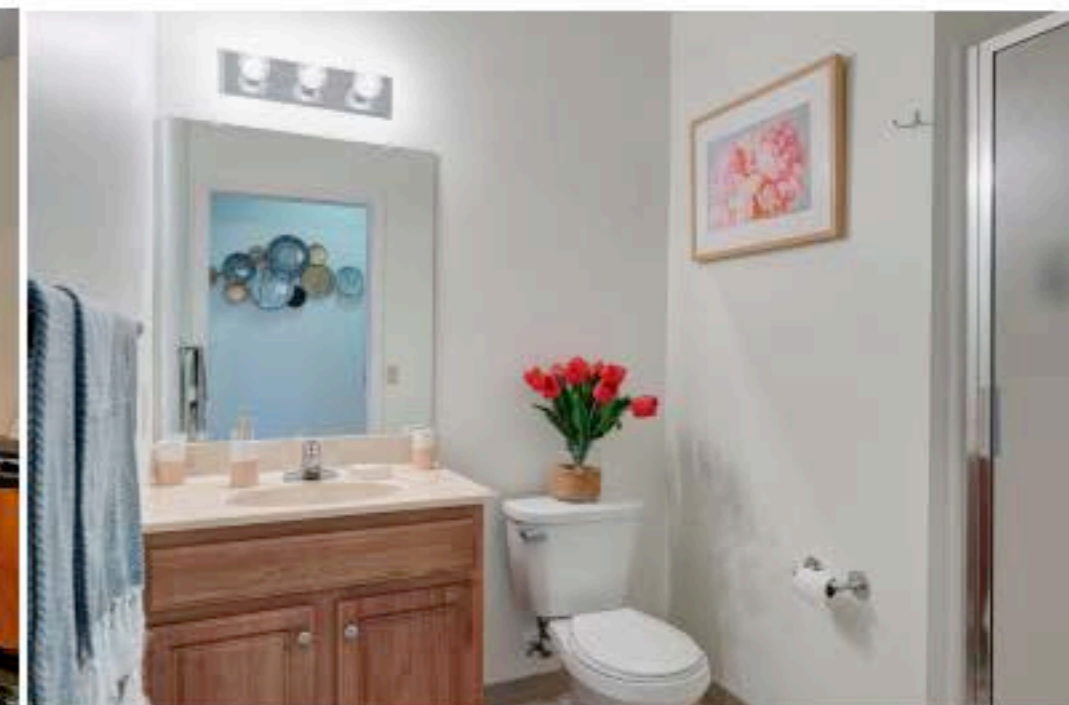
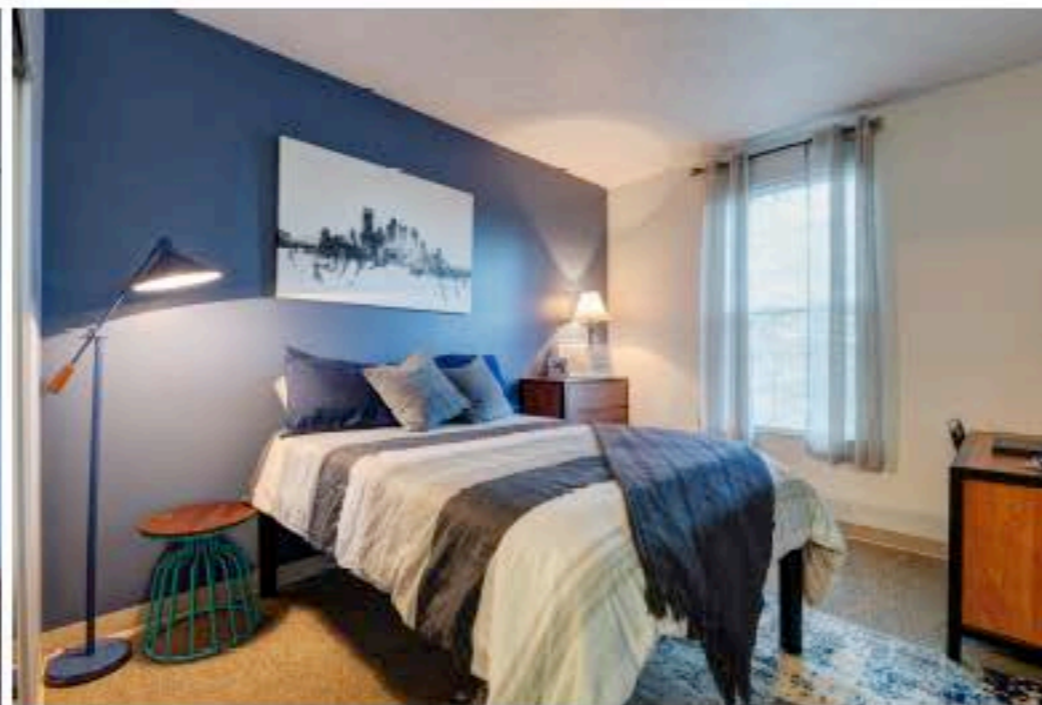
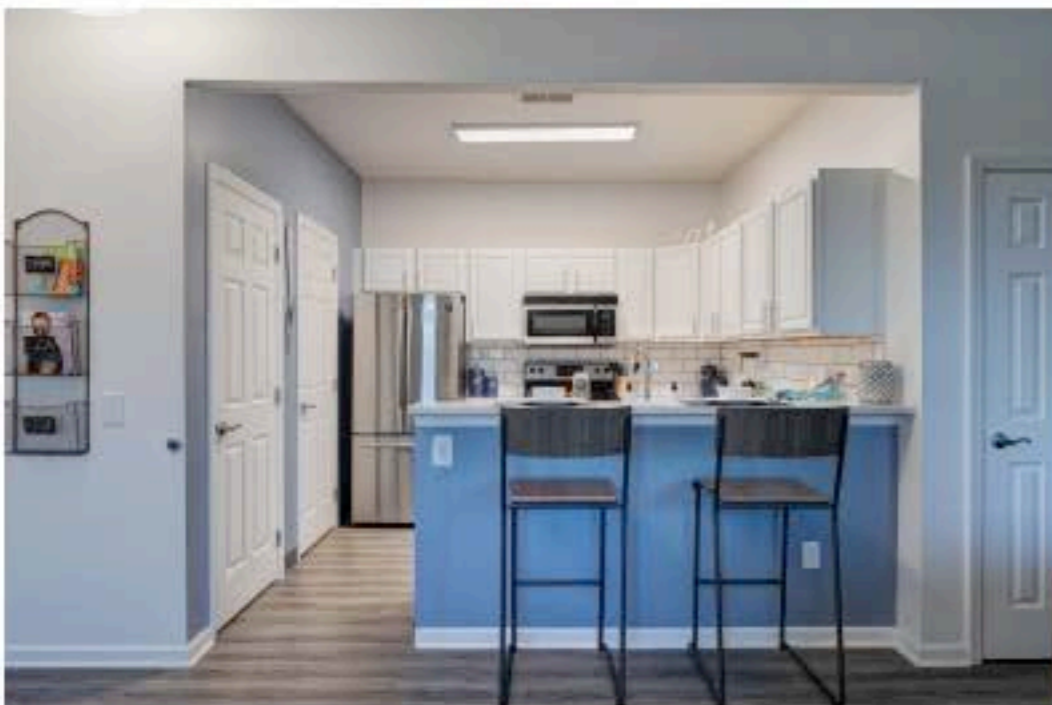
Depreciable Basis (less land)	\$ 40,229,036
Year Acquired	2022
Current Tax Year	2022
Total Marginal Tax Rate	33%
Present Value Factor	8%

Year	Depreciation <i>WITHOUT</i> Cost Seg	Depreciation <i>WITH</i> Cost Segregation Study					Detail of Benefits		
		27.5 Year	15 Year	7 Year	5 Year	Total	Increased Depreciation	Tax Savings	Present Value of Tax Savings
2022	\$ 792,512	\$ 530,983	\$ 6,034,355	\$ 402,290	\$ 6,838,936	\$ 13,806,565	\$ 13,014,053	\$ 4,303,747	\$ 4,303,747
2023	1,462,728	980,028	-	-	-	980,028	(482,700)	(159,629)	(147,805)
2024	1,462,728	980,028	-	-	-	980,028	(482,700)	(159,629)	(136,856)

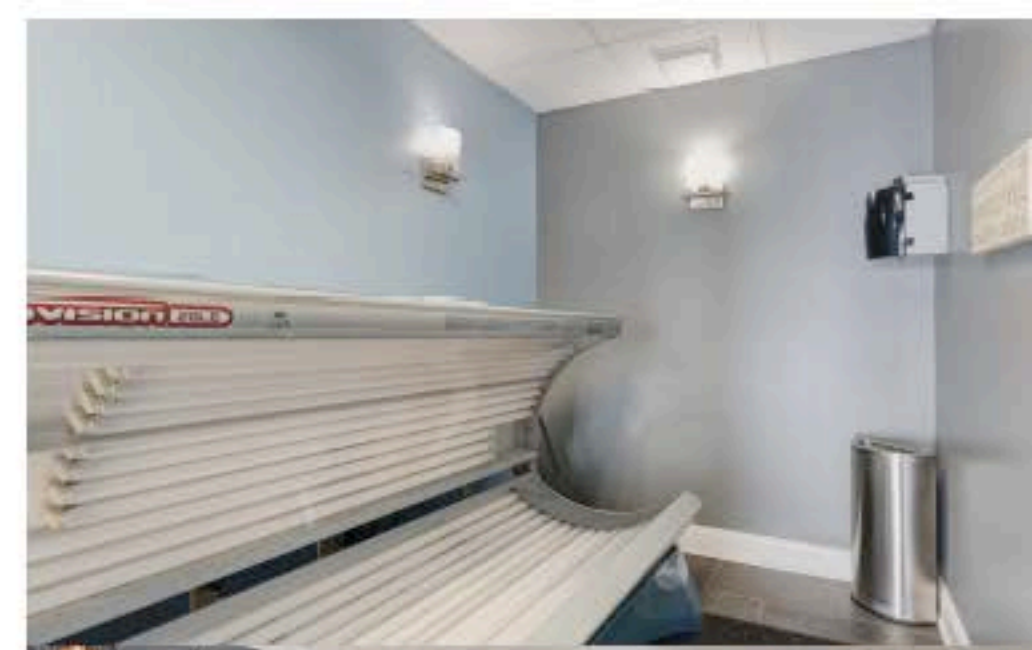
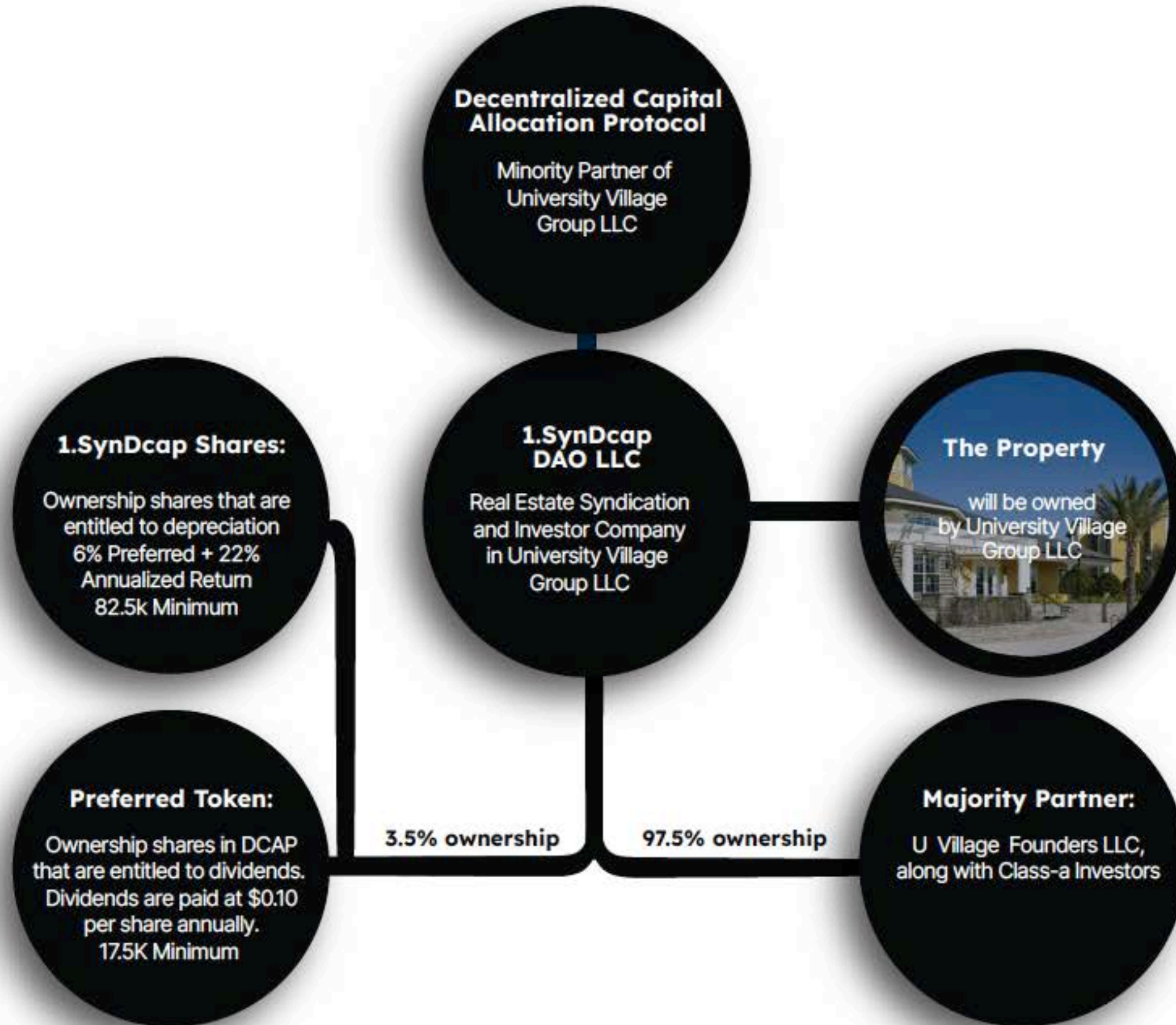
\$13,806,565 is the total year 1 depreciation. A shares receives 50% which equals \$6,903,282. When we divide this amount by 175 investors putting in \$100k each, the result is \$39,447.

Expect \$39,447 in depreciation per \$100k investment. In addition DCAP corporation will deliver another \$8,000 in depreciation per 100k.

\*Total Expected is \$47,500



# Decentralized Capital Allocation Capital Asset Management Organization Chart



**DCAP**

**K**  **HUNA**  
I N V E S T M E N T S

  
**SMART**  
— INVESTING LLC —