



SMART LIVING, LLC | SMART LIVING FUND I

WHY SMART LIVING?

Smart Living will separate itself from the rest of the new mid-tier asset managers entering the manufactured housing space by acquiring quality assets and creating outsized tax advantages for our investors.

- The assets we target are smaller than what institutional buyers will chase, therefore the cap rates are not as compressed (usually **6.0%-8.0%** vs. 3.0%-5.0% that larger assets trade for).
- This allows us to take in a **respectable initial yield**, but also allows us to buy assets that have a **greater elasticity in rents** because of their quality. We won't buy poor assets with extensive deferred maintenance just to achieve a yield of 10.0%-12.0%.
- While many investors seek funds that pay higher yields, we believe in buying quality assets at a lower upfront yield that will **appreciate 15.0%-18.0% per year**.
- The assets that we will be targeting have "mom & pop" ownership who have not raised rents to market equilibrium. We will **raise rents** accordingly to fair value, **fill vacant pads**, **streamline the regulatory process**, **evict tenants who upset the park balance**, and **upgrade amenities** to drive appreciation.
- Our manufactured housing communities will be **depreciated over 15 years** instead of 27.5 years, allowing our investors to capture outsized tax-adjusted returns.

The biggest advantage to manufactured housing communities is not owning the actual structure; the tenant-owned model makes this a low maintenance business unlike traditional real estate. **The ability to fill and improve an existing park, raise rents, and increase cash flow is the opportunity.**

ACQUISITION STRATEGY



Cherrydon Mobile Home Park (owned by the Managers)

Acquisition Criteria

- ✓ Parks valued at a \$2.0M-\$7.0M purchase price
- ✓ Parks with 50-150 spaces
- ✓ Parks with undervalued rents and the ability to get rid of larger expenses (passing through utilities, expensive managers, general overspending, etc.)
- ✓ Parks with high quality existing utility infrastructure
- ✓ Parks located in viable towns or in the path of expansion in the southeastern US



Smart Living, LLC | Manufactured Housing Fund I EXECUTIVE SUMMARY

SEEKING:	\$50.0M in Equity Capital
TARGET ASSET:	Manufactured Housing Communities
OPPORTUNITY:	We are capitalizing on the 45 million baby boomers eligible for Social Security over the next 5 years and their propensity for smaller living spaces. Most rents in the mobile home space are still well below \$500 per month - we believe rents will double in the next 5 years.
ASSET FOCUS:	Our focus is on the “over 55” parks with 50-150 spaces. Larger REITs do not play in this size as they cannot get scale here and therefore do not bid these properties up. These mid-sized parks are typically outside of the range of an average individual investor. This niche allows us to purchase Mobile Home Parks between 7% to 8% cap rates versus the 3% to 5% cap rates that larger REITs typically target.
GOAL:	Invest \$50 million in mobile home park assets in the next 8 years. We intend to purchase 15-20 mobile home parks in that time period. We are seeking a commitment of up to \$50 million of equity capital.
FINANCING:	\$50 million equity capital with the option to finance.
STRUCTURE:	Each mobile home park will be managed by Smart Living LLC and will exist under separate LLCs.
CURRENT PORTFOLIO:	The managers of Smart Living LLC currently own Cherrydon Mobile Home Park in Titusville, FL.
TARGET LOCATION:	Southeastern United States

Smart Living, LLC | Manufactured Housing Fund I
SUMMARY OF PROPOSED TERMS AND CONDITIONS

EQUITY CAPITAL: \$50 million

PREFERRED RETURN: 6.0% annualized

NET CASH FLOW SPLIT: Once the 6.0% preferred return hurdle is met, remaining net cash flow is split 75.0% to the Members and 25.0% to the Manager

RESIDUAL SALE SPLIT: Residual sale proceeds split 75.0% to the Members and 25.0% to the Manager. This sales split moves to 50% for the Members and 50% for the Managers when the Members achieve a 50% return. This return is calculated from their 6.0% preferred return and split of net cash flow.

ASSET MANAGEMENT FEE: 1.0% of capital contributions

PROPERTY MANAGEMENT FEE: 4.0% of gross rents

ACQUISITION FEE: .5% of the acquisition price

INVESTMENT PERIOD: 6 years with 2 optional one year extensions



John Lekas | *Co-Founder & Managing Member*

Before co-founding Smart Living, John began his career at A.G. Edwards & Sons in 1986. In 1993, he entered the Portfolio Management Program at Smith Barney. In 1997 he started Leader Capital Corp, a Registered Investment Advisory and Broker-Dealer. John has over 30 years of investment experience and has managed fixed income securities on a discretionary basis for over 17 years. His experience makes him an expert in running funds, providing transparency to investors, and providing financial analysis on future acquisitions for Smart Living.



Tyler Lekas | *Co-Founder & Managing Member*

Tyler began his career at First Investors as a Financial Advisor. He then moved to Stifel Nicolaus where he managed a hybrid book of both retail and institutional money. In 2016, he started the acquisition and management of mobile home parks. He traveled to 50 different parks around the country and put 8 under contract. This experience helped him form Smart Living in 2017 with his father, John Lekas. Smart Living purchased its first park in early 2018. Tyler will be providing oversight of the buying process, on-site management of each park, inspections for new acquisitions, and general park infrastructure.

CASE STUDY – CHERRYDON MOBILE HOME PARK

ACQUISITION OVERVIEW

Cherrydon Mobile Home Park is the first asset that the current managers bought. There are 55 total spaces in the park and it is on public utilities. In the first 6 months of owning the property, Smart Living was able to raise rents from \$340 per month to \$365 and pass through expenses for sewer and water, raising the capitalized value to \$2,460,000 (assuming the same cap rate at purchase) while generating an extra ~\$2,000 per month in rental income.

Purchase **\$2.0M** | Going-in Cap **~7.0%** | LTV **65%** | Note Rate **5.85%** | Debt **\$1.35M** | Equity **\$650k**

FINANCIAL SUMMARY

	2017	Year 1 PF	Year 2 PF	Year 3 PF	Year 4 PF	Year 5 PF
Total Revenue	\$ 226,400.00	\$ 243,072	\$ 249,672	\$ 256,272	\$ 262,872	\$ 269,472
Total Expenses	\$ 63,011.00	\$ 66,050	\$ 66,050	\$ 66,050	\$ 66,050	\$ 66,050
Net Operating Income	\$ 163,389.00	\$ 177,022	\$ 183,622	\$ 190,222	\$ 196,822	\$ 203,422
Interest Expense	\$ 180,470.41	\$ 79,515	\$ 78,490	\$ 77,404	\$ 77,404	\$ 77,404
Net Income	(\$ 17,081.41)	\$ 97,507	\$ 105,132	\$ 112,818	\$ 119,418	\$ 126,018
Loan Balance		\$ 1,332,591	\$ 1,314,156	\$ 1,294,635	\$ 1,273,965	\$ 1,252,077
Equity		\$ 747,507	\$ 852,639	\$ 965,456	\$ 1,084,874	\$ 1,212,110
Cap Rate Asset Value		Year 1 PF	Year 2 PF	Year 3 PF	Year 4 PF	Year 5 PF
5.0x		\$ 3,540,432	\$ 3,672,432	\$ 3,804,432	\$ 3,936,432	\$ 4,068,432
6.0x		\$ 2,950,360	\$ 3,060,360	\$ 3,170,360	\$ 3,280,360	\$ 3,390,360
7.0x		\$ 2,528,880	\$ 2,623,166	\$ 2,717,451	\$ 2,811,737	\$ 2,906,023
Cap Rate Return		Year 1 PF	Year 2 PF	Year 3 PF	Year 4 PF	Year 5 PF
5.0x		239.7%	90.5%	56.9%	42.3%	34.1%
6.0x		148.9%	63.9%	42.4%	32.6%	26.9%
7.0x		84.0%	41.9%	29.8%	24.0%	20.5%



PROPERTY DETAIL

55 Lots | Titusville, Florida | 32796
Purchased April 2018

JOHN LEKAS

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Smart Living, LLC

The Future of Housing

SMART LIVING, LLC | SMART LIVING FUND I

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