

September 2023



The Huddle

SEPTEMBER UPDATES

Hello Game Day Family!

We Are Stronger Together!

September presented some challenges that we were able to overcome based, on our infinite mindset and commitment to find a solution to a problem. The Roma Meadows project is very close to completion, with our goal of starting lease ups by the end of October. The T3P CapEx projects are going very well as we start the lease up phase in our HBird Harvest, Hallows & Haven mobile home park communities. The Game Day Team is capitalizing on the opportunities in front for us, as we plan on finishing the last remaining months of the year off strong.

**Thank you for your continued patience,
partnership and support.**



HUMMINGBIRD 21

We are in the process of evicting the resident that has not paid rent. We have attempted to work with the family but was not able to come up with a resolution. The court hearing will be in early October.

SFR
1



HUMMINGBIRD 204

At H204 we are in the process of renovating the final unit after eviction. We have one approved applicant that is interested in moving in once the unit has been completed. We are excited to get this family moved in soon.

APTS
4



HUMMINGBIRD 7

After long delays, we have finally installed our new mailboxes at Hummingbird 7. We have one resident that has not finalized their lot clean up and is delinquent on rent. We have moved toward legal action after a lack of communication from the resident. Hummingbird 7 continues to operate well overall.

MHP
13



CLARENDON Townhomes

We are currently narrowing down our lending options as we remain eager to begin our Clarendon Townhome development. We have identified a front runner with terms that are a bit more favorable for the team. We plan on moving forward with securing financing in the next couple of months.

APTS
20



JONES

Our Jones property is currently on the market for sale. We have received an offer and discovered upon our inspection that we have foundation issues. The pillars need to be repaired/replaced as well as the crawl space cleaned out under the house. The work is about 80% completed. Upon completion, we will proceed with the sale of this property.

SFR
1



CAMBRIDGE

Cambridge remains on the market for sale as we continue to wait for an interested buyer. The property is operating very well with two(2) vacant units we are currently trying to lease up this month. We remain hopeful that we will find a suitable buyer soon.

APTS
16



28TH ST LA

28th St. continues to operate well with minimal stress. We plan to implement rent increases for this property in January 2024.

APTS
2



HUMMINGBIRD CREEK

MHP
38

Hummingbird Creek is operating very well. We continue to work through our regular inspections as our onsite maintenance manager completes 1 -2 inspections per week to ensure we have eyes on all the units. We leased several units and increased occupancy & income in September. We also identified a small pin size leak in the main water line, which we have repaired.



HBIRD VALLEY

MHP
26

HBird Valley continues to operate well. We sent out small rent increases of \$35 effective 11/01/2023 and had several residents reach out to express that they appreciate that we did not increase it more. We are proud to be a leader of affordable housing within the manufactured housing community in Tucson.



HUMMINGBIRD H16

APTS
9

H16 has seen some challenging moments this year. We have been hit with several AC unit replacements with this unusually hot summer we have experienced. Due to vacancy challenges, we have decided to decrease the rent for the vacant unit to get it rented ASAP before we head into the holidays.



ADONAI

SFR
1

We use this single family home for our Adonai Transitional Housing program. We have recently completed major plumbing repairs as well as re-piping the bathrooms of the home. The residents are satisfied.



ROESER I & II

APTS
6

Roeser I & II continue to operate very well. This past month we have received no maintenance requests. We did have to evict one resident at Roeser II, after attempting to work with them with no progress. We expect to get this unit leased up shortly after the eviction process.



ROMA MEADOWS

APTS
21

We remain pleased with the overall progress of the Roma Meadows development. City approval and leasing expected to take place in October 2023.



PEORIA

SFR
1

The Peoria development continues to slowly move forward as we are pushing our general contractor, to deliver this property before the end of the year. Lighting, shower tile, exterior lighting, and paint are in the process of being completed. The next phase will include doors, baseboards and mirrors.



SKY HARBOR

APTS
96

The site plan and civil work are scheduled to be submitted to the city early October. We are currently gathering loan quotes for this project from interested lenders. We plan on identifying a lending partner within the next couple of weeks.



VAN NESS

SFR
1

The ADU is complete and furnished. The last stage before rental is the final gas connection.



RUSTIC RIDGE

MHP
168

Rustic Ridge continues to operate well. The property manager remains focused on completing the CapEx projects by the end of the year, increasing the overall value of the park. I should have an update in October in regard to recent homes sales in the community.



ARDMORE

SFR
1

This home is used as a long term rental with section 8. We have known these residents for several years now, and are happy to provide them with this home as they are a growing family.



SOUTHGATE

SFR
1

Southgate is used within our Adonai Transitional Housing Program. One of the biggest challenges this property has faced is the utility charges. We have reduced the monthly utility charges month by month, as we continue to identify ways we can efficiently operate this property.



35TH AVE

DUP
2

We have completed the framing, roofing and rough plumbing for our 35th Ave development project. The next stage of construction will include HVAC, electrical, insulation and drywall. Leone Builders is doing a stellar job pushing this project forward. Thank you for your hard work Ehab.

T3P Portfolio - We are in the final stage of our park clean up initiative by requiring the residents to clean up their lots, fix skirting and major health and safety issues within the exterior of their homes. The small handful of residents that did not complete the work now must start legal actions. We sent out the 90 day rent increase of \$40 per lot starting 1/1/2024.



HBIRD HAVEN(ADULT HAVEN)

MHP
26

We have completed the back block wall and landscaping as our recent CapEx project.



HBIRD HALLOWS (RILLITO)

MHP
28

We have been working hard at Hallows by painting all park owned homes and have begun installing the skirting.



HBIRD HARVEST (BALBOA)

MHP
16

Harvest installed new mailboxes and finalized front landscaping.



GAMEDAY

— REAL ESTATE —

KPI SNAPSHOTS

Uptown:

Collections: 100%

Occupancy: 100%

Game Day:

Collections: 90.41%

Occupancy: 82%

Expense Ratio: 37.65%

Collections

<u>Property</u>	<u>August % Collected</u>	<u>September% Collected</u>
H16	100.07%	100.12%
Roeser I	100.00%	100.00%
Roeser II	78.13%	63.27%
H-21	100.00%	0.00%
Creek	118.69%	88.04%
Van Ness	100.00%	0.00%
28th St (3848)	100.00%	100.00%
28th St (3846)	100.00%	106.99%
H204	100.00%	64.91%
7th St.	94.36%	91.39%
HBIRD Valley	100.29%	93.36%
Pecan	100.00%	100.00%
Jones	0.00%	0.00%
Southgate	100.00%	100.00%
Ardmore.	100.00%	100.00%
Harvest (Balboa)	117.74%	100.05%
Haven (AH)	90.87%	96.04%
Hallows (Rillito)	101.81%	92.50%
Total	102.41%	90.41%

KPI SNAPSHOTS CONTINUED



	<u>August Expenses</u>	<u>August Expense Ratio</u>	<u>September Expenses</u>	<u>September Expense Ratio</u>
H16	\$3,200.00	55.71%	\$37.19	0.60%
Roeser I	\$2,045.83	42.18%	\$805.13	16.60%
Roeser II	\$834.68	17.66%	\$830.63	18.54%
H-21	\$41.00	2.36%	\$39.55	2.17%
Creek	\$5,413.42	23.73%	\$12,264.07	45.70%
Van Ness	\$0.00	0.00%	\$1.00	0.04%
28th St (3848)	\$0.00	0.00%	\$0.00	0.00%
28th St (3846)	\$167.00	11.68%	\$0.00	0.00%
H204	\$444.05	15.31%	\$1,375.99	24.14%
7th St.	\$1,920.99	29.52%	\$3,742.10	57.99%
HBIRD Valley	\$7,323.91	40.37%	\$7,630.18	35.87%
Pecan	\$0.00	0.00%	\$1,790.84	37.42%
Southgate	\$3,212.96	108.18%	\$388.85	13.09%
Ardmore	\$0.00	0.00%	\$97.00	3.18%
Harvest (Balboa)	\$3,720.54	85.17%	\$3,195.42	52.41%
Haven (AH)	\$8,194.76	62.32%	\$7,025.74	53.43%
Hallows (Rillito)	\$6,315.08	76.14%	\$5,111.10	56.99%
Total	\$43,754.45	39.90%	\$46,024.95	37.65%

	<u>August Expense Ratio</u>	<u>September Expense Ratio</u>	<u>Difference</u>
H16	33.76%	55.71%	21.94%
Roeser I	18.75%	42.18%	23.42%
Roeser II	16.02%	17.66%	1.64%
H-21	2.21%	2.36%	0.15%
Creek	24.95%	23.73%	-1.22%
Van Ness	0.04%	0.00%	-0.04%
28th St (3848)	0.00%	0.00%	0.00%
28th St (3846)	11.68%	0.00%	-11.68%
H204	71.08%	15.31%	-55.76%
7th St	20.40%	29.52%	9.12%
HBird Valley	34.05%	40.37%	6.31%
Pecan	76.68%	0.00%	-76.68%
Southgate	18.80%	108.18%	89.38%
Ardmore	8.00%	0.00%	-8.00%
Harvest (Balboa)	98.33%	85.17%	-13.16%
Haven (AH)	61.61%	62.32%	0.71%
Hallows (Rillito)	25.10%	76.14%	51.03%
Total	39.90%	37.65%	-2.25%

KPI SNAPSHOTS CONTINUED



August Occupancy

144/174 (total units)

	Occupied	Down for Renovation	Vacant Ready to Rent	Total Units	Gross Occupancy	Net Occupancy
H16	6	2	1	9	67%	86%
Roeser I	3	0	0	3	100%	100%
Roeser II	3	0	0	3	100%	100%
H21	1	0	0	1	100%	100%
Creek	31	7	0	38	82%	100%
Van Ness	1	0	0	1	100%	100%
28th St. (3848)	1	0	0	1	100%	100%
28th St. (3846)	1	0	0	1	100%	100%
H204	3	1	0	4	75%	100%
7th St.	13	0	0	13	100%	100%
HBird Valley	27	0	0	27	100%	100%
Jones	1	0	0	0	100%	100%
Pecan	1	0	0	1	100%	100%
Southgate	1	0	0	1	100%	100%
Ardmore	1	0	0	1	100%	100%
Harvest (Balboa)	10	6	0	16	63%	100%
Haven (AH)	22	3	0	25	88%	100%
Hallows (Rillito)	18	11	0	29	62%	100%
Total	144	30	1	175	82%	99%

WHY HOLDING CASH, EVEN AT 5% INTEREST RATES, IS NOT A WINNING STRATEGY

WHY 5% CASH IS NOT KING

SEVERAL COLLEAGUES AND INVESTORS HAVE RECENTLY ASKED, "WHY SHOULD I INVEST IN REAL ESTATE WHEN I'M EARNING 5%, RISK-FREE, ON MY CASH?" ON THE SURFACE, THIS IS A GREAT POINT: WHY TAKE ANY RISK WHEN THE MOST RISK-LESS ASSET, US TREASURIES, ARE PAYING SIMILAR RETURNS TO REAL ESTATE? I'LL EXPLAIN WHY.

THE IMPACT OF INFLATION

HOLDING TREASURY BONDS AND FEDERALLY BACKED MONEY MARKET ACCOUNTS IS CONSIDERED RISK-FREE BECAUSE THE US GOVERNMENT BACKS THEM. THE PROBLEM, HOWEVER, IS THAT INFLATION ERODES THE RETURN. FOR EXAMPLE, WHEN INFLATION WAS RUNNING AT 10% ANNUALLY, HOLDERS OF 5% BONDS WERE LOSING 5% OF THEIR REAL PURCHASING POWER; THEY WERE LOSING MONEY. NOW THAT MONEY MARKET YIELDS ARE IN THE 4.5% - 5% RANGE (SAME AS T-BILLS), INVESTORS ARE EARNING A PALTRY 0.5% - 1% IN REAL DOLLARS.

AND THERE IS NO UPSIDE. TREASURY BONDS ARE LOCKED UNTIL MATURITY, AND MONEY MARKET YIELDS WILL MOVE WITH THE MARKET, BUT THE PRINCIPAL INVESTED WILL REMAIN THE SAME.

REAL ESTATE AS AN INFLATION HEDGE

LET'S EXPLORE WHY REAL ESTATE CAN SERVE AS AN EFFECTIVE HEDGE AGAINST INFLATION. WHEN YOU INVEST IN A REAL ESTATE ASSET, SUCH AS A RENTAL UNIT OR APARTMENT BUILDING, DURING A HIGH INFLATIONARY PERIOD, THE VALUE OF THAT ASSET TENDS TO INCREASE ALONG WITH INFLATION. THIS SITUATION MEANS YOU ARE EARNING A CASH YIELD ON YOUR INVESTMENT, AND YOUR EQUITY IS GROWING.

LET ME GIVE YOU AN EXAMPLE. IMAGINE YOU BUY A PROPERTY FOR \$1 MILLION, UTILIZING A \$500,000 LOAN AND A \$500,000 DOWN PAYMENT. THE PROPERTY IS CASH-FLOWING AT A 5% CAP RATE (YIELD BEFORE DEBT SERVICE). IF INFLATION INCREASES BY 10%, THE PROPERTY'S VALUE COULD RISE TO \$1.1 MILLION WITHIN A YEAR. AS A RESULT, YOUR \$500,000 INVESTMENT WOULD TURN INTO \$600,000 OF EQUITY. THAT'S A 20% RETURN ON YOUR INVESTMENT AND THE 5% YIELD YOU'RE EARNING.

IN ADDITION, RENTS TEND TO INCREASE FASTER THAN INFLATION. THAT 5% CAP RATE COULD TURN INTO 6% - 7% - 8%+ YIELDS OVER TIME.

COMPARATIVELY, TREASURIES LOCKED AT THEIR COUPON YIELD HAVE NO OPPORTUNITY FOR INCREASES TO KEEP UP WITH INFLATION – OF EITHER THE CASH FLOW OR THE PRINCIPAL (EQUITY) INVESTED.

LET'S TALK ABOUT LEVERAGE

THE PREVIOUS EXAMPLE SHOWS ONE OF THE BENEFITS OF A LEVERAGED INVESTMENT (LEVERAGE IN THIS CONTEXT IS ANOTHER WORD FOR DEBT). THE PROPERTY'S VALUE WENT UP 10%, BUT BECAUSE THE INVESTOR'S DOWN PAYMENT WAS 50% OF THE TOTAL PURCHASE PRICE, THE RETURN TO THE INVESTOR WAS DOUBLE THAT – 20%. THE BANK DOESN'T BENEFIT FROM THE APPRECIATION IN VALUE; ONLY THE EQUITY INVESTOR DOES.

ALL INVESTORS NEED TO BE AWARE OF THE DOWNSIDES OF LEVERAGE. FOR ONE, CURRENT MORTGAGE RATES ARE HIGHER THAN THE CAP RATE YIELDS.* THIS RESULTS IN NEGATIVE LEVERAGE OF THE CASH FLOW. THAT'S A MORE COMPLEX DISCUSSION, BUT ESSENTIALLY, IT ERODES ANNUAL RETURN BECAUSE THE LOAN'S INTEREST RATE IS HIGHER THAN THE CAP RATE YIELD OF THE PROPERTY

THIS IS ALSO WHY CURRENT LOAN-TO-VALUE AMOUNTS CAP AT +/-50% OF THE PROPERTY'S PURCHASE PRICE, WHEREAS IN A LOW-INTEREST RATE ENVIRONMENT, INVESTORS COULD GET LOANS AT +/-70% OF THE PURCHASE PRICE. WHEN THOSE LOANS HAD LOWER RATES THAN THE CAP RATE YIELD, THE INVESTORS SAW A BOOST IN THEIR CASH-ON-CASH YIELDS, AND IT WAS POSITIVE LEVERAGE.

TAX ADVANTAGES OF REAL ESTATE INVESTMENTS

ANOTHER SIGNIFICANT ADVANTAGE OF REAL ESTATE INVESTMENTS LIES IN THE REALM OF TAXES. WHILE TREASURY YIELDS ARE FEDERALLY TAXABLE, FURTHER ERODING THEIR AFTER-TAX REAL INCOME RETURNS, REAL ESTATE INVESTMENTS OFFER VARIOUS STRATEGIES TO MINIMIZE OR ELIMINATE TAX LIABILITIES. FOR INSTANCE, COST SEGREGATION STUDY ALLOWS FOR ACCELERATED DEPRECIATION, AND EVEN SIMPLE STRAIGHT-LINE DEPRECIATION CAN SIGNIFICANTLY REDUCE YOUR TAXABLE INCOME. DEPRECIATION IS A NON-CASH EXPENSE USED TO OFFSET THE PROPERTY'S INCOME. IT'S ESSENTIALLY A DEDUCTION ON YOUR TAX RETURNS.

ADDITIONALLY, OPTIONS SUCH AS 1031 EXCHANGES ALLOW FOR THE DEFERRAL OF CAPITAL GAINS TAXES UPON THE ASSET'S SALE. THIS MEANS THAT EVEN WITH A 4% OR 5% YIELD ON YOUR REAL ESTATE INVESTMENTS, YOUR AFTER-TAX RETURN CAN SURPASS THAT OF TREASURY INVESTMENTS. THE TAX ADVANTAGES OF REAL ESTATE CAN SIGNIFICANTLY ENHANCE YOUR OVERALL RETURNS.

IS THERE A PLACE FOR T-BILLS AND MONEY MARKET SAVINGS ACCOUNTS?

SIMPLY PUT, YES. A WELL-DIVERSIFIED PORTFOLIO SHOULD INCLUDE HOLDINGS OF CASH AND EQUIVALENTS, PLUS BONDS, STOCKS, AND OTHER TYPES OF INVESTMENTS. PERSONALLY, I THINK OF CASH AND BONDS NOT AS "INVESTMENTS" BECAUSE THEY HAVE NO CHANCE OF EQUITY APPRECIATION THEY ARE SAFE HAVENS CURRENTLY PAYING AN ATTRACTIVE YIELD COMPARED TO THE <1% YIELDS OF THE LAST SEVERAL YEARS.

CONCLUSION

INFLATION DECREASES THE REAL YIELD ON BOND AND MONEY MARKET SAVINGS, WHEREAS REAL ESTATE PARTICIPATES IN INFLATION, AND INVESTORS MAY EVEN BENEFIT FROM INFLATION WITH ENHANCED RETURNS. THIS, COUPLED WITH THE POTENTIAL FOR EQUITY GROWTH AND THE TAX ADVANTAGES OFFERED BY REAL ESTATE INVESTMENTS, MAKE REAL ESTATE A FAR GREATER INVESTMENT THAN HIGH-YIELD SAVINGS ACCOUNTS AND BONDS. 5% CASH IS NOT KING.

REMEMBER, REAL ESTATE INVESTMENTS ARE NOT WITHOUT RISKS AND REQUIRE CAREFUL ANALYSIS AND DUE DILIGENCE, PARTICULARLY IN A HIGH-INTEREST RATE ENVIRONMENT. SO, INSTEAD OF 5% CASH, EXPLORE THE POTENTIAL OF REAL ESTATE AS A VALUABLE INVESTMENT OPPORTUNITY.

*CAP RATE CAN BE DEFINED AS CASH FLOW BEFORE DEBT SERVICE, DIVIDED BY THE PURCHASE PRICE. MORE PRECISELY: $\text{NET OPERATING INCOME} / \text{PURCHASE PRICE}$. IF ONE BUYS IT WITHOUT A LOAN, IT IS THE MEASURE OF A PROPERTY'S YIELD. THE INTEREST RATE OF THE DEBT WILL THEN EITHER POSITIVELY OR NEGATIVELY IMPACT THE INVESTOR'S CASH-ON-CASH RETURN ($\text{CASH FLOW AFTER DEBT SERVICE} / \text{DIVIDED BY THE DOWN PAYMENT AMOUNT}$).

Operational Updates



New Offering Available

https://investors.appfolioim.com/gamedayre/investor/public_opportunities/113?token=public

We have identified a prime real estate development project located in a strategic area of Phoenix that holds immense potential for substantial returns on investment. With its rapidly growing population, strong job market, and a robust housing demand, Phoenix has become a hotspot for real estate development.

If this opportunity aligns with your investment goals, I would be delighted to schedule a call or a meeting to discuss the project in more detail and address any questions you may have.



Game Day Team Updates

The Game Day Team had a photo shoot as we were taking some updated pics for our website. That is a good looking team! Special thanks to James Nwobu for his exceptional photography talents. We appreciate you James!



PARNTER WITH US

If you've got money in your retirement account, bank account, or under your mattress, invest it with us. One of the most tried and true investments is real estate. Want to be a RE Investor but don't have all the cash, experience, or time? YOU can be a PROPERTY OWNER by partnering with us!

<https://gamedayrealestate.com/contact>

PIPELINE DEALS

Buckeye SFR New Build - We anticipate starting construction on this SFR during the fourth(4th) quarter of this year.

Laveen 35 Townhomes - Final Architectural and Civil plans have been submitted to the city. We have received an invitation letter from HUD and are moving toward the next step in the HUD process. We are looking for an equity partner to purchase the land. Laveen's growth remains strong as a desirable location to live in the Valley.

https://investors.appfolioim.com/gamedayre/investor/public_opportunities/113?token=public

Roeser 72 units - We are pursuing this as a LIHTC project. We have linked up with an experienced affordable housing partner to execute on our first LIHTC project.

Full Circle Housing - as you know, our goal is to create ownership in our inner city communities. We are flipping and building single family homes (SFR) to sell to families at a discount so they can have equity in their first home purchase. We will walk them through the home buying process to ensure they finish and get in the End Zone! Here are the current projects:

35th Drive 1 SFR - Full Circle Build - We have received confirmation that we are in the initial phase of the plan review by the planning and development department of the City of Phoenix. We are one step closer to receiving the Single Family Design Review approval.

35th Drive 2 SFR - Full Circle Build - We are still currently waiting on the city to approve our site plan for this property. We are at a standstill until we receive the approval from the City of Phoenix. We are hopeful we will have an update in regards to the site plan approval in October.

Mobile Home Park under Contract in Payson Arizona - We are actively raising 2MM for this project. This stabilized park in Northern Arizona meets the huge housing demand and nature seekers. Distributions to investors will start immediately after the purchase. Please reach out to our team if you are interested in this opportunity.



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