

RIVER OAKS

101 S. Twin Creek Dr.
Killeen, TX 76543



INVESTMENT HIGHLIGHTS

- Meticulously Maintained Property with New Upgrades Throughout
- 100% of Units have Full-Sized Washer / Dryer Connections
- High Occupancy — 96% Occupied as of 9/2017
- 1985 Year Built | New Pitched Composition Shingle Roofs (2014)
- Abuts Big Nolan Creek with One-Fourth Mile Hike, Bike and Jogging Trails
- Low Density (21.22 +/- Acres) Creating Lots of Open Areas and Green Space
- Direct TV and High-Speed Internet Service
- Loan Assumption — See Agents for More Financing Details



Shown By Appointment Only



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Investment OPPORTUNITY

Economic Fundamentals:

This attractive 228-unit project centrally located in Killeen, Texas (about 65 minutes north of Austin, one hour south of Waco and 30 minutes west of Temple) shows true pride of ownership. Killeen's leading fields of employment include government, educational services, construction, healthcare, accommodation and food services, finance and insurance. Major employers include Fort Hood (the largest military base in the world), Darnell Army Medical Center (\$1 billion project just completed), Killeen ISD, Seton Medical Center Harker Heights, Texas A&M Central Texas, Central Texas College, Killeen Mall and Market, Heights Shopping Center, Walmart, Metroplex Adventist Hospital, HEB Grocery, Kmart Corporation and Mantech Telecommunications.

Property Enhancements:

The property offers excellent floor plans; all units are individually metered and 100% have full-sized washer / dryer connections. Recent major renovations include full exterior painting with vivid colors, replacement of almost all kitchen appliances, brushed nickel lighting fixtures and hardware, creation of a state-of-the-art fitness center with cardio machines and free weights, updated management office, and preservation of the hike / bike / jogging trails abutting Big Nolan Creek which include multiple crossfit stations. Other major draws feature high-speed fiber cable to every building (allowing residents to enjoy high-speed internet at no charge), around 80% of the flooring has been replaced with faux wood-look plank vinyl, exterior lighting replaced with LED fixtures, solar screens on windows, and camera system added to management/exercise room. River Oaks enjoys an excellent reputation among Killeen renters, and progressive community policies include Lease Addenda that require residents to pay rent on-line and all pets must be DNA linked. Since there is so much green space at River Oaks, the size of the dog areas has been doubled, and there several designated fenced-in pet play areas.

SPACIOUS UNIT INTERIORS



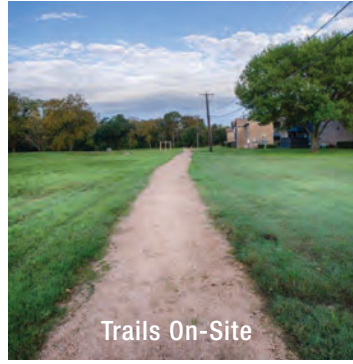
ON-SITE ILLUMINATED TENNIS COURTS



STATE-OF-THE-ART GYM AND EXERCISE FACILITY



Investment LOCATION



Trails On-Site



CrossFit Stations



City of Killeen, TX

- Killeen, TX is the principal city of the Killeen-Temple-Fort Hood Metropolitan Statistical Area (KTF-MSA) and sits in Bell County.
- Killeen is ranked the 4th Most Recession-Recovered Mid-Size City in the U.S., according to Wallethub (Jan, 2017)
- Killeen is ranked 10th Nationally in Construction Job Growth (Bureau of Labor Statistics) with a growth of 12.66% since this time last year. According to Wallprotex, this data is significant because consistent job growth in the construction sector indicates that the local community and economy are growing (Jan. 2016).
- Some of the major occupations in KTF-MSA are Administrative, Healthcare Practitioners, Management Occupations, Business and Financial, Computer, Architecture and Engineering attracting residents from major metropolitan cities like Austin, Dallas, and Houston.
- From 2000 to 2016, KTF-MSA has seen approximately 23% increase in population, and the estimated population in 2016 is 433,658. From 2016 to 2021, population growth is projected to be at 6% (Killenchamber.com).
- Per Bureau of Labor Statistics, 178,900 people are in the labor force of which, 171,500 are employed and around 7,400 are unemployed (incl. looking for job). The unemployment rate has stayed below 4.8% in the past 5 months, dropping as low as 4.1%, in July 2017.
- Approximately 132,000 people in KTF-MSA fall in the age group of 25 to 44 years old.
- The job growth in this region is currently at 3.4% (Forbes).

Major Employers - Killeen, Fort Hood, Harker Heights & Nolanville

COMPANY NAME:	BUSINESS CATEGORY	# OF EMPLOYEES:
Ill Corps & Fort Hood	Government	38,567
Military Defense Contractors	Defense Contractor	12,187
Killeen Independent School District	School	6,000
Civilian Personnel Office	Government	5,488
Teleperformance	Call Center	1,700
Central Texas College	Education	1,487
Metroplex Health System	Hospital	1,200
City of Killeen	Government	1,100
Z-Systems	Defense Contractor	660
ESP Incorporated	Defense Contractor	420
Scott & White Clinic	Hospital	361
Seton Medical Center - Harker Heights	Hospital	350
Blackboard Student Services	Call Center	238
City of Harker Heights	Government	189
Texas A&M University - Central Texas	Education	188

(Source: Greater Killeen Chamber of Commerce)

Financial ANALYSIS

UNIT MIX

Units		Unit SF±	Total SF±	Market Rent	Monthly Mkt. Rent	Annual Mkt. Rent	Rent SF±
80	1 Bed / 1 Bath	637	50,960	\$700	\$5,600	\$672,000	\$1.10
24	1 Bed / 1 Bath	714	17,136	\$725	\$17,400	\$208,800	\$1.02
12	2 Bed / 1 Bath	850	10,200	\$825	\$9,900	\$118,800	\$0.97
112	2 Bed / 2 Bath	915	102,480	\$850	\$95,200	\$1,142,400	\$0.93
228		793	180,776	\$783	\$178,500	\$2,142,000	\$0.99

	w/Cable Charges	Stabilized Underwriting	T-3 Rental (Jun '17 - Aug '17) Actuals
Scheduled Market Rent		\$ 2,142,000	\$1,924,819
Less: Gain / (Loss) to Lease	2.00%	\$42,840	—
Less: Vacancy	5.00%	(\$107,100)	—
Less: Concessions	0.10%	(\$2,142)	(\$1,160)
Net Rental Income		\$2,075,598	\$1,923,659
Plus: Fee Income		\$80,000	\$68,244
Plus: RUBS Income		\$75,000	\$72,192
Plus: Cable & Internet Income	\$27,360	—	—
Plus: Other Income		\$75,000	\$66,994
Total Operating Income (EGI)	\$2,332,958	\$2,305,598	\$2,131,088

	Per Unit	T-12 Expenses from Aug 2017	
Administrative	\$154	\$35,000	\$34,196
Advertising & Promotion	\$100	\$22,800	\$33,797
Payroll	\$1,100	\$250,800	\$249,100
Repairs & Maintenance	\$400	\$91,200	\$40,851
Management Fee 3.00%	\$307	\$69,989	\$63,240
Utilities (Includes Cable)	\$1,272	\$290,000	\$285,446
Contracted Services	\$241	\$55,000	\$56,255
Real Estate Taxes 2.4974%	\$1,227	\$279,711	\$210,399
Insurance	\$307	\$70,000	69,445
Replacement Reserves / Cap Ex	\$250	\$57,000	\$ 57,000
Total Expenses		\$1,221,500	\$1,099,729
	Per Unit:	\$5,090	\$4,823
	Per SF:	\$6.72	\$6.08
Net Operating Income		\$ 1,111,458	\$1,031,360

Notes:

- Rent currently includes free high-speed internet and cable for each tenant, provided by Owner
- RE Taxes reflect 80% of List Price in Pro Forma; T-12 from 9/2017 based on 2017 Assessed Value (BellCAD)
- Insurance based on recent Insurance Policy Premium, plus Flood Insurance and Renter's Insurance
- Replacement Reserves adjusted to industry averages, T-12 Cap Ex from August 2017 = \$287,095
- Cable & Internet Income based on \$10 per unit per month

River Oaks DETAILS



Price:	Market Pricing
Terms:	Loan Assumption: Current Principal Balance is \$8,325,026 as of August 2017. 4.92% Interest (Fixed Rate); 30 Yr. Amort. due 2/2026. See Agents for further details.
Pro Forma Cap:	7.94%
Year Built:	1985
# of Units:	228
Total NRSF:	180,776 ±
Land Area:	21.22 ± ACR (per BellCAD)
Exterior:	Brick and Wood
Roofs:	Pitched, Comp. Shingles
HVAC:	Indiv. Units - Electric
Hot Water:	Indiv. Water Heaters per Unit

Property Features

- Full Sized Washer/Dryer Connections (100% of Units)
- Large Private Patios/Covered Balconies
- Fiber Cable to Each Building Provides Free Direct TV/HBO
- Ceiling Fans in Living Rooms and Most Bedrooms*
- Upgraded Appliances in Kitchens*
- Brushed Nickel Lighting and Hardware
- Wood-Burning Fireplaces with Tile Surrounds
- Plank Wood-Look Flooring*
- Walk-In Closets, Ample Storage Spaces and Linen Shelving
- Outdoor Storage Closets
- Pet Friendly Community
- Total Roof Replacement (2014)

*In select units



River Oaks DETAILS



Community Features

- 24-Hour Emergency Maintenance
- New State-of-the-Art Gym with Cardio and Free Weights
- Business Center and Coffee Bar for Residents
- High-Speed Internet Access
- Resort-Style Swimming Pool with Beautiful Stonework & Hot Tube
- Tennis and Basketball Courts for Residents
- Individual Water Heaters in Every Unit
- Bike | Hike | Jogging Trails Along Big Nolan Creek Greenbelt
- Outdoor Cross-Fitness Stations
- RV/Boat Parking Available
- Fenced-In Pet Play Area and Dog Washing Station
- Community Website: <http://riveroaksapartmentskillen.com>



Investment PROXIMITY



Fort Hood

- Fort Hood is the US Army's largest power projection platform and home to the US Army's Armored Corps. The installation is "Mission Critical" to the US Army and is what is known as an "Enduring Installation." It ranks the highest in Military Value of any Army installation.
- Fort Hood is the largest single-site employer in Texas with more than 60,000 soldiers and civilians on post and roughly 35,000+/- family members living off post.
- The Fort Hood Army post had an economic impact of \$35.4 billion in Texas in 2016 and provided approximately \$12 billion in disposable personal income, according to Texas Comptroller Glenn Hegar.
- The new \$1 billion Carl R. Darnell Army Medical Center opened in 2016 on Fort Hood and employs 2,500 +/- staff. It caters to 200,000 active duty personnel, veterans, their family members and retirees.
- The Veterans Inventory Report indicates approximately 10,000 soldiers end their military service at Fort Hood. 34% of those separating soldiers indicate they intend to live in the region upon separation. (Killeen Economic Development Corporation)

A&M Central Texas

- The new Texas A&M - Central Texas opened its doors in 2009. The innovative campus expanded in 2014 with the addition of Warrior Hall, TAMUCT's 2nd multi-purpose building, which includes a state-of-the-art library and counseling center.
- The University is home to more than 2,500 +/- undergraduate and graduate students, 172 teaching faculty and 158 university personnel.
- TAMUCT is an upper-level, military-friendly institution, offering dozens of undergraduate and graduate degrees.
- In addition to the TAMUCT campus, classes are offered at multiple locations including the area community colleges and Fort Hood to better serve the Central Texas Region.
- As a GoArmyEd partner, the TAMUCT provides a virtual gateway for active-duty soldiers seeking tuition assistance for both face-to-face classes and distance learning courses. In addition, TAMUCT is one of only a few universities in the country to offer the "VetSuccess on Campus" program, which provides assistance to veteran-students during their transition into college life.

Location MAPS



Killeen HIGHLIGHTS



Strong Renter Demographic

44.1% of the population is between the ages of 20 and 44 years old.



High Average Income

The average household income is \$60,413, according to ESRI, which is above the national average.



Major Transportation

Killeen's regional public transit system, the HOP, provides low-cost transportation throughout the city.



Affordable Living

The cost of living in Killeen is 2.8% less than the national average.



Revitalized Downtown

Recently revamped streets, sidewalks, landscaping, lighting and plazas draw residents Downtown supporting businesses, farmers market and special events.



Outdoor Entertainment

Killeen has over 18 parks, including a water park, spray park, hike & bike trails, skate parks, golf & disc golf courses and a variety of athletic fields.



Dining Out

Killeen has over 200 dining options with foods ranging from traditional American fares to gourmet and ethnic cuisines.



High Traffic Count

Over 22,000 cars per day travel along S. Fort Hood Street, which runs through the center of Killeen.

Area MAP





Information About Brokerage Services

11-2-2015

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date

Regulated by the Texas Real Estate Commission

Information available at www.trec.texas.gov

TAR 2501

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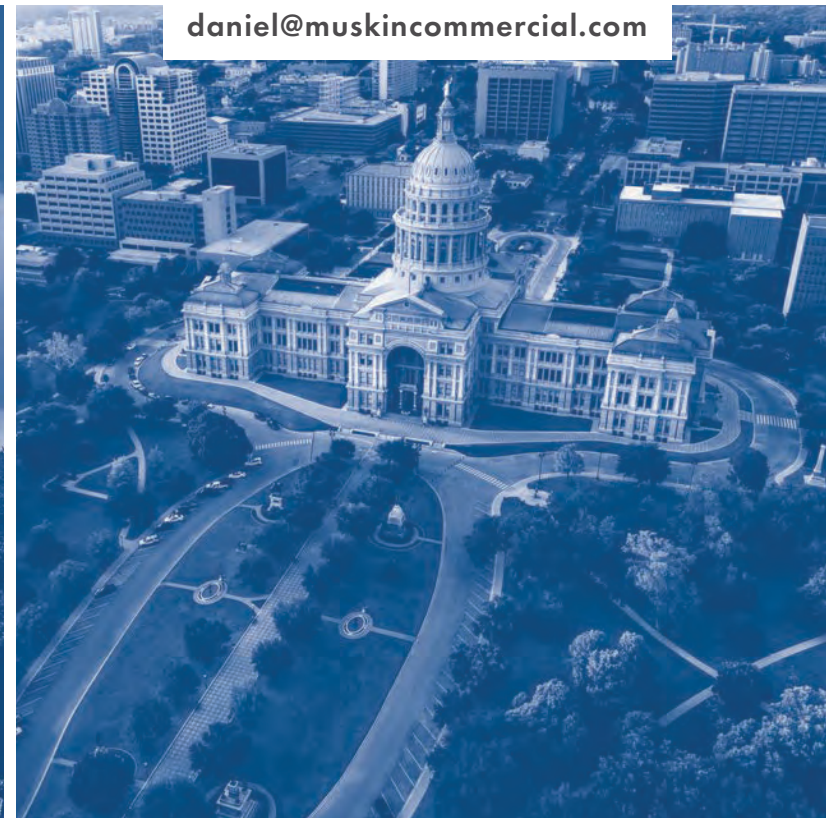
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