



# ENCORE CASTLE COURT

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By Encore Global Investment Management, LLC



## PROJECT HIGHLIGHTS

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- Houston is currently ranked as the number one most prosperous city in the U.S.\* as well as the second fastest growing city\*\*
- Desirable location within the Museum District, near shopping malls, Herman Garden, Rice University, The University of Houston, and Houston's world renowned medical district
- An experienced Developer with a 15-year proven track record of success
- Encore will co-invest with investors, sharing the risk and potential profit
- A projected 42% job buffer, allowing for a safer margin on job creation
- Construction completion and performance guaranties provided by the Developer
- Projected 23% project level IRR

\* Business Journals Study: <http://www.bizjournals.com/bizjournals/on-numbers/scott-thomas/2012/02/only-13-of-top-100-metros-have-bounced.html>

\*\* Forbes: <http://www.forbes.com/sites/morganbrennan/2013/01/23/americas-fastest-growing-cities/>

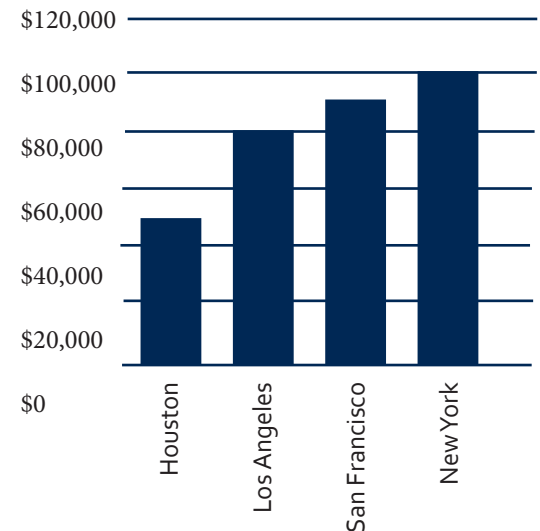


# INTRODUCTION TO HOUSTON

Houston is a central hub for transportation and logistics in the United States and is home to one of the busiest ports in the country. Its location along the Gulf Coast enables easy transit across all the United States, with the bulk of major cities being less than a four hour flight away.

Houston is a business friendly city, coming in second after New York in number of Fortune 500 headquarters in the United States.\* The city is also one of the nation's leading financial centers, with its GDP ranking as the fifth-largest of any metropolitan area in the United States.\*\*

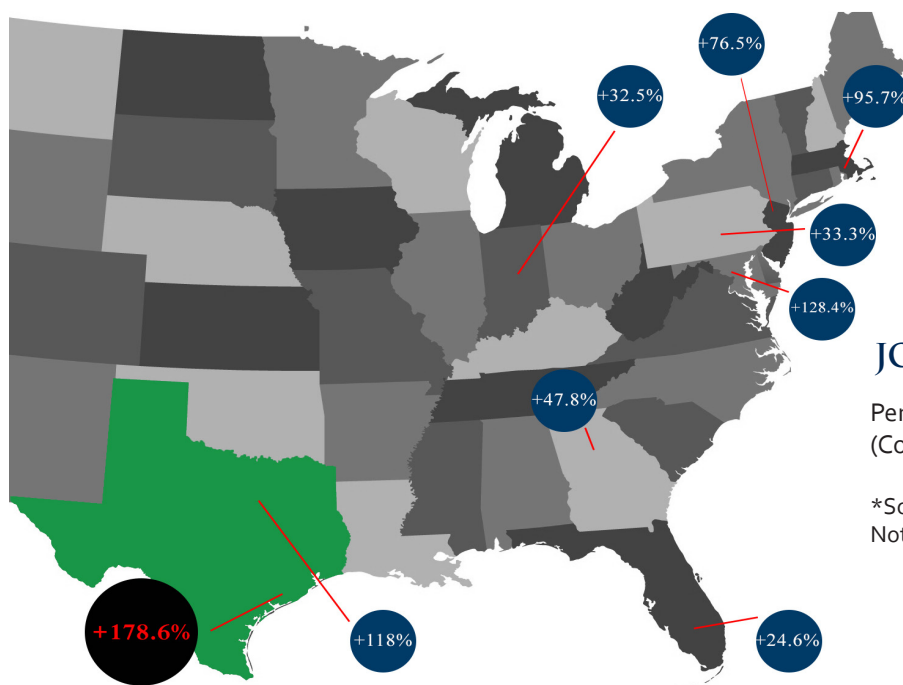
COST OF LIVING



Houston's desirable location is also reflected in the housing costs, taxes and level of employment. Texas does not charge a state income tax. Due to its economic stability, Houston's employment rate has remained higher, ranking in the top three in the nation.\*\*

High employment, low cost of living and a sustainable economy have made Houston an attractive choice for real estate investors.

\* CNN Money, 2011 - <http://money.cnn.com/magazines/fortune/fortune500/2011/cities/>  
 \*\* Panek, Hinson, and Baumgardner, October 2013. "Gross Domestic Product by Metropolitan Area"  
 \*\*\* CBS, 2013 - <http://houston.cbslocal.com/2013/09/09/houston-ranked-third-in-job-growth/>



## JOB GROWTH IN THE U.S.

Percent of Recession Jobs Recovered (Comparison of Top 10 U.S. Metros)\*

\*Source: U.S. Bureau of Labor and Statistics  
 Note: Percent of jobs recovered through Dec '12

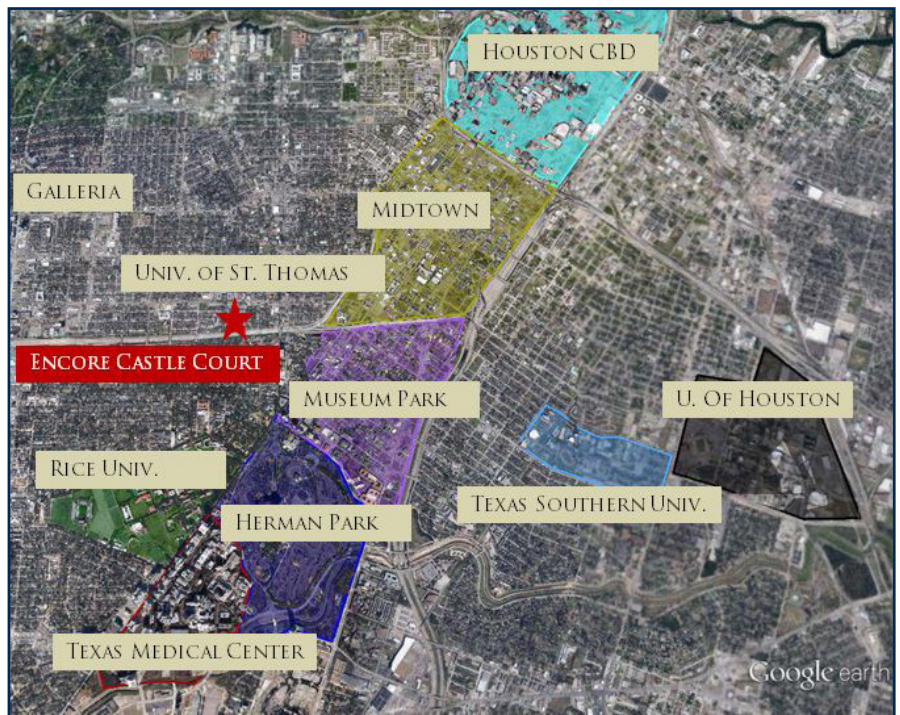
## PROJECT INTRODUCTION



Encore Castle Court project is a 5-story, Class A multi-family development over a 2-story podium parking structure. The development consists of 265-units with an attached clubhouse. The clubhouse and leasing center will feature a resort-style swimming pool and spa, an outdoor living area with fireplace, an integrated business center and conference room, a state of the art fitness center and leasing maintenance facilities.

## PROJECT LOCATION

The project is located near shopping and restaurants, Greenway Plaza, the Galleria, and within minutes of major employers in Houston's Museum District and CBD. It is approximately 5 miles east of the Galleria, home to more than 23.6 million square feet of commercial office space, and 2 miles north of the Texas Medical Center, one of the largest medical districts in the world. Proximate to the Property are Rice University, Hermann Park, Reliant Park and the Houston Zoo.



The pedestrian-friendly Museum District has more than 8.7 million visitors who explore the 19 cultural institutions that make up the tree-lined, culture-filled neighborhood each year. The district is the proud home of the nation's sixth largest art museum, offering guests 300,000 square feet of space dedicated to paintings, sculptures, costumes, photography and textiles dating back to the antiquities. Other area highlights include a vault containing the largest emerald crystal ever recovered in North America and Houston's first and only 4D theater.

## PROJECT LOCATION CONT.

The Property is considered very walkable, as most errands can be accomplished on foot. Residents are able to walk nearby to a variety of restaurants, grocery stores, and coffee shops, including the famous Black Hole Coffee House.



The nearest restaurants include Birraporetti's River Oaks, Pepino's Italian Restaurant, The Breakfast Klub, Uchi, Local Foods, and Lucky Burger along Richmond Avenue. The area also has many Chinese restaurants such as Hunan Village, Yum Yum Cha, Ginger Cafe and more. Asian grocery stores supplying Chinese, Korean, Vietnamese, Thai, and Japanese groceries are also a short distance away. The site is two blocks from Richmond Avenue but is well protected by tree-lined residential streets. The site is elevated well above US-59, which mitigates noise concerns.



## THE DEVELOPER BACKGROUND



Encore Multi-Family, LLC ("EMF"), a subsidiary of Encore Enterprises, Inc., is a fully integrated multi-family developer, owner and operator. EMF has developed over 1,940 multifamily apartment units since 2008, and its management team has collectively developed and acquired over 40,000 apartment units in over 30 metropolitan areas through the country.

Prior to joining Encore Multi-Family, LLC, Brad Miller, EMF's President, served as a national partner for Fore Property Company where he oversaw development activities in multiple markets, including Florida, Arizona, Nevada and Texas. Prior to that, for 17 years Mr. Miller was a residential partner with Lincoln Property Company, one of the largest real estate developers in the nation. He has over 37 years of experience in apartments operations and management.

JHP Architecture, winner of multiple Pillars of the Industry awards, has been selected as the designer for this project. It focuses on creating a building environment that is rich in diversity, authenticity and is sustainable over time.

“ QUALITY OF LIFE IS A GOVERNING ISSUE IN OUR WORK

THE PLACE YOU LIVE COUNTS

JHP ”

## REPRESENTATIVE MULTI-FAMILY PROJECTS



### Encore Highpointe Park

Sold 2014

- \$26 million total investment
- \$8.32 million equity, 17.68 loan
- \$40.75 million sale price
- 2-year investment period



### Encore Crossings

Corpus Christi, Texas

96% physical occupancy\*



### Encore Alsbury

Burleson, Texas

96% physical occupancy\*



### Encore Memorial

Tulsa, Oklahoma

95.56% physical occupancy\*



### Encore Waggoner Creek

Texarkana, Texas

96.43% physical occupancy\*



### Bayou Reserve

Thibodaux, Louisiana

93.75% physical occupancy\*



### Encore Landing

Temple, Texas

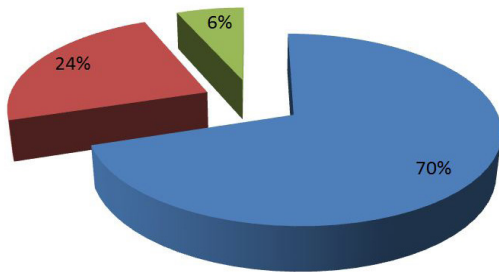
94.44% physical occupancy\*

\*Based on data as of March 31, 2014.

\*\* Projects shown are non EB-5 projects.

## CAPITAL STRUCTURE

■ Bank Loan ■ EB-5 ■ Developer & Other Equities

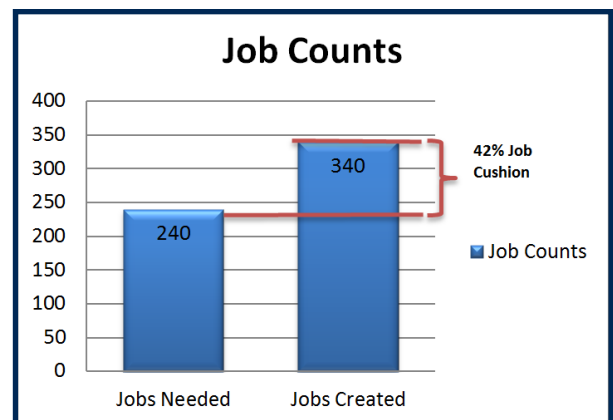


The total cost for the project is projected to be \$50,960,826. Anticipated sources of capital include an equity investment from Encore Multi-Family and other private investors in the amount of \$3,288,248, EB-5 funds in the amount of \$12,000,000 and a bank loan in the amount of \$35,672,578.

## JOB CALCULATIONS

- As per United States Citizenship and Immigration Services requirements, the EB-5 investment must create at least 10 qualified jobs for each investor within two years of his/her I-526 approval.
- This project is anticipated to provide 331 jobs versus 240 total required, allowing for a potential 42% job buffer.
- The Regional Input-Output Modeling System (RIMS II) method is used which allows for construction jobs to fulfill the job requirement.
- The economic report was done by a former USCIS chief economist, Kim Atteberry.

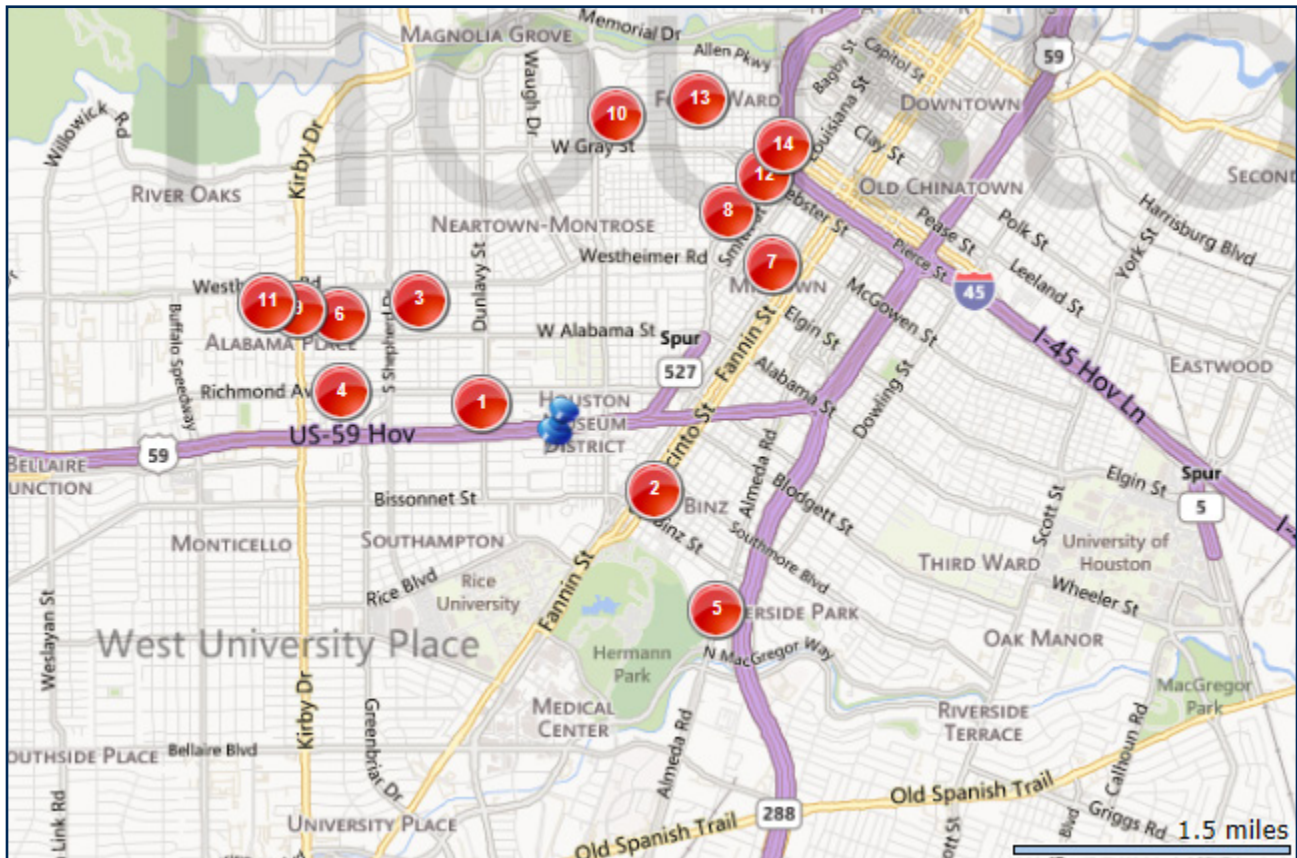
Required Jobs	240
Construction Jobs	326
Operation Jobs	14
Total Jobs	340



## EXIT STRATEGY

- Sale of the property.
- Refinance of the property.
- Operating cash flow will be used to repay the accrued preferred return and the principal.

# OCCUPANCY AND RENT COMPARABLES

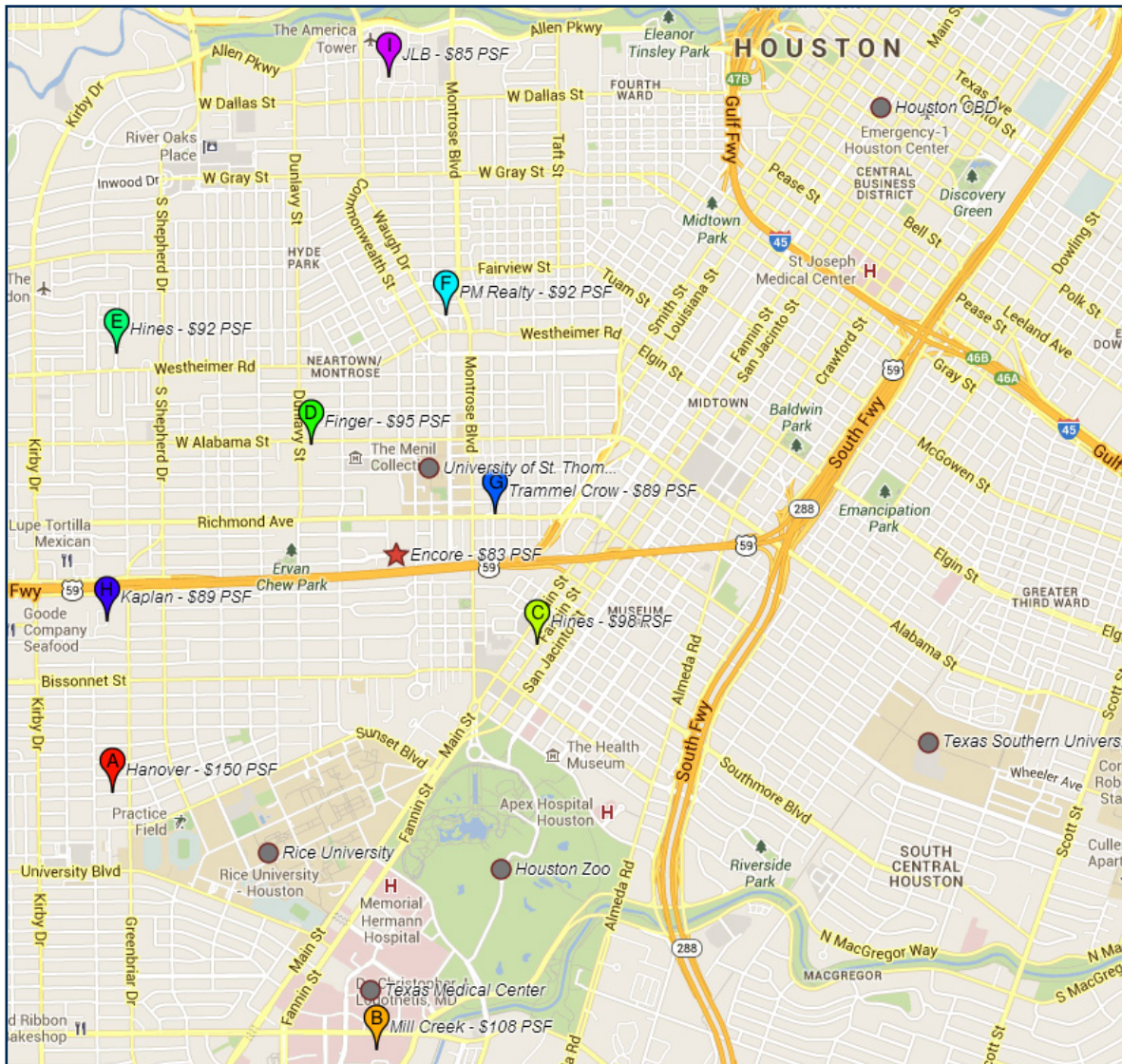


No.	Property Name	Year	Unit	Area	Rent	RPSF	OCC
1	Fairmont Museum District	2009	236	884	\$1,769	\$2.00	100%
2	Venue Museum District	2010	224	1,309	\$2,736	\$2.09	91%
3	The Westheimer	2008	244	957	\$1,667	\$1.74	94%
4	Upper Kirby	2008	230	925	\$1,717	\$1.86	92%
5	Amalfi At Hermann Park	2008	420	1,201	\$2,027	\$1.69	95%
6	La Maison at River Oaks	2009	423	977	\$1,905	\$1.95	89%
7	Camden Travis Street	2009	245	815	\$1,491	\$1.83	98%
8	City Place Midtown	2010	185	940	\$1,825	\$1.94	98%
9	Gables West Ave - Kirby	2009	397	1,077	\$2,143	\$1.99	92%
10	AMLI City Vista	2008	404	954	\$1,710	\$1.79	94%
11	The Belle Meade at River Oaks	2009	119	1,427	\$3,546	\$2.48	97%
12	Post Midtown Square III	2012	127	906	\$2,018	\$2.23	97%
13	Ashton West Dallas	2013	246	829	\$1,702	\$2.05	95%
14	Camden City Centre II	2013	269	870	\$1,678	\$1.93	95%

\* Data from Axiometrics Inc., based on recent transactions in a 2-mile radius



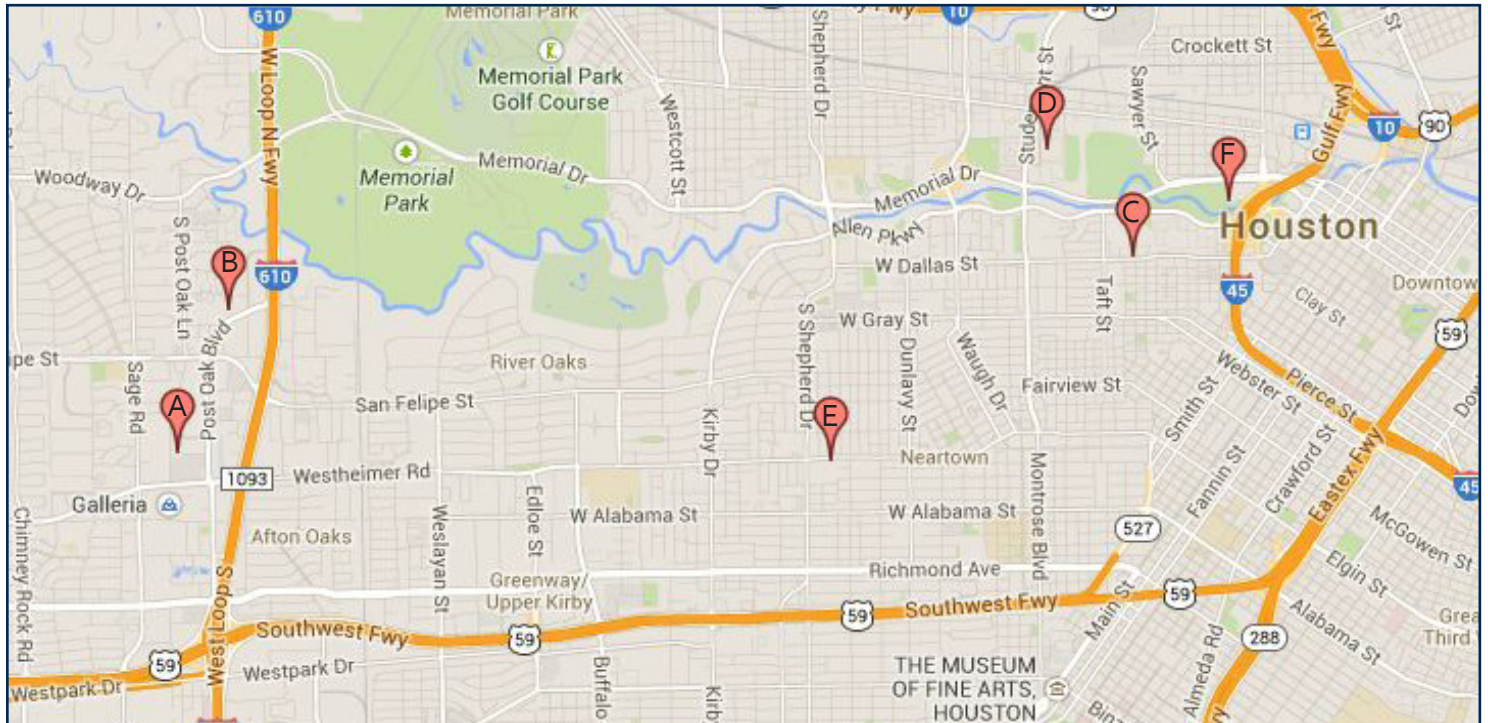
# LAND SALE COMPARABLES



No.	Buyer	Purchase Price PSF	Use	Year	Distance
A	Hanover	\$150	MF	2013	1.51 miles
B	Mill Creek	\$108	MF	Under Contract	2.0 miles
C	Hines	\$98	MF	Under Contract	.65 miles
D	Finger	\$95	MF	2012	.50 miles
E	Hines	\$92	MF	2013	1.20 miles
F	PM Realty	\$92	Office	2012	.79 miles
G	Trammel Crow	\$89	MF	2012	.05 miles
H	Kaplan	\$89	MF	2012	1.11 miles
I	JLB	\$85	MF	Closed	1.75 miles
★	<b>Encore Enterprises</b>	<b>\$83</b>	<b>MF</b>	<b>Under Contract</b>	<b>Property</b>

\* The land sales comparables are based on land sales within a 2-mile radius

## MULTIFAMILY SALE COMPARABLES



No.	Property Name	Submarket	Class	Type	Total Units	Avg. Size	Year Built	Sale Price	Price/Unit	Price/SF	Sale Date
A	AMLI Uptown (formerly Millennium Uptown)	Galleria	A	Mid-Rise	238	1,007	2013	\$61,880,000	\$260,000	\$258.13	Aug-13
B	1200 Post Oak	Galleria	A	High-Rise	356	1,189	2002	\$108,580,000	\$305,000	\$256.55	Feb-13
C	Broadstone West Dallas	Montrose/Museum District	A	Mid-Rise	244	828	2013	\$48,800,000	\$200,000	\$241.61	Aug-13
D	The Estates at Memorial Heights	Montrose/Museum District	A	Mid-Rise	437	942	2001	\$80,845,000	\$185,000	\$196.49	Jun-13
E	The Westheimer	Montrose/Museum District	A	Mid-Rise	244	957	2008	\$48,068,000	\$197,000	\$205.86	May-13
F	Sabine Street Lofts	Montrose/Museum District	A	Mid-Rise	198	1,015	2001	\$39,200,000	\$197,980	\$195.07	Mar-13

\* Based on the recent transactions within the Galleria and Montrose/Museum District submarket.

## WHY INVEST WITH ENCORE GLOBAL?

- Encore’s adherence to a high standard of ethical business behavior and its organizational dedication to excellence and value creation
- Encore co-invests in all deals the company sponsors in order to ensure that its goals are aligned with its investors
- A seasoned real estate investment team with an average of over 25 years of industry experience in their respective disciplines.
- A disciplined investment approach to acquiring, managing, leasing and strategically selling assets
- An entrepreneurial culture focused on the attention to details in all aspects of the investment process
- An extensive network of industry contacts
- Encore Global’s one-stop turn-key solutions for taking advantage of the immigration opportunities offered by the USCIS EB-5 Visa program



Encore Global EB-5 Regional Centers:

- ★ Approved
- ★ Pending\*
- ★ Proposed\*\*

As of April 2014

*"Through the coordinated efforts of our Asian Affiliates and Encore Equities, we provide a gateway for investors seeking to immigrate to the U.S. selecting an EB-5 qualified real estate investment in the vast U.S. market in an informed and sensible manner."* - Dr. Bharat Sangani, founder and chairman of Encore Enterprises, Inc.

\* Filed with USCIS

\*\* To be filed with USCIS



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*Not every investment is safe. Not every investment in a regional center will result in green card status. Not every investment will produce a profit.*

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