



Executive Summary

Trail Acres Trailer Park

Du Quoin, IL



Property Description

The Trail Acres Trailer Park is in Du Quoin, Illinois. The property has **17 lots with public utilities** on 1.91 acres. This park is **88% occupied** with 9 park owned homes, 6 tenant owned homes, and 2 vacant lots.

Without conducting any value-add activities, the park generates a positive cash flow upon acquisition. With rent increases of \$25 - \$50/year and a five to eight year holding period, this opportunity is projected to have a **15% - 18% IRR**, using very conservative data modeling & underwriting. This acquisition has the following sound fundamentals:

- An initial Cap Rate of 10.9%
- Value-Add Opportunities

Local Market

Du Quoin is increasingly becoming a destination for business and industry seeking a centrally located, well-connected community from which to conduct operations. Strategically located in Southern IL at the intersection of State Routes 51, 14, 152 and 154. Du Quoin also has nearby access to Interstates 57 and 64 and is only 20 miles north of Carbondale, IL and Southern Illinois University.

The average apartment rent for a 2/3-bedroom apartment in the market is \$700-\$900/month, while the current rent of the park is \$150-\$400/month representing a pressing need for affordable housing.

The largest industries in Du Quoin are health care & social assistance, manufacturing, and retail trade. The highest paying industries are finance, insurance, real estate and public administration.

Deal Structure & Capital Raise

Asking Price:	\$199,900
Cash Sales Price:	\$154,000
Cash Payment:	\$154,000
Due Diligence:	\$ 3,000
Closing Costs:	\$ 4,000
Acquisition Fee:	\$ 7,700
Value-Add:	\$ 6,300
Reserves:	\$ 5,000
Total Capital Raise:	\$180,000

Return on Investment

Targeted IRR:	15%-18%
Targeted Equity Multiple:	1.5x – 2.5x
Targeted Hold Time:	5-8 Years
Investment Type:	Equity

Schedule of the Investor's Return of Capital

- *First:* 100% to Investors until a 10% preferred return is achieved
- *Second:* After a 10% preferred return is achieved, then 80% to Investors and 20% to Sponsor
- *Third:* After a 14% return is achieved, then 70% to Investors and 30% to Sponsor
- *Fourth:* After a 18% return is achieved, then 60% to Investors and 40% to Sponsor

Timeline

The property is expected to close escrow on or before **September 30th, 2020**. All funds are to be remitted by **September 25th, 2020**.