

1Q26 Augusta Court - Quarterly Investor Call

Key Takeaways

- Augusta Court Q1 2026 financial reporting was presented by Ashley and J.
- Q1 occupancy averaged 93.61%, with current occupancy at 94% and pre-leased at 96%.
- Q1 average total income was \$217,246, with average operating expenses of \$105,190 and average NOI of \$112,056.
- A \$35,084 property tax refund for 2025 was secured through successful tax protest efforts.
- Rate cap accrual increased by only \$11,000/month (down from a prior high of \$74,000/month), enabling distributions to resume.
- The property achieved a 4.6 Google star rating, reflecting strong team performance.
- Two new income programs (cable/internet package and deposit program) were implemented to grow other income.
- Distributions have restarted on a conservative, quarterly basis.
- The escrow lawsuit (involving \$205,000) has a tentative hearing date in August 2026.
- Next quarterly update (covering Q2) is scheduled for August 2026.

Discussed Topics

State of the Industry & Market Conditions

Ashley provided an overview of current real estate market conditions, noting seasonal Q1 softness that has already rebounded in April and May across the portfolio.

- **Details**
 - Ashley: Seasonal variation in Q1 is typical — residents catch up on holiday expenses and await tax refunds before paying rent arrears.

- Ashley: Transaction activity in the real estate market has picked up, though still below normal levels and at discounted prices.
- Ashley: Cap rates remain elevated as they reflect transactions from 90–120 days prior, limiting urgency to sell or refinance.
- Ashley: The market is described as "cautiously optimistic," with increased move-in activity signaling a return to normal seasonal trends.
- **Conclusion**
 - Seasonal Q1 softness is expected and already reversing in Q2.
 - No drastic movement in cap rates; refinancing or selling is not being forced at this time.

Property Tax Update

Ashley discussed the outcome of the 2025 property tax protest and the rationale behind the tax reduction argument.

- **Details**
 - Ashley: The team successfully argued that 2025 tax assessments should reflect lower 2024 property values, securing a \$35,084 refund.
 - Ashley: Tax attorneys confirmed the argument was valid and well-supported.
 - Ashley: The refund may take another quarter or two to be received, similar to the 2024 refund which took nearly 6 months.
- **Conclusion**
 - A \$35,084 tax refund for 2025 has been secured and is pending receipt.
 - The same argument can likely be applied for the next couple of years given continued lower property valuations.

Rate Cap Accrual

Ashley updated investors on the annual rate cap analysis completed in March 2026.

- **Details**

- Ashley: The rate cap accrual increased by only \$11,000/month, compared to a prior high of \$74,000/month.
- Ashley: The favorable outcome was partly due to the timing of the assessment coinciding with a drop in interest rates.
- Ashley: This result was a key factor in the decision to resume distributions.
- Ashley: The next rate cap analysis is scheduled for October 2026.

- **Conclusion**

- The \$11,000/month increase is manageable and has been factored into the distribution plan.
- No further rate cap analysis until approximately October 2026.

Escrow Lawsuit

Ashley provided a status update on the pending legal matter involving a prior buyer who backed out of a purchase contract.

- **Details**

- Ashley: All discovery has been completed.
- Ashley: A tentative hearing date is set for August 2026, though attorneys have indicated it may be rescheduled.
- Ashley: The property is contesting the buyer's default and seeking \$205,000 held in escrow.

- **Conclusion**

- The lawsuit remains pending with a tentative August 2026 hearing date.
- Investors will be kept informed of any updates.

Property Performance & Team Recognition

Ashley highlighted the property's operational excellence, including its Google rating and low delinquency.

- **Details**

- Ashley: Augusta Court achieved a 4.6 Google star rating, which Ashley described as exceptional and unprecedented in her experience.
- Ashley: Delinquency in the most recent month was only \$81, reflecting strong collections management.
- Ashley: The performance is attributed to the dedication of the on-site team, including the maintenance staff.
- **Conclusion**
 - The property is operating at a high standard, with strong resident satisfaction and minimal delinquency.
 - Investors and attendees were encouraged to leave Google reviews to support the property's ratings.

Submarket Projections

Ashley noted a technical issue with pulling the latest Yardi Matrix report during the presentation.

- **Details**
 - Ashley: The Yardi Matrix screenshot in the slide deck was outdated due to a system access issue on the day of the call.
 - Ashley: Based on available market data and reports, no significant swings in submarket projections are anticipated.
- **Conclusion**
 - An updated submarket projection slide will be included in the final slide deck posted to the investor portal.

Occupancy

Ashley reviewed Q1 occupancy performance and current status.

- **Details**
 - Ashley: Q1 2026 average occupancy was 93.61%.
 - Ashley: Current occupancy stands at 94%, with pre-leased occupancy at 96%.

- Ashley: There is effectively a waitlist for certain unit types.
- **Conclusion**
 - Occupancy remains strong and stable, particularly given broader market volatility.

Total Income & Other Income

Ashley reviewed income performance for Q1 2026 and outlined two new programs to grow revenue.

- **Details**
 - Ashley: Q1 average total income was \$217,246, inclusive of rental and other income.
 - Ashley: Other income averaged \$21,501 for Q1, slightly below prior periods but consistent.
 - Ashley: A new cable and internet package program charges residents approximately \$55–\$60/door while the property pays approximately \$35/door, generating a yield per unit.
 - Ashley: A new deposit program allows residents to spread out move-in cash requirements, with the property receiving a share of the associated fee.
- **Conclusion**
 - Both new programs are expected to incrementally grow other income going forward.
 - Income growth will be pursued cautiously to avoid jeopardizing occupancy levels.

Operating Expenses & Net Operating Income (NOI)

Ashley reviewed expense management and NOI performance.

- **Details**
 - Ashley: Q1 average total operating expenses were \$105,190, well below the Y6 forecast of \$115,140.
 - Ashley: The team has also kept below-the-line CapEx expenses tight, with limited deferred maintenance exposure.
 - Ashley: Q1 average NOI was \$112,056, compared to the Y6 forecast of \$154,322.

- Ashley: NOI growth is being pursued carefully, balancing rent increases against resident affordability concerns.
- Ashley: Across the portfolio, grocery store gift cards have proven to be the most effective renewal incentive, reflecting residents' cost-of-living pressures.
- **Conclusion**
 - Operating expenses are well-controlled and below forecast.
 - NOI has room to grow, primarily through rent optimization and income program expansion.

Write-Offs

Ashley reviewed monthly write-off data related to evictions and skips.

- **Details**
 - Ashley: A notable write-off occurred in January 2026 due to one full eviction process, which is costly but infrequent.
 - Ashley: In February 2026, the property was net positive on write-offs, recovering more than was written off.
- **Conclusion**
 - Write-offs are generally well-managed, with isolated spikes due to the nature of the eviction process.

CapEx Update

Ashley provided a brief update on recent capital expenditure activity.

- **Details**
 - Ashley: The only recent CapEx project involved repairing a separation in the driveway and building facade near the garage area.
 - Ashley: The project was recently completed at approximately \$12,000, in line with the original forecast and with no change orders.
- **Conclusion**

- CapEx exposure remains limited; the driveway/facade repair was completed on budget.

Submarket & Competitor Update

Ashley reviewed local unemployment trends and competitive rental positioning.

- **Details**

- Ashley: Local MSA unemployment rose to 4.7% from 4.2% in January; the U.S. average held steady at 4.3%.
- Ashley: Eviction processing delays continue but were removed from the slide deck as no changes have occurred in approximately two years.
- Ashley: One-bedroom competitor set average: 764 sq ft at \$1,276; Augusta Court offers 918 sq ft at \$1,480.
- Ashley: Two-bedroom competitor set average: 1,142 sq ft at \$1,696; Augusta Court offers 1,168 sq ft at \$1,763.

- **Conclusion**

- Augusta Court maintains a competitive advantage in unit size relative to asking price.
- Rising local unemployment is being monitored as a potential risk factor.

Game Plan & Investor Updates

Ashley outlined the forward-looking strategy and provided investor-specific updates.

- **Details**

- Ashley: The strategy is to slowly grow NOI without sacrificing occupancy, as high occupancy supports favorable buyer financing and maximizes sale price.
- Ashley: Multiple brokers are actively seeking updated financials and have buyers interested in the property, but current offers do not meet the team's price expectations.
- Ashley: Distributions have resumed on a conservative, quarterly basis, with reserves being built up to ensure sustainability.
- J: Distributions were sent out a few weeks prior to the call, with notifications via email and the investor portal.

- Jeff: Raised a question about not having received distribution notifications.
- J: Offered to connect with Jeff directly at 8:00 PM Eastern to resolve the issue.
- **Conclusion**
 - The property is not being rushed to market; the team is waiting for optimal conditions to maximize sale value.
 - Distributions will continue quarterly as long as financial conditions remain favorable.
 - Financials, slide deck, and meeting recording will be posted to the investor portal.
 - Next quarterly update meeting covering Q2 2026 is scheduled for August 2026.

Challenges

- **Yardi Matrix access issue:** Ashley was unable to pull the latest submarket projection report in time for the presentation due to a platform access problem. An updated slide will be included in the final deck.
- **Rising local unemployment:** The MSA unemployment rate increased from 4.2% to 4.7%, which could pressure occupancy and rent growth if the trend continues.
- **Resident affordability pressures:** Cost-of-living challenges are limiting rent growth potential across all property classes; grocery gift cards are outperforming rent discounts as renewal incentives.
- **Escrow lawsuit uncertainty:** The tentative August 2026 hearing date has a high likelihood of being rescheduled, prolonging resolution of the \$205,000 escrow dispute.
- **Distribution notification gap:** Jeff did not receive distribution notifications, suggesting a potential gap in the communication or portal notification process.
- **Cap rate environment:** Cap rates remain elevated and are still reflecting older, lower-value transactions, limiting favorable refinancing or sale conditions.

Action Items

- **Ashley**
 - Update the submarket projections slide with the latest Yardi Matrix data and post the final slide deck to the investor portal.

- Post the meeting recording and financials to the investor portal.
- Monitor the rate cap accrual ahead of the next analysis in October 2026.
- Continue tracking the escrow lawsuit and update investors as the August 2026 hearing date approaches.
- Continue monitoring broker activity and market conditions for potential sale timing.
- Schedule the Q2 2026 quarterly investor update meeting for August 2026.
- **J**
 - Connect with Jeff at 8:00 PM Eastern on the day of the call to investigate and resolve the missing distribution notification issue.
 - Continue monitoring distributions and reserves to ensure quarterly distributions remain sustainable.
- **Jeff**
 - Connect with J at 8:00 PM Eastern to resolve the distribution notification issue.
- **All Investors**
 - Leave a Google review for Augusta Court if willing, to support the property's online ratings.
 - Follow Augusta Court's social media accounts and engage with content.