



# CHATEAU APARTMENTS

168-UNITS  
RALEIGH / DURHAM MSA

April 2025



MATHESON  
CAPITAL



**SHINING ROCK**  
-EQUITY-



**Shining Rock Equity**, in partnership with **Matheson Capital**, is excited to bring you a unique investment opportunity:

## **The Chateau Apartments**

*168 Units in Chapel Hill/Carrboro, North Carolina*

This property offers a compelling opportunity to invest in stabilized, well-occupied **workforce housing** with strong fundamentals in one of North Carolina's most desirable rental markets.

Our business plan focuses on enrolling the property in **North Carolina's Tax Abatement Program**, which is expected to **significantly reduce property taxes**. This could increase the property's Net Operating Income (NOI) by about \$240,000 per year and add over \$4 million in property value, all while keeping the apartments affordable for local residents and **driving strong returns for investors**.

Together, Shining Rock and Matheson Capital bring deep experience in the Carolinas and a proven track record of delivering risk-adjusted returns through operational efficiency and strategic partnerships.



# DISCLOSURES

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We operate in a competitive business, and some of our competitors have significant resources and operating flexibility, allowing them to compete effectively with us.

Matheson Capital and Shining Rock Equity's investment strategies may bear the burden of the tax treatment of transaction structures, political and economic instability, and inflation and governmental measures to curb inflation that may also adversely affect our results.

We define IRR as realized and projected unrealized internal rate of return. IRR is a time weighted calculation using the monthly cash flows of each investment. We define multiple as realized and projected unrealized equity multiple, which is calculated as gross proceeds over gross investment costs.

Target returns, projected IRR and projected multiple are based on our good faith analysis of current global, regional and local market conditions, third party and internal valuations, interest rate assumptions, and operating company performance. Real estate risks including vacancy rates, rents, cap ratios, supply and demand, property mix, etc. Any of these factors could be inaccurate, and actual events or our investments and results of operations could differ from those expressed or implied.

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The interests of the Companies may conflict with the interests of the investors of the Companies' investment strategies.



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## Shining Rock Equity

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The Shining Rock Equity team does intense due diligence on operators and sponsors to bring the best private market multifamily deals to our investor network.



**Robert Stanley**  
*Managing Partner*



**Clay Stanley**  
*Partner*



**Kim Solomon**  
*Partner*



**Sara Stanley**  
*Marketing Director*



## **SHINING ROCK** **- EQUITY -**

Inna Shapiro

Keller Williams Realty Agent & Shining Rock Investor

**“I have invested in two apartment complexes with Shining Rock so far!”**

As a busy Realtor, I'm a firm believer in investing in real estate to build wealth for my family's future.

I have previously invested in single family houses in the Triangle, yet I wasn't as familiar with the benefits of passive investing in multi-family properties. The team at Shining Rock explained the strategy and returns. I was excited for the opportunity to diversify my portfolio!

I look forward to participating in more deals with Shining Rock and highly recommend working with them!

## **TESTIMONIALS**

Nikki Rice

eXp Realty Agent & Shining Rock Investor

**“A game-changer for my retirement plan”**

Predictable, steady cash flow generated from rental income, appreciation, and a professional business plan provides a reliable source of income. Also, I learned of additional tax benefits specific to real estate professionals.

I am thrilled to passively invest, leaving the asset management to the competent Shining Rock team. I have invested in two properties with Shining Rock so far and highly recommend them to other busy realtors!



**Will Matheson**

Co-Founder



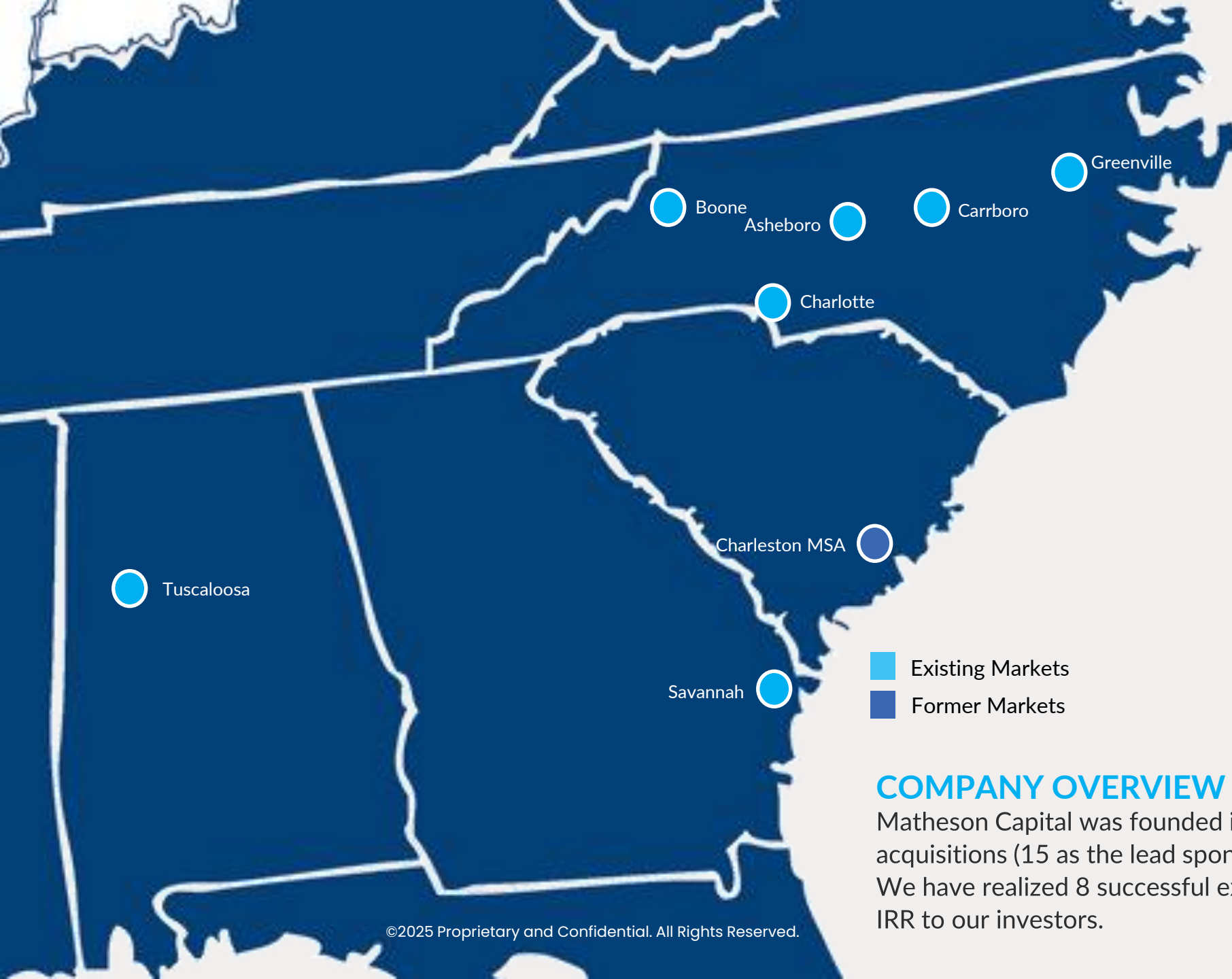
**Evan Matheson**

Co-Founder



**Corinne Bittner**

Asset Management



- Existing Markets
- Former Markets

## COMPANY OVERVIEW

Matheson Capital was founded in 2018, and has since completed 17 acquisitions (15 as the lead sponsor), representing over \$100MM. We have realized 8 successful exits, delivering an average of over 35% IRR to our investors.



# TESTIMONIALS

Verified Investor

3/25/2025

## "Great business model "

We think Matheson Capital has a really unique business model. I and a number of my clients have invested in a dozen or more of their projects. The most recent sale of one of their properties produced a 40% return in less than two years.

Sangeetha G.

3/24/2025

## "Best-in-Class Multifamily Sponsor"

I invested in 2 Matheson Capital deals with one having gone full cycle resulting in an attractive IRR. Since day 1 I have been impressed with Matheson Capital's responsiveness to any questions, their transparency, reporting, and bandwidth to successfully oversee their deals. They have become one of my favorite Sponsors. I look forward to continuing to invest with them.

John F.

3/24/2025

## "MathCap Excels"

This is a first-class operation. They provide accurate and complete information regarding their offerings with frequent follow-ups. They know the markets where the properties are located and are adept at finding the right opportunities. I am very happy with the performance of my investments and will continue to invest with them.

# Executive Summary

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- Matheson Capital is acquiring Chateau Apartments, a 168-unit apartment property located in Carrboro, NC, part of the Raleigh/Durham/Chapel Hill MSA. The property was built in 1969 and is spread over 15.46 acres.
- As a lead sponsor, Chateau Apartments marks Matheson Capital's 14th acquisition in the southeast and 12<sup>th</sup> acquisition in the Carolinas.
- Chateau Apartments has an average in-place rent of \$1,136 and currently boasts 95+% occupancy. The property is being acquired at \$125k/unit, well below replacement cost.
- Current ownership purchased the property in 2021 and is selling the property due to maturing floating rate debt, allowing us to purchase the property at a very strong cap rate.
- The property is eligible for the North Carolina affordable housing tax abatement program, which can provide as much as \$240k in NOI growth.



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# Executive Summary

## Projected Returns

Over a five-year investment period, this property is expected to provide investors with:

- Average Annual Return (AAR): 22%-24%
- 8% Preferred Return
- Internal Rate of Return (IRR): 18%-19%
- Average Annual Cashflow (Cash-on-Cash): 7%-8% (paid quarterly)
- Equity Multiple (EM): 2X+

## Requirements

- Minimum Investment: \$50,000
- Accredited Investors Only:
  - Net worth \$1MM+ (excluding primary residence)
  - OR income of \$200k+ individual or \$300k+ joint for the past two years



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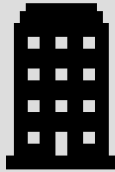
# Investment Highlights



201 NC 54  
Carrboro, NC



Purchase Price:  
\$21,000,000



168-unit  
Apartment Property

## PHENOMENAL BASIS & GOING IN CAP RATE

- \$125k/unit is one of the lowest price per unit acquisitions in the Chapel Hill/ Carrboro market
- We are purchasing the property at a phenomenal 5.73% cap rate (T3/T12), one of the highest cap rates we have seen in the Triangle in years

## PART OF HIGHLY DESIRABLE CHAPEL HILL / CARRBORO MARKET

- Household incomes within a 3-mile radius are greater than \$120k
- Chapel Hill High School is rated as one of the best high schools in the state
- Median home value within the zip code is over \$482k



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# Investment Highlights

## PROVEN VALUE-ADD UPSIDE

- Current ownership has renovated 93 of the 168 units. In-place rents for renovated units are currently a \$76 premium to classic rents

## DISTRESSED INVESTMENT OPPORTUNITY

- Current owner is highly motivated due to a maturing bridge loan

## HIGH BARRIERS TO ENTRY

- New construction within Orange County is severely limited by the Rural Buffer
- Affordability requirements and rising development costs place the cost of construction within the market between \$270k and \$370k / unit.

## BENEFICIAL TAX ABATEMENT STRATEGY

- The property is positioned to enter the NC tax abatement program, thereby creating an estimated \$240k increase in NOI



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## PROPERTY SUMMARY

**Property:** Chateau Apartments

**Address:** 201 NC 54

**City, State:** Carrboro, NC

**Rentable Area:** 154,635 SF

**Land Area:** 15.46 AC

**Buildings:** 8

**Unit Types:** 168 1-BR

**Year Built:** 1969

**Units:** 168

**Parking:** 242 Spaces (1.44 / unit)

**Stories:** 2

**Avg Unit Size:** 800 SF

**Acquisition Price:** \$21,000,000 (\$125,000/unit)

**Current Management:** Apartment Dynamics

# Classic Unit Interiors



# Renovated Unit Interiors



# Exterior / Amenity Spaces



# Property Details

BUILDING INFORMATION	
Exterior Materials:	Brick, Hardboard
Roof Type:	Asphalt Shingles, Mansard
Paving:	Asphalt
Foundation:	Slab
Ceiling Height:	8 Feet
Flooring:	LVP, Carpet, Vinyl, Tile
Plumbing:	PVC
HVAC:	Central Air, Heat Pump
Wiring:	Copper

UTILITIES	
Electric:	Duke Energy
Gas:	Dominion Energy
Water/Sewer:	OWASA



RENTAL & UNIT MIX INFORMATION						
Unit	Count	SF/Unit	Rent/Unit	Rent/SF	Market Rent	Market Rent/SF
1x1 A (Classic)	75	800	\$1,093	\$1.37	\$1,105	\$1.38
1x1 A (Renovated)	93	800	\$1,169	\$1.46	\$1,260	\$1.58
Total/Avg.	168	800	\$1,136	\$1.42	\$1,192	\$1.49

## Enroll Property into Tax Abatement Program

Starting in January of 2026, we plan to enroll Chateau Apartments into the North Carolina affordable housing tax abatement program, thereby removing approximately 75% of the property tax burden (projected to save ~\$240k in expenses).

## Opportunity to Continue Proven Value-Add Renovations

Current ownership has renovated 93 of the 168 units. In-place rents for renovated units are currently a \$76 premium to classic rents, but renovated units are leasing for a \$155 premium for the upcoming cycle.

## Improve Property Curb Appeal & Amenities

Improving unused common area spaces to better the resident experience.



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INVESTMENT STRATEGY



# Chateau Apartments Site Skyview



# Chateau Apartments Site Skyview



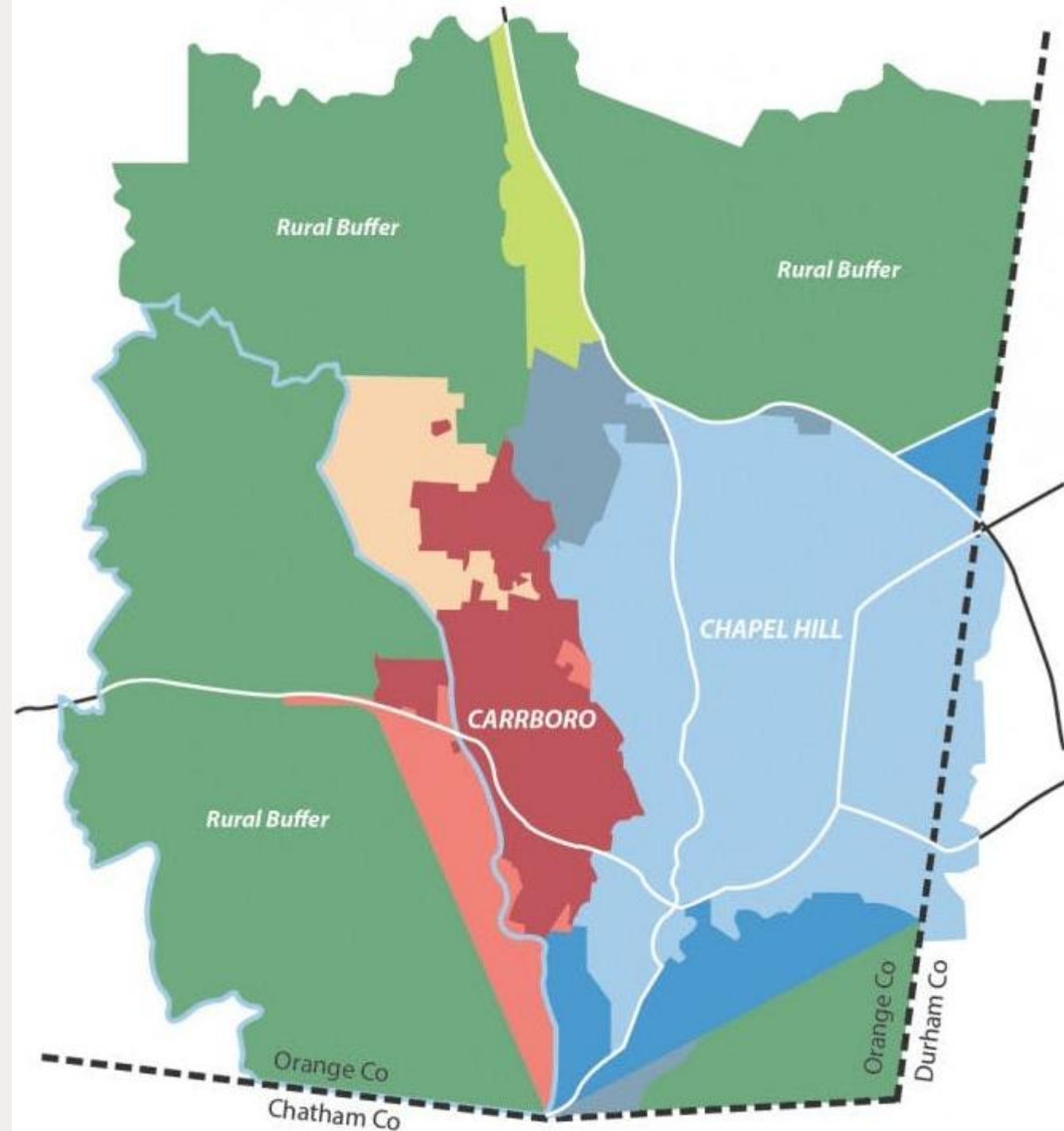
# Market Overview

## Research Triangle

Chapel Hill / Carrboro (known locally as “Chapelboro”) is a part of North Carolina’s Research Triangle region, which includes Raleigh and Durham. The region is home to over two million residents and was one of the fastest growing MSAs from 2010 through 2019. The Triangle is continually ranked among the nation’s best metropolitan areas due to its strong economy, attractive business climate, highly educated workforce, established infrastructure, and outstanding quality of life. The region boasts a diverse, innovation-based economy anchored by world-class universities, well-managed state and local governments, and operations of many of the nation’s leading technology, pharmaceutical, and healthcare firms.

Carrboro is famous for its high barriers to entry. There have only been 94 units delivered in Carrboro in the last 27 years. Carrboro is surrounded by a “Rural Buffer”, 36,000 acres of farmland, forest, and watershed protection area where development is prohibited. Additionally, Chapel Hill has historically been very opposed to development and now demands at least a 15% affordability component for all new developments.

These factors combine to create very high barriers to entry within the submarket. As such, replacement costs are elevated in the submarket. The estimated costs to build new wrap and podium developments are projected at \$350k / unit and \$375k / unit.



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# NC Tax Abatement Program Details



## Introduction

N.C. Gen. Stat. §105-278.6(a)(8) provides a property tax exemption for real and personal property owned by “a nonprofit organization providing housing for individuals or families with low or moderate incomes” if the real property is actually and exclusively used for charitable purposes (“**Exemption**”).

There are three elements that must be satisfied for the Exemption to apply:

1. The real property must be owned by a nonprofit organization
2. The owner must provide housing for individuals or families with low or moderate incomes; and
3. The real property must be actually and exclusively used for charitable purposes.

## Nonprofit Ownership

The nonprofit ownership requirement is easily met if 100% of the ownership vests in a nonprofit. However, this element may still be met where the nonprofit owns a small percentage with the remainder owned by a for-profit entity. The seminal case on this issue is *In re Blue Ridge Housing of Bakersville LLC*, 226 N.C. App. 42 (2013). In that case, the North Carolina Court of Appeals created a test for nonprofit ownership of an affordable housing community for when a nonprofit has an ownership interest in less than 100% of the property. That test is an examination of the following factors the court says suggest ownership:

1. The entity’s control of the venture’s operations;
2. The entity’s status as trustee of LLC property;
3. The possibility of future increased actual ownership interest;
4. The intent of the participating parties.

## Provision of Housing and Charitable Use

In our experience, the second and third elements discussed above are satisfied as long as the units truly are affordable units. This is generally satisfied by restricting the property to tenants at or below 80% of area median income by executing restrictive covenants. For the Exemption to apply to the entire Property, one-hundred percent (100%) of the units comprising the Project must be utilized for tenants that are “individuals or families with low or moderate incomes.” In the event only a portion of the units are utilized for tenants that are “individuals or families with low or moderate incomes”, the Exemption would apply proportionately to the Property.

## Qualifying Structure

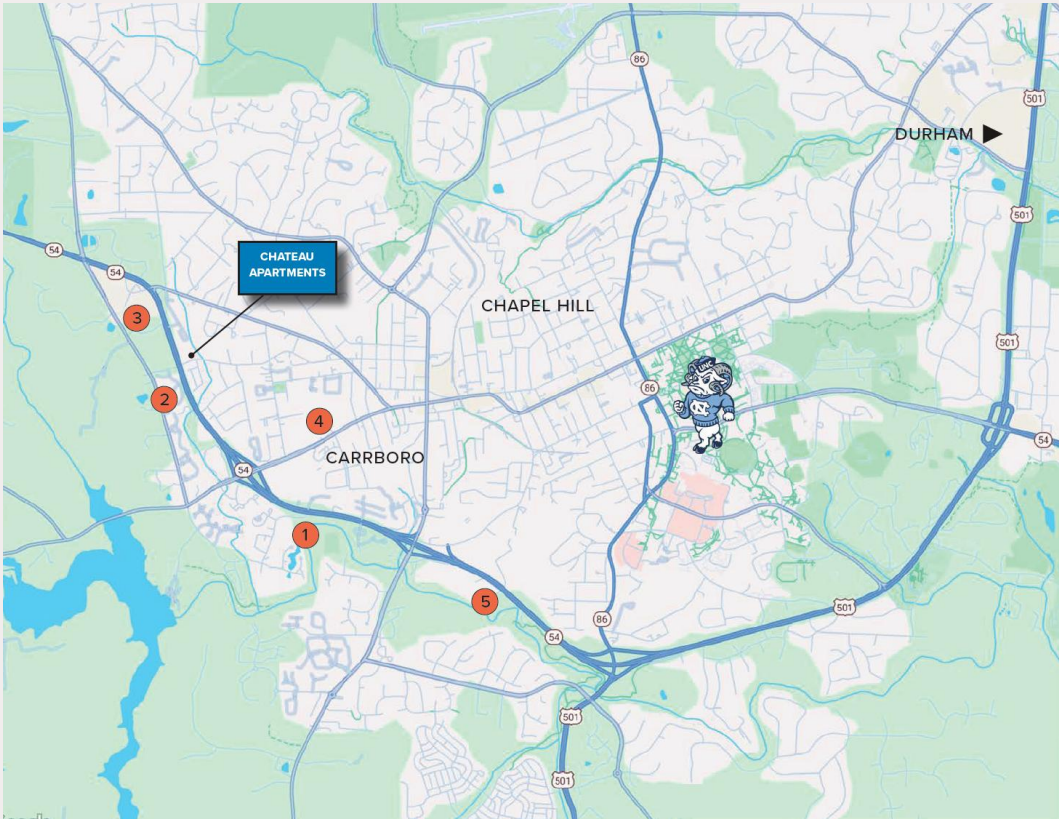
To qualify for the Exemption, a wholly owned limited liability company of the nonprofit (“**Nonprofit Partner**”) would serve as the general partner or managing member of the ownership entity (“**Fee Owner**”), owning approximately 0.1% of the Fee Owner. This structure is commensurate with the structure approved in *Blue Ridge*. Additionally, the organizational documents will contain statements that the operation of the Nonprofit Partner and the Fee Owner will be to further the provision of affordable housing. The Nonprofit Partner must exhibit control over the ownership entity and cannot simply be a general partner or managing member in name only; however, the developer partner or investor partners can retain special consent rights limiting the Nonprofit Partner’s ability to take specific actions.

Consent rights are not the only way the other parties may maintain control. Although the nonprofit housing corporation would wholly own the Nonprofit Partner, it is possible to have a developer or one of its affiliates serve as the non-member manager of the Nonprofit Partner. In the case of an existing entity, the governing agreement would need to be amended to reflect the above arrangement. Once the correct ownership structure is in place, the partnership could apply for the Exemption with the county as described below.

## Application Process and Maintaining the Exemption

In North Carolina applications for the Exemption are made to the local taxing authority. Applications must be filed in January and typically consist of organization documents showing the elements of *Blue Ridge* are met and restrictive covenants. The application must be refiled each year consisting of a rent roll demonstrating continued compliance with the restrictive covenants. The Exemption applies to “low or moderate incomes” which are not defined in the Exemption Statute. However, definitions available in the Housing Authorities and Projects Chapter of the North Carolina General Statutes define “persons of low income” as “persons in households the annual income of which, adjusted for family size, is not more than sixty percent (60%) of the local area median family income (“AMI”) as defined by the most recent figures published by the U.S. Department of Housing and Urban Development [“(HUD)”].” “Persons of moderate income” are never defined by clear objective percentages under North Carolina law; however, local taxing jurisdictions in North Carolina typically identify moderate income persons as those in households the annual income of which, adjusted for family size, is not more than eighty percent (80%) of AMI as defined by the most recent figures published by HUD.

# Rent Comparables



Map #	Property	Year Built	Units	Avg 1-Bed Size	Avg 1-Bed Rent	Rent / SF
1	River View	1985	102	660	\$1,161	\$1.79
2	West End Flats	1987	188	618	\$1,114	\$1.80
3	Berkshire 54	1976	296	814	\$1,213	\$1.49
4	Ridgewood	1974	160	540	\$1,175	\$2.18
5	Kingswood Apartments	1971	288	649	\$1,290	\$1.99
Average		1979	207	656	\$1,191	\$1.85
	Chateau Apartments	1969	168	800	\$1,136	\$1.42
	Classic Units	1969	75	800	\$1,093	\$1.37
	Renovated Units	1969	93	800	\$1,169	\$1.46
*Rents collected from property websites, and other sources deemed to be reliable						

# Sales Comparables

Property	Year Built	Units	Miles from Subject	Sales Price	Sales Price/Unit	Sale Date
Trinity at the Hill	1987	250	1.3	39,937,608	\$159,750	12/2023
Shadowood	1987	336	2.8	42,500,000	\$126,488	12/2023
Chapel View	1986	224	3.0	\$39,800,000	\$177,679	6/2023
Sunstone Apartments	1985	236	3.6	\$34,000,000	\$130,769	12/2023
86 North*	1985	144	3.9	\$21,300,000	\$147,917	5/2024
South Square Townhomes	1972	230	8.2	\$43,600,000	\$189,565	1/2023
<b>Average</b>	<b>1984</b>	<b>237</b>	<b>3.8</b>	<b>\$36,859,268</b>	<b>\$155,361</b>	
Chateau Apartments	1969	168		\$21,000,000	\$125,000	
Asking Rents collected from property websites, apartments.com, and other sources believed to be reliable						
Sales comps were chosen to highlight the elevated price per unit within Chapel Hill / Carrboro. South Square Townhomes was chose to demonstrate the high price per unit prices achieved for older assets						
*86 North's value is based on a foreclosure						



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# Capitalization Summary

Sources		
Equity	\$7,154,198	31.3%
Debt	\$15,739,000	68.7%
<b>Total</b>	<b>\$22,893,198</b>	<b>100%</b>

Uses		
Purchase Price	\$21,000,000	91.7%
Closing / Loan Costs	\$523,198	2.3%
Acquisition Fee	\$420,000	1.8%
CapEx / Working Capital	\$950,000	4.1%
<b>Total</b>	<b>\$22,881,439</b>	<b>100%</b>

Loan Information*		
Lender	Freddie Mac	
Loan Amount	\$15,739,000	
Interest Rate	5.84%	
Interest Only Period	24 Months	
Amortization	30 Years	
Loan Term	5 Years	



# Pro Forma Summary



Income	T3	Year 1	Year 2	Year 3	Year 4	Year 5
Effective Gross Income	2,284,057	2,456,237	2,534,862	2,627,547	2,713,021	2,794,412
Year Over Year Growth		7.54%	3.20%	3.66%	3.25%	3.00%
<b>Operating Expenses</b>						
Real Estate Taxes	266,614	210,048	63,644	64,281	71,416	72,130
Insurance	37,976	77,784	78,449	80,311	82,721	85,202
Other Operating Expenses	752,320	748,856	757,279	776,390	799,914	823,912
<b>Total Operating Expenses</b>	<b>1,056,910</b>	<b>1,036,688</b>	<b>899,373</b>	<b>920,982</b>	<b>954,051</b>	<b>981,244</b>
<b>Net Operating Income</b>	<b>1,227,147</b>	<b>1,419,548</b>	<b>1,635,489</b>	<b>1,706,564</b>	<b>1,758,970</b>	<b>1,813,168</b>
Year Over Year Growth		15.68%	15.21%	4.35%	3.07%	3.08%

Replacement Reserves	50,400	50,400	50,400	50,400	50,400	50,400
Debt Service	919,158	919,158	1,113,004	1,113,004	1,113,004	1,113,004
<b>Cash Flow After Debt Service</b>	<b>449,991</b>	<b>665,931</b>	<b>543,160</b>	<b>595,566</b>	<b>649,763</b>	<b>649,763</b>
<b>Cash-on-Cash Return</b>	<b>6.29%</b>	<b>9.31%</b>	<b>7.59%</b>	<b>8.32%</b>	<b>9.08%</b>	<b>9.08%</b>

LP Project Returns	Year 1	Year 2	Year 3	Year 4	Year 5	Return
Beginning Project Equity	6,438,778					
Cash Flow	406,139	599,071	486,908	532,535	600,360	2,625,013
Sales Proceeds					11,163,658	11,163,658
<b>Total Return on Investment</b>	<b>406,139</b>	<b>599,071</b>	<b>486,908</b>	<b>532,535</b>	<b>11,764,018</b>	<b>13,788,671</b>

## Sale Information

<b>Exit Year</b>	<b>Year 5</b>
Exit Cap Rate	6.00%
<b>Sales Price</b>	<b>\$31,150,087</b>
Sales Price/Unit	\$185,417

## Matheson Capital Fees

Acquisition Fee	2%
Asset Management Fee	2%

## Shining Rock Equity SPV Structure

Due Diligence Fee	2% of Invested Capital
Promote Structure	8% Preferred Return, Followed by 85/15% Profit Split

\* Projected returns are net of all fees.

# Example of Projected Returns

Investment: \$100,000

Year	Cash flow	Profit at Sale	Cash Flow %
1	\$6,102		6.10%
2	\$8,841		8.80%
3	\$7,128		7.10%
4	\$7,814		7.80%
5	\$8,774	\$81,993	8.80%
<b>Total</b>	<b>\$38,659</b>	<b>\$81,992</b>	



**Cash Flow + Profit at Sale + Initial Investment = \$220,652**

# Next Steps

Dates are subject to change



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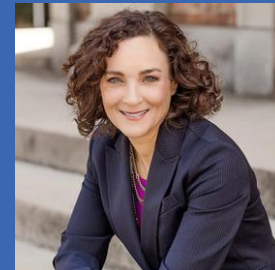
For more information regarding this investment opportunity,  
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