



Divergent Capital Fund II

QUARTERLY REPORT

Q3 2023



PREPARED BY

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► **Stony Creek Apartments – CLOSED**

Our Plan for the Community

Stony Creek Apartments was officially purchased on July 31st, 2023. We have an extensive renovation plan for the entire property. For the exterior we budgeted \$3 million to include: new roofs on every building, new windows throughout, new siding and gutters, landscaping overhaul, 1 pool renovation, 1 pool being eliminated and repurposed, parking lot overhaul, and new signage. For the project we have also budgeted \$15,000 per unit to renovate every apartment unit as they come available. This budget includes: new cabinets, granite countertops, lighting, LVP flooring throughout, hardware, and bathroom renovations. Our intent is to totally overhaul the look, feel, and functionality of this community. By doing so we will reposition this property in the marketplace and command rent premiums \$400+ on units as they are completed.

Renovation Progress to Date

The week we took ownership of the property our teams hit the ground running. The work completed so far is as follows: 90% of the roofs have been replaced, all new flashing has been installed, we have started installing new vinyl siding on phase 1, roughly 35% of the complex has had new windows installed, the landscaping project is 95% complete (trees all trimmed, landscape rocks being spread around all the buildings, finishing the entrance green space and installing new plants there), on the interior we have 11 units fully remodeled (these units will receive a final cleaning and have marketing material completed by next week). There are also over 20 more additional units at various stages of renovation.



Pictured above are the two commercial units that also came with the purchase. These are located on the main street right at the front of the property.



Pictured above is “Phase II” of the property consisting of sixteen 8 unit buildings. You can also see the neighboring properties on either side of us, both of which are newer developments.

Pictured below is “Phase I” of Stony Creek. This section has 64 units across three buildings. In the center you can also see one of the properties pools and the clubhouse right next to it.



Moving Forward

Our management team has a few targets for this property for this year:

- 1). Have 40-50 units totally renovated by the end of this year.
- 2). Place tenants in the newly renovated units at our market rates.
- 3). Complete all roofs, siding, window replacement, and landscaping.

Completing these will be a big step for this property to be repositioned within this geographic market. It will also put our team in a good position to push through our business plan in 2024. We are excited about the progress at Stony Creek and to continue to improve this asset and unlock its true potential.