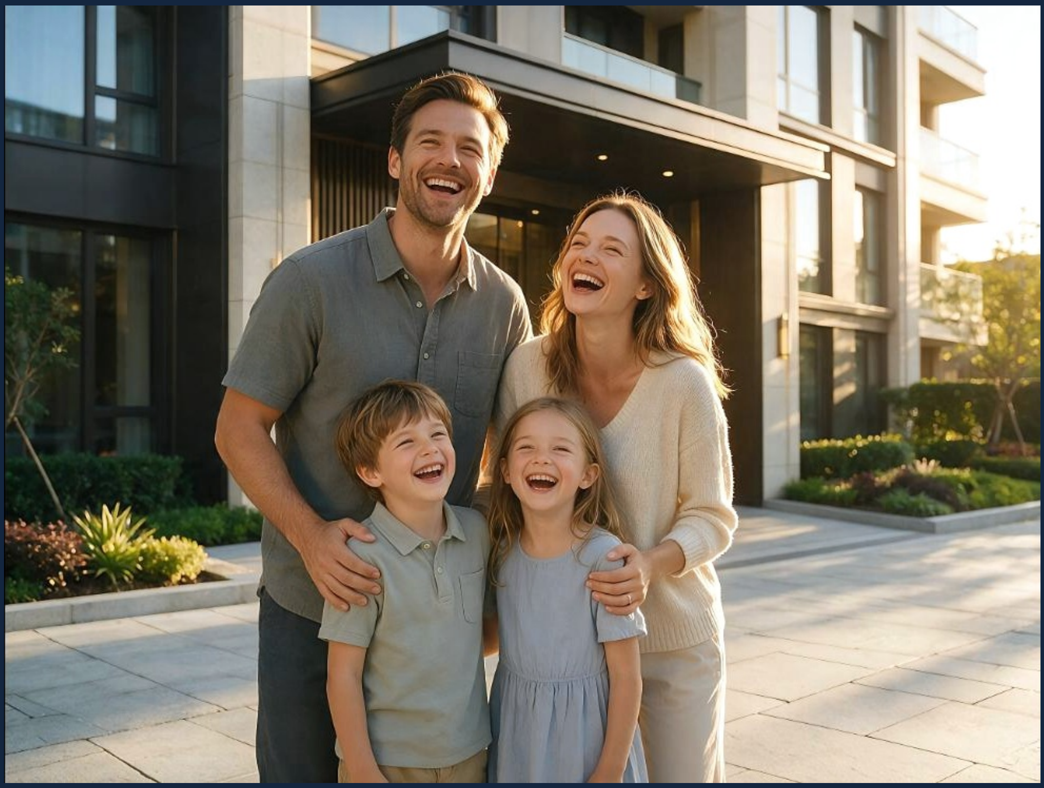
Calmwell Investments

COMMERCIAL REAL ESTATE

The Guide to Wealth

with Commercial Real Estate Investments



Prosperity for Peace of Mind

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Welcome

Congratulations — by reading this friendly guide, you've taken a meaningful step towards one of the most time-tested paths to creating lasting wealth: commercial real estate investing.

For generations, quality income-producing property has quietly built more fortunes than nearly any other asset class. Yet for most of that history, the best opportunities were reserved for institutions and industry insiders. That has changed. Today, through private syndications, individual investors can own institutional-grade commercial real estate alongside experienced operators — without becoming landlords themselves.

At Calmwell Investments, we believe that everyone deserves to spend quality time with their loved ones while still building a bright financial future. This guide helps to generally explain how commercial real estate investing works, why it has rewarded patient investors so consistently, and how you can also put it to work for your own financial goals.

"Prosperity for Peace of Mind" — it's more than just our motto – it's the positive outcome we diligently work towards to deliver results for every investor we serve.

Why Commercial Real Estate?

The case for commercial real estate begins with a simple fact — housing is an essential need. Demand for quality rental housing continues to outpace supply in many areas across the country, with new construction falling short by hundreds of thousands of units each year. Meanwhile, demographics at both ends of the age spectrum - younger households priced out of home ownership, and downsizing retirees - keep pushing rental demand higher.

According to a report from the National Association of Realtors, approximately 90% of all millionaires in the U.S. have made their wealth, at least in part, through real estate investing. The reasons come down to a handful of enduring advantages:

- **Stability.** Commercial real estate investing is generally less volatile than stocks, and has historically continued performing through broader market downturns — people always need a place to live.
- **Cash flow.** Well-run properties produce rental income month after month, with returns typically being distributed to investors quarterly or on a similar frequency.
- **Inflation protection.** As replacement costs rise, property values and rents tend to rise with them, correspondingly shielding your investment.
- **A tangible, hard asset.** Unlike “paper assets” such as volatile stocks, real estate does not go to a near-zero value overnight — potentially offering you genuine portfolio diversification, and investment protection long-term.

The Power of CRE Syndications for Passive Investing Opportunities

A commercial real estate syndication is simply a group investment for a specified asset: investors pool their capital to acquire a larger, higher-quality asset than any of them could (or would want to) buy alone, such as an apartment or similar residential living building.

Two parts combine to make the structure work:

- **The General Partners (sponsors/operators)** find the asset, negotiate the purchase, arrange financing, manage the business plan, and handle every operational detail from renovations to reporting.
- **The Limited Partners (passive investors)** contribute capital, share in the cash flow and profits, and enjoy true ownership — with none of the landlord responsibilities.

For busy professionals, this structure is transformative. You leverage the syndication's network, expertise, and economies of scale; you receive the benefits of direct ownership — income, appreciation, and tax advantages; yet your time stays yours. No tenant calls. No maintenance emergencies. No hours lost to research and management.

It takes skilled knowledge to identify good investments — and even more precious time to manage them well. Syndication lets you own the asset together as a capital partner, without taking on a second job.

The Wealth Formula: Capital-Compounding Engines Working Together

What makes commercial real estate exceptional is not just any single benefit — it's multiple engines of capital augmentation compounding returns collectively:

- **1. Cash Flow.** After expenses, rental income is distributed to investors — typically quarterly — providing a steady stream of passive income after operations are stabilized.
- **2. Appreciation.** Commercial property is valued on its net operating income. By improving units, adding amenities, tightening expenses, and raising the income, operators force appreciation — growth that can be more consistently obtained.
- **3. Amortization.** Every month, operational income helps to pay down the property's mortgage, converting debt into equity that then belongs to the ownership group — including you.
- **4. Leverage.** For example, commercial real estate investing would allow investor partners to control a $10M asset with approximately $2.5M of equity. Prudent leverage multiplies returns on invested capital, while the asset itself secures the loan.

Together, these engines are how a well-selected & properly managed commercial property can target 15–20% average annual returns — while being strategically anchored to a typically appreciating hard asset, that also incorporates essential-need product demand.

Keep More of What You Earn: Tax Advantages

Sophisticated investors know it's not just what you make — it's what you keep. Few asset classes are as tax-favored as income-producing real estate:

- **Depreciation.** The tax code typically lets investors deduct a portion of the property's value each year. As such, a “paper loss” can potentially be taken, even while the asset appreciates. Investors often receive healthy cash distributions while showing far less taxable income.
- **Bonus depreciation.** Cost-segregation studies and similar strategies can dramatically accelerate deductions, frequently allowing a significant portion of your initial investment to potentially be recorded as passive losses from your Schedule K-1 form in the first year.
- **1031 exchanges.** When a property sells, capital gains taxes can potentially be deferred by reinvesting proceeds into another qualifying property — consequently compounding your tax-deferred wealth even further.
- **Simple reporting.** As a Limited Partner you receive a single Schedule K-1 each year — no property management or property-level paperwork, and no complex direct asset management responsibilities.

Every investor's situation is different — always consult your own tax professional. But for many wise investors, the after-tax difference in comparison between real estate and other investments is remarkable.

Protecting Against the Downside

Strong returns matter only if the capital that produces them is protected. At Calmwell Investments, risk management is built into every decision we make:

- Conservative underwriting with stress-tested assumptions — including interest-rate sensitivity, inflation projections, and carefully reviewed exit assumptions.
- Acquiring assets at a basis below asset replacement cost, providing significant downside protection.
- Minimum 7–10% cash-on-cash average returns targeted before a deal is actively pursued.
- Operating reserves held for unexpected expenses.
- Professional third-party property management, with regular inspections and preventive maintenance being completed.
- Timely, transparent communications to our investors.

Investor capital is committed only when both prospective income durability and achievable investor returns are confirmed as still being realistic with conservative underwriting. If a commercial real estate deal doesn't initially clear the bar, we patiently wait for one that does.

How Investors Can Benefit

While every offering has its own business plan and projections, our investment profile typically targets:

17%+	15–20%	7–10%	3–5+ Yrs
Target IRR (net to investors)	Avg. Annual ROI (cash + appreciation)	Cash-on-Cash (stabilized yield)	Hold Period (flexible exit timing)

Distributions are typically paid quarterly once a property is stabilized, with a meaningful portion of total returns realized at refinance or sale.

Minimum capital investments vary by offering, but will typically start at $50,000. Both accredited and sophisticated investors may potentially participate, depending on the opportunity and approved correspondence with Calmwell Investments.

Perhaps you would like to invest with retirement funds? Many sophisticated investors participate through a self-directed IRA or Solo 401(k). We can help introduce you to experienced custodians who specialize in this, and make the process easy.

Getting Started with Calmwell Investments

Joining our investor community is simple, and there is never any obligation to invest.

- **Step 1.** Complete the confidential investor form at **calmwellinvestments.com/invest** to join our investor community.
- **Step 2.** Schedule a call with our investment team to discuss your objectives, and we'll help to answer any additional questions that you may have.
- **Step 3.** Receive access to detailed prospective information about our latest investment opportunities.
- **Step 4.** Complete the applicable paperwork to invest as a Limited Partner, and coordinate for completion of the transaction.
- **Step 5.** Relax — and enjoy regular professional reports for your investment, and receive periodic distributions when available for disbursement.

We look forward to welcoming you to the Calmwell investor community, and helping you build long-term wealth & prosperity for peace of mind.

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Important Disclosures

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