

GOSSETT & CO

Fine home builders

Confidential Investment Opportunity
1802 Raleigh Ave, Tarrytown

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Disclosures & Forward-Looking Statements

Gossett and Company LLC (GCO) offers "Accredited Investors" the opportunity to invest in luxury home developments. However, we do not make recommendations regarding the appropriateness of any particular opportunity for any particular investor. We are not investment advisers. Investors must make their own investment decisions, either alone or with their personal advisors.

All real estate can be risky and unpredictable, with the potential for complete capital loss. Risks can include, but are not limited to, changing market conditions, regulation, economic shifts or recessions, local permitting, weather, Acts of God, and more. You should invest in GCO projects only if you can afford to lose your investment.

We may provide financial projections for some of the investment opportunities. All such financial projections are only estimates based on current conditions and current assumptions. The actual result of any investment is likely to be different than the original projection, often by a large amount. Neither we nor anyone else guarantees the results reflected in financial projections.

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Neither the Securities and Exchange Commission nor any state agency has reviewed the investment opportunities listed herein.

Table of Contents

Project Summary	04
Project Highlights	05
Project Pro Forma	06
Distribution Priority	07
Project Aerial	08
Lot Photos	09
Design Inspiration	10
Team Track Record	11
Company Overview	12
Flywheel Progress	13
Current Pipeline	15
Why Luxury Homes	16
Austin Home Prices	17
Pricing and Trends	18
Recession Strategy	19
Leadership Team	20
FAQ'S	21



Project Summary

Overview

We are under contract to acquire a 0.22 acre lot located at 1802 Raleigh Ave in Tarrytown, and construct a new for-sale luxury home.

The Project is located in one of the best parts of Tarrytown, one of Austin's most exclusive neighborhoods. The property is just minutes from Downtown and benefits from heavy trees and foliage along the street, creating a unique feel.

We have the property under contract for \$1,250,000, with a close scheduled for June 27th. We are targeting funding of the investment by June 20th.

Upon purchase, we plan to design, permit, construct, market, and sell the new homes within a targeted 18-month horizon.

Offering

Our equity investors will contribute \$1,229,488 and earn a simple annual preferred return of 8%. Cash flow after debt service and payment of expenses will be first used to return any accrued and unpaid preferred returns, second to return capital to investors, and lastly distributed 50% to the investors and 50% to the builder.

Gossett & Company LLC will receive a management fee to offset our overhead incurred in the planning, permitting, development, construction, marketing and sale of the Project.

We are targeting a 20.1% annualized return to investors (IRR), which is subject to vary based upon actual project performance.



Project Highlights

SPECIAL LOT CHARACTERISTICS

We have found that lots with certain characteristics such as greater width at the street, a serene part of the neighborhood, and heavy tree cover can increase the odds of outperformance on the sales side. We like this lot because it has each of those features.

LOW ACQUISITION PRICE

We are under contract for approximately \$131 per foot, 10-15% less than comparable lots, and under our average acquisition price over the last six months.

HIGH BRAND MOMENTUM AND SALES PREMIUMS

We are currently building 11 projects across West Austin, which is the highest volume of any builder in the area. As such, agents often call us first with buyer needs, and we have off-market sales comps of our own homes that drive momentum on our other projects. Our recent sales have set high water marks, selling for approximately 14% more than our competitors.



3705

Project Pro Forma

Assumptions

Land Cost	\$1,250,000
Sale Price Per Foot	1,100
Real Estate and Title Fees	4.50%
Lot Size	9,501
Lot Width	NA
Heated Square Feet	4,500
Soft Construction Cost Per Foot	\$20
Hard Construction Cost Per Foot	\$485
Holding Period (Months)	18
Preferred Return	8.00%
Investor Excess Cash Split	50.00%
Builder Management Fee	5.00%
Debt Fees and Closing Costs	2.00%
Debt Interest Rate	10.50%
Average Percentage of Loan Drawn	50.00%
Loan to Cost Ratio	70.00%
Property Tax Reserve	\$45,000
Investment/Closing Date	6/27/2024

Distribution Waterfall

Sale Price	4,950,000
Less: Closing Costs	(222,750)
Amount Available to Repay Debt	4,727,250
Less: Repayment of Debt	(2,868,806)
Amount Available to Investor	1,858,444
Less: Investor Preferred Return	(147,539)
Less: Repayment of Investor Capital	(1,229,488)
Excess Cash Available	481,417

Pro Forma Profit and Loss

Sale Price	4,950,000	100.0%
Less: Land	(1,250,000)	25.3%
Less: Soft Construction Costs	(90,000)	1.8%
Less: Hard Construction Costs	(2,182,500)	44.1%
Gross Profit	1,427,500	28.8%
Less: Cost of Sale	(222,750)	4.5%
Less: Debt Origination and Closing Costs	(57,376)	1.2%
Less: Interest and Tax Reserve	(270,918)	5.5%
Less: Management Fee	(247,500)	5.0%
Net Profit Before Taxes	628,955	12.7%

Sources of Funds

Debt	2,868,806	70.0%
Equity	1,229,488	30.0%
Total Sources	4,098,295	100.0%

Uses of Funds

Land	1,250,000	30.5%
Soft and Hard Construction Costs	2,272,500	55.4%
Financing Costs	328,295	8.0%
Management Fee	247,500	6.0%
Total Uses	4,098,295	100.0%

Target Investor Returns

Investment Amount Returned	1,229,488
Plus: Preferred Return	147,539
Plus: Profit Split of Excess Cash	240,708
Target Total Return	1,617,735
Target XIRR	20.1%

Distribution Priority / Waterfall

Order of Priority (first to last)

CLOSING COSTS

First, to pay for closing costs such as real estate agent fees, title insurance, pro-rated property taxes, etc.

BANK LOAN

Second, to repay the bank loan principal and any outstanding interest.

MEZZANINE LOANS

Third, to repay mezzanine lenders their principal plus interest, to the extent any project loans exist on the project.

EQUITY INVESTOR PREFERRED RETURN

Fourth, to investors in the form of an 8% simple annual preferred return that accrues from the beginning of the investment until the sale of the project.

EQUITY INVESTOR CAPITAL CONTRIBUTIONS

Fifth, to investors to repay their capital contributions (their investments).

EXCESS CASH / PROFITS

Six, the remaining proceeds (the excess cash) is split 50/50 between the investors and GCO, as the builder.



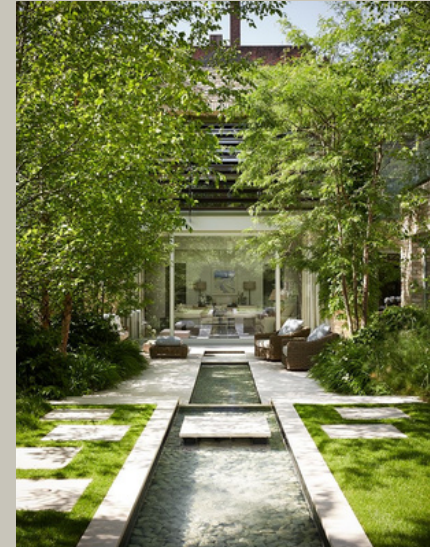
Project Aerial



Lot Photos



Design Inspiration



We are just beginning the architectural study, but believe a heavy focus on the beautiful surrounding lot will produce one of the highest and best designs for the property.

Team Track Record



\$129M

Completed
Projects



\$62M

Currently Under
Development



28%

Average
Investor IRR




2X

Custom Home Builder
of the Year



0

Number of
investment losses



144

Number of
homes built

Company Overview

LUXURY HOMES

We are a luxury home builder in Austin, Texas. We focus on homes \$4 million and above located within the nicest neighborhoods of West Austin.

SEASONED TEAM

The company is owned by Jared Gossett (15 years industry experience), Brian Winburne (28 years experience) and Lindsay Davis (13 years experience). The three have ten years experience working together as a team.

VOLUME AND LEVERAGE

We are one of, if not the largest luxury custom builders in Austin by sales and pipeline, with over \$62M in development in 2024.

REPUTATION

We have developed a reputation as thought leaders in Austin and beyond through our awards, notable projects, and industry-renowned podcast. Our focus on exceptional craftsmanship, high-performance homes, and wellness-enhancing features has helped us establish excellent brand equity in the market.



Our Formula for Superior Returns

Create Leverage

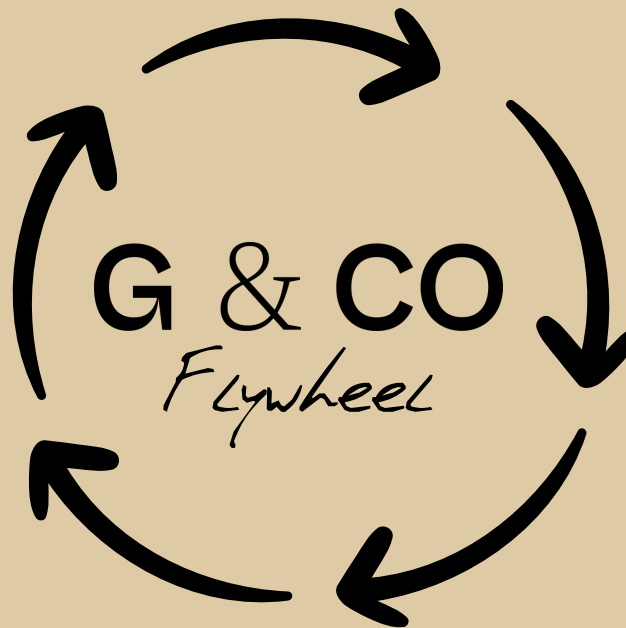
- High volume as luxury builder (12+ new homes per year)
- Influence from popular podcast
- Prioritize specs vs customs (more speed and control)

Generate stronger sales and higher margins

- Set sales benchmarks combined with cost savings
- Deliver industry-best performance to investors
- Win the first look at A+ lots to acquire (+1)

Build reputation for unparalleled homes (brand equity)

- Further market leadership in design, wellness, and craftsmanship
- Continue growing community of raving fans (+1)



Beat competitors on costs

- Negotiate volume discounts with contractors (+1)
- Negotiate exclusive pricing with podcast brand partners (+1)
- Vertical integration of sales, acquisitions, and other (+3)

Reinvest part of savings in higher quality

- Upgrades backed by data (+1)
- Better designs and architecture
- Unique wellness features

OUR ECONOMIC ADVANTAGE

Each cog in the flywheel creates momentum for the next, creating a virtuous cycle upward when well-executed, and in totality becomes hard for competitors to replicate.

OUR 18/18 MISSION

We are targeting 18% net profit margins by the end of 2024, in an industry where 12% is considered benchmark. Our flywheel is the engine behind it (numbers in parenthesis represent potential margin improvements).

Recent Flywheel Progress

SETTING HIGH WATERMARK SALES

In the last twelve months, as we emerge from one of the slowest markets of the last decade, all of our homes have sold well above the competition, with the last three selling for \$1.052, \$1,058, and \$1.079 per foot, respectively. These private sales benefit our future projects with data points unavailable to our competitors.

GROWTH IN BRAND EQUITY

We're renowned among Austin's top real estate agents, who regularly reach out to learn about our upcoming listings for their clients. Leveraging these connections, we're selling almost all our homes on the private market.

Our social media presence is thriving, with nearly 43,000 Instagram followers and 1,000 newsletter subscribers. These platforms are drawing over 150 qualified agents and buyers to our recent open houses, a turnout more than 5 times higher than usual.

NEW BRAND PARTNERSHIPS

We are leveraging our volume and podcast popularity to negotiate savings from top material providers. Current partnerships include RAM Windows, Quaker Windows, and Wolf/Subzero. We are in process of adding several more to further reduce costs.

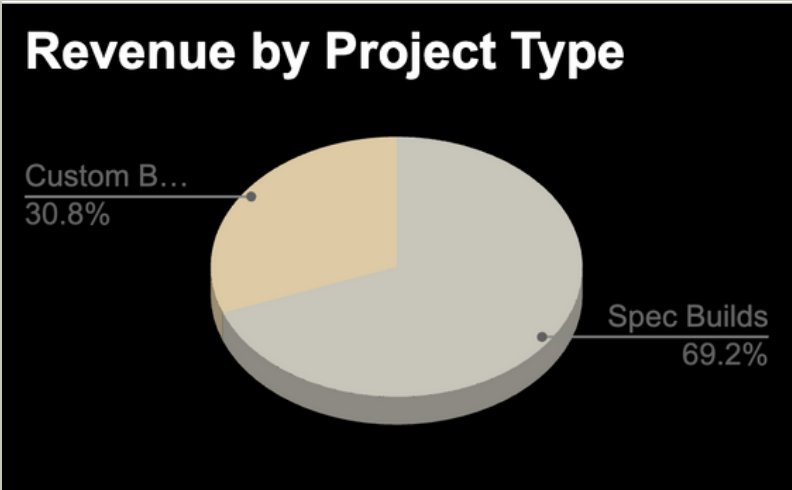
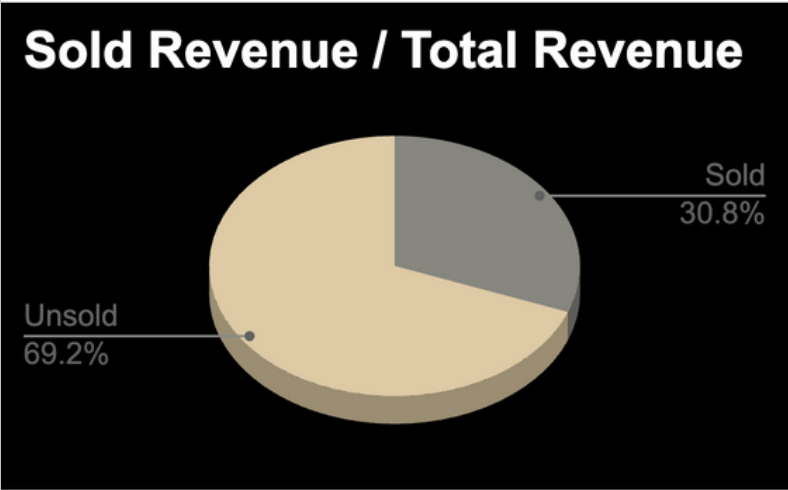
VERTICAL INTEGRATIONS

We are finalizing in-house sales and acquisitions teams to save several percentage points on new projects.



Current Pipeline and Capitalization

	Number of Homes	Proj. Revenue	Proj. Income	Debt
Spec Builds	9	51,085,970	4,431,311	25,393,643
Custom Builds	4	10,587,500	1,775,000	\$0
Lot Program	0	\$0	\$0	\$0
Total	13	61,673,470	6,206,311	25,393,643
Sold	4	10,587,500	1,775,000	\$0
Unsold	9	51,085,970	4,431,311	25,393,643
Total	13	61,673,470	6,206,311	25,393,643





Why Luxury Homes in Austin?

Robust Growth

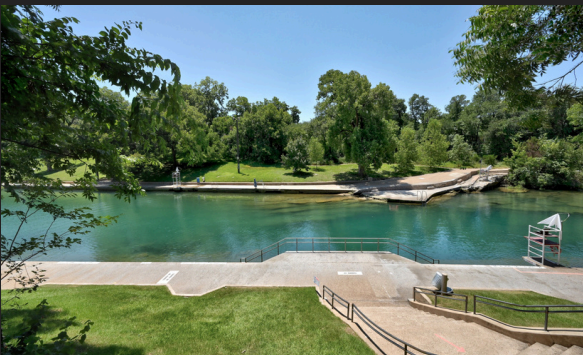
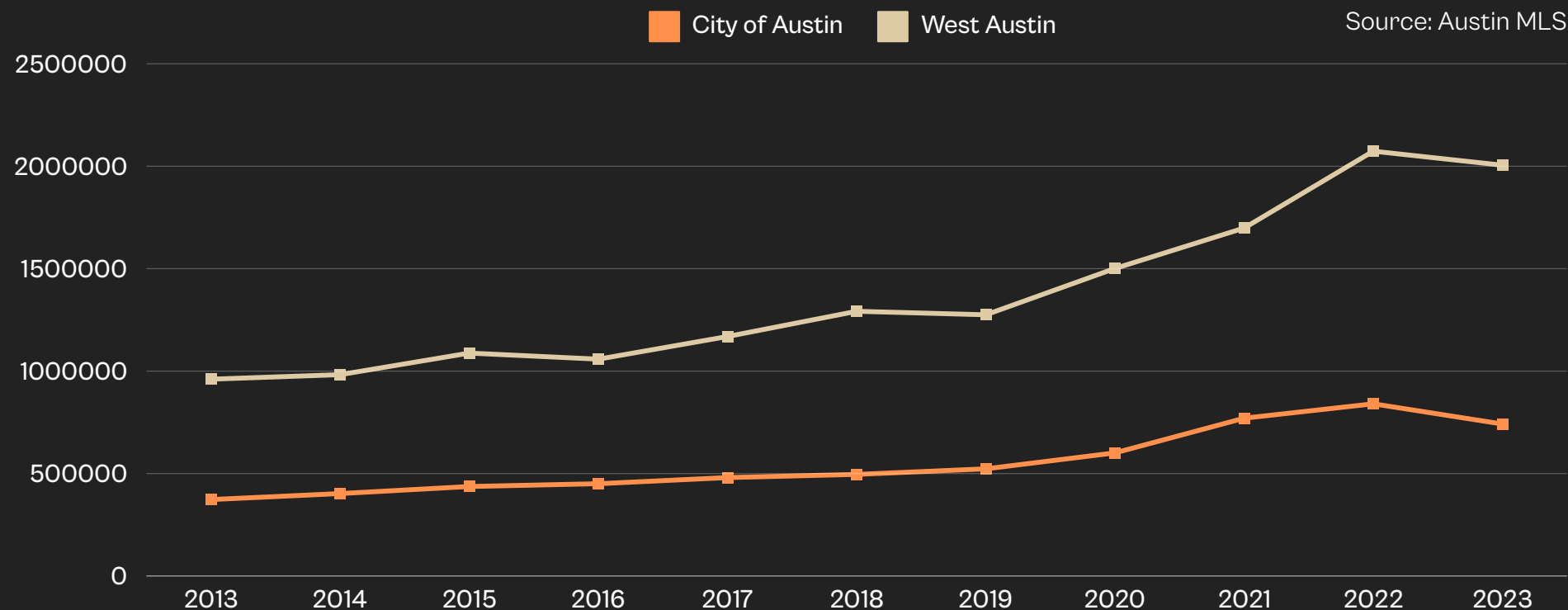
- ~ 11th largest city in the U.S. with approximately 1 million people, and over 2 million across the greater metro.
- ~ It's predicted between 3.6 million and 3.9 million people will live in the five-county metro area by 2040.
- ~ The city is consistently ranked a top place to live and work, attracting significant migration from both coasts.

High-Paying Jobs

- ~ The city is an economic growth engine due to its tech and innovation culture. Recent companies moving here include Tesla, Samsung, and Oracle.
- ~ The city is seeing heavy migration of businesses relocating here due to favorable business climate and lower tax burdens.

For more information on Austin's economy, view the Austin Chamber of Commerce "[Why Austin PDF](#)."

Austin Home Price Appreciation



Lakeside Attractions: Abel's, Mozart's, Oyster Landing



Fine Dining: Clark's, Jeffrey's, Swedish Hill, Josephine House

Pricing and Trends

Real Estate Prices

Austin has experienced strong price appreciation over the last decade, driven by heavy job growth and constrained supply.

The West Austin submarket where we build has seen similar appreciation patterns, doubling in pricing since 2013.

Since the peak in early 2022, prices have come down by 3% in West Austin and 12% across the city. The strong school system, in our opinion, has served as a backstop for values in the West Austin neighborhoods.

Our Investment Thesis

Austin was overvalued from the pandemic buying boom. It has since adjusted, and pricing now appears to be more in line with longer term appreciation patterns.

We cannot predict if prices will rise or fall from here, but macro trends support the long-term strength of this city.

We believe that investing throughout market cycles (dollar cost averaging approach), and acquiring highly desirable properties at good prices is a winning formula for us and our investors.



Recession Strategy

LOW ACQUISITION PRICES ON A+ PROPERTIES

We are purchasing prime lots in the best neighborhoods at 10-20% discounts to current market value. We are able to do so as the most active and reputable builder in our chosen markets, where we get the first look at many properties.

MACRO TRENDS & DOLLAR COST AVERAGING

Many builders have stopped purchasing lots during the post-peak slowdown. That strategy leads to the "buy high, sell low" outcome that plagues most investors. We choose to programmatically buy new projects, like dollar-cost-averaging with a stock portfolio. We can't time the markets, but with consistent investment we can benefit from Austin's strong upward trend over the long-term.

EVEN-FLOW PRODUCTION

By following a contrarian approach to other builders and continuing steady production, we are able to leverage our laborers for better pricing (keeping them busy) and our manufacturers for steeper discounts (offering more volume), thereby dropping our costs and increasing our margins relative to our competition.

HIGHER CONTINGENCY & LONGER RUNWAYS

We are accounting for uncertainty with higher contingency in our project budgets, modest leverage with advantageous loan terms, and conservative pro forma projections to account for the unknown. We only move forward with a project if our conservative assumptions still produce a profitable pro forma target.



Leadership Team



Jared Gossett
President, Co-owner

Jared is responsible for sales, marketing, and business development. He leads the acquisition and financing of new project opportunities. Jared also leads our thought leadership platform, buildingoptimal.com. It is a media service designed to help push the building industry forward through better education. Jared has been in the building and development industry since 2007. He graduated with his Bachelors from Texas Tech University and his Masters from The Ohio State University.



Lindsay Davis
Director of Finance, Co-owner

Lindsay manages company and project finances. She is responsible for estimating and building project budgets, and for administering those budgets throughout the project. She is an expert with estimating, bidding, and choosing the best designs and selections that work within a budget. She has been in the building industry since 2006. Lindsay graduated from Texas A&M.



Brian Winburne
Director of Construction, Co-owner

Brian manages the entire construction process, from ensuring we have a solid pre-construction game plan to hiring the trade partners and ensuring we work in concert to produce an excellent finished product. He develops great relationships with our clients and our trade partners, and has a strong ability to solve complex problems and manage projects in the most effective manner possible. For this reason, Brian won the Austin Home Builder's Association 2015 Construction Manager of the Year. Brian started in the building industry in 1998. Brian graduated from Texas State University.

FAQ'S

Do you only accept Accredited Investors?

Yes, our offerings are only open to those the SEC defines as "Accredited Investors."

Do I get to invest in specific projects as I see fit?

Yes. When you sign up to receive our future investment opportunities, you are not committing to investing with us.

We will circulate to you and our other potential investors specific projects for review, You, at your sole discretion, choose when, how much, and in what projects to invest.

How are the projects financed?

We like to maintain a capital structure of approximately 65% to 75% first-lien bank debt and 25% to 35% investor capital, depending on the project.

While we could use higher leverage and potentially achieve higher returns for our investors, this is one of our investing principles to stay within reasonable leverage parameters.





FAQ'S

How much do you all as the builder invest in the project?

Our investors put in the majority of the investment capital in each project.

We invest on average about \$100,000 to \$200,000 into the project's working capital during the course of the project. This working capital is necessary to cover construction costs in between loan draws.

How do the loan co-guarantees work?

Most residential construction lenders ask for personal loan guarantees. Typically, our projects would need to experience a nearly 50% drop from the target sale price, erasing profits and then investment capital, for guarantees to be triggered. To date, we have never lost investor capital nor had a guarantee called.

Banks require Jared Gossett, our primary owner, to guarantee the loans. Occasionally, we secure additional guarantors for a co-guarantee fee. This entails providing personal financials and tax returns to the bank, and signing guarantee documents at loan closing.



FAQ'S

How does your Custom Lot program work for your investors?

We have developed a core competency selling lots to custom home buyers prior to starting construction.

We have a strong pipeline of realtors and buyers who contact us regularly to see our pipeline. In this program we sell the buyer the property with the set of plans prior to us starting construction. At the same time, we enter into a construction agreement with the buyers to build the home using their own financing.

This strategy allows us to take build positions in sought-after properties while quickly exiting the projects and allowing our investors to take their profits and recycle into another project if they choose.

In this situation, investors receive some profits at the sale of the property with additional profits as construction progresses, as opposed to waiting till final sale on our standard spec deal.

Please note this is not our Plan A strategy with each new project, but rather icing on the cake when we can achieve it, due to the favorable returns and risk/reward metrics it offers our investors.

FAQ'S

What are the fees you all receive during the project?

Within the custom home building industry, 5-6% of a builder's sales are usually represented by fixed overhead costs. We use this as a benchmark to project our overhead on each project, depending on a number of factors.

This is a fixed fee we calculate in the initial investment documents and disclose in the LLC agreement. It is designed to be an estimation for our company's costs such as field supervision, project administration, accounting, ongoing warranty expense, insurance costs, etc.

We draw the fee over the course of the project each time we make a draw on the bank loan to cover construction costs (typically 14 draws per project over the entire project).



If you would like to learn more:

Schedule a call with our team

or

Email Jared at jared@gossettco.com

Business Hours & Location

Our office is open Monday - Friday, 8am to 5pm.
Our address is:

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Austin, Tx 78701