

# SAPPHIRE

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## GROUP

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### QUARTERLY REPORT



# SAPPHIRE

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## GROUP

**December 31<sup>st</sup>, 2024**

**Quarterly Report:**

**Sapphire Group, LLC**

While we made significant progress with our ongoing development projects and leasing efforts, 2024 turned out to be a bit of a disappointing year as it relates to our overall return. In the second half of 2024, we had multiple properties under contract to be sold where the potential buyers elected to cancel the contract during their feasibility period. We believe this happened for several reasons, but general uncertainty and higher interest rates seemed to be contributing factors to the cancelations. Also, our holding costs, related to 4-5 of our land holdings, weighed on the return slightly more than expected.

Overall, we are sitting in a great position as we move forward in 2025. The values of our properties are strong, and we are seeing an uptick in purchase and leasing activity in the markets that we are in. As we complete the last few development projects and continue to move towards full tenant occupancy, we expect an increase in net rental income as well as a strong possibility to sell our properties at the high end of each property's value range.

The 2024 distribution return was 2.24% on cash-only investments and 5.97% on fully leveraged investments. Including 2024, our annualized cash-only return is now 9.26% per year over the last 15 years and our annualized fully leveraged return is 20.08% per year over the same time frame.

We continue to press forward with our plans to sell our properties at the high end of each property's value range, but with interest rates staying higher for longer than expected and Sapphire holding multiple low-interest rate loans, we will be patient and strategic as we move forward with this plan. Sapphire owns 14 properties of which 7 are larger "key projects". These 7 key projects are all located in booming areas of North Texas and although higher interest rates have slowed down investor purchases, we believe that the location of our properties will see stronger than average demand over the next two years. Also, if interest rates do in fact come down in the next year, it could be perfect timing for Sapphire to realize the value that has been created.

Sapphire may participate in a handful of new deals but will primarily be focused on properties that could be purchased well below market and could be completed or flipped in a compressed time frame. We will continue to keep everyone updated on our progress and will continue to focus on maximizing returns for our investors.

**Document Summary**

The following pages will provide additional information for your review.

1. Current holdings list
2. Historical return summary
3. Specific project photos and details
4. Current Balance Sheet
5. Current P&L
6. Relevant market news

Note: Financial Statements are for general reference only. All items are presented pending the Sapphire accountant's year-end adjustments.

Feel free to contact us anytime with questions.  
Thank you!

**Kyle Boothe**

President, Principal

Bluestone Partners, LLC

Operating Manager for Sapphire Group, LLC

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Holdings - 12/31/24	Sapphire %	Market Value	Loan Balance	Purchased	Notes
Cash (All entities)	100.00%	\$1,728,600	\$0	-	Available Cash (all entities)
Guarantees committed to ongoing projects	100.00%	\$3,840,200	\$3,840,200	-	Investor guarantee balance committed to ongoing projects
Guarantees available to invest	100.00%	\$14,479,000	\$14,479,000	-	Additional Investor guarantee balance for new projects
Dermatology Building/Future Development - Sherman, TX	100.00%	\$1,686,300	\$850,000	2024, 2nd Q	1.62+/- Acres in two commercial lots, one fully leased Professional Office
Storage/Retail land - Gun Barrel, TX	100.00%	\$891,700	\$401,900	2023, 2nd Q	7+/- Acres, retail, storage & industrial land in Gun Barrel, Tx
Progress St. Light Industrial Building - Sherman, TX	75.00%	\$9,823,000	\$5,718,100	2022, 4th Q	9+/- Acres, light industrial development next to the new TI plant in Sherman, Tx
Mixed-use land - Ennis, TX	100.00%	\$2,902,500	\$1,061,600	2022, 3rd Q	15+/- Acres, retail, storage & industrial land on I45 in Ennis, Tx
Multi-family/Commercial land - Longview, TX	100.00%	\$1,536,200	\$712,900	2022, 3rd Q	8+/- Acres, multi-family zoned land in Longview, Tx
Anna TX Retail Center (Walgreens and Red River Title)	75.00%	\$7,428,600	\$5,268,100	2022, 2nd Q	20,000+/- sq. ft. retail center recently completed, 67% occupied
Westwood Village - Sherman, TX	100.00%	\$10,452,200	\$4,960,000	2022, 1st Q	100,000+/- sq. ft. retail center, renovations completed, 48% occupied
Bennett Road Land - Howe, TX	100.00%	\$675,800	\$225,600	2022, 1st Q	26+/- Acres for potential duplex rental community
Heritage Court - Sherman, TX	27.92%	\$8,260,300	\$4,210,300	2021, 2nd Q	100 unit rental community, partially completed, 25% occupied
Heritage Crossing Development - Sherman, TX	75.00%	\$2,537,000	\$1,157,200	2018, 1st Q	80 lot residential development in Sherman Tx (39 sold, 8 under contract)
Bear Creek Leftover Land - Cedar Hill, TX	100.00%	\$50,000	\$0	2017, 1st Q	Under 1 Acre of leftover land after TXDOT purchase (possible commercial use)
U of G/Edward Jones Building - Sherman, TX	30.00%	\$925,300	\$174,800	2013, 1st Q	12,000+/- sq. ft. commercial building, completed August 2013, 100% Occupied
Crescent Oaks - Sherman, TX	50.00%	\$86,300	\$0	2010, 3rd Q	1 Commercial lot remaining on Hwy 75 in Sherman, Tx
Portfolio Loans (1 loan remaining)	100.00%	\$3,800	\$0	2010, 3rd Q	Current
Corporate Central - McKinney, TX	41.97%	\$0	\$0	Sold, 2024 Q4	Sold
Multi-family land - Pottsboro, TX	100.00%	\$0	\$0	Sold, 2024 Q4	Sold
Storage/Industrial land - Weatherford, TX	100.00%	\$0	\$0	Sold, 2023 Q4	Sold
SRS Distribution (Southern Shingles) - Lawton, OK	100.00%	\$0	\$0	Sold, 2023 Q4	Sold
Hagerman Acres - Sadler, TX	100.00%	\$0	\$0	Sold, 2023 Q4	Sold
Shadow Pines - Denison, TX	100.00%	\$0	\$0	Sold, 2023 Q2	Sold
Chisholm Mixed-use land - Wichita Falls, TX	100.00%	\$0	\$0	Sold, 2023 Q1	Sold
<b>Totals</b>		<b>\$67,306,800</b>	<b>\$43,059,700</b>		
					Current Loan-to-Value = 50.50%
					Maximum Loan-to-Value = 63.98%

# SAPPHIRE GROUP

## General Investment Information

The purchase of one cash unit of Sapphire Group LLC will require \$450.

The purchase of one guarantee unit of Sapphire Group LLC will require a \$1,350 personal guarantee.

A minimum initial purchase of \$15,000 is required.

The maximum ratio of cash to guarantee is 1:5 (dollar value of cash invested to personal guarantee amount).

Personal financial statement and board approval will be required to acquire over 370 guarantee units.

## Investment Examples and Returns

Example:	Cash Only	Guarantee 1:1.5	Guarantee 1:2	Guarantee 1:3	Guarantee 1:4	Guarantee 1:5
Cash Invested	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Guarantee Amount	\$0	\$67,500	\$90,000	\$135,000	\$180,000	\$225,000
Cash Units	100	100	100	100	100	100
Guarantee Units	0	50	67	100	133	167
Total Units	100	150	167	200	233	267
Target Return	10.00%	15.00%	16.67%	20.00%	23.33%	26.67%
2010 Return	4.10%	6.15%	6.83%	8.20%	9.57%	10.93%
2011 Return	7.20%	10.80%	12.00%	14.40%	16.80%	19.20%
2012 Return	7.60%	11.40%	12.67%	15.20%	17.73%	20.27%
2013 Return	8.50%	12.75%	14.17%	17.00%	19.83%	22.67%
2014 Return	8.90%	13.35%	14.83%	17.80%	20.77%	23.73%
2015 Return	12.43%	18.65%	20.72%	24.86%	29.00%	33.15%
2016 Return	3.22%	4.83%	5.37%	6.44%	7.51%	8.59%
2017 Return	5.12%	7.68%	8.53%	10.24%	11.95%	13.65%
2018 Return	18.03%	22.88%	24.50%	27.73%	30.97%	34.20%
2019 Return	5.32%	7.98%	8.87%	10.64%	12.41%	14.19%
2020 Return	4.56%	6.84%	7.60%	9.12%	10.64%	12.16%
2021 Return	23.72%	28.08%	29.53%	32.44%	35.35%	38.25%
2022 Return	7.58%	11.37%	12.63%	15.16%	17.69%	20.21%
2023 Return	23.63%	25.45%	26.05%	27.26%	28.47%	29.68%
2024 Return (%)	2.24%	3.36%	3.73%	4.48%	5.23%	5.97%
2024 Return (\$)	\$1,008	\$1,512	\$1,680	\$2,016	\$2,352	\$2,688

Cash-only units, compounded total return with reinvested earnings:

**277.34%**

Cash-only units, annualized total return (15 years):

**9.26%**

Fully leveraged, compounded total return with reinvested earnings:

**1456.20%**

Fully leveraged, annualized total return (15 years):

**20.08%**

Investment returns are not guaranteed. As with any investment, Sapphire Group, LLC carries the risk of nonperformance and/or loss of principal.

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## GROUP

### PROJECT INFORMATION



## Dermatology Building/Future Development Sherman, Texas

This 1.62+/- acre property on Loy Lake Rd. in Sherman Texas was a great off-market find that was purchased by Sapphire in the 2<sup>nd</sup> quarter of 2024. The east half of the property contains a 5,250 sq. ft. Dermatology office whose lease will end towards the end of 2026. Eventually we believe this building will be demolished to make room for a new commercial development for this prime location.

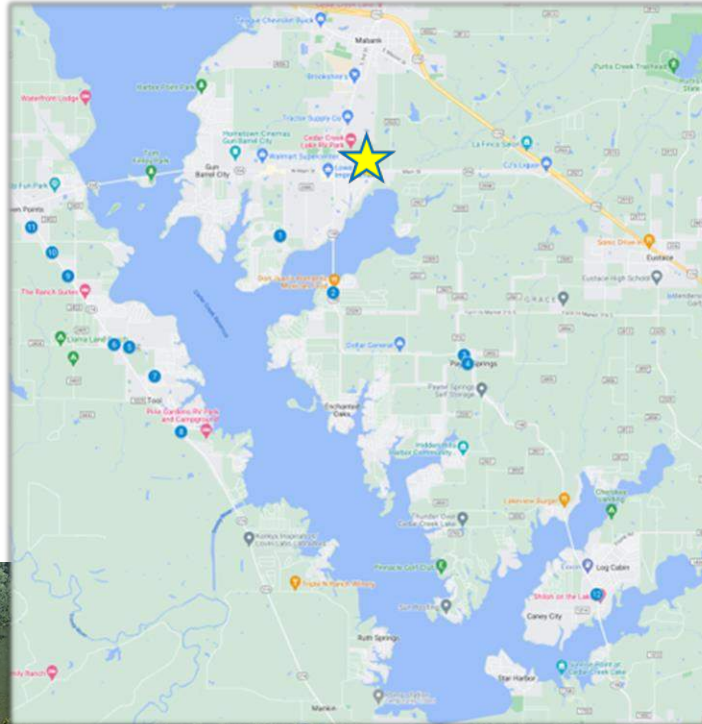
The Dermatology group recently moved into a new building down the street, and we have approached them to negotiate an agreeable amount to terminate the lease early.

We are actively marketing the property to national credit tenants and have received strong initial interest for both build-to-suit and land lease options.



## Land for Development Storage, Retail and Light Industrial Gun Barrel, Texas

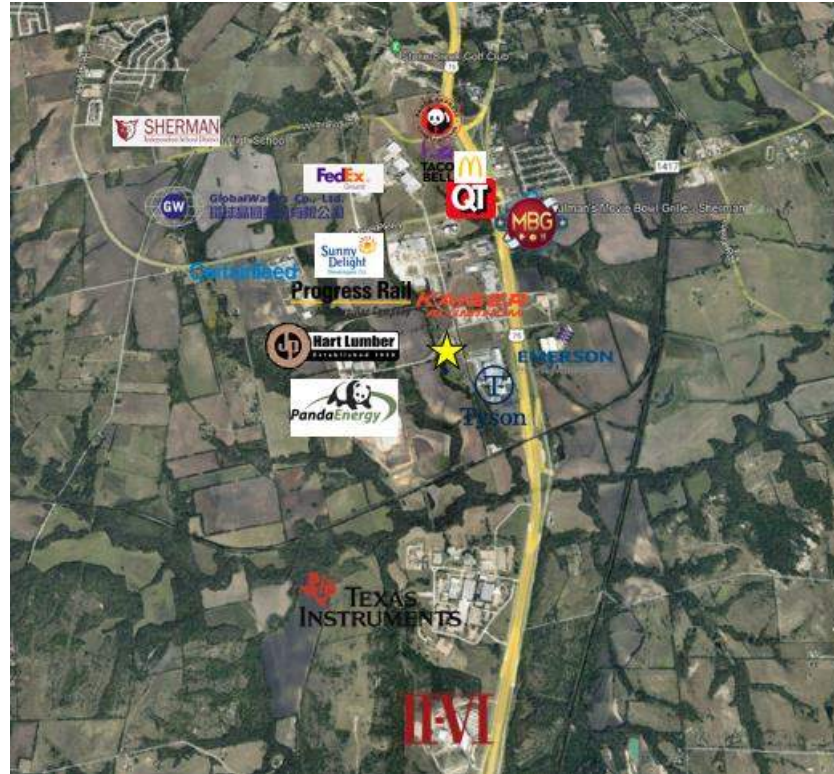
This 7+/- acre property in Gun Barrel Texas is a great piece of land ready for development with an approved site plan for Boat/RV storage along with two additional pad sites for Retail, Flex or Light Industrial uses. Gun Barrel Texas is located on Cedar Creek Lake which has become very popular for full time residents as well as weekend homes. This property will be great to provide services to the quickly growing population.





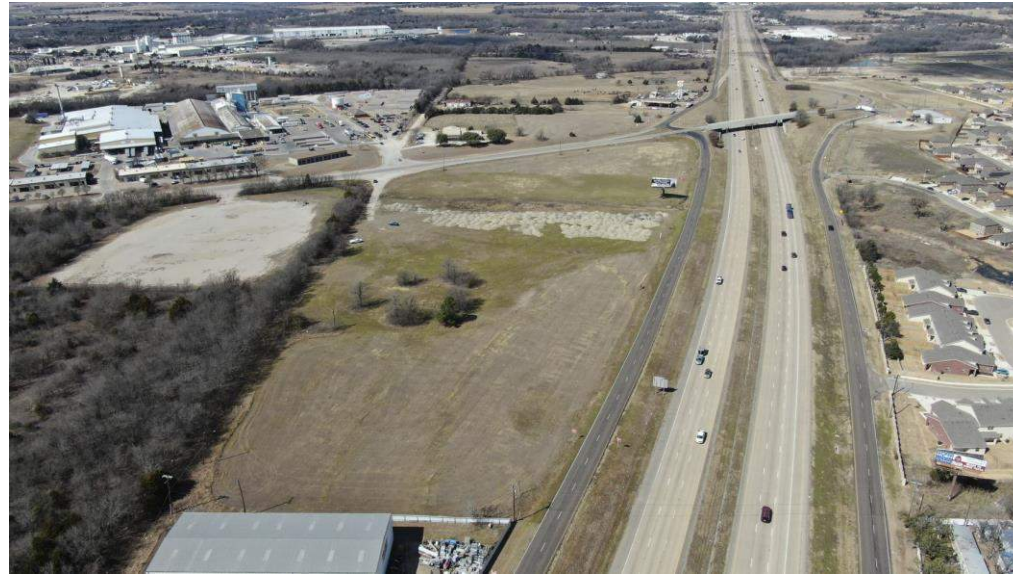
## Progress St. Light Industrial Building and Additional Development Land Sherman, Texas

Construction is underway!!! This 9-acre property on Progress Street in Sherman Texas is situated between Texas Instruments' \$30 billion chip plant to the south and Globitech's \$5 billion chip plant to the north. The property contains an existing 13,000 sq. ft. building with excess land to develop additional buildings. The surrounding properties consist of other major employers and the remaining Sherman Economic Development (SEDCO) land. We were very fortunate to lease the existing building shortly after our purchase to a quality tenant named Audio Engine. Permits for all four additional buildings have been received from the City and construction is moving along quickly.



## Ennis Texas Mixed-Use Land for Development Self storage, Flex Space and Retail Ennis, Texas

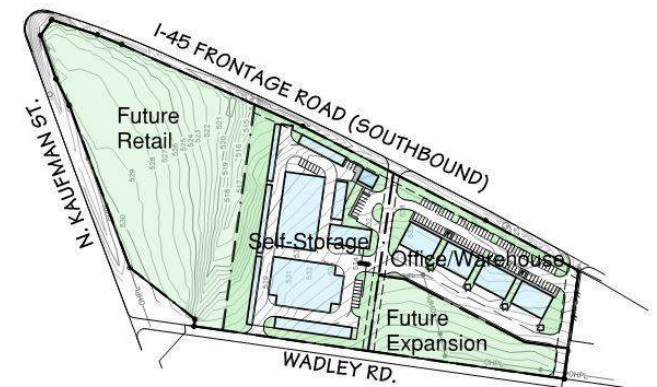
This 15+/- acres of land is located in an opportunity zone on I-45 in Ennis Texas. Being located close to new single family and multifamily developments, easily accessible, and great visibility makes this property prime for multiple uses. Our initial site plan leaves approximately 6 acres for a gas station, travel station or retail center on the hard corner with 9 acres remaining for self-storage and flex office/warehouses. Our third-party market study shows a huge need for both storage and office/warehouse space in this area. Planning and City coordination for a future development continues, but we are currently under contract to sell the property for a profit.



**Aerial View**



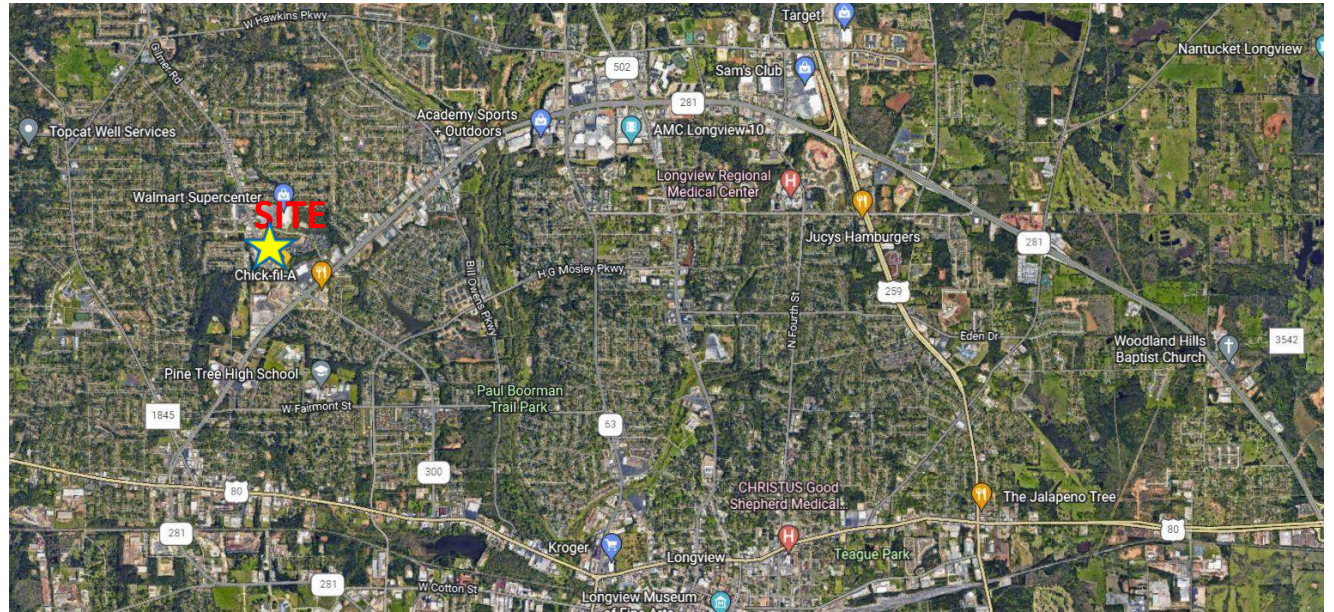
**Self-Storage Concept**



**Site Plan**

## Longview Texas Land for Development Multifamily and Commercial Longview, Texas

This property consists of approximately 8 acres zoned for a multifamily development in Longview Texas. Located close to Walmart, Chic-fil-a and other key retail services this will be a great property for a higher density/moderate income rental community. The property is well suited for completing the development in multiple phases. In addition, we are pursuing the option to utilize half of the property for a climate-controlled storage development. We were under contract to sell half of the property to a multi-family developer but they recently terminated the contract.



**Location**



**Concept**





## Anna Texas Retail Center Walgreens and Red River Title Anna, Texas

We have leases with Walgreens and Red River Title for a new prime retail development in Anna Texas. The overall development is just under 20,000 square feet and has approximately 6,000 square feet available for other future tenants. Construction is now complete and the interest from potential tenants is picking up. We were excited to lock in a very low interest rate on this development loan prior to rate increases.

Walgreens has officially opened for business and Red River Title will be moving into their space in the coming weeks.



Current Photo



Location

## Westwood Village Shopping Center Sherman, Texas



This property consists of just under 100,000 square feet of older retail space. The property location and the “bones” of the buildings are great. There are very few properties like this that are available in North Texas, especially at this price point. With the recent improvements and active management, we believe a ton of value will be created from this project. Construction is complete, and we are very excited to announce that we just recently signed a lease with Ace Hardware to be our anchor tenant. With this news, there are several other smaller tenants that we expect to sign leases in the coming months.



Before (Drone Photo)



After (Drone Photo)



Current Leasing Plan  
(Green=Available)

## Howe Texas Land for Development Acre Lots or RV Park Howe, Texas

Sapphire purchased 26 acres in Howe, TX just a few miles from the new TI and Globitech plants. This property could be great for an acre lot development, another RV park, or a new duplex rental concept we are considering. A third-party developer was under contract but decided to back out of the contract. We are progressing nicely with the planning and due diligence for the duplex rental concept, but will also start marketing the property for sale.



**Aerial View**



**Duplex Rental Concept**

**Heritage Court Development  
Hwy 1417  
Sherman, Texas**



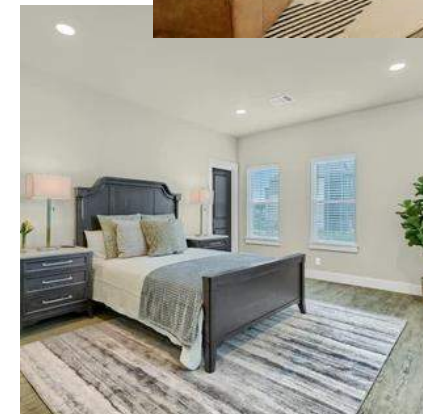
Current Update –

- Units able to be leased - 54
- Remaining 46 units are scheduled to be completed in March.
- We closed out the year with 24 units leased.
- We have approximately 8 other promising applicants, some who are waiting for a specific unit type.
- We hope to see continued momentum as we start the new year and head into the spring, which traditionally has been the strongest leasing season in our area.

Description – 100-unit townhome rental community on Hwy. 1417 in Sherman, TX. Beautiful neighborhood and townhome designs. Great amenities and borders a future city hike/bike trail that will connect to the nearby Baker Park/Lake.



**Site Plan**



**Progress Photos**

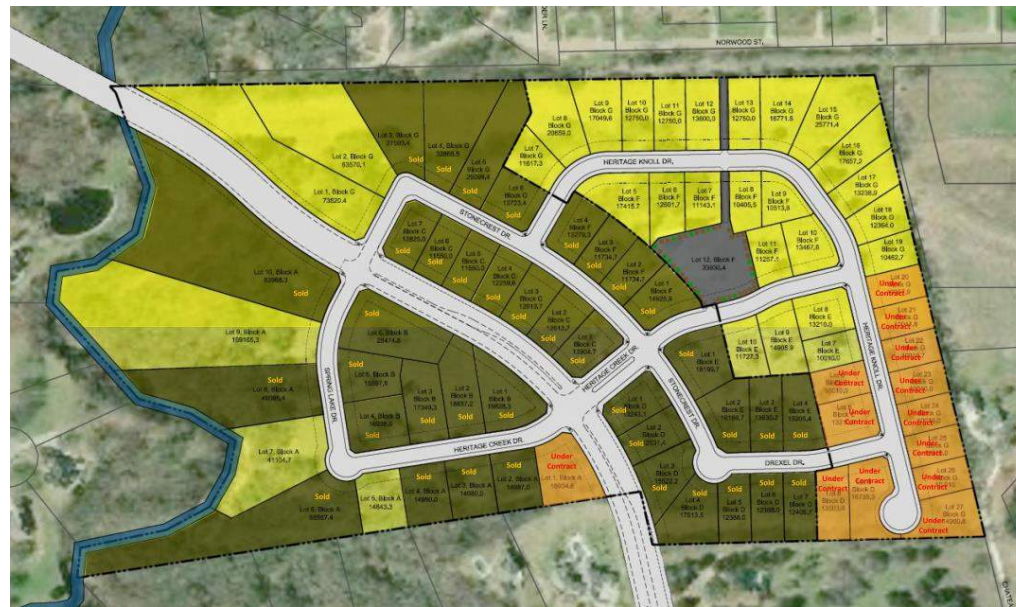
## Heritage Crossing Development Sherman, Texas



This is a 45-acre tract of prime residential development land in West Sherman that is platted into 80 lots and development is progressing. We ran into multiple delays that set us back on the schedule, but those items have been resolved and both Phase I and Phase II are completed and accepted by the City. Unfortunately, our buyer for Phase II backed out of the contract in the Spring, but we have made good progress on selling lots. Currently we have sold 39 lots with 8 additional lots under contract leaving 33 lots available for sale.



Aerial Photo



Lot Availability



## University of Gymnastics & Edward Jones Building Office/Retails Building Sherman, Texas

The project/building at 400 E. Taylor is a partnership with the main tenant (University of Gymnastics) of which Sapphire owns 30% and receives monthly equity payments. The second tenant is an Edward Jones office, with a lease guaranteed by Edward Jones, Inc. This project is structured with multiple guarantors ahead of Sapphire providing extra protection while still maintaining a solid return.

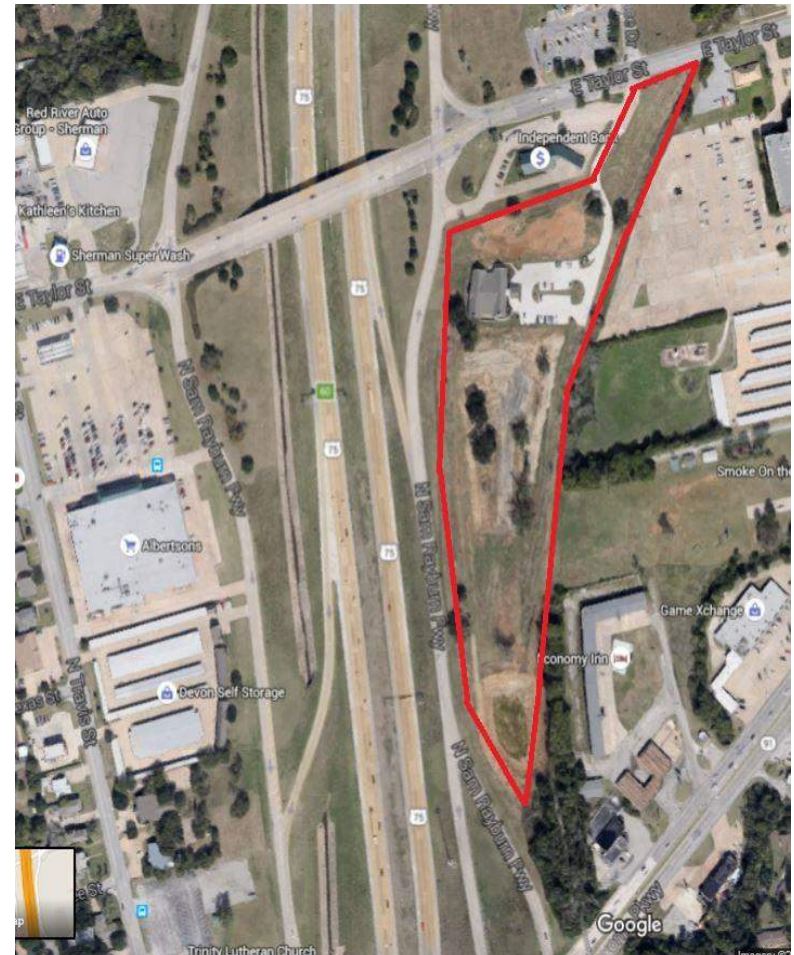


**Crescent Oaks Commercial Land Development  
Southeast Corner of Hwy 75 and Taylor Street  
Sherman, Texas**

One professional office lot remaining in this development located on Hwy 75 in Sherman, Texas close to the intersection of Taylor Street.



**Completed Buildings on Sold Lots**



**Full Development Overhead View**

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## GROUP

### SOLD PROPERTIES



## Corporate Central Flex Space/Light Industrial Property McKinney, Texas

NOTABLE PAST  
SOLD PROPERTIES

Sapphire elected to sell this property in the 4<sup>th</sup> quarter of 2024 for a profit.

This property is in a Class A location near Highway 75 and 380 in McKinney Tx. Walmart and Sam's are located around the corner and several other large employers located in the same development. This property was on our radar since purchasing the building at 1627 Bray Central, as it is located directly south (behind) this facility. The site plan is apportioned for 53,000 SF in two buildings. The buildings are complete, 100% occupied, and tenant's leases have commenced. The four tenants are: Sherwin Williams, Crawford Electric, Hybrid Manufacturing, and Premier Badminton.



## Pottsboro Multifamily Land for Development Multifamily Pottsboro, Texas

NOTABLE PAST  
SOLD PROPERTIES

Sapphire elected to sell this property in the 4<sup>th</sup> quarter of 2024 for a profit.

After the purchase of this 2.15-acre property in Pottsboro Texas we were able to change the zoning to Multifamily and create a plan for 25 units that are similar to our Heritage Court residential rental product in Sherman. After much thought, we decided to sell the property for a profit.



## Weatherford Texas Industrial Land for Development Self Storage and Flex Space Weatherford, Texas

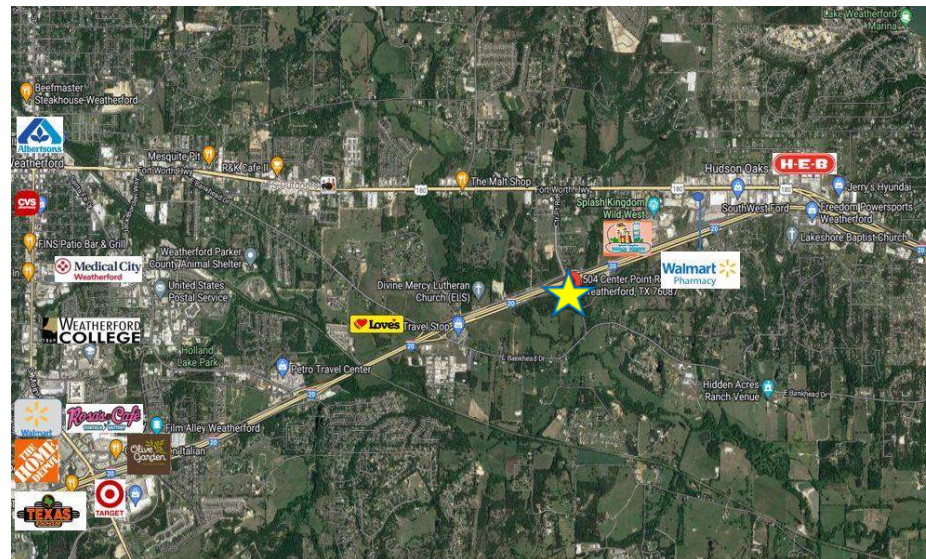
NOTABLE PAST  
SOLD PROPERTIES

Sapphire elected to sell this property in the 4<sup>th</sup> quarter of 2023 for a profit.

The property consists of approximately 7 acres between the rapidly growing towns of Weatherford and Hudson Oaks just west of Fort Worth. This property was a great find for another flex office/warehouse development but could also support self-storage.



Aerial View



Location

**SRS Distribution (Southern Shingles)  
Retail/Light Industrial Property  
Lawton, Oklahoma**

**NOTABLE PAST  
SOLD PROPERTIES**

Sapphire elected to sell this property in the 4<sup>th</sup> quarter of 2023.

This property was purchased in the 4th quarter of 2018. It contains 18,300 sq. ft. of renovated warehouse and office. This property branches just outside of Texas, in Lawton, Ok, but was a great find with a strong long-term tenant and consistent cash flow. Earlier this year we were able to negotiate a very favorable lease extension.



**Project Photos**



Sadler Texas Acre Lot Development  
 Platted Lots for Sale  
 Sadler, Texas

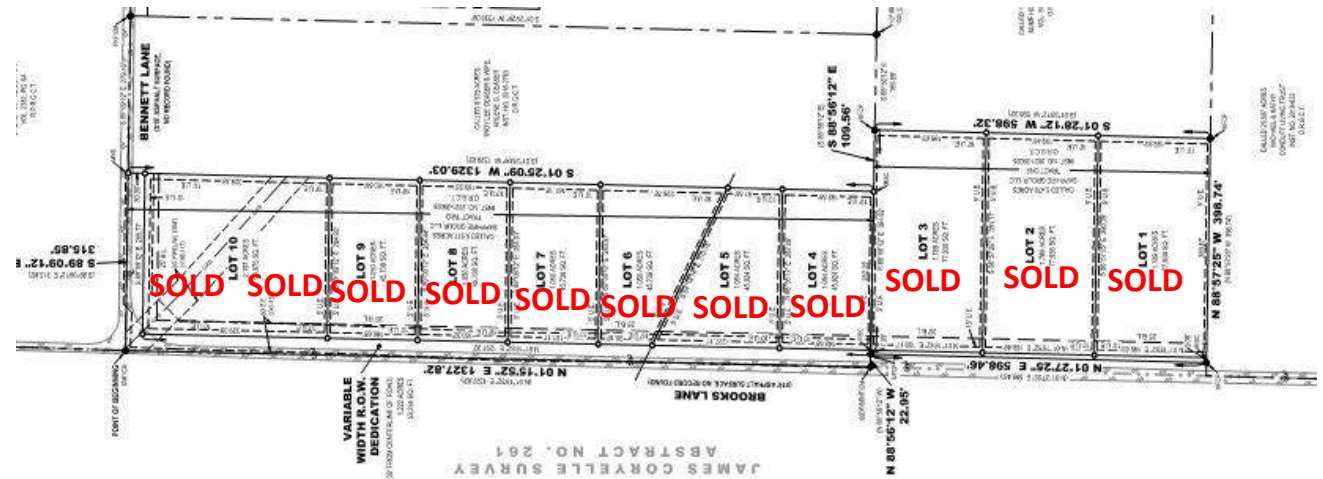
NOTABLE PAST  
 SOLD PROPERTIES

The last remaining lot was sold in the 4<sup>th</sup> quarter of 2023.

Sapphire purchased 15 acres north of Sadler Texas to divide into 10 lots for single family houses. The road frontage on this property is a valuable amenity as it will dramatically decrease the cost of development. We were able to remove the easement on the final lot and have it replatted into two lots. This property was a great find and has already turned into a solid investment.



Aerial View



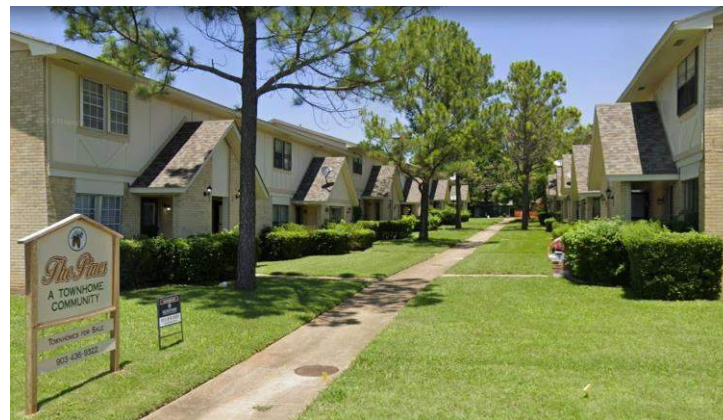
Plat



## Shadow Pines Townhome Property Denison, Texas

## NOTABLE PAST SOLD PROPERTIES

Purchased 3rd Quarter 2019.  
This property consists of 29 individually platted townhome units. Sapphire was able to purchase 24 of the 29 units. After some time of leasing the units it was decided to renovate and sell the units individually. The units were renovated in 2022 and all 24 units have been sold!!

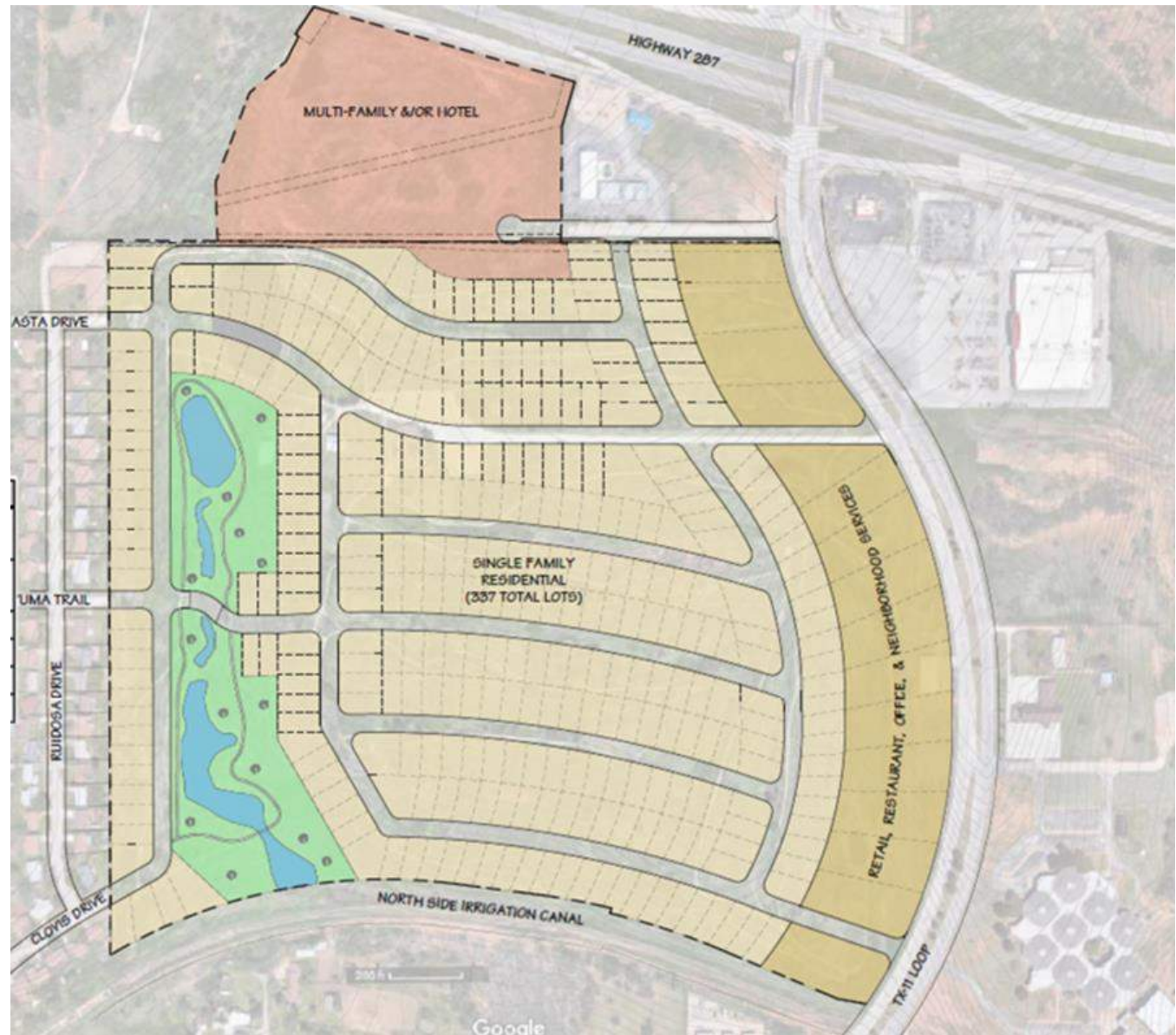


Project Photos

## Chisholm Estates Multi-Use Development Wichita Falls, Texas

NOTABLE PAST  
SOLD PROPERTIES

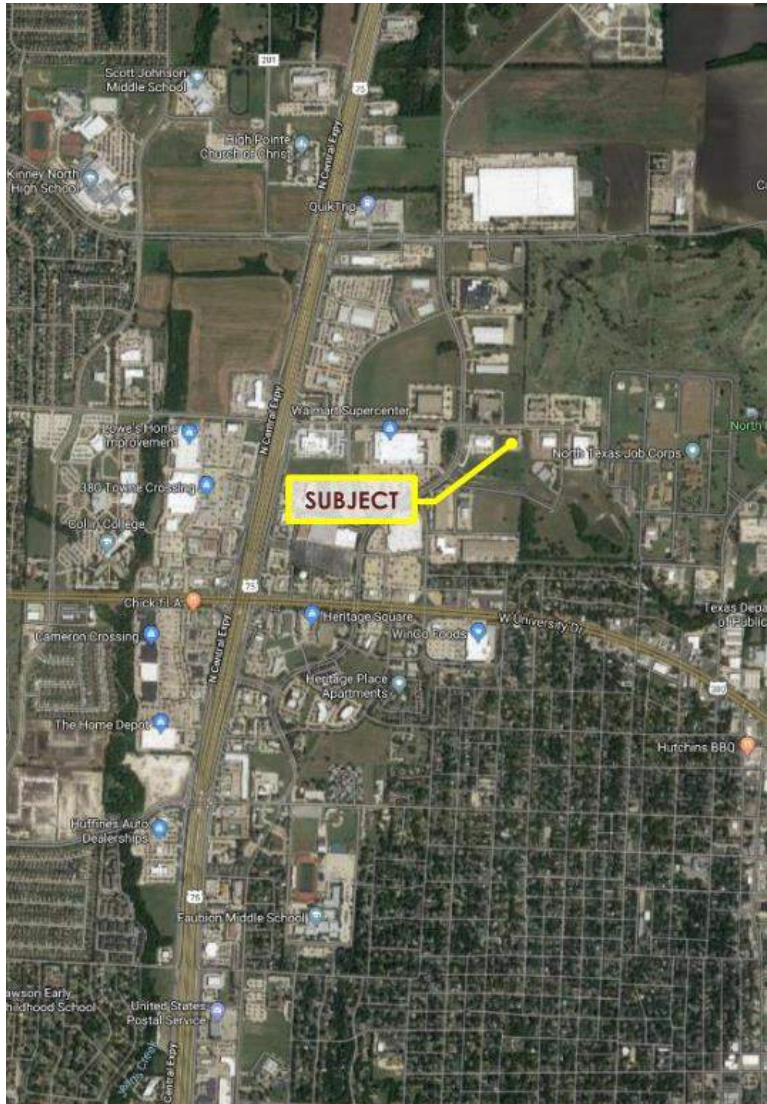
We acquired this 105-acre property, previously a golf course, from a bank in Wichita Falls Texas at an attractive price. We started the master planning process but then went under contract to sell the property to a developer out of Dallas. That developer completed a significant amount of planning, engineering and city approvals but ultimately defaulted on the contract and did not close. In early 2023, we were able to sell the property to a different buyer from Dallas.



Site Plan

Magnetic Technology, Inc.  
1627 Bray Central Drive  
McKinney, Texas

NOTABLE PAST  
SOLD PROPERTIES



Brown Commercial Property  
Hwy. 75 Frontage at Pecan Street  
Sherman, Texas

NOTABLE PAST  
SOLD PROPERTIES



NOTABLE PAST  
SOLD PROPERTIES

SOLD: Villagio - College Station, Texas



SOLD: Bear Creek - Cedar Hill, Texas



SOLD: Heritage Row - Sherman, Texas



SOLD: Restaurant at HWY 75 & 82 - Sherman, Texas



NOTABLE PAST  
SOLD PROPERTIES

SOLD: 30 Acres on HWY 82 - Bells, Texas



SOLD: 4613 N FM 1417 - Sherman, Texas



SOLD: Hillcrest Square- Sulphur Springs, Texas



SOLD: Villa Green Townhomes- Bryan, Texas



NOTABLE PAST  
SOLD PROPERTIES

SOLD: O'Hanlon Ranch - Sherman, Texas



SOLD: Overland Offices - Sherman, Texas



SOLD: Vein Center of North Texas - Sherman, Texas



SOLD: Overland Crossing - Anna, Texas



NOTABLE PAST  
SOLD PROPERTIES

SOLD: Traditions Senior Living - Sherman, Texas



SOLD: Terrace Oaks - Sherman, Texas





**Sapphire Group LLC**  
**Balance Sheet**  
As of December 31, 2024  
Dec 31, 24

**ASSETS**

**Current Assets**

**Checking/Savings**

11000 · Independent Bank Checking	21,717.95
11100 · AmeriState Bank	320,882.44
11205 · Encore Bank	1,258,602.15
11225 · Charles Schwab	787.50

**Total Checking/Savings** 1,601,990.04

**Other Current Assets**

27003 · Due from Heritage Ventures LLC	250,315.07
27016 · Due from Crest Ventures	100.00
27051 · Due from Heritage Crossing HOA	700.00

**Total Other Current Assets** 251,115.07

**Total Current Assets** 1,853,105.11

**Fixed Assets**

24308 · Bear Creek Development	25,000.00
24525 · Land - Bennett Road - Howe	354,525.33
24526 · Westwood Village	5,706,680.09
24527 · Land - Ennis	1,378,967.16
24529 · Land - Longview	464,039.55
24530 · Land - Gun Barrel City	703,798.01
24532 · Cedar Creek Development	211,527.00
24531 · Longview Multi-Fam project	46,573.00
24534 · Dermatology Building	1,133,666.38
29000 · Accumulated Depreciation	<u>-1,448,398.00</u>

**Total Fixed Assets** 8,576,378.52

**Other Assets**

27010 · BL Loan	3,856.66
26760 · Due from Univ of Gymnastics	175,407.81
26500 · Investment - Eminent Holdings	78,453.33
26763 · Investment - Heritage Ventures	1,081,428.00
26764 · Investment - Freedom Flex LLC	-2,055.08
26765 · Investment -Sapphire Retail One	2,029,175.00
26766 · Investment - Crest Ventures	2,851,939.00
26767 · Investment - Blue River Texas	196,099.42
27768 · Investment - Sapp Stockhome	<u>2,672,360.23</u>

**Total Other Assets** 9,086,664.37

**TOTAL ASSETS** 19,516,148.00

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Other Current Liabilities**

40318 · Due to Sapphire Retail One	473.49
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**Sapphire Group LLC**  
**Balance Sheet**  
As of December 31, 2024  
Dec 31, 24

40300 · Deposits from Tenants	7,380.00
40312 · Due to Bluestone Prop Mgmt	42,755.07
<b>Total Other Current Liabilities</b>	<b>50,608.56</b>
<b>Total Current Liabilities</b>	<b>50,608.56</b>
<b>Long Term Liabilities</b>	
49337 · Spades 49 - Derm Building	850,000.00
49335 · Go Land Invest - Gun Barrel	401,929.36
49332 · Ameristate - WWV Development	4,605,231.23
49327 · First State Bank - Bennett Rd	225,545.48
49329 · City Bank - Ennis	1,061,550.00
49331 · Independent Bank - Longview	327,863.47
49333 · Spades 49 - Longview	385,000.00
<b>Total Long Term Liabilities</b>	<b>7,857,119.54</b>
<b>Total Liabilities</b>	<b>7,907,728.10</b>
<b>Equity</b>	
34031 · Members Equity	10,882,425.37
<b>Net Income</b>	<b>725,994.53</b>
<b>Total Equity</b>	<b>11,608,419.90</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>19,516,148.00</b>

Financial Statements are for general reference only. All items are presented pending the Sapphire accountant's year-end adjustments.

**Sapphire Group LLC**  
**Profit & Loss**  
January through December 2024  
Jan - Dec 24

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
50000 · General Rental Income	275,406.66
51000 · Interest Income	27,607.29
<b>54001 · Ordinary Income - Partnerships</b>	
54562 · Income from Sapphire Stockhome,	55,518.59
54561 · Income from Blue River Texas, L	104,869.42
54210 · Income from Freedom Flex, LLC	<u>1,233,160.40</u>
<b>Total 54001 · Ordinary Income - Partnerships</b>	<b>1,393,548.41</b>
56000 · Miscellaneous Income	<u>49,762.23</u>
<b>Total Income</b>	<b><u>1,746,324.59</u></b>
<b>Gross Profit</b>	<b>1,746,324.59</b>
<b>Expense</b>	
60455 · Design Expense	9,949.00
60400 · Bank Service Charges	2,269.11
61000 · Interest Expense	206,229.24
61250 · Loan guarantee fees	8,112.69
64900 · Office Supplies	35.56
66000 · Professional Fees	15,233.61
66500 · Meeting Expenses	24,311.31
67000 · Property Taxes	10,220.66
67250 · Management Fees	2,494.92
67500 · Insurance	2,467.00
67600 · General Upkeep	5,981.75
67601 · Miscellaneous	76.35
68400 · Rental Interest Expense	277,516.58
68460 · Rental Property Taxes	37,242.01
68500 · Rental Commission	132,844.57
68551 · Rental Make Ready	18,603.55
68570 · Rental Insurance Expense	108,025.04
68575 · Rental Other Expenses	12,530.29
68577 · Rental Repairs	89,792.44
69000 · Rental Utilities Expense	15,857.46
70000 · Rental Management Fees	22,395.69
71000 · Rental General Upkeep	14,941.23
70500 · Rental Security	<u>3,200.00</u>
<b>Total Expense</b>	<b><u>1,020,330.06</u></b>
<b>Net Ordinary Income</b>	<b><u>725,994.53</u></b>
<b>Net Income</b>	<b><u><u>725,994.53</u></u></b>

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# SAPPHIRE

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## GROUP

December 31st, 2024

Market News

### D Magazine (Dallas, TX) – The Great Sherman Land Rush

Website Link - [How Microchips and Federal Money Fueled a Land Rush in Sherman - D Magazine](#)

### WFAA (Dallas, TX) - Will commercial flights at McKinney airport be ready to take off soon?

Latest on airport expansion plans - The project to bring commercial flights to the McKinney Airport has been in the works for years, and the terminal expansion project took a step forward this week.

Plans to make McKinney National Airport into a hub offering commercial flights are moving forward. McKinney's planning and zoning committee approved plans Tuesday to expand the airport, including by adding a 45,000-plus-square-foot terminal on the east side of the existing runway starting with three gates initially with the potential to expand up to five, parking areas, a taxiway, and more.

By comparison, Dallas Love Field airport has 20 gates, and DFW Airport has about 170 gates. The project is estimated to cost up to \$72 million and be funded by a combination of federal loans, grant funding from the McKinney Economic Development Corporation and McKinney Community Development Corporation. City officials say they're still working to secure more federal and state grant funding.

Once the airport opens, it's expected to support 200,000 passengers in its first year, with an average of three daily departures, increasing to about 1 million passengers annually in five years.

"Maximizing the commercial value of McKinney National Airport has long been a priority of the City of McKinney and City Council, and this demonstrates their commitment to helping the airport realize its full potential as an asset to the region. As we continue to expand and improve our facilities and services on the east side, we are confident our airport will bring significant economic benefits, including increased job opportunities,

new businesses, and enhanced quality of life for our community," said Ken Carley, Director of McKinney National Airport when the McKinney City Council supported the site plan earlier this month.

Not everyone is ready for the McKinney airport to take flight, though. Some at the planning and zoning commission meeting Tuesday said they were concerned about the project. In 2023, as our content partners at the Dallas Business Journal previously reported, voters rejected a \$200 million bond proposal to finance a large portion of the airport expansion project.

"Almost two years ago, a bond election for the airport failed. The mayor and council take the position that the citizens just didn't want to fund it. However, they're wrong," resident Hank Johnston said. "Most were voting against passenger service."

"The mayor and council therefore and this commission are ignoring the will of the people. All efforts need to stop until McKinney holds a yes or no vote on passenger service to get a clear direction on the will of the people," Johnston added.

Commercial flights out of the McKinney airport are expected to begin in late 2026.

#### **Mortgage market's response to softer Federal Reserve lackluster**

**COLLEGE STATION (Texas Real Estate Research Center)** – Residential mortgage lending activity in Texas was mixed in October. The latest Texas Residential Mortgage Survey (TRMS) showed modest changes or a continuation of recent trends in most indicators.

Home purchase originations decreased again, but the average value per origination broke the downward trend. Rate and term refinance and cash-out segments were down slightly. In contrast, the average value of refinance originations increased. The application approval rate was also up in October. The number of preapproved customers was notably higher, an indicator that may have finally turned the corner after falling substantially through the year.

"This may reflect some improvement in household balance sheets, but savings rates have fallen after the COVID stimulus," said Texas Real Estate Research Center (TRERC) Research Director Daniel Oney, Ph.D. "The higher average originations levels may reflect lower-income households still being squeezed out of the market."

Mortgage bankers are parsing the results in light of recent monetary policy changes.

"The slower volume of first-lien cash-out refinances, alongside a slight decline in rate and term refinancing, is particularly noteworthy against the backdrop of an overall upward trend seen in recent months," said Austin Mortgage Bankers Association Vice President Kate Couture.

Noting the apparent disconnect between Federal Reserve decisions and market interest rates and household uncertainty, Couture emphasized the ongoing challenge.

“The recent rate cut by the Federal Reserve, coupled with mixed economic signals, has created a challenging environment for both mortgage lenders and borrowers as rates have increased significantly since the 50 bps cut,” Couture said. “As we approach November, the outcomes of the Fed meeting will be pivotal, especially in terms of how the PCE index and the latest jobs report might influence their decisions. With the added complexity of the upcoming elections, it seems likely that the volatility we’ve been experiencing in the industry will continue through the end of the year and into 2025.”

The attitudes of mortgage originators matched the mixed interest rate situation. Company outlook and hours worked were both down slightly. General business activity was flat, while the impact of regulations was somewhat negative.

The TRMS is a collaborative effort between the Texas Mortgage Bankers Association (TMBA) and TRERC to provide analysis of conditions and changes in the residential mortgage industry. It is a monthly sentiment survey to gauge current conditions and expectations in and around the Texas residential mortgage industry. All TMBA members are invited to participate.