Offering memorandum

The East Watauga Portfolio

200, 204 and 206 East Watauga Avenue

Johnson City, Tennessee 37601

Units	Parcels	Occupancy
16	**3**	**100%**
Land	Monthly income	Price
0.57 ac	**$15,600**	**$1,590,000**

The portfolio occupies three contiguous parcels on East Watauga Avenue, a short distance from downtown Johnson City.

 The rent roll is current as of September 2026. Operating figures are drawn from owner-supplied records dated August 31 and September 9, 2026, and have not been independently audited. Parcel, assessment, and tax data are from Washington County public records via Courthouse Retrieval System, 2025 assessment roll. Prospective purchasers should conduct their own diligence.

1 The offering

Three contiguous apartment buildings on East Watauga Avenue, offered together as a single 16-unit portfolio on 0.57 acres. Fifteen units are one bedroom; one is a three bedroom. The portfolio is 100% occupied, produces $15,600 a month in scheduled income, and sits within two miles of East Tennessee State University and roughly six of Milligan University.

Ownership has completely remodeled six units. The scope on a remodeled apartment includes new flooring, new paint, updated bathrooms, new appliances, custom cabinetry, new countertops, new plumbing, and new PTAC units where needed. Those units feature upgraded interiors with custom cabinetry, countertops, appliances, and modern bathrooms. Select units have spacious balconies. Residents have parking, and the portfolio includes an on-site laundry room with machines that accept mobile pay and credit cards.

Contiguity and land carry the rest of the thesis. Three separate parcels on one block share a single management footprint, one turn crew, and one marketing radius. Together they hold roughly 20,000 square feet of paved parking — an unusual ratio for 16 near-downtown doors, and a component of value that does not depend on the rent roll. All three parcels are zoned RO-1 and sit in FEMA Zone X with minimal flood risk.

The portfolio is offered as a value-add opportunity rather than a stabilized asset. All sixteen units are leased, but rents at 200 and 204 run $1,200 per month below market, and ten apartments have yet to receive the interior program already completed at six. The figures throughout are presented on that basis, with actual county tax bills included in every scenario.

- **Six units completely remodeled.** New flooring, paint, plumbing, bathrooms, appliances, custom cabinetry, countertops, and PTAC units where needed — the program a buyer would run, already proven on the asset.
- **Three parcels, one block.** Sixteen doors under a single operating footprint, with the flexibility to refinance or sell buildings individually once stabilized.
- **Land and parking beyond the income.** 0.57 acres with roughly 20,000 square feet of asphalt across the three parcels, zoned RO-1, in a district the assessor classifies as in transition.

- **On-site laundry that already takes mobile and card payment.** An ancillary revenue line that does not depend on rent growth, without the coin-collection friction.
- **$14,100 of annual loss to lease, all of it at 200 and 204.** 206 already rents at or above market, which is the proof the other two buildings can get there.
- **A utility chargeback that already works.** Twelve units contribute $100 a month toward water, trash and internet — $14,400 a year against roughly $8,400 of owner-paid cost.
- **Four doors controllable within 30 days.** Two month-to-month tenancies, one holdover past expiration, and one lease expiring 09/30/2026 — a quarter of the portfolio available to reprice immediately.
- **The market rent is already proven inside the portfolio.** 206 Unit 3 is leased today at $975 and two more 206 units sit at $950, above or at the rent assumed throughout this memorandum.

2 Pricing

Asking price, all three parcels

$1,590,000

Per unit	Per rentable sf	GRM, in place	GRM, at market
$99,375	**$149.60**	**9.3×**	**8.6×**

Capitalization at the asking price under three operating scenarios. All three carry the actual 2025 combined tax bill of $12,413 and a $300 per unit replacement reserve. Detail follows in Section 5.

Scenario	NOI	Cap rate	What it assumes
In place	90,967	5.72%	Contracted income on all 16 units, trailing turnover pace
At market rent	102,657	6.46%	All one-bedrooms at $950, the three-bedroom at $1,225
Stabilized	111,922	7.04%	Market rents achieved and turnover normalized

> **How the price is framed.** At $1,590,000 the portfolio prices at $99,375 per door and returns a 7.04% capitalization once market rents and a normal turnover pace are achieved, and 5.72% on income contracted today. A buyer underwriting strictly to trailing performance will arrive at a materially lower figure. The offering is priced on the assembled land position, the parking, the completed interior program, the three-parcel optionality, and the executable rent upside rather than on trailing income, and it should be evaluated on that basis.

3 The parcels

200 E Watauga — six one-bedroom units

204 E Watauga — six one-bedroom units

206 E Watauga — three one-bedroom and one three-bedroom

Washington County assessor records, 2025 roll. All three parcels are in District 09, the Johnson City Redevelopment special school district, and FEMA Zone X.

Attribute	200 E Watauga	204 E Watauga	206 E Watauga
Parcel ID	046K N 018.00	046K N 019.00	046K N 020.00
Units	6 × 1BR	6 × 1BR	3 × 1BR, 1 × 3BR
Year built	1920	1925	1930
Effective year	2000	2000	1994
Stories	2	2	2 plus finished lower level
Assessor sf	3,346	3,774	1,822 plus 944 finished basement
Lot dimensions	55 × 115	110 × 115 irr	55 × 104 irr
Asphalt paving	2,000 sf	5,000 sf	13,000 sf
Zoning	RO-1	RO-1	RO-1
Quality / condition	Above average / average	Above average / average	Above average / average
2025 tax appraisal	$348,000	$413,600	$243,200
2025 taxes	$4,299.19	$5,109.61	$3,004.49

Shared characteristics

Construction	Wood frame on continuous footing, wood floor system with subfloor, average to above-average siding
Roofs	Gable and hip framing, composition shingle

Mechanical	Split heating and cooling per assessor records, with PTAC units installed in remodeled apartments. A heat pump installed at 206 approximately two years ago serves both the first and the lower levels of that building
Utilities	Public natural gas, electric, water and sewer. Residents at 200 and 204 contribute $100 a month toward water, trash and internet; at 206 utilities are included in the rent
Laundry	On-site laundry room with machines accepting mobile pay and credit cards
Parking	Resident parking, roughly 20,000 sf of asphalt across the three parcels
Balconies	Select units include spacious balconies
Flood	FEMA Zone X, minimal risk, panel 47179C0178D
Schools	North Side Elementary 0.3 mi, Liberty Bell Middle 1.1 mi, Science Hill High 1.1 mi
Management	Casa Haven Property Management
Ownership	Ctesius LLC, Johnson City, Tennessee

> **A note on square footage.** The rent roll reports 10,628 rentable square feet against 8,942 above-grade square feet on the assessor's roll; the difference is largely the finished lower level at 206, which the assessor lists separately.

4 Rent roll

Current as of September 2026. All sixteen units are leased. Tenant names withheld; unit-level detail available under confidentiality agreement.

200 E Watauga — 6 units, 100% occupied

Residents pay $100 a month toward utilities, covering water, trash and internet. Pet rent is billed separately and only to residents who have a pet.

Unit	Type	SF	Rent	Utilities	Pet rent	Total	Lease term
200-1	1/1	650	850	100	50	1,000	05/07/26 – 04/30/27
200-2	1/1	650	850	100	—	950	11/08/24 – 01/31/27
200-3	1/1	650	800	100	—	900	10/01/25 – 09/30/26, renewal pending
200-4	1/1	650	850	100	—	950	02/01/25 – 01/31/27
200-5	1/1	650	850	100	25	975	02/01/26 – 01/31/27
200-6	1/1	650	850	100	25	975	04/10/26 – 03/31/27
6 units		**3,900**	**5,050**	**600**	**100**	**5,750**	

204 E Watauga — 6 units, 100% occupied

Residents pay $100 a month toward utilities, covering water, trash and internet. Pet rent is billed separately and only to residents who have a pet.

Unit	Type	SF	Rent	Utilities	Pet rent	Total	Lease term
204-1	1/1	650	850	100	—	950	06/10/26 – 05/31/27
204-2	1/1	650	850	100	—	950	03/01/26 – 02/28/27
204-3	1/1	650	900	100	—	1,000	Month to month, since 06/2023
204-4	1/1	650	800	100	—	900	Month to month, since 04/2025
204-5	1/1	650	900	100	—	1,000	Expired 08/31/26, holdover
204-6	1/1	650	850	100	—	950	05/01/26 – 04/30/27
6 units		**3,900**	**5,150**	**600**	**—**	**5,750**	

206 E Watauga — 4 units, 100% occupied

All utilities are included in the rent, which is why rents here run higher per unit. The shared laundry room sits in this building.

Unit	Type	SF	Rent	Utilities	Pet rent	Total	Lease term
206-1	3/1	878	1,225	—	—	1,225	04/03/26 – 03/31/27
206-2	1/1	650	950	—	—	950	02/20/26 – 01/31/27
206-3	1/1	650	975	—	—	975	05/01/26 – 04/30/27
206-4	1/1	650	950	—	—	950	09/01/26 – 09/30/27
4 units		**2,828**	**4,100**	**—**	**—**	**4,100**	

Portfolio summary

Building	Units	SF	Rent	Utilities	Pet rent	Total monthly	Annualized
200 E Watauga	6	3,900	5,050	600	100	5,750	69,000
204 E Watauga	6	3,900	5,150	600	—	5,750	69,000
206 E Watauga	4	2,828	4,100	—	—	4,100	49,200
Portfolio	**16**	**10,628**	**14,300**	**1,200**	**100**	**15,600**	**187,200**

Rent position

Rent income, annualized	$171,600
Rent at market	$185,700
Loss to lease	$14,100
Average in-place rent	$894
Physical vacancy	None

Lease rollover

Month to month or expired	3 units
September 2026, renewal pending	1 unit
Expiring Q1 2027	7 units
Expiring Q2 2027	4 units
Expiring September 2027	1 unit

> **All of the loss to lease sits at 200 and 204.** 206 rents at $4,100 against $4,075 of market rent — slightly above it — which is the clearest evidence inside the portfolio that the other two buildings can reach $950.

5 # Financial detail

Operations on a full-year basis

The ownership's operating statement covers all properties held by the entity, which per the rent roll is these three buildings and nothing else. The reported period runs January through August 2026. The right-hand column extends those eight months to twelve for comparability: variable lines are grossed up proportionally, property insurance is carried at the premium already booked rather than extended, and property tax is stated at the actual 2025 county bill, which the operating statement did not accrue.

Casa Haven Property Management. Left column as reported for January through August 2026; right column extended to a full year on the basis described above.

Account	Jan–Aug 2026	Full year
Rent income	82,794.95	124,192
Pet rent, fees and other	785.00	1,178
Utility billing, net	(3,604.90)	(5,407)
Total operating income	**79,975.05**	**119,963**
General maintenance labor	3,105.00	4,658
Lawncare and landscaping	2,550.00	3,825
Cleaning and maintenance, other	4,465.00	6,698
Property insurance	13,199.00	13,199
Management fees	6,496.79	9,745
Commissions and placement fees	3,192.75	4,789
Repairs	1,955.00	2,933
Supplies	2,305.22	3,458
Electricity	3,745.29	5,618
Water	1,866.44	2,800
Property tax, 2025 actual	not accrued	12,413
Total operating expense	**42,880.49**	**70,135**
Net operating income	**37,094.56**	**49,828**

> **Why the trailing year understates the asset.** Nine of the sixteen units turned over during 2026, so collected rent of $124,192 on a full-year basis runs well below the $171,600 now under contract across the same sixteen apartments. The trailing figures also absorb the leasing commissions and turnover cost that produced today's full occupancy. The pro forma below starts from the contracted rent roll rather than from a year of heavy turnover.

Property taxes

Washington County assesses commercial property at 40% of appraised value. The combined 2025 tax appraisal across the three parcels is $1,004,800, producing an assessment of $401,920 against a combined rate of $3.0885 per $100 — Johnson City at 1.3785 and Washington County at 1.71.

Tax year	200	204	206	Combined
2025	4,299.19	5,109.61	3,004.49	12,413.29
2024	4,265.23	5,069.25	2,980.76	12,315.24
2023	3,607.97	4,366.24	2,671.28	10,645.49
2022	3,389.57	4,101.94	2,509.58	10,001.09
2021	2,868.10	3,493.55	2,602.70	8,964.35

> **Reassessment exposure.** The pro forma carries the actual 2025 bill of $12,413. A sale at the asking price would establish a value 58% above the current combined appraisal of $1,004,800. If the assessor were to reappraise to the transaction price, the assessment would rise to $636,000 and the annual bill to approximately $19,643 — an increase of $7,230, which would reduce NOI by the same amount in every scenario. Tennessee reappraisal operates on a county cycle with certified tax rate protections rather than on sale price, but a buyer should size this risk with its own advisors.

Pro forma

Built from the contracted rent roll rather than the trailing year. Management is modeled at 8% of effective gross income, consistent with the operator's actual reported fees. The in-place and market columns carry a 10% vacancy and credit loss allowance reflecting the turnover pace visible above; the stabilized column normalizes to 5%. Property tax is the actual 2025 combined bill in all three columns, and every column carries a replacement reserve. Laundry revenue is excluded.

Line	In place	At market	Stabilized
Rent income	171,600	185,700	185,700
Utility billing	14,400	14,400	14,400
Pet rent	1,200	1,200	1,200
Gross scheduled income	**187,200**	**201,300**	**201,300**
Vacancy and credit loss	(18,720)	(20,130)	(10,065)

Line	In place	At market	Stabilized
Effective gross income	**168,480**	**181,170**	**191,235**
Cleaning and maintenance	(15,300)	(15,300)	(15,300)
Property insurance	(13,200)	(13,200)	(13,200)
Management at 8% of EGI	(13,500)	(14,500)	(15,300)
Property tax, 2025 actual	(12,413)	(12,413)	(12,413)
Utilities, owner-paid	(8,400)	(8,400)	(8,400)
Replacement reserves at $300 per unit	(4,800)	(4,800)	(4,800)
Repairs	(3,400)	(3,400)	(3,400)
Supplies	(3,300)	(3,300)	(3,300)
Leasing commissions	(3,200)	(3,200)	(3,200)
Total operating expense	**(77,513)**	**(78,513)**	**(79,313)**
Net operating income	**90,967**	**102,657**	**111,922**
Cap rate at $1,590,000	**5.72%**	**6.46%**	**7.04%**

> **The utility line is net positive.** Twelve units bill $14,400 a year against roughly $8,400 of owner-paid electricity and water, a $6,000 annual contribution. The historical statement above reports this line differently for the reporting period; a buyer should confirm with ownership when the current fee structure was implemented.

6 Capital improvements

Ownership has completely remodeled six units across the portfolio. The scope on a remodeled apartment is comprehensive: new flooring, new paint, updated bathrooms, new appliances, custom cabinetry, new countertops, new plumbing, and new PTAC units where the existing equipment warranted replacement. A heat pump installed at 206 approximately two years ago serves both the first and the lower levels of that building.

The remaining ten apartments have not yet received the program. The remodeled units establish both the specification and the achievable rent, which is what makes the balance of the work an execution exercise rather than an experiment.

Trailing twelve months

Capital drawn through the ownership's dedicated capital account in the twelve months ending August 2026 totaled $25,753.62, or $1,610 per unit, with the account carrying a balance of $39,909.32 at period end. Earlier phases of the remodel program fall outside this window; full renovation history and cost detail are available on request.

Building	Scope of work	Invested	Per unit
200 E Watauga	Remodel completion, door replacement, bathroom repair, vanity, move-in turnover repairs	4,550.00	758
204 E Watauga	Plumbing, unit turnover, window replacement, turnover materials	9,228.02	1,538
206 E Watauga	Full unit turnover and finish, HVAC work, window, appliances, lighting, materials	11,975.60	2,994
Portfolio		**25,753.62**	**1,610**

7 Value-add plan

Reset rents to market

Rents at 200 and 204 run $1,200 a month below market while 206 already sits slightly above it. Capturing the full gap adds $14,100 annually. Four doors can be repriced or noticed within thirty days: two month-to-month tenancies and one holdover at 204, plus a lease at 200 expiring 09/30/2026. The evidence that $950 is achievable is inside the portfolio — 206 Unit 3 is leased today at $975.

Finish the interior program

Six units are completely remodeled; ten are not. Extending the same specification — flooring, paint, bathrooms, appliances, custom cabinetry, countertops, plumbing, and PTAC replacement where needed — across the remaining apartments is the clearest path to defending $950 rents and pushing past them. The specification is proven on the asset, the crews are known, and the work phases naturally against the rollover schedule rather than having to be done all at once.

Extend the utility chargeback

The chargeback is live and already profitable. Twelve units at 200 and 204 contribute $100 a month toward water, trash and internet — $14,400 a year against roughly $8,400 of owner-paid electricity and water, a $6,000 net contribution before any changes. The four units at 206 carry no separate fee because utilities are bundled into rent there. Raising the fee as leases roll, or unbundling at 206 and repricing those rents, is available upside that requires no capital.

Capture the ancillary lines

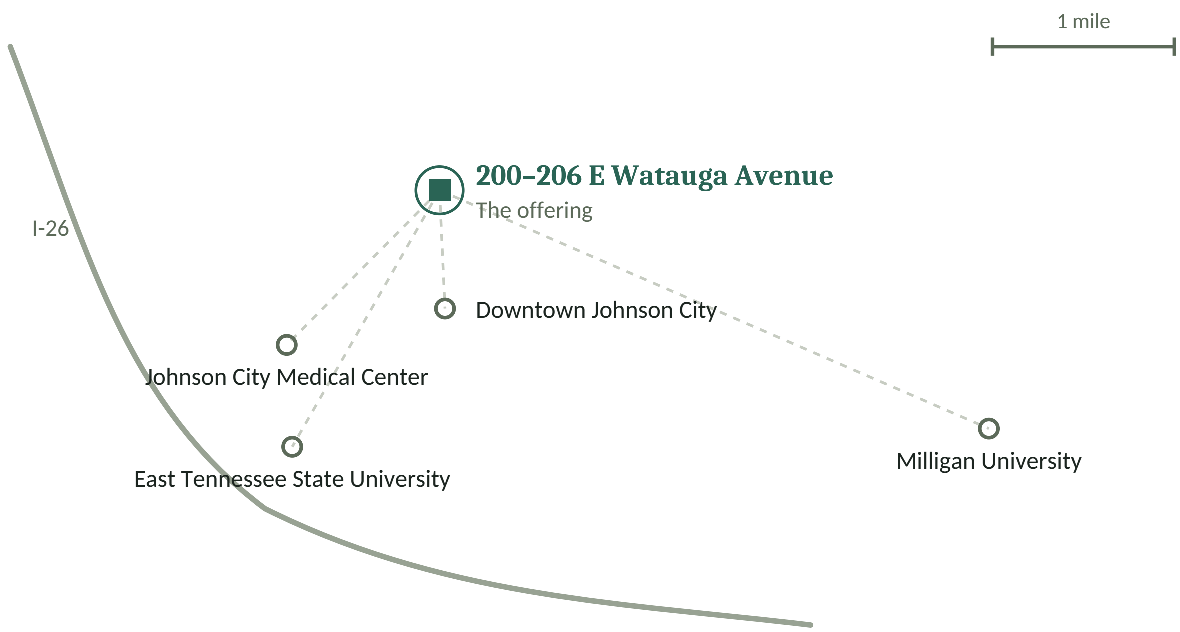
The laundry room at 206 already accepts mobile pay and credit cards, which removes the collection friction that leaves most small-portfolio laundry revenue on the table, and its revenue is excluded from the pro forma entirely. Pet rent is billed only where a resident has a pet, at $25 to $50 a month, and currently applies to three of sixteen units for $1,200 a year. Pet-friendly positioning across the remaining units is unpriced upside.

Preserve optionality

Three separate parcels, three separate tax IDs, and roughly 20,000 square feet of paved parking on 0.57 acres zoned RO-1, in a district the assessor classifies as in transition. A buyer can refinance, recapitalize, or sell individual buildings once stabilized without unwinding the whole position.

Location

Johnson City anchors the Tri-Cities region of Northeast Tennessee, alongside Kingsport and Bristol. The local economy is driven by East Tennessee State University and its medical and pharmacy schools, and by the Ballad Health hospital system centered on Johnson City Medical Center. Milligan University sits a few miles east on the way to Elizabethton. Interstate 26 runs through the city, connecting north into Virginia and south toward Asheville.



Approximate relative positions; north is up.

Approximate driving distances from 200–206 E Watauga Avenue.

Destination	Distance	Drive time
Downtown Johnson City	0.7 mi	3 min
Johnson City Medical Center	1.5 mi	5 min
East Tennessee State University	2 mi	6 min
Interstate 26	1.5 mi	4 min
Milligan University	6 mi	12 min

East Watauga Avenue sits just outside the downtown core on the north side. Two universities and a regional hospital system inside a six-mile radius are the demand drivers for one-bedroom rental product in this submarket, and the reason a block of small-format units leases the way it does here. North Side Elementary is three tenths of a mile away.

9 **Offering process**

Asking price	$1,590,000
Structure	All three parcels offered together as a single transaction
Seller	Ctesius LLC
Offers	Submitted in writing to the broker below. Properties delivered subject to existing tenancies.

Matt McCrory

The Stout Group at eXp Realty, LLC

Mobile 423-557-7839

Email Matt@TSG-TN.com

All operating information contained in this memorandum was supplied by ownership or its property manager and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Parcel, assessment, and tax figures are drawn from Washington County public records and are subject to change on reappraisal. The rent roll reflects a point in time. Distances and drive times are approximate. Financial projections are estimates only and depend on assumptions that may not be realized. Neither the broker nor the seller provides tax, legal, or accounting advice; prospective purchasers should engage their own advisors and satisfy themselves as to the condition, income, expenses, title, zoning, and legal status of the properties. Prepared September 2026.