

SEMI ANNUAL LETTER

2023



TO OUR ESTEEMED INVESTORS AND SUPPORTERS

We hope this 2023 mid-year finds you well and thriving. At Jara Capital, we remain steadfast in our mission to empower everyday investors in building wealth and benefiting from real estate opportunities through direct multi-family apartment investments. As we reach the mid-year mark, we wanted to take a moment to update you on our progress and redefined goals.

Challenging Economic Landscape and Strategic Pivot

The first half of 2023 presented us with ongoing market challenges, including persistent inflation and rising interest rates. In response, we diligently evaluated our strategic business goals to ensure their alignment with the current market conditions.



During the year's start, the federal funds rate stood at 4.50% and underwent three subsequent increases, currently resting at 5.25%, its highest since January 2001. These rising interest rates have impacted financing costs and expected returns for real estate investors.

Financial institutions are now seeking higher loan-to-value (LTV) ratios, making it challenging to secure favorable financing. Additionally, the

limited availability of creative financing options has further complicated matters, with many investors holding onto their properties due to lower interest rates.

As a result, the market saw a significant decline in multifamily apartment deals, with the number of transactions decreasing by 50% and sales volume dropping by 58% compared to the previous year, as reported by PropertyShark.

Jara Capital's Pivotal Decision

In light of these market dynamics, Jara Capital's focus for this year has been on prioritizing operational efficiency and tenant satisfaction for our quadruplex properties and less on new property acquisitions.

Operational Excellence and Tenant Obsession

We firmly believe that during these uncertain times, the key to success lies in operating brilliantly and prioritizing our tenants' needs. By providing an exceptional tenant experience, we not only increase occupancy rates but also foster long-term tenant loyalty and positive word-of-mouth referrals, driving leads for future property acquisitions.

Over the past months, we have successfully acquired tenants for our quadruplex, receiving an overwhelming response of over 200 prospective interests in renting our 4 units. Throughout the acquisition process, we conducted thorough price discovery to set optimum rent pricing, adhered to Texas property landlord and tenant laws to define our ideal tenant profile, and established streamlined systems

for onboarding, rent collection, and seamless property management. We credit our achievements to the efforts of our exceptional team, including veteran DFW real estate agents, Jason and Brenda, whose expertise has been invaluable in navigating the entire process.

Networking and Education

As part of our commitment to continuous learning and growth, we completed the prestigious Project Real Estate Associate Program (REAP) academy. This program equipped us with comprehensive knowledge of commercial real estate terminology, concepts, and processes, setting the stage for a prosperous future in this dynamic industry.

Additionally, Project REAP allowed us to forge meaningful connections with active and experienced investors, broadening our network and fostering relationships with influential professionals such as Robert Shibuya, Former CEO of Cushman & Wakefield, John Ducey, Seasoned real estate financing expert and Jonathan Lapat, Commercial retail real estate veteran.



Exciting Projects Ahead

As we set our sights on the second half of the year, **we are delighted to share a significant milestone in our journey – the launch of our media company, Jara Media.**

This venture holds great promise as we strive to engage, educate, entertain, and challenge the minds of the middle-class Africans and African-Americans, inspiring them towards investments and building long-term wealth. With Jara Media, we aim to create a platform that goes beyond traditional media outlets, providing valuable content tailored to the unique needs and aspirations of our target audience.

Our focus on business, real estate, and technology is driven by our unwavering commitment to empowering individuals with the knowledge and insights they need to make informed financial decisions.

We hope to go-live with our first podcast sometime next month. Stay tuned!

Ultimately, our vision remains unwavering—to become the most trusted real estate investment firm, managing over 10,000 apartment units and serving the best interests of our stakeholders. We are grateful for your continued support, encouragement, and prayers as we endeavor to redefine the apartment living experience for our tenants and positively impact the community at large.

Thank you for being an essential part of our journey.

Respectfully,
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Co-founders, Jara Capital

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