

Rampart Multifamily

Industry Leader in Multifamily Construction

ZG File Number – #TX15160

Confidential Information Memorandum
December 2021



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This Confidential Informational Memorandum (the “Memorandum”) contains proprietary and confidential information regarding Rampart Multifamily and its business operations. Rampart Multifamily will be referred to herein as “RMF” and/or “Rampart” and/or “Company”. The information contained in the Memorandum was prepared by Zweig Group, Rampart Multifamily, and other sources deemed reliable. This Memorandum is intended to acquaint a prospective purchaser with preliminary information regarding the business, which is currently available for acquisition. Zweig Group has been engaged to advise the Company on such potential transactions and represents the Company in the capacity on an exclusive basis.

The information presented in this document is highly sensitive and confidential, and is for use only by those parties who have signed a Confidentiality Agreement and are considering the business described herein for acquisition. This Memorandum and the information presented herein shall be treated as secret and confidential, and no part of it shall be disclosed to others, except as provided for in the Confidentiality Agreement. Any reproduction or distribution of the Memorandum, in whole or in part, or the divulgence of any of its contents is unauthorized without the prior written consent of the Company or Zweig Group.

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Additionally, this Memorandum does not purport to be all-inclusive. If and when authorized by the Company, prospective acquirers should conduct an independent evaluation of the operations and financial condition for the Company and request additional information as needed. The Company will endeavor to supply a prospective and qualified acquirer with all information reasonably required in order to make an appropriate evaluation, provided however that the Company undertakes no obligation to provide additional information. The Company expressly reserves the right to amend or terminate this process, to terminate discussions with any or all prospective purchasers, to reject any or all proposals, to negotiate with any party it chooses with respect to a transaction involving the Company, and to require the return of this Memorandum, at any time.

This Memorandum does not constitute an offer to sell or a solicitation of offers to buy securities of this company.

1. Introduction to Rampart Multifamily
 2. Firm Details
 3. Financial Information
 4. Market Outlook
-

1

Introduction to Rampart Multifamily



Investment Summary

Legal Structure:	LLC
Headquarters:	800 Industrial Blvd Grapevine, TX 76051
Additional Locations:	Austin, TX Houston, TX



2020 Adj. EBITDA:	\$7,064,414
Backlog:	\$888,552,435
Employees:	65
Legal Structure	S-Corporation
Website:	Rampart's Website

Company Overview

Since 2004, the Rampart family of companies have been industry leaders in Multifamily Construction throughout the state of Texas. Headquartered in Dallas/Fort Worth with additional offices in Austin and Houston, Rampart's experienced team of 65 employees has successfully completed over 60 Multifamily projects, comprised of over 16,000 residential units exceeding over \$1.5B in construction cost. Originally founded as Rampart Construction and now doing business as Rampart Multifamily, the firm is well positioned to continue its growth as an industry leader in multifamily development in some of the most desirable metros in the United States.

Services

- ❖ Pre-Construction
- ❖ Construction
- ❖ Safety Services
- ❖ Post-Construction

Core Values

- ❖ **Pride**
The pride our team members take in building projects and relationships separates Rampart from others. We utilize our conviction in conducting business with integrity and respect to illustrate our pride in the work we perform.
- ❖ **Passion**
Our passion for the relationships and experiences with our clients and subcontractors alike reminds us to embrace the challenges along with the successes so that each day and every project is one that we can all be proud of.
- ❖ **Performance**
Our commitment to consistent performance generates trust with those who entrust Rampart with the duty to complete even the toughest projects and leads to the lasting repeat business that will carry us for years to come.

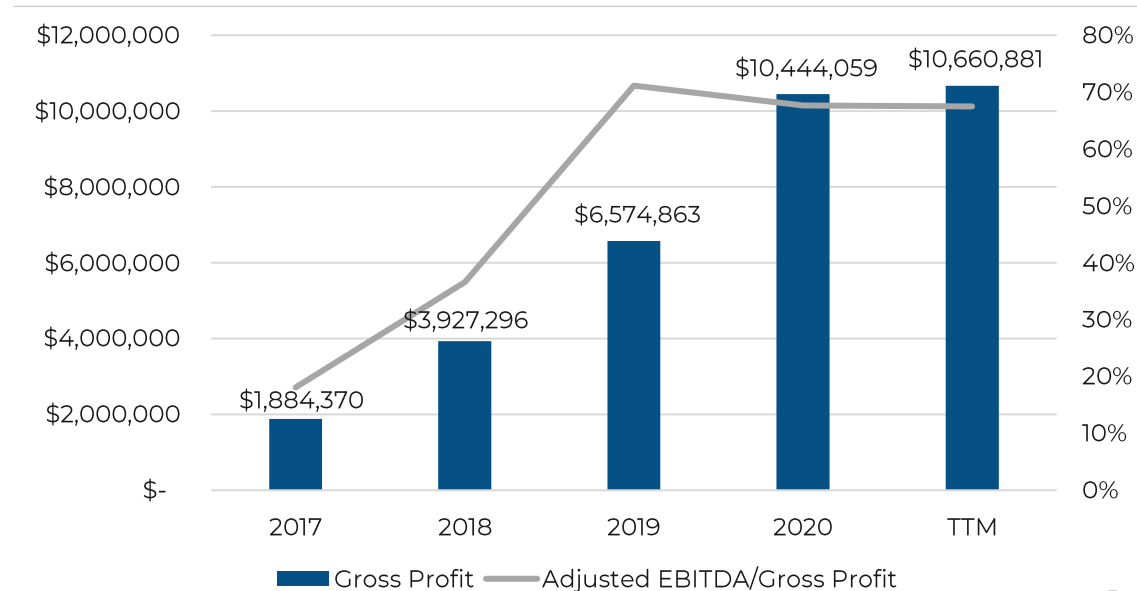
Transaction Goals

- ❖ Finding the right suitor that can offer an exit path for senior partners and wants to maintain RMF's longstanding image.

Financial Overview

Aggregate Performance	FY '17	FY '18	FY '19	FY '20	TTM as of 6/30/21
Gross Billings	133,045,298	80,535,903	111,261,587	223,218,611	210,597,949
Gross Profit	1,884,370	3,927,296	6,574,863	10,444,059	10,660,881
Operating Expenses	2,077,652	3,150,010	2,055,377	3,636,367	3,714,466
Distributions	-	-	-	5,989,362	8,132,836
Employee Bonuses	325,995	763,316	420,507	160,916	266,187
Net Income	304,620	1,386,258	4,578,021	8,132,320	8,325,432
Adj. EBITDA	340,838	1,437,373	4,675,232	7,064,414	7,191,334

Historical Gross Profit





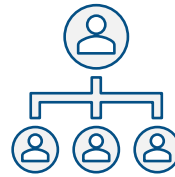
Strong Backlog

The firm has a backlog of \$888MM, which represents roughly four years worth of work. This equates to roughly \$26MM worth of Adjusted EBITDA when projected forward using RMF's average profitability of 3%. (2017 – 2020)



Experts in Growing Industry

Rampart is regionally recognized as an industry expert in the multifamily hosting sector, which is projected to continue its exponential growth for the foreseeable future.



Strong Secondary Leadership

The firm has a deep bench of secondary leaders with 2 VPs, 8 Project Managers and 11 Superintendents that are capable of continuing the firm's day to day operations post transaction.



Opportunistic Locations

Rampart's locations in DFW, Austin and Houston are among the most sought-after metros in the United States with strong population growth projections through the rest of the decade.



Strong Performance

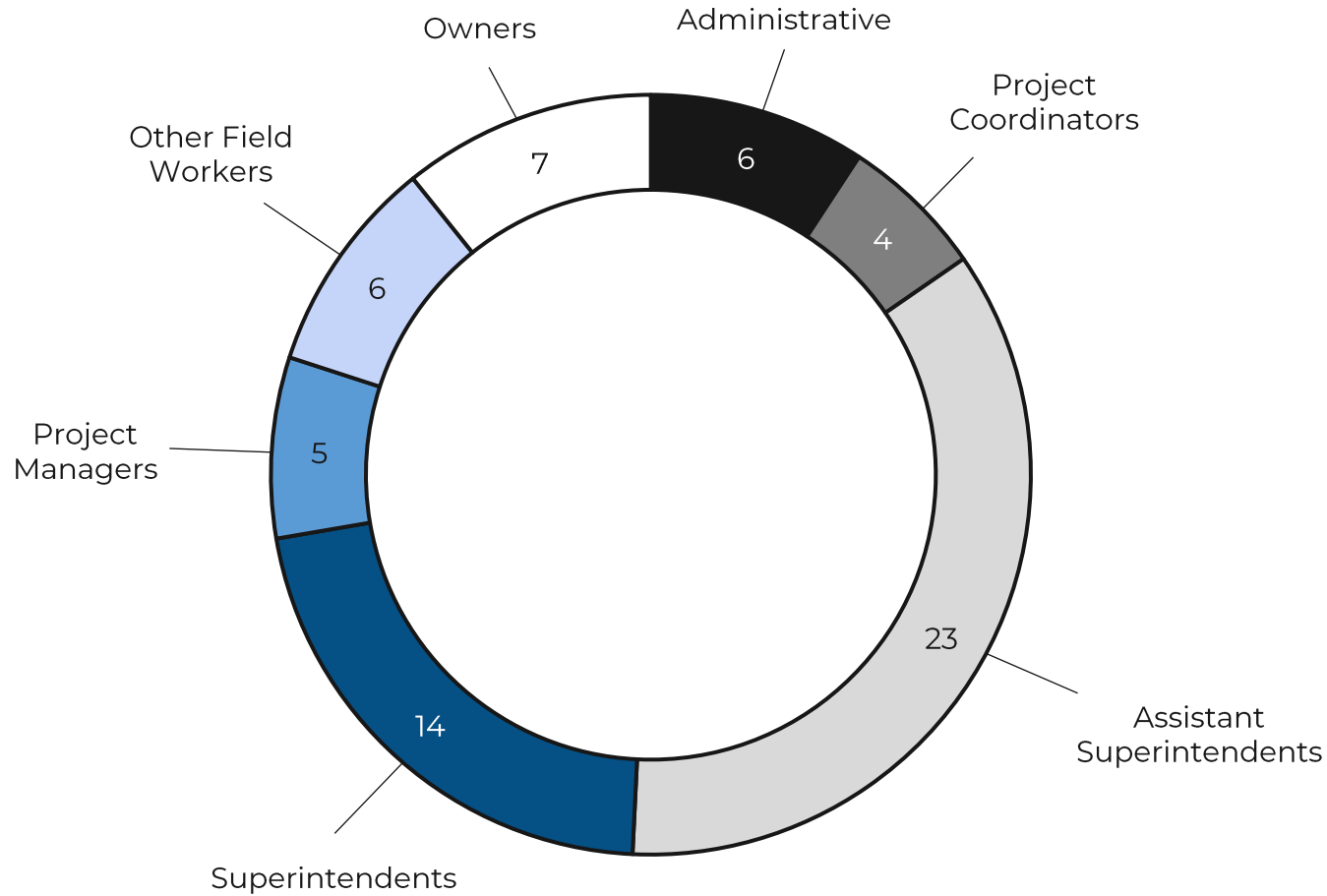
Rampart's team operates efficiently and profitably, averaging roughly 3.1% profitability (adjusted EBITDA / Total business revenue). The firm ended 2020 with an adjusted EBITDA of over \$7MM.

2 Firm Details



Firm Breakdown & Size

Rampart's staff has grown from 45 in 2017 to 65 today, with the majority of their employees being located in DFW and Austin. See more detailed information below.



Dallas / Fort Worth	46
Austin	16
Houston	3
Total	65

Owners	7
Project Managers	5
Superintendents	14
Assistant Superintendents	23
Project Coordinators	4
Other Field Workers	6
Administrative	6
Average Tenure	6.6 Yrs





Craig Cummings
President
At RMF Since: 2004
Ownership: 26.67%



Gene Taylor
Vice President
At RMF Since: 2005
Ownership: 26.67%



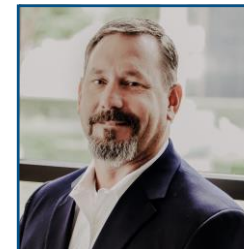
Clay Thompson
Vice President
At RMF Since: 2005
Ownership: 26.67%



Craig Grona
Project Manager
At RMF Since: 2007
Ownership: 5%



Brandon Benton
Project Manager
At RMF Since: 2011
Ownership: 5%



Douglas Sorey
Area Project Manager
At RMF Since: 2011
Ownership: 5%



Craig Cummings – Principal

Education: Bachelor of Science in Construction from Northeast Louisiana University

Experience: Over 25 years' experience in commercial and multi-family construction

Responsibilities: Currently provides global oversight of all company activities including procurement, operations and personnel administration.



Gene Taylor – Principal

Education: Bachelor of Science in Engineering from University of Louisiana Lafayette

Experience: Over 30 years' experience in multi-family construction

Responsibilities: Provides global oversight of company activities out of the Austin office, including procurement, operations and personnel administration.



Clay Thompson – Principal

Education: Bachelor of Science in Construction from Northeast Louisiana University

Experience: Over 25 years' experience in commercial and multi-family construction

Responsibilities: While Clay is transitioning into more of a global oversight role of the firm, he still spends time directing and overseeing the overall operations of the DFW office by implementing policies, procedures and organizations structure according to desired company goals. Responsible for all accounting and financial matters.



Doug Sorey – Principal

Education: Bachelor of Science in Construction Management from Northeast Louisiana University

Experience: Over 25 years' experience in multi-family construction

Responsibilities: Oversee all DFW field operations. Directly involved in managing project schedules, job cost analysis on projects to ensure consistent profitability, and to implement necessary improvements as needed. Act as a liaison between owners, architects, and engineers for multiple projects to facilitate efficient and effective communication.



Brandon Benton – Principal

Education: B.B.A Accounting / Minor Economics, Southwestern University, Georgetown Texas

Experience: Over 25 years' experience in multi-family construction

Responsibilities: Co-manage and maintain oversight of both office and project operations in multiple submarkets based out of the Austin Office. Directly responsible for project oversight, staffing and contract negotiations ensuring overall project and company goals are achieved. Act as a liaison between owners, architects, and engineers for multiple projects to facilitate efficient and effective communication.



Craig Grona – Principal

Education: Bachelor of Science in Construction Science from Texas A&M University

Experience: Over 25 years' experience in commercial and multi-family construction

Responsibilities: Co-manage and maintain oversight of the Austin office and project operations in multiple submarkets including Austin, San Antonio and Houston. Assist with the pre-construction services offer by Rampart, including design/coordination meetings, establish budgets and schedules. Directly responsible for project oversight, staffing and contract negotiations ensuring overall project and company goals are achieved on projects under his leadership.

Pre-Construction

Rampart sets the standard for pre-construction services by giving its clients accurate cost estimates from the conceptual phase to contract, realistic schedules that make timely completion possible, and effective value engineering concepts including design assist and due diligence support.



Construction

From the top down, it is evident during the construction of each project that the Rampart team works tirelessly to push the project objectives to the foreground while managing each set of project-specific challenges. With distinct focus on quality, production and safety, each Rampart project is poised for success.



Post-Construction

Rampart takes pride in being an active participant in the warranty period of all projects. By ensuring that all involved parties work diligently to correct overlooked items and replace defective products, Rampart works to assist our customers in providing quality environments for their residents.



3 Financial Information



Balance Sheet

Historical Balance Sheet					
	31-Dec 2017	31-Dec 2018	31-Dec 2019	31-Dec 2020	30-Jun 2021
Cash	5,020,214	4,150,123	4,190,133	11,154,270	3,408,991
Receivables	23,352,848	11,358,316	25,524,148	35,020,087	28,180,617
Other Current Assets	97,818	108,569	595,172	680,162	428,803
Total Current Assets	28,470,880	15,617,009	30,309,454	46,854,519	32,018,411
Fixed Assets	220,729	228,519	228,519	230,230	1,711
Acc. Depreciation	(213,133)	(228,519)	(228,519)	(230,230)	(1,711)
Other Assets	48,517	-	323,859	19,831	19,831
Total Fixed Assets	56,113	-	323,859	19,831	19,831
Total Assets	28,526,994	15,617,009	30,633,312	46,874,350	32,038,241
Payables	30,669,558	13,650,215	20,839,424	37,247,394	24,749,034
Deferred Accounts	2,858,368	4,909,429	7,062,502	5,472,341	5,942,108
Other Liabilities	332,465	863,571	1,959,706	1,248,908	-
Total Liabilities	33,860,392	19,423,215	29,861,632	43,968,643	30,691,142
Owner's Equity	(2,905,312)	(5,406,431)	772,139	2,909,078	981,238
Retained Earnings	(2,732,682)	210,159	(4,578,344)	(8,126,301)	(2,926,945)
Net Income	304,596	1,390,066	4,578,021	8,122,930	3,292,806
Total Equity	(5,333,398)	(3,806,206)	771,816	2,905,707	1,347,099
Liabilities + Equity	28,526,994	15,617,009	30,633,448	46,874,350	32,038,241

Includes fully forgiven PPP loan of \$110K.

Historical Income Statement					
	FYE 2017	FYE 2018	FYE 2019	FYE 2020	TTM 6/30/2021
Total Revenue	133,045,298	80,535,903	111,261,587	223,218,611	210,597,949
Costs of Construction	131,160,928	76,608,607	104,686,724	212,774,552	199,937,067
Gross Profit	1,884,370	3,927,296	6,574,863	10,444,059	10,660,881
Administrative Salaries	1,196,403	1,175,044	1,149,148	1,193,899	1,211,927
Other Operating Expenses	881,249	1,974,966	906,228	2,442,468	2,502,539
Operating Income	(193,282)	777,285	4,519,486	6,807,692	6,946,416
Other Income	521,851	640,397	111,208	1,403,184	1,459,986
(Less) State Income Tax	(23,949)	(31,424)	(52,673)	(78,556)	(80,970)
Net Income	304,620	1,386,258	4,578,021	8,132,320	8,325,432
Bonuses	325,995	763,316	420,507	160,916	266,187
State Income Tax Expense	23,949	31,424	52,673	78,556	80,970
Pre-Tax, Pre Bonus Profit	654,564	2,180,999	5,051,201	8,371,792	8,672,589
Interest, Taxes, Depreciation	33,113	46,809	52,148	46,279	18,369
Adjustments	3,104	4,305	45,063	(1,114,185)	(1,152,467)
Adjusted EBITDA	340,838	1,437,373	4,675,232	7,064,414	7,191,334
<i>As a % of Business Revenue</i>	0.3%	1.8%	4.2%	3.2%	3.4%

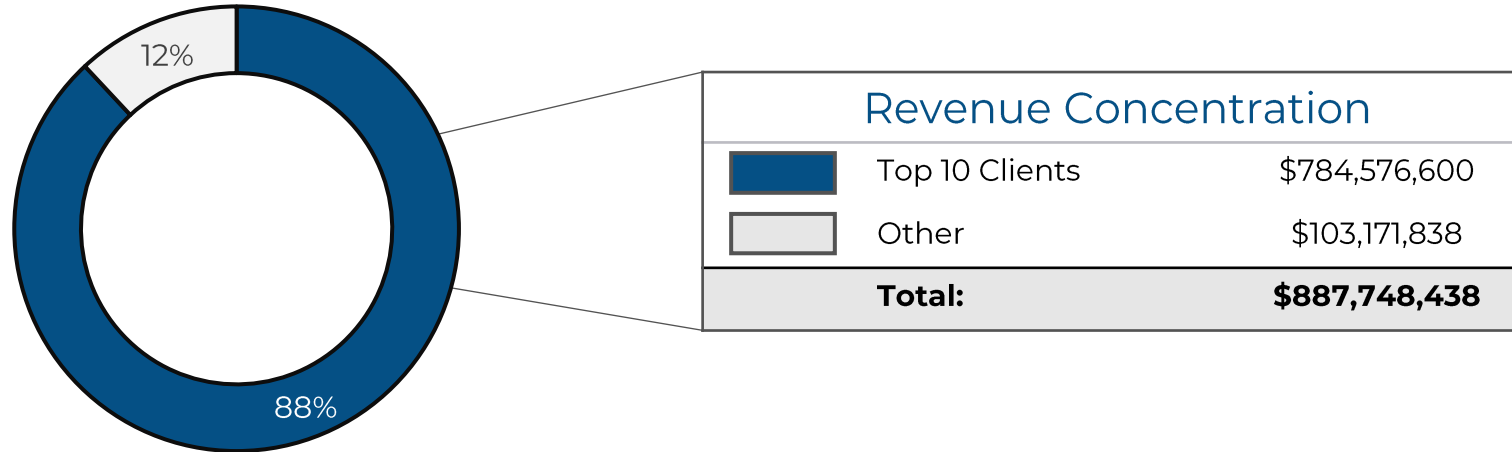
Rampart's top line revenues have grown at a CAGR of 21.1% over the past 4 years (2017 – 2020), with strong backlog figures suggesting continued growth in the future.

	EBITDA Adjustments		
	2019	2020	TTM
Texas Rangers Suite	12,500	500	(37,532)
Charity Donations	9,287	1,250	1,000
Officer Life Insurance	23,276	17,531	17,531
PPP Loan Income	-	(1,133,466)	(1,133,466)
Total Adjustments	45,063	(1,114,185)	(1,152,467)

Benchmarking RMF's performance against comparable firms within the construction industry shows their strong profitability and efficiency of operations

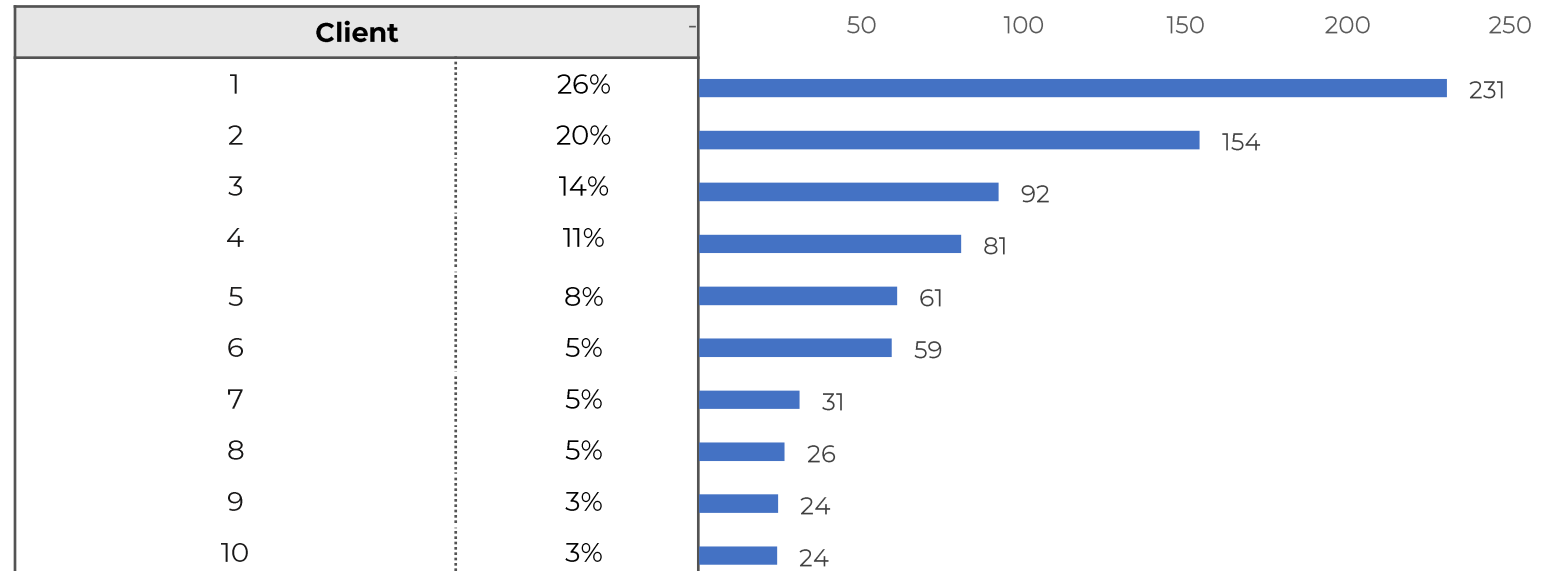
Financial Performance Metrics							Industry Avg.
	2017	2018	2019	2020	TTM	2020	
Business Revenue	\$ 131,810,470	\$ 78,081,002	\$ 112,562,685	\$ 222,877,701	\$ 210,597,949	-	
Gross Profit	\$ 1,884,370	\$ 3,927,296	\$ 6,574,863	\$ 10,444,059	\$ 10,660,881	-	
Adjusted EBITDA	\$ 340,838	\$ 1,437,373	\$ 4,675,232	\$ 7,064,414	\$ 7,191,334	-	
Pre-Tax, Pre-Bonus Profit	\$ 654,564	\$ 2,180,999	\$ 5,051,201	\$ 8,371,792	\$ 8,672,589	-	
YoY Business Revenue Growth	N/A	-41%	44%	98%	-6%	-	
Employees	45	47	57	50	60	-	
Business Revenue / Employees	\$ 2,929,122	\$ 1,661,298	\$ 1,974,784	\$ 4,457,554	\$ 3,509,966	-	
Gross Profit / Employees	\$ 41,875	\$ 83,559	\$ 115,348	\$ 208,881	\$ 177,681	-	
Adjusted EBITDA / Employees	\$ 7,574	\$ 30,582	\$ 82,022	\$ 141,288	\$ 119,856	\$ 54,175	
Pre-Tax, Pre-Bonus Profit / Business Revenue	0.50%	2.79%	4.49%	3.76%	4.12%	7.6%	
Adjusted EBITDA / Business Revenue	0.26%	1.84%	4.15%	3.17%	3.41%	6.9%	
Pre-Tax Return on Assets (%)	1.19%	9.20%	15.26%	15.07%	15.34%	16.4%	

Revenue Concentration – Top Clients (2016 – 9/1/21)



Revenue by Top 10 Clients (In MM's)

Historically, just over 85% of Rampart's comes from repeat clients. RMF's goal is to continue servicing it's six to eight preferred developers, and the firm's openness and direct approach is what separates them from the competition in the area and promotes client retention.

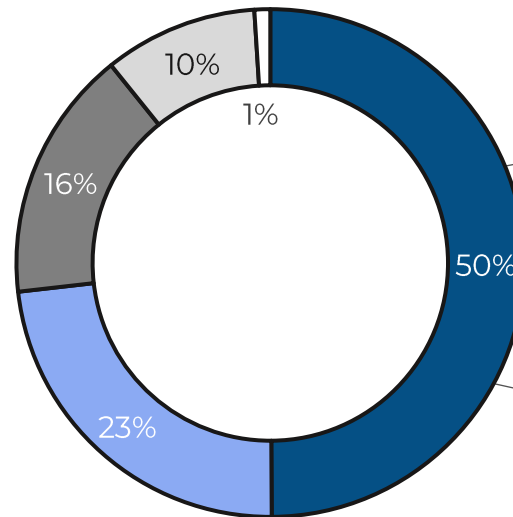


Revenue Concentration – Location

	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 8/31/2021	Proj. 9/1/21 - 12/31/21	Proj. 2022	Proj. 2023
DFW	69,891,958	65,600,264	48,006,102	47,273,307	115,948,798	96,595,843	48,593,351	191,596,142	181,938,263
Austin	35,940,466	56,889,272	22,506,694	18,625,883	56,444,751	16,387,013	9,674,684	122,028,289	144,086,000
Houston	81,480,713	5,443,361	(30,000)	-	-	-	1,470,708	43,383,705	57,181,856
San Antonio	24,766,908	7,623,048	10,172,356	49,590,846	48,497,573	1,614,643	-	17,756,801	21,201,839
GA / TN	8,934,180	-	-	-	-	-	-	-	-
Totals	\$ 221,014,225	\$ 135,555,945	\$ 80,655,152	\$ 115,490,036	\$ 220,891,122	\$ 114,597,499	\$ 59,738,743	\$ 374,764,937	\$ 404,407,958

Historical Revenue by Location

RMF’s office locations offer broad exposure to the booming Texas metropolitan areas and the flexibility of the firm’s staff allows the firm to regularly reassess their labor needs in each given metro. As the state’s major cities continue to grow, Rampart’s opportunistic locations and the fluidity of its staff will allow it to capitalize on said growth.



Revenue by Location	
DFW	\$443,316,272
Austin	\$206,794,079
San Antonio	\$142,265,374
Houston	\$86,894,074
Georgia / Tennessee	\$8,934,180
Total:	\$888,203,979

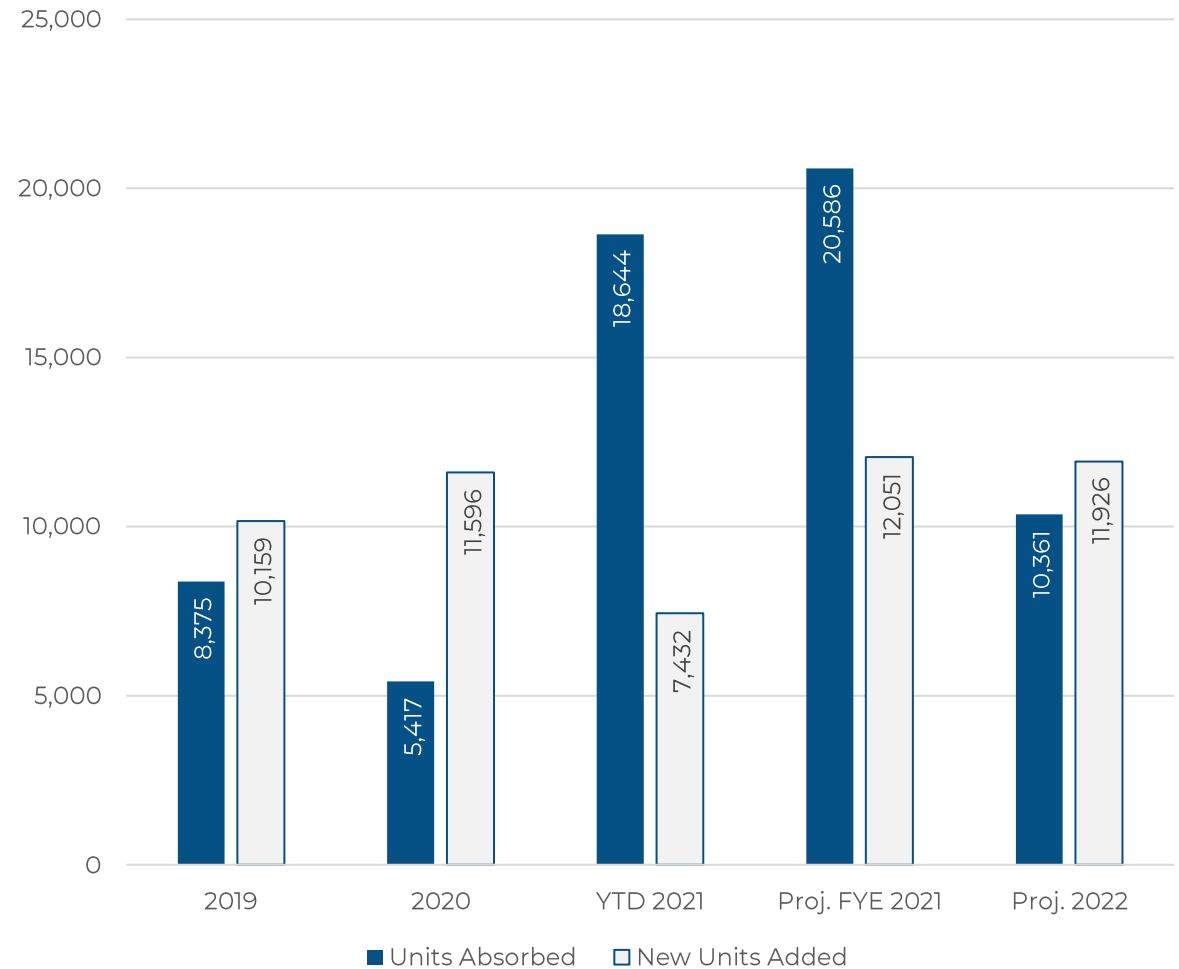
4 Market Outlook



Key Statistics – Multifamily Housing in Austin

- ❖ Over the next decade, Austin is expected to retain its No. 9 ranking for headcount growth among U.S. metro areas. From 2020 through 2029, another 602,811 new residents are expected to move into Austin, representing a 26.5% population growth rate for the area, down from 31.8% in 2010-19.
- ❖ [According to U.S. Census Bureau](#) figures released May 4, Austin's multi-county metro population increased to an estimated 2,295,303 people as of last July. This was a 3% increase from the previous year, making it the fastest population growth among metros with at least 1 million residents.
- ❖ [Per Newmark Group](#), 2,731 new multifamily units were added to Austin's inventory during the third quarter, while 6,063 units were absorbed. Austin's multifamily sales volume during 3Q21 totaled \$913.7M, representing a 166.7% year-over-year increase.
- ❖ [According to JLL](#), the local prime age rental portion of the population (ages 25 to 34) is substantially higher than the national average of 20.9%, with some estimates exceeding 30% of the Austin population, which is 44% above the national average.

Multifamily Units (Austin, TX)



<https://www.nmrk.com/storage-nmrk/uploads/fields/pdf-market-reports/3Q21-Austin-Multifamily-Market-Update.pdf>

Key Statistics – Multifamily Housing in DFW

- ❖ The Dallas-Fort Worth region added more than 1.2 million residents over the last decade, growing its population by 20 percent since 2010, according to [U.S. Census data](#) released in August of 2021.
- ❖ According to [Cushman Wakefield](#), roughly 1,400,000 new residents are expected to move to DFW between 2020 and 2029, which would be a population growth rate of 17.9%.
- ❖ There were only 733,881 multifamily units in DFW with 24,486 recently opened and 29,238 under construction, [per late 2019 stats](#).
- ❖ Occupancy in DFW is 92.5%, the rental rate has grown 10.9% in the past year, and [35,183 units have been absorbed](#).
- ❖ The DFW area ranked 19th for overheated housing with homes selling for a premium of 31.57%, pushing more young adults and lower income families out of consideration for the purchase of single-family homes and increasing the viability of multifamily housing.

15 Fastest Growing Cities In The US

1	Frisco, TX
2	Buckeye, AZ
3	New Braunfels, TX
4	McKinney, TX
5	South Jordan, UT
6	Meridian, ID
7	Cedar Park, TX
8	Fort Myers, FL
9	Conroe, TX
10	Irvine, CA
11	Murfreesboro, TN
12	Mount Pleasant, SC
13	Round Rock, TX
14	Goodyear, AZ
15	Franklin, TN

<https://www.rocketmortgage.com/learn/fastest-growing-cities-in-the-us>

Zweig Group is serving as Rampart Multifamily's exclusive advisor for the proposed transaction and its fees are paid entirely by the seller. All inquiries, follow-up questions and/or requests for additional information should be coordinated through Zweig Group using the contact information below. Neither RMF's employees, the Company's customers, nor its competitors are aware of this potential transaction and no contact with these industry participants or RMF is permitted without the express written consent of Zweig Group and the Company.

For those parties interested in pursuing a transaction, Zweig Group may request an indication of interest detailing a non-binding valuation and deal structure that can be shared with the Company's shareholders prior to more detailed discussions and potential site visits. However, the Company reserves the right to enter exclusive negotiations with any party at any time and/or to discontinue discussions with any party at its sole discretion.

No personnel of the Company should be contacted directly under any circumstances. All communications or inquiries relating to the company should be directed to the Zweig Group professionals listed below.

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