

Introduction

Due to client confidentiality purposes, Tucker is unable to provide actual examples of work. However, the below is a case study that was provided to him by a former employer as part of the interview process.

Documents sent to Tucker as part of this exercise are included as attachments.

Case Study Overview

A current client of the bank, HANK WILLIAMS, has approached the relationship manager to discuss refinancing and taking cash out of a multifamily property in Richmond held under HANK'S PROPERTIES LLC. Currently, the loan on the investment real estate and the operating account are held at Atlantic Union Bank. He currently banks with Creditor for his long-distance transportation business, HANK'S TRANSPORT LLC, and has a loan with Creditor for 5 trucks.

Real Estate

Financing in place with Atlantic Union is a \$1,450,000 note, originated in 2019, with a current balance of \$1,250,000. The loan is at 7% interest, with a 5-year term amortized over 20 years. The current monthly payment is \$11,242.

They are looking to take \$500,000 out of the property to perform some minor renovations and keep the rest in cash for asset acquisitions down the line. The bank has proposed a \$1,750,000 loan at 7.5% interest, with a 5-year term and 25-year amortization.

Please complete the following items on the real estate refinance:

1. Calculate the proposed monthly payment and annual debt service.
2. Calculate the net operating income of the property based on the rental income and expenses from the Form 8825 on the real estate holding company's tax return, HANK'S PROPERTIES LLC.
3. Calculate the proposed debt coverage ratio of the property based on the NOI and proposed annual debt service.
4. Calculate the estimated property value using an 8% cap rate, then calculate the proposed loan to value.

Business

Financing in place with Creditor is a \$504,000 note, originated in 2022, with a current balance of \$380,000. The loan is at 8% interest, with a 5-year term and 5-year amortization.

Please complete the following items on the small business loan:

1. Calculate the current monthly payment and annual debt service.
2. Calculate the EBITDA of the business based on the income and expenses from the operating entity's tax return, HANK'S TRANSPORT LLC.
3. Calculate the business debt service coverage ratio based on the EBITDA and current annual debt service.

Personal

HANK WILLIAMS receives a small amount of wages from HANK'S TRANSPORT LLC, and takes annual distributions from the company as well. He also has full-time employment with RVA TRANSPORT LLC, and receives wages in that capacity. A personal tax return and K-1 were provided for review.

Although not provided, the most recent personal financial statement reports cash balances of \$10,000, marketable securities of \$25,000, and retirement accounts of \$209,000.

He has a 798 credit score based on the last credit report pulled. Personal debt includes:

1. A mortgage on his primary residence, with a balance of \$87,000 and monthly payment of \$933. The home is valued at \$170,000.
2. Two auto loans with combined balances of \$54,000 and combined monthly payments of \$1790.
3. Three credit cards, which are typically paid off monthly, with combined balances of \$18,000 and combined monthly payments of \$1207.

Please complete the following items related to personal cash flow:

1. Calculate the personal annual debt service.
2. Calculate the personal income of the guarantor, taking into consideration all sources of income, total taxes paid, and living expenses of \$25,629 annually.
3. Calculate the personal debt service coverage ratio of the guarantor based on net personal income and personal annual debt service.

Global

Please complete the following items related to global cash flow:

1. Calculate global income and global debt service, then calculate the global debt coverage ratio.

Commentary

Please provide commentary around the transaction and adequacy of the loan structure, as well as the performance of the real estate borrower, the affiliated business, and the personal guarantor.

Please discuss other pertinent issues of the credit, as applicable. Please include any questions you would have for the Borrower at this point in time, as well as additional documents you would like to see to complete your analysis.

Short Answers

Hank's Properties, LLC:

1. Calculate the proposed monthly payment and annual debt service.

The proposed monthly principal and interest payment is \$12,932.

The proposed annual principal and interest payment is \$155,188.

2. Calculate the net operating income of the property based on the rental income and expenses from Form 8825 on the real estate holding company's tax return, Hank's Properties, LLC.

The Net Operating Income for the property's 2022 fiscal year was \$189,245. Please reference page 4 for supporting data.

3. Calculate the proposed debt coverage ratio of the property based on NOI and proposed annual debt service.

Based upon the 2022 fiscal year NOI and the proposed annual debt service requirement, the calculated proposed debt service coverage ratio is 1.22x. Please reference page 4 for supporting data.

4. Calculate the estimated property value using an 8% cap rate, then calculate the proposed loan to value.

Utilizing the NOI of \$189,245 and dividing it by the proposed capitalization rate of 8.00%, the estimated property value is \$2,365,563.

In reference to the estimated property value of \$2,365,563 and the proposed loan amount of \$1,750,000, the proposed Loan to Value is 73.98%.

Hank's Transport, LLC:

1. Calculate the current monthly payment and annual debt service.

The estimated monthly principal and interest payment is \$10,219. Please reference page 5 for supporting data.

The estimated annual principal and interest payment is \$122,632. Please reference page 5 for supporting data.

2. Calculate the EBITDA of the business based on the income and expenses from the operating entity's tax return, Hank's Transport, LLC.

The calculated pre-distribution EBITDA for the 2022 fiscal year is \$197,010. Please reference page 5 for supporting data.

Post-distribution EBITDA for the 2022 fiscal year is \$180,904. Please reference page 5 for supporting data.

3. Calculate the business debt service coverage ratio based on the EBITDA and current annual debt service.

The 2022 fiscal year's pre-distribution Debt Service Coverage Ratio is 1.61x. Please reference page 5 for supporting data.

The 2022 fiscal year's post-distribution Debt Service Coverage Ratio is 1.48x. Please reference page 5 for supporting data.

Hank Williams:

1. Calculate the personal annual debt service.

The calculated personal annual debt service requirement is \$47,160. Please reference page 6 for supporting data.

2. Calculate the personal income of the guarantor, taking into consideration all sources of income, total taxes paid, and living expenses of \$25,629 annually.

The calculated adjusted personal cash flow for Hank Williams is \$47,160. This includes estimated state taxes, which were not included in the provided personal tax return. Please reference page 6 for supporting data.

3. Calculate the personal debt service coverage ratio of the guarantor based on net personal income and personal annual debt service.

The calculated annual personal debt service coverage ratio is 1.29x. Please reference page 6 for supporting data.

Global:

1. Calculate global income and global debt service, then calculate the global debt coverage ratio.

The calculated global debt service coverage ratio is 1.29x. Please reference page 6 for supporting data.

Follow-Up Questions and Document Requests

General Requests

Generally, depending on the length of business operations, I would like to review three years of tax returns (or greater quality statements). For exposures less than \$750,000, I am typically okay with reviewing two years of financials.

Personally, I like to obtain signed debt schedules for each business entity listing all debt. Even if there are no other debts other than the debt being refinanced, receiving signed debt schedules provides additional useful information than limitations when relying solely upon reviewing a tax return's balance sheet and supplemental attachments.

Real Estate Property

For the 'Other Expenses' during 2022, is any portion of those expenses Amortization? If so, what amount? I would want more clarification on the property type. Is it a single property with multiple units? Or, various multi-family properties scattered around the Richmond, VA area?

I would request clarification regarding proposed property improvements, including a construction budget. Additionally, I'd request a current Rent Roll as well as obtain information regarding the post-renovation rents charged. Such information would likely provide additional strength to the credit by improving the property's cash flow.

It would likely be worthwhile having a conversation with the borrower regarding the inclusion of a replacement reserve going forward. In my experience, it is normal for real estate holding companies to not retain any earnings; instead, distributing all or nearly all earnings. I'd likely recommend a restrictive Distribution covenant that limits Distributions so that they don't result in a Debt Service Coverage Ratio of less than roughly 1.00x – 1.05x.

Transportation Operations and Personal Debt

The Long-Term Debt (\$504M), plus the Short-Term Debt portion (\$43M), exceeds the \$504M loan from Locus. Ultimately, implying there is other third-party debt. What is this debt? If it isn't already paid off or if there is any other third-party debts, please obtain the balances and repayment terms.

I would like to inquire whether any of the personal autos reported on his personal credit bureau are already being accounted for within the tax return of the transportation business. With small businesses, it isn't uncommon to see business-related debts on personal credit bureau reports. Ultimately, I am trying to ensure a debt/lease payment isn't being double counted.

I would advise inquiring about the \$338M Loan to Shareholder from Hank's Transportation, LLC to Hank Williams. I would like to know the balance over the last few years to determine if the company is distributing equity to supplement personal expenses. Given the amount of the loan, it could have been distributed to Hank Williams and then subsequently used as the initial equity (capital) injection when acquiring Hank's Properties, LLC's multi-family property.

Adequacy of Loan Structure

Please reference the 'Credit Commentary' on page 3 regarding the adequacy of the loan structure and request.

Credit Memorandum Case Study

Credit Commentary:

The proposed transaction is a part of an existing Locus relationship with Hank Williams, who owns Hank Transport, LLC. Locus extended a \$504,000 five-year term loan to Hank Transport, LLC in 2022, which now has a \$380,000 balance. With the newly proposed credit, the relationship's exposure would be \$2,254,000.

The proposed Facility #1 is a request for Hank's real estate investment company, Hank's Properties, LLC, which specializes in multi-family properties. The loan request is for a cash-out refinance, which will be paying off the company's existing \$1,250,000 loan balance with Atlantic Union, while providing cash-out of \$500,000 for renovations to the property and to provide liquidity for future real estate acquisitions.

While stressing the property at a vacancy rate of 10.00% and including a Replacement Reserve (3.00%), the estimated pro-forma Net Operating Income of \$176,662 results in a Debt Service Coverage Ratio of 1.14x. While the ratio is less than the industry standard 1.20x – 1.25x, the proposed loan structure includes the supporting guaranties of Hank's Transport, LLC and Hank Williams. When accounting for these guaranties, the Global Debt Service Coverage Ratio improves to 1.29x. Supporting data can be referenced throughout the memorandum.

Utilizing a Capitalization Rate of 8.00%, along with the proposed \$1,750,000 loan amount, the resulting Economic Value is estimated as \$2,208,279 and the Loan to Economic Value of the property is 79.25%. Please note that this Loan to Value excludes assets pledged as collateral by Hank's Transport, LLC (*proposed as being cross-collateralized*).

Considering the above information, along with the receipt and acceptable review of additional documentation, Credit recommends approval of the proposed loan request.

Facility #1 – New Request

Primary Borrower:	Hank's Properties LLC
Co-Borrower(s):	N/A
Corporate Guarantor(s):	To be supported by the unlimited, secured guaranty of Hank's Transport, LLC. Please reference 'Collateral' to reference assets pledged.
Personal Guarantor(s):	To be supported by the unlimited, unsecured guaranty of Hank Williams
Request:	Up to a \$1,750,000 five-year term loan.
Term:	Five (5) years
Amortization:	Twenty-five (25) years
Interest Rate:	A fixed rate of 7.50%.
Repayment Frequency:	Monthly principal and interest payments. As proposed, the estimated monthly payment obligation is \$12,932 (\$155,188 annually).
Purpose:	The proposed request is a cash-out refinance of existing multi-family property. Please refer to the Sources and Uses table below for additional Use of Proceeds information.
Collateral:	To be secured by a first mortgage, assignment of leases and rents, and a fixture filing on the multi-family property to be refinanced. Further secured by a first lien on all business assets. Lastly, to be cross-collateralized and cross-defaulted with the existing Locus Loan to Hank's Transport, LLC.
Prepayment Penalty:	To be determined by the Lender. Credit's recommendation is a prepayment penalty of 4% during the first year of the term, reducing by a percentage point after every twelve months.
Loan Costs:	To be determined by the Lender.

Sources	\$	%	Uses	\$	%
Locus Loan Facility #1	\$1,750,000	79.2%	Payoff Atlantic Union Loan	\$1,250,000	56.6%
Existing Equity Injection	\$458,279	20.8%	Capital (<i>subtotal</i>)	\$958,279	43.4%
	-	-	<i>Renovations and Acquisitions</i>	\$500,000	22.6%
	-	-	<i>Other</i>	\$458,279	20.8%
Total Sources	\$2,208,279	100.0%	Total Uses	\$2,208,279	100%

Real Estate Cash Flow Analysis:

- Based upon the provided 2022 Schedule E, Credit has prepared a Real Estate Cash Flow Analysis reflecting the historical (2022) performance of the properties, as well as an analysis that is stressed at various occupancy rates.
- Adjustments have been made by Credit to account for fixed and variable expenses, reflected within the 'Stressed' column.
- Credit has assumed 2022 Revenue of \$436M is reflective of all likely vacancy experienced during the 2022 calendar year. Per a Marketbeat report for Richmond, Virginia (*see attachments*), the average vacancy rate for multi-family property during the 2022 calendar year was 7.0%.
 - Utilizing the 7.0% vacancy rate, Credit has calculated full occupancy rental income as \$468,683.
 - At the time of analysis, a Pro-Forma Rent Roll has not been provided. Therefore, while it is likely that rents will increase by renovating the properties, the analysis below does not reflect pro-forma increases.
- The analysis below does not explicitly include a Management Fee, as Credit has assumed such fees are accounted for within Payroll, Commissions, and Other Expenses.
- For columns reflecting Credit's Real Estate Economic Analysis, a Replacement Reserve equal to 3.0% of Gross Rents (100% occupancy) has been utilized.

Rental Real Estate Income	Stressed?	Historical	Credit's Real Estate Economics Analysis					
		2022	100%	95%	90%	85%	80%	75%
Rental Income at Full Occupancy	FALSE	435,875	468,683	468,683	468,683	468,683	468,683	468,683
Vacancy Allowance (-)	TRUE	-	-	(23,434)	(46,868)	(70,302)	(93,737)	(117,171)
Gross Revenue		\$435,875	\$468,683	\$445,249	\$421,815	\$398,380	\$374,946	\$351,512
Payroll	TRUE	26,846	26,846	25,504	24,161	22,819	21,477	20,135
Commissions	TRUE	21,912	21,912	20,816	19,721	18,625	17,530	16,434
Advertising	FALSE	4,251	4,251	4,251	4,251	4,251	4,251	4,251
Legal and Professional	FALSE	4,024	4,024	4,024	4,024	4,024	4,024	4,024
Utilities	TRUE	47,371	47,371	45,002	42,634	40,265	37,897	35,528
Maintenance and Repairs	TRUE	59,254	59,254	56,291	53,329	50,366	47,403	44,441
Insurance	FALSE	20,050	20,050	20,050	20,050	20,050	20,050	20,050
Real Estate Taxes	FALSE	44,060	44,060	44,060	44,060	44,060	44,060	44,060
Other Expenses	FALSE	18,862	18,862	18,862	18,862	18,862	18,862	18,862
Total Operating Expenses		\$246,630	\$246,630	\$238,861	\$231,092	\$223,323	\$215,553	\$207,784
Replacement Reserves (-) (3% of Full Occupancy)		-	(14,060)	(14,060)	(14,060)	(14,060)	(14,060)	(14,060)
Net Operating Income		\$189,245	\$207,992	\$192,327	\$176,662	\$160,997	\$145,332	\$129,667
Annual Debt Service Requirement		\$155,188	\$155,188	\$155,188	\$155,188	\$155,188	\$155,188	\$155,188
Debt Service Coverage Ratio		1.22x	1.34x	1.24x	1.14x	1.04x	0.94x	0.84x
Depreciation	FALSE	139,219	139,219	139,219	139,219	139,219	139,219	139,219
Amortization	FALSE	-	-	-	-	-	-	-
Interest Expenses	FALSE	132,021	130,410	130,410	130,410	130,410	130,410	130,410
Net Income		(\$81,995)	(\$61,636)	(\$77,301)	(\$92,966)	(\$108,631)	(\$124,296)	(\$139,961)

Capitalization Rate Analysis:						
Capitalization Rate Stress	Stressed Occupancy					
	100%	95%	90%	85%	80%	75%
6.00%	\$3,466,539	\$3,205,455	\$2,944,372	\$2,683,289	\$2,422,206	\$2,161,123
7.00%	\$2,971,319	\$2,747,533	\$2,523,748	\$2,299,962	\$2,076,176	\$1,852,391
8.00%	\$2,599,904	\$2,404,092	\$2,208,279	\$2,012,467	\$1,816,654	\$1,620,842
9.00%	\$2,311,026	\$2,136,970	\$1,962,915	\$1,788,859	\$1,614,804	\$1,440,748
10.00%	\$2,079,923	\$1,923,273	\$1,766,623	\$1,609,973	\$1,453,324	\$1,296,674
<ul style="list-style-type: none"> The row reflecting a capitalization rate of 8.00% is highlighted due to it being the rate requested to be assumed for this analysis. 						

Collateral to Economic Analysis:						
Loan Amount	\$1,750,000					
Occupancy:	100%	95%	90%	85%	80%	75%
Value at 8.00% Cap.:	\$2,599,904	\$2,404,092	\$2,208,279	\$2,012,467	\$1,816,654	\$1,620,842
Loan to Economic Value	67.31%	72.79%	79.25%	86.96%	96.33%	107.97%

Corporate Guarantor Cash Flow Analysis:	
<ul style="list-style-type: none"> The Cash Flow analysis below is of the proposed corporate guarantor, Hank's Transport, LLC. 	
Income	2022 Tax Return
Net Revenue	1,757,378
Returns and Allowances (-)	-
Net Revenue	\$1,757,378
Operating Expenses	
Compensation of Officers	24,200
Salaries and Wages	254,495
Contractors	759,139
Repairs and Maintenance	-
Bad Debts	-
Rents	7,855
Taxes and Licenses	27,102
Interest Expenses	14,446
Depreciation and Depletion	166,458
Amortization	-
Advertising	6,289
Automobile and Truck Expenses	375,289
Other Expenses	105,899
Total Operating Expenses	\$1,741,172
Net Operating Income (Loss)	\$16,206
Other Income and Expenses	
Other Income	-
Charitable Contributions (-)	(100)
Other Expenses (-)	-
Total Other Income and Expenses	(\$100)
Net Income (Loss)	\$16,106
EBITDA	\$197,010
Annual Debt Service Requirement:	\$122,632
Pre-Adjusted DSCR:	1.61x
Distributions (-) / Contributions (+)	(16,106)
Adjusted EBITDA:	\$180,904
Post-Adjusted DSCR:	1.48x

Personal Guarantor Financial Wherewithal:

- The Cash Flow analysis below is of the proposed personal guarantor, Hank Williams.
- Credit's approach to consistently calculating Adjusted Personal Cash Flow is to first spread to the Adjusted Gross Income reflected on the tax return, then adjusting Adjusted Gross Income thereafter.
 - State taxes of \$6M were calculated utilizing the AGI of \$109M and calculating the different portions of taxable income based upon Virginia's 2022 progressive income tax brackets.
 - Passthrough Entity Income of \$16,106 was initially excluded from the Adjusted Personal Cash Flow calculation, due to the Income being passed through from an entity reflected within the Global Cash Flow Analysis. However, due to that entity's cash flow being net of Distributions, that Distribution Income was later added back to Adjusted Personal Cash Flow.

Personal Cash Flow Analysis	
Adjusted Gross Income	2022
Salaries and Wages	92,335
Taxable Interest	-
Ordinary Dividends	-
Taxable Retirement Income	-
Sch. C Cash Flow	-
Sch. E Part I Cash Flow	-
Sch. E Part II Income / Loss (-)	16,106
Other Income	100
Adjusted Gross Income	\$108,541
Adjustments to AGI	
Tax-Exempt Interest	-
Passthrough Entity Interest	-
Qualified Dividends > Unqualified	-
Passthrough Entity Dividends	-
Passthrough Entity Income	(16,106)
Distributions (+) / Contributions (-)	16,106
Federal Taxes (-)	(16,006)
State Taxes (-) Estimated	(5,984)
Personal Living Expenses (-)	(25,629)
Adjusted Personal Cash Flow	\$60,922
Annual Debt Obligations	
Primary Mortgage	11,196
Auto Loans (x2)	21,480
Credit Cards (x3)	14,484
Total Debt Service Obligations	\$47,160
Personal Debt to Adjusted Income (%)	43.45%
Personal Debt to Adjusted Cash Flow	77.41%
Personal Debt Service Coverage Ratio	1.29

Personal Financial Statement	
Assets	
Cash	10,000
Marketable Securities	25,000
Retirement Accounts	209,000
Primary Residence	170,000
Other	-
Total Assets	\$414,000
Liabilities	
Primary Mortgage	87,000
Auto Loans	54,000
Credit Cards	18,000
Total Liabilities	\$159,000
Net Worth	\$255,000
Personal Liquid Assets	\$35,000

Global Cash Flow Analysis:

- The Global Cash Flow Analysis reflects adjusted cash flows calculated within tables seen earlier in this memorandum.
- The 90% occupancy scenario was utilized due to the most recent Marketbeat publication for Richmond, VA (see attachments) indicated an average vacancy rate of 9.6%. Therefore, Credit has rounded to the nearest whole percentage, 10.00% (90% vacancy).

Global Cash Flow Analysis	
Cash Flow	
Hank's Properties, LLC (<i>90% Occupancy</i>)	\$176,662
Hank's Transport, LLC (<i>Adjusted EBITDA</i>)	\$180,904
Hank Williams (<i>Adjusted Cash Flow</i>)	\$60,922
Global Cash Flow Availability	\$418,489
Debt Service Obligations	
Hank's Properties, LLC	\$155,188
Hank's Transport, LLC	\$122,632
Hank Williams	\$47,160
Global Debt Service Obligations	\$324,980
Global Debt Service Coverage Ratio	1.29x

MARKETBEAT RICHMOND, VA

Multifamily Q4 2022



YoY
Chg

12-Mo.
Forecast

7.0%

Vacancy Rate



(459)

Net Absorption, units



\$1,391

Effective Rent, per unit



(Overall, All Property Classes)
Source: CoStar

ECONOMIC INDICATORS Q4 2022

YoY
Chg

12-Mo.
Forecast

682.8k

Richmond MSA
Employment



2.9%

Richmond MSA
Unemployment Rate



0.6%

Richmond MSA
Population Growth



Source: BLS, Census Bureau, Moody's Analytics

ECONOMIC OVERVIEW: Job Recovery Nears 100%

The Richmond metro area closed the year posting rising employment numbers close to pre-pandemic levels and boasting the addition of 4,300 jobs. BHE GT&S, a subsidiary of Berkshire Hathaway Energy, became the latest regional company to announce expansion plans with the purchase of a two-building complex in Innsbrook – Henrico County's office hub – from Capital One. Facebook parent company Meta purchased an additional 475 acres in eastern Henrico's White Oak Technology Park to expand its sprawling data center footprint, taking advantage of the county's infrastructure that hosts 18% of the East Coast's internet traffic. On a statewide level, Virginia earned the top ranking from Site Selection as the best state business climate, beating Georgia, the winner for the past eight consecutive years. The Greater Richmond Partnership reports an additional seven megaprojects in its active pipeline, requirements on a scale comparable to LEGO's investment and each bringing a minimum of 1,000 jobs.

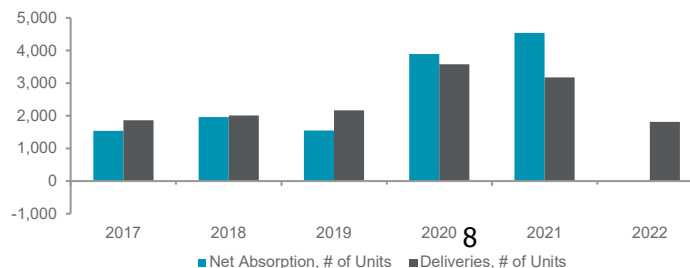
SUPPLY AND DEMAND: Deliveries Edge Absorption

The year ended with overall deliveries outpacing absorption, and overall vacancy edging up to 7.0% overall, an increase of 50 basis points (bps) since the third quarter and up 160 bps year-over-year (YOY). The appetite for newer product remains strong with positive net absorption of more than 600 units for the year in complexes built since 2020. The development pipeline includes more than 6,600 units under construction, with 1,831 units scheduled to deliver in the first quarter of 2023, and more than 6,400 additional units proposed. While the projects actively under construction stand to add 7% to the total inventory, interest in newer, upscale units is projected to remain strong, particularly considering the limited supply and inflated pricing on residential sale offerings. Occupancy rates for new construction (delivered since 2020) increased 12.6% YOY, a further indication of the sustained demand for this type of product. The majority of active construction projects are located in Western Henrico County where the pipeline of more than 2,440 units will add 9.4% to that submarket's inventory.

PRICING: Growth Rates Stabilize

Rents continue to trend upward, and growth rates show signs of stabilizing, ending the year at an overall average of 3.9% YOY, down from an elevated average of 9.7% in the fourth quarter of 2021. Rent growth rates for product delivered since 2020 ended the year at 5.6% overall, 170 bps above the average for the Richmond market. Investor interest remains strong in the multifamily sector as well as the Richmond market, and the year closed with sales volume nearing \$1.5 billion with an average price per unit of \$181,000, an increase of 10.4% YOY. Sales volume has jumped significantly over the last eight quarters with 2022 numbers reaching 228% of 2020 sales.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKETBEAT RICHMOND, VA

Multifamily Q4 2022



MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Central	16,847	783	7.3%	(190)	114	500	1,554	568	\$1,449	\$1.84	3.3%
Chesterfield	13,425	979	7.6%	(180)	(153)	158	112	435	\$1,460	\$1.49	2.7%
East Richmond/Henrico	5,300	897	7.2%	(510)	(93)	(226)	60	21	\$1,186	\$1.32	3.3%
Hanover	2,136	954	3.2%	(270)	(15)	(57)	29	0	\$1,542	\$1.62	15.4%
Midlothian	5,994	986	8.2%	(490)	39	(45)	1,261	0	\$1,621	\$1.65	5.3%
Near West End	1,355	855	3.0%	220	(14)	229	263	211	\$1,564	\$1.83	4.7%
North Richmond	2,923	816	6.3%	(90)	(42)	(51)	224	0	\$1,153	\$1.44	15.3%
South Richmond	14,989	851	7.4%	(430)	(150)	(267)	741	0	\$1,240	\$1.44	4.6%
Tri-Cities	6,520	890	6.7%	(330)	(74)	(139)	0	0	\$1,045	\$1.17	1.5%
Western Henrico	25,208	908	7.5%	(280)	(71)	(124)	2,382	580	\$1,471	\$1.62	2.9%
RICHMOND, VA TOTALS	94,697	890	7.0%	(310)	(459)	(22)	6,626	1,815	\$1,391	\$1.57	3.9%

Includes properties with five units and above. Dormitories, senior housing, and properties with only affordable housing units excluded.

SUMMARY BY BEDROOM	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Studio	5,016	473	6.2%	(150)	1	150	641	156	\$1,095	\$2.30	3.6%
One Bed	33,283	699	7.0%	(200)	(10)	757	3,753	1,052	\$1,277	\$1.83	3.2%
Two Bed	48,034	967	7.2%	(360)	(385)	(822)	1,818	577	\$1,406	\$1.45	4.1%
Three Bed	8,133	1,284	6.6%	(230)	(64)	(133)	414	30	\$1,832	\$1.43	5.0%
Four+ Bed	231	1,749	5.7%	380	(1)	27	0	0	\$2,348	\$1.29	11.5%

**Unit mix not available on every property currently under construction.*

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
Watkins Centre	Chesterfield County	Castle Development Partners / Castle Development Partners	450	Q3 2023
3500 West View	Western Henrico	WB APT Land LC / Commonwealth Properties	407	Q1 2024
Metropolis at Innsbrook	Western Henrico	Robinson Development Group / Robinson Development Group	402	Q1 2023
The Otis	Scott's Addition	Greystar Real Estate / Capital Square Realty Advisors	350	Q1 2023
NOVEL Scott's Addition	Scott's Addition	Crescent Communities / Thalhimer Realty Partners	275	Q1 2024
Eddy on the James	South Richmond	The Beach Company / The Beach Company	221	Q1 2023

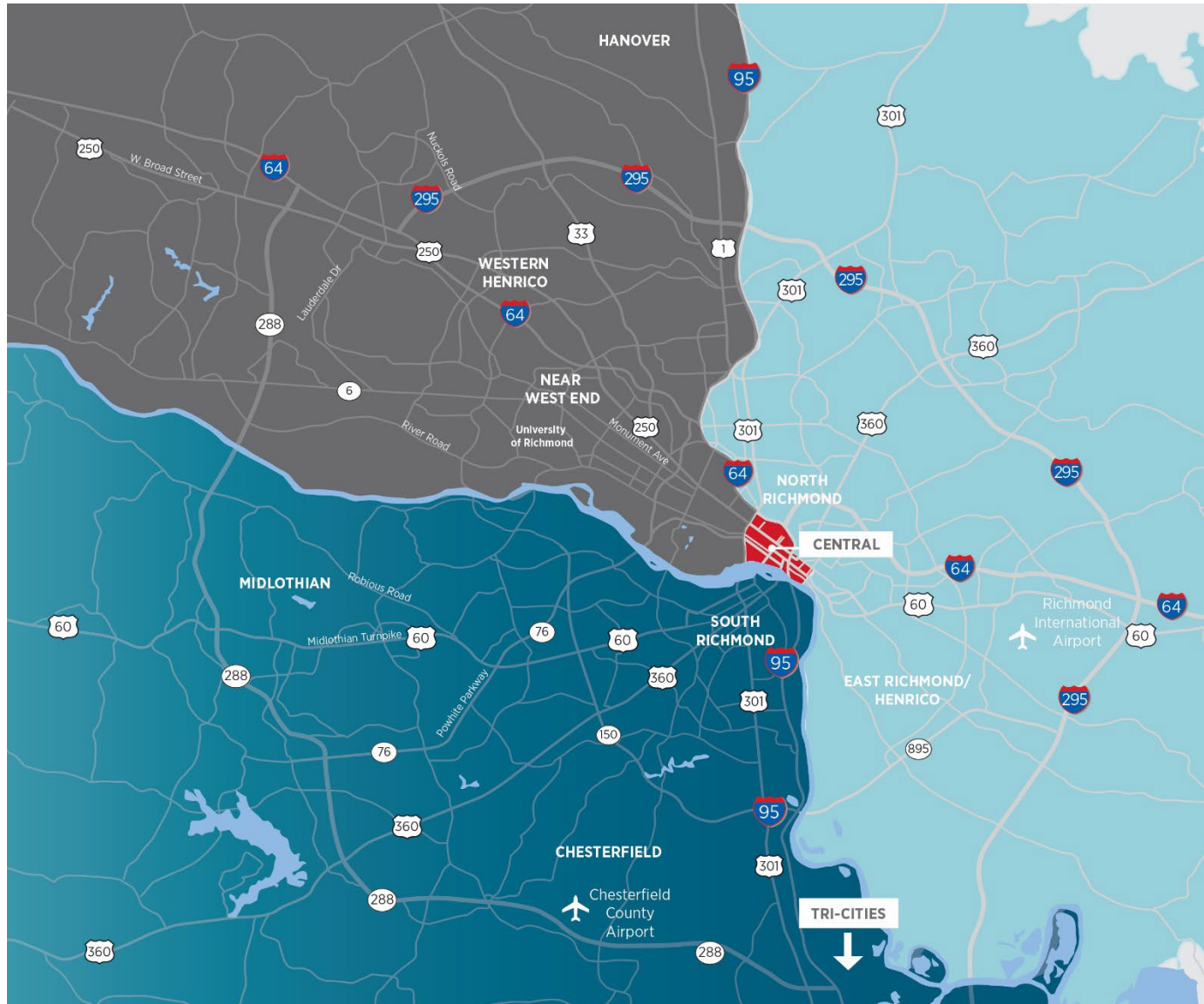
KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Villages at West Laurel	Western Henrico	Angelo, Gordon & Co. / BlackRock Inc.	503	\$98M / \$195k
Hickory Creek Apartments	Western Henrico	Capital Square Realty Advisors / NorthRock Companies	294	\$65M / \$221k
Forest Ridge Apartments	Forest Hill	Colony Management Corporation / Ritz Banc Group	135	\$19.3M / \$143k
Columbia Apartments	The Fan	TRP Columbia LLC / 1142 West Grace Street LLC	25	\$4.6M / \$184k

MARKETBEAT RICHMOND, VA

Multifamily Q4 2022

MULTIFAMILY SUBMARKETS



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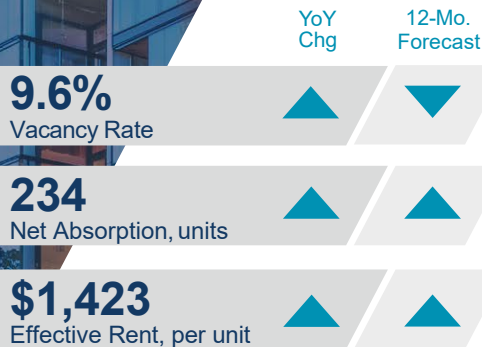
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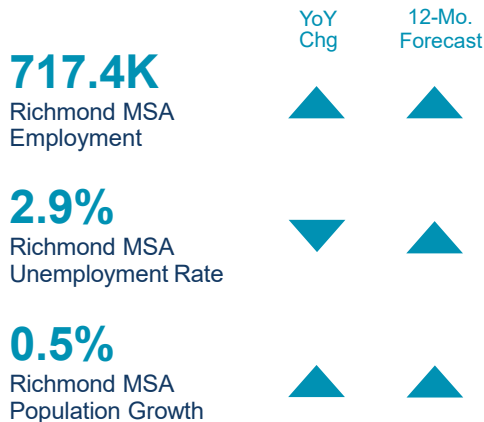
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(Overall, All Property Classes)
Source: CoStar

ECONOMIC INDICATORS Q4 2023



Source: BLS, Census Bureau, Moody's Analytics

ECONOMIC OVERVIEW: Growth Mode Activated

The Richmond region closed another active year, and as it continues to rack up accolades for job growth and economic development, the region has also been named as one of the nation's tech hubs for its pharmaceutical manufacturing alliance. Mixed-used redevelopment of obsolete malls is on the rise with the opening of the \$50 million Henrico Sports & Events Center – already a hub for indoor court sports – and continued expansion at Regency, including a new pickleball venue. Construction is underway at the new Timmons headquarters at District 60 in Chesterfield County, and CoStar broke ground on its new 750,000-square foot (sf) downtown office tower. Dramatic enhancements to regional transit are on the horizon as well. The US Department of Transportation has granted more than \$1.7 billion to speed and expand passenger rail service between Washington, Richmond, and Raleigh, North Carolina, and the associated track improvements will support the flow of people as well as goods within the state and along the entire East Coast.

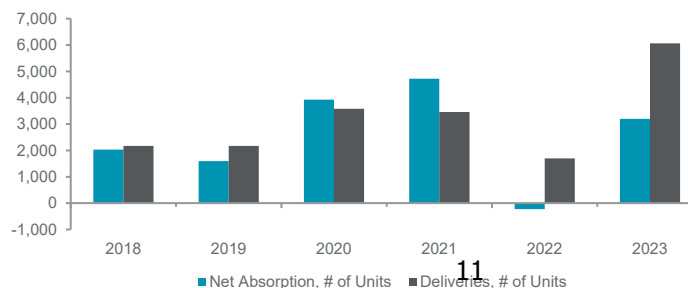
SUPPLY AND DEMAND: Deliveries Hit Historic Highs

At the close of the year, overall vacancy has increased 150 basis points (bps) from the third quarter and 240 bps year-over-year (YOY), due in part to the historic quantity of deliveries which topped 6,000 units in 2023, more than the construction completions of 2021 and 2022 combined. Absorption levels ended 2023 on a high note as well, topping 3,200 units total for the year, and while lower than the intense leasing activity of 2020 and 2021, a significant improvement over the negative year-end numbers from 2022. Construction starts picked up steam in the second half of 2023 after a slower start to the year, adding 2,750 units in 9 projects to a pipeline that now totals more than 4,770 units. Notable fourth quarter groundbreakings include the 300 units underway in midtown at 900 N Allen, the 298-unit complex at The James at Springline in Chesterfield County, part of the mixed-use District 60, and the Belmont at River, a 285-unit project in Henrico County.

PRICING: Rent Growth Rates Stabilize

Effective rates continued their systematic upward climb, closing the year up 1.2% YOY and up 21.1% since the start of 2020 as a result of the steep increase in demand during the pandemic. Rent growth is forecast to normalize over the next year as inventory continues to expand and demand from renters remains strong. Sales volume hit \$535 million in 2023 with over \$326 million closed in the fourth quarter, a decline from the highs of the prior two years but healthy activity particularly given the challenges continuing to impact the lending market. Weinstein Properties closed the top two sales of the year, selling Belmont Hills, a 651-unit multi-phase complex in Chesterfield County, and the 636-unit Addison Crater Woods in Petersburg, for a combined price of \$198 million.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



MARKETBEAT RICHMOND, VA

Multifamily Q4 2023

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Central	18,343	783	7.2%	(100)	160	940	1,001	1,083	\$1,438	\$1.85	0.2%
Chesterfield	13,582	988	6.5%	(110)	(24)	610	1,114	576	\$1,503	\$1.53	2.1%
East Richmond/Henrico	5,429	897	10.5%	330	(46)	(152)	19	31	\$1,262	\$1.41	4.9%
Hanover	2,681	1,053	3.8%	60	2	434	140	466	\$1,572	\$1.65	1.3%
Midlothian	7,045	980	15.0%	680	120	620	608	1,051	\$1,603	\$1.64	-1.2%
Near West End	1,375	848	4.2%	120	(4)	(19)	263	0	\$1,693	\$1.99	7.0%
North Richmond	3,160	792	7.9%	160	(4)	121	0	224	\$1,204	\$1.53	1.4%
South Richmond	15,833	848	9.9%	250	174	340	450	739	\$1,286	\$1.52	3.0%
Tri-Cities	6,601	887	10.1%	340	(2)	(125)	52	0	\$1,102	\$1.25	4.0%
Western Henrico	27,240	926	12.1%	460	(142)	431	1,269	1,894	\$1,495	\$1.64	-0.1%
RICHMOND, VA TOTALS	101,289	896	9.6%	260	234	3,200	4,916	6,064	\$1,423	\$1.61	1.2%

Includes properties with five units and above. Dormitories, senior housing, and properties with only affordable housing units excluded.

SUMMARY BY BEDROOM	INVENTORY (UNITS)	AVG SF/UNIT	VACANCY RATE	YOY VACANCY RATE CHANGE (BPS)	CURRENT ABSORPTION (UNITS)	4Q ROLLING ABSORPTION (UNITS)	UNDER CONSTRUCTION (UNITS)*	DELIVERIES YTD (UNITS)	EFFECTIVE RENT (MONTHLY)	EFFECTIVE RENT/ SF/MONTH	YOY RENT CHANGE
Studio	5,604	502	10.6%	440	36	191	757	395	\$1,132	\$2.26	-1.2%
One Bed	36,300	699	10.0%	300	223	1,456	2,715	2,575	\$1,299	\$1.86	1.2%
Two Bed	49,363	976	9.5%	230	(2)	690	1,102	1,926	\$1,455	\$1.49	1.2%
Three Bed	9,505	1,301	8.8%	220	(21)	724	303	1,027	\$1,871	\$1.45	1.6%
Four+ Bed	518	2,334	4.7%	(100)	0	140	39	141	\$2,392	\$1.30	1.2%

**Unit mix not available on every property currently under construction.*

NOTABLE CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	OWNERSHIP / DEVELOPER	UNITS	COMPLETION DATE
The Lake	Chesterfield	National Land Realty / The Breeden Company	750	Q1 2025
Bainbridge Midlothian	Midlothian	The Bainbridge Companies / The Bainbridge Companies	310	Q3 2024
The Brook	Western Henrico	The Resmark Companies / Middleburg Communities	310	Q1 2025
900 N Allen	Midtown Richmond	Spy Rock Real Estate Group / Spy Rock Real Estate Group	300	Q3 2025
The James at Springline	Midlothian	Chesterfield County Economic Development Authority / Collins Capital Partners	298	Q2 2025
Belmont at River Mill	Western Henrico	Kotarides / Kotarides	285	Q4 2024
NOVEL Scott's Addition	Scott's Addition	Crescent Communities / Thalhimier Realty Partners	275	Q2 2024
Silverhills at Monument Ave	Sauer's Gardens	International Mission Board / Silver Hills Development	263	Q4 2024
2001 Dabney Rd	Western Henrico	Spy Rock Real Estate Group / Spy Rock Real Estate Group	245	Q1 2025

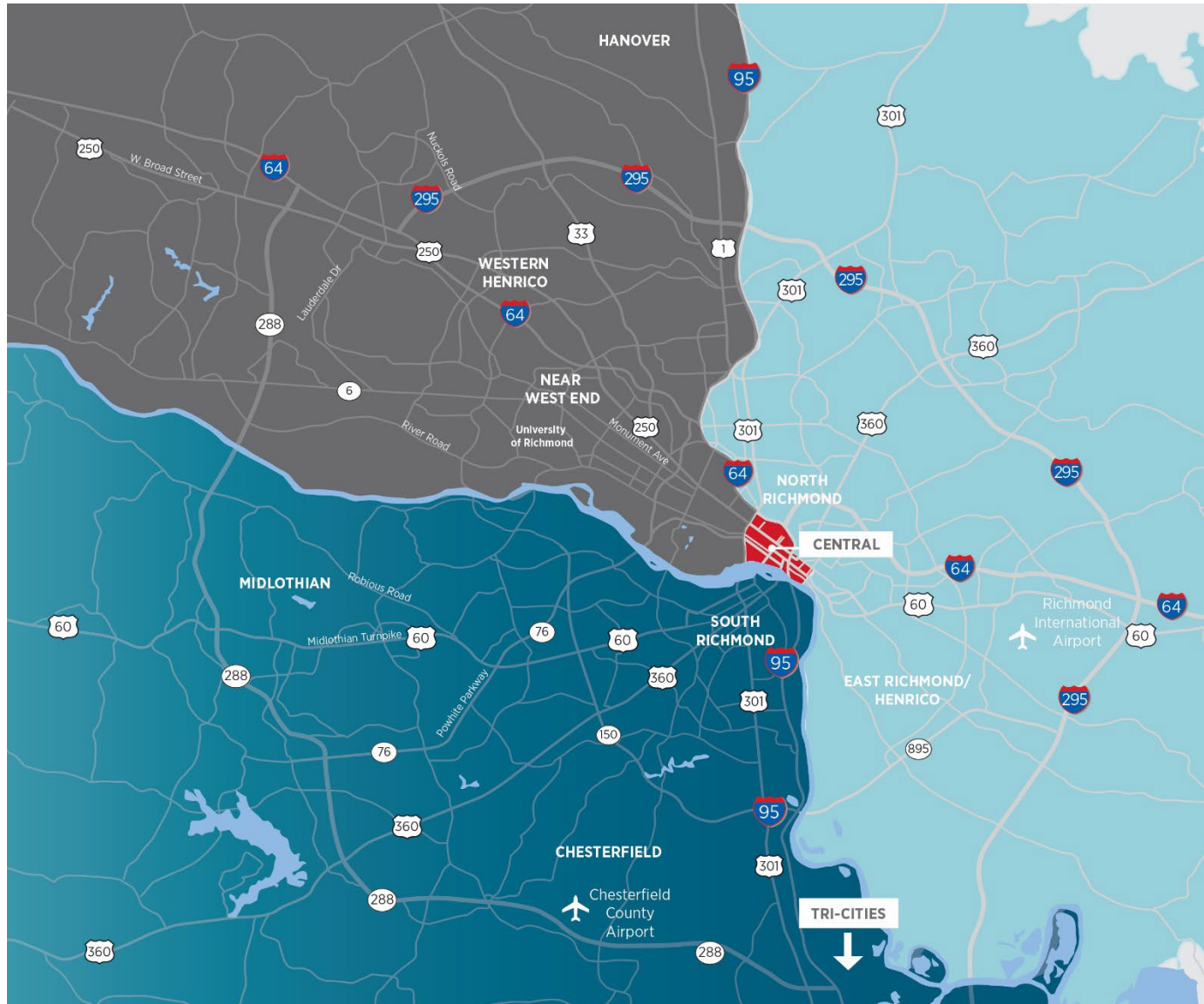
KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Belmont Hills	Chesterfield County	Weinstein Properties / Levco Management	651	\$102.8M / \$158k
Addison Crater Woods	Petersburg	Weinstein Properties / ACW Propco LLC	636	\$95.2M / \$150k

MARKETBEAT RICHMOND, VA

Multifamily Q4 2023

MULTIFAMILY SUBMARKETS



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1	Show the type and address of each property. For each rental real estate property listed, report the number of days rented at fair rental value and days with personal use. See instructions.			
	Physical address of each property—street, city, state, ZIP code	Type—Enter code 1-8; see below for list	Fair Rental Days	Personal Use Days
	MULTIFAMILY PROPERTY			
E	RICHMOND VA 23219	8 MIXED USE	365	
F				
G				
H				

		Properties			
		E	F	G	H
Rental Real Estate Income					
2 Gross rents	2	435,875			
Rental Real Estate Expenses					
3 Advertising	3	4,251			
4 Auto and travel	4				
5 Cleaning and maintenance	5				
6 Commissions	6	21,912			
7 Insurance	7	20,050			
8 Legal and other professional fees	8	4,024			
9 Interest (see instructions)	9	132,021			
10 Repairs	10	59,254			
11 Taxes	11	44,060			
12 Utilities	12	47,371			
13 Wages and salaries	13	26,846			
14 Depreciation (see instructions)	14	139,219			
15 Other (list) ▶ See Statement 17	15	18,862			
16 Total expenses for each property. Add lines 3 through 15	16	517,870			
17 Income or (loss) from each property. Subtract line 16 from line 2	17	-81,995			

Allowable Codes for Type of Property

- 1—Single Family Residence
- 2—Multi-Family Residence
- 3—Vacation or Short-Term Rental
- 4—Commercial
- 5—Land
- 6—Royalties
- 7—Self-Rental
- 8—Other (include description with the code on Form 8825 or on a separate statement)

Department of the Treasury
Internal Revenue ServiceDo not file this form unless the corporation has filed or
is attaching Form 2553 to elect to be an S corporation.
Go to www.irs.gov/Form1120S for instructions and the latest information.

2022

For calendar year 2022 or tax year beginning , 2022, ending , 20

A S election effective date 01/01/2022	TYPE OR PRINT	Name HANK'S TRANSPORT, LLC	D Employer identification number
B Business activity code number (see instructions) 484110		Number, street, and room or suite no. If a P.O. box, see instructions.	E Date incorporated 05/18/2018
C Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code RICHMOND VA 23224	F Total assets (see instructions) \$ 547,183.

G Is the corporation electing to be an S corporation beginning with this tax year? See instructions. ☐ Yes ☒ No

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination

I Enter the number of shareholders who were shareholders during any part of the tax year 1

J Check if corporation: (1) ☐ Aggregated activities for section 465 at-risk purposes (2) ☐ Grouped activities for section 469 passive activity purposes

Caution: Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	1a	1,757,378.	
	b Returns and allowances	1b		
	c Balance. Subtract line 1b from line 1a			1c 1,757,378.
	2 Cost of goods sold (attach Form 1125-A)			2
	3 Gross profit. Subtract line 2 from line 1c			3 1,757,378.
	4 Net gain (loss) from Form 4797, line 17 (attach Form 4797)			4
Deductions (see instructions for limitations)	5 Other income (loss) (see instructions—attach statement)			5
	6 Total income (loss). Add lines 3 through 5			6 1,757,378.
	7 Compensation of officers (see instructions—attach Form 1125-E)			7 24,200.
	8 Salaries and wages (less employment credits)			8 254,495.
	9 Repairs and maintenance			9
	10 Bad debts			10
	11 Rents			11 7,855.
	12 Taxes and licenses			12 27,102.
	13 Interest (see instructions)			13 14,446.
	14 Depreciation from Form 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562)			14 166,458.
	15 Depletion (Do not deduct oil and gas depletion.)			15
	16 Advertising			16 6,289.
	17 Pension, profit-sharing, etc., plans			17
	18 Employee benefit programs			18
	19 Other deductions (attach statement) See Statement			19 1,240,327.
20 Total deductions. Add lines 7 through 19			20 1,741,172.	
21 Ordinary business income (loss). Subtract line 20 from line 6			21 16,206.	
Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a		
	b Tax from Schedule D (Form 1120-S)	22b		
	c Add lines 22a and 22b (see instructions for additional taxes)			22c
	23a 2022 estimated tax payments and 2021 overpayment credited to 2022	23a		
	b Tax deposited with Form 7004	23b	0.	
	c Credit for federal tax paid on fuels (attach Form 4136)	23c		
	d Add lines 23a through 23c			23d 0.
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24, enter amount owed			25 0.
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26
27 Enter amount from line 26: Credited to 2023 estimated tax Refunded			27	

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	MANAGING MEMBER	May the IRS discuss this return with the preparer shown below? See instructions. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Title	

Paid
Preparer
Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
		02/06/2024		
Firm's name	Firm's EIN			
Firm's address	Phone no.			

Schedule B Other Information (see instructions) (continued)		Yes	No
12	During the tax year, did the corporation have any non-shareholder debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		X
	If "Yes," enter the amount of principal reduction \$		
13	During the tax year, was a qualified subchapter S subsidiary election terminated or revoked? If "Yes," see instructions		X
14a	Did the corporation make any payments in 2022 that would require it to file Form(s) 1099?	X	
b	If "Yes," did or will the corporation file required Form(s) 1099?	X	
15	Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund?		X
	If "Yes," enter the amount from Form 8996, line 15 \$		

Schedule K Shareholders' Pro Rata Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 21)	1	16,206.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss) 3a		
	b Expenses from other rental activities (attach statement) 3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends 5a		
	b Qualified dividends 5b		
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120-S))	7	
8a Net long-term capital gain (loss) (attach Schedule D (Form 1120-S))	8a		
b Collectibles (28%) gain (loss) 8b			
c Unrecaptured section 1250 gain (attach statement) 8c			
9 Net section 1231 gain (loss) (attach Form 4797)	9		
10 Other income (loss) (see instructions) Type:	10		
Deductions	11 Section 179 deduction (attach Form 4562)	11	
	12a Charitable contributions Cash contributions (60%)	12a	100.
	b Investment interest expense	12b	
	c Section 59(e)(2) expenditures Type:	12c	
d Other deductions (see instructions) Type:	12d		
Credits	13a Low-income housing credit (section 42(j)(5))	13a	
	b Low-income housing credit (other)	13b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	13c	
	d Other rental real estate credits (see instructions) Type:	13d	
	e Other rental credits (see instructions) Type:	13e	
	f Biofuel producer credit (attach Form 6478)	13f	
	g Other credits (see instructions) Type:	13g	
Inter-national	14 Attach Schedule K-2 (Form 1120-S), Shareholders' Pro Rata Share Items—International, and check this box to indicate you are reporting items of international tax relevance <input type="checkbox"/>		
Alternative Minimum Tax (AMT) Items	15a Post-1986 depreciation adjustment	15a	-40,555.
	b Adjusted gain or loss	15b	
	c Depletion (other than oil and gas)	15c	
	d Oil, gas, and geothermal properties—gross income	15d	
	e Oil, gas, and geothermal properties—deductions	15e	
	f Other AMT items (attach statement)	15f	
Items Affecting Shareholder Basis	16a Tax-exempt interest income	16a	
	b Other tax-exempt income	16b	
	c Nondeductible expenses	16c	
	d Distributions (attach statement if required) (see instructions)	16d	16,106.
	e Repayment of loans from shareholders	16e	
	f Foreign taxes paid or accrued	16f	

Schedule K		Shareholders' Pro Rata Share Items (continued)	Total amount	
Other Information	17a	Investment income	17a	
	b	Investment expenses	17b	
	c	Dividend distributions paid from accumulated earnings and profits	17c	0.
	d	Other items and amounts (attach statement) ** SEC 199A INFO: SEE STMT A		
Reconciliation	18	Income (loss) reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 16f .	18	16,106.

Schedule L		Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)		
Assets							
1	Cash				98,815.		
2a	Trade notes and accounts receivable						
b	Less allowance for bad debts	()		()			
3	Inventories						
4	U.S. government obligations						
5	Tax-exempt securities (see instructions)						
6	Other current assets (attach statement)						
7	Loans to shareholders				337,851.		
8	Mortgage and real estate loans						
9	Other investments (attach statement)						
10a	Buildings and other depreciable assets			512,166.			
b	Less accumulated depreciation	()		(403,524.)	108,642.		
11a	Depletable assets						
b	Less accumulated depletion	()		()			
12	Land (net of any amortization)						
13a	Intangible assets (amortizable only)						
b	Less accumulated amortization	()		()			
14	Other assets (attach statement)				1,875.		
15	Total assets				547,183.		
Liabilities and Shareholders' Equity							
16	Accounts payable						
17	Mortgages, notes, bonds payable in less than 1 year				43,209.		
18	Other current liabilities (attach statement)						
19	Loans from shareholders						
20	Mortgages, notes, bonds payable in 1 year or more				503,974.		
21	Other liabilities (attach statement)						
22	Capital stock						
23	Additional paid-in capital						
24	Retained earnings				0.		
25	Adjustments to shareholders' equity (attach statement)						
26	Less cost of treasury stock		()		()		
27	Total liabilities and shareholders' equity				547,183.		

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**Note:** The corporation may be required to file Schedule M-3. See instructions.

1	Net income (loss) per books	16,106.	5	Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize) _____		a	Tax-exempt interest \$ _____	
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 12, and 16f (itemize):		6	Deductions included on Schedule K, lines 1 through 12, and 16f, not charged against book income this year (itemize):	
a	Depreciation \$ _____		a	Depreciation \$ _____	
b	Travel and entertainment \$ _____		7	Add lines 5 and 6	
4	Add lines 1 through 3	16,106.	8	Income (loss) (Schedule K, line 18). Subtract line 7 from line 4	16,106.

Schedule M-2 Analysis of Accumulated Adjustments Account, Shareholders' Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other Adjustments Account
(see instructions)

	(a) Accumulated adjustments account	(b) Shareholders' undistributed taxable income previously taxed	(c) Accumulated earnings and profits	(d) Other adjustments account
1	Balance at beginning of tax year			
2	Ordinary income from page 1, line 21	16,206.		
3	Other additions			
4	Loss from page 1, line 21	()		
5	Other reductions CHARITABLE CONTRIBUTIONS	(100.)		()
6	Combine lines 1 through 5	16,106.		
7	Distributions	16,106.	0.	0.
8	Balance at end of tax year. Subtract line 7 from line 6	0.	0.	0.

Additional Information From 2022 US Form 1120S: Income Tax Return for S Corp

Form 1120S: S-Corporation Tax Return

Other Deductions

Continuation Statement

Description	Amount
AUTOMOBILE AND TRUCK EXPENSE	375,289.
BANK CHARGES	318.
DUES AND SUBSCRIPTIONS	689.
INSURANCE	64,500.
LEGAL AND PROFESSIONAL	10,121.
MEALS (100%)	3,098.
OFFICE EXPENSE	5,530.
OUTSIDE SERVICES	1,654.
PARKING FEES AND TOLLS	3,522.
TELEPHONE	5,354.
TRAINING/CONTINUING EDUCATION	1,390.
TRAVEL	1,100.
UTILITIES	2,036.
CONTRACTORS	759,139.
JOB SUPPLIES	5,903.
QUICKBOOKS PAYROLL FEES	654.
RECONCILLIATION DISCREPANCIES	30.
Total	1,240,327.

Form 1120S: S-Corporation Tax Return

Sch L, 20(d)

Itemization Statement

Description	Amount
LOCUS TRUCK LOAN	503,974
Total	503,974.

☐ Final K-1☐ Amended K-1

OMB No. 1545-0123

**Schedule K-1
(Form 1120-S)****2022**Department of the Treasury
Internal Revenue Service

For calendar year 2022, or tax year

beginning / / 2022ending / / **Shareholder's Share of Income, Deductions,
Credits, etc.**

See separate instructions.

Part I Information About the Corporation**A** Corporation's employer identification number**B** Corporation's name, address, city, state, and ZIP code
HANK'S TRANSPORT, LLC

RICHMOND VA 23224

C IRS Center where corporation filed return
Kansas City, MO 64999-0013**D** Corporation's total number of shares

Beginning of tax year

End of tax year

Part II Information About the Shareholder**E** Shareholder's identifying number**F** Shareholder's name, address, city, state, and ZIP code
HANK WILLIAMS

MIDLOTHIAN VA 23313

G Current year allocation percentage 100.00000 %**H** Shareholder's number of shares

Beginning of tax year

End of tax year

I Loans from shareholder

Beginning of tax year \$

End of tax year \$

**Part III Shareholder's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss) 16,206.	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Schedule K-3 is attached if checked <input type="checkbox"/>
6	Royalties	15	Alternative minimum tax (AMT) items A -40,555.
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)	16	Items affecting shareholder basis D 16,106.
10	Other income (loss)		
		17	Other information V * STMT
11	Section 179 deduction		
12	Other deductions A 100.		
18	<input type="checkbox"/> More than one activity for at-risk purposes*		
19	<input type="checkbox"/> More than one activity for passive activity purposes*		

* See attached statement for additional information.

For IRS Use Only

Filing Status ☐ Single ☐ Married filing jointly ☒ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS)

Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: JANE WILLIAMS

Your first name and middle initial HANK	Last name WILLIAMS	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
City, town, or post office. If you have a foreign address, also complete spaces below. MIDLOTHIAN		State VA
Foreign country name		Foreign postal code
Foreign province/state/county		ZIP code 23113
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse		

Digital Assets At any time during 2022, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, gift, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☒ No

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1958 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1958 ☐ Is blind

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	
(1) First name	Last name			Child tax credit	Credit for other dependents
If more than four dependents, see instructions and check here <input type="checkbox"/>				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Income	1a Total amount from Form(s) W-2, box 1 (see instructions)	1a 92,335.
	b Household employee wages not reported on Form(s) W-2	1b
	c Tip income not reported on line 1a (see instructions)	1c
	d Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d
	e Taxable dependent care benefits from Form 2441, line 26	1e
	f Employer-provided adoption benefits from Form 8839, line 29	1f
	g Wages from Form 8919, line 6	1g
	h Other earned income (see instructions)	1h 0.
	i Nontaxable combat pay election (see instructions) 1i	
	z Add lines 1a through 1h	1z 92,335.
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	2a Tax-exempt interest 2a	2b Taxable interest 2b
	3a Qualified dividends 3a	3b Ordinary dividends 3b
	4a IRA distributions 4a	4b Taxable amount 4b
	5a Pensions and annuities 5a	5b Taxable amount 5b
	6a Social security benefits 6a	6b Taxable amount 6b
	c If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>	
	7 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7 0.
	8 Other income from Schedule 1, line 10	8 16,206.
	9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9 108,541.
	10 Adjustments to income from Schedule 1, line 26	10
	11 Subtract line 10 from line 9. This is your adjusted gross income	11 108,541.
	12 Standard deduction or itemized deductions (from Schedule A)	12 12,950.
	13 Qualified business income deduction from Form 8995 or Form 8995-A	13 3,241.
	14 Add lines 12 and 13	14 16,191.
	15 Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15 92,350.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/> _____	16	16,006.
	17	Amount from Schedule 2, line 3	17	0.
	18	Add lines 16 and 17	18	16,006.
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	16,006.
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	0.
24	Add lines 22 and 23. This is your total tax	24	16,006.	

Payments	25	Federal income tax withheld from:		
	a	Form(s) W-2	25a	7,281.
	b	Form(s) 1099	25b	
	c	Other forms (see instructions)	25c	
	d	Add lines 25a through 25c	25d	7,281.
	26	2022 estimated tax payments and amount applied from 2021 return	26	9,000.
	27	Earned income credit (EIC)	27	
	28	Additional child tax credit from Schedule 8812	28	
	29	American opportunity credit from Form 8863, line 8	29	
	30	Reserved for future use	30	
31	Amount from Schedule 3, line 15	31		
32	Add lines 27, 28, 29, and 31. These are your total other payments and refundable credits	32		
33	Add lines 25d, 26, and 32. These are your total payments	33	16,281.	

Refund	34	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you overpaid	34	275.
	35a	Amount of line 34 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	35a	275.
	b	Routing number _____ c Type: d Account number 0 <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
36	Amount of line 34 you want applied to your 2023 estimated tax	36		

Amount You Owe	37	Subtract line 33 from line 24. This is the amount you owe . For details on how to pay, go to www.irs.gov/Payments or see instructions	37	
	38	Estimated tax penalty (see instructions)	38	0.

Third Party Designee	Do you want to allow another person to discuss this return with the IRS? See instructions <input checked="" type="checkbox"/> Yes . Complete below. <input type="checkbox"/> No			
	Designee's name	Phone no.	Personal identification number (PIN)	2 3 2 3 6

Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
			MANAGER	
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
	Phone no.	Email address		

Paid Preparer Use Only	Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> Self-employed
	Firm's name				Phone no.
	Firm's address				Firm's EIN