Built on Alignment

How Southern Edge Capital Structures Its Investor Relationships

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Every sponsor deck says the same thing. GP and LP interests are aligned. We're in this together. It's on page four, right after the executive summary.

Most of the time, it means the GP earns a promote when the deal performs. That is not alignment. That is a standard waterfall structure. Alignment means the GP has meaningful capital at risk in the same investment, subject to the same market conditions, and is making operational decisions that affect their own returns as directly as they affect yours.

That is how we structure every deal at Southern Edge Capital. And the structure is only half of it.

What Alignment Actually Looks Like

We invest meaningful capital alongside our partners in each transaction. That is not a rounding error on the GP side of the table. It is a deliberate position, sized to matter.

When our own capital is in the deal, conservative underwriting is not a posture. It is a financial necessity. We model projected rent growth when the data points to it, which is currently happening in Jacksonville. We stress the assumptions. We build in basis protection. Our philosophy has always been capital preservation with return, while conservatively positioning ourselves to capture the upside.

We believe in protecting capital first, controlling what we can, and delivering performance through disciplined execution and operational excellence. That is not a tagline. It is the operating standard that governs how we underwrite and how we manage.

When the GP is running fee income rather than co-invested equity, the incentives drift. We have seen it across this market for years. The sponsor benefits from deal volume regardless of how each asset performs. Our model does not work that way. We benefit when our investors benefit, on the same timeline, in the same deal.

The COVID Test

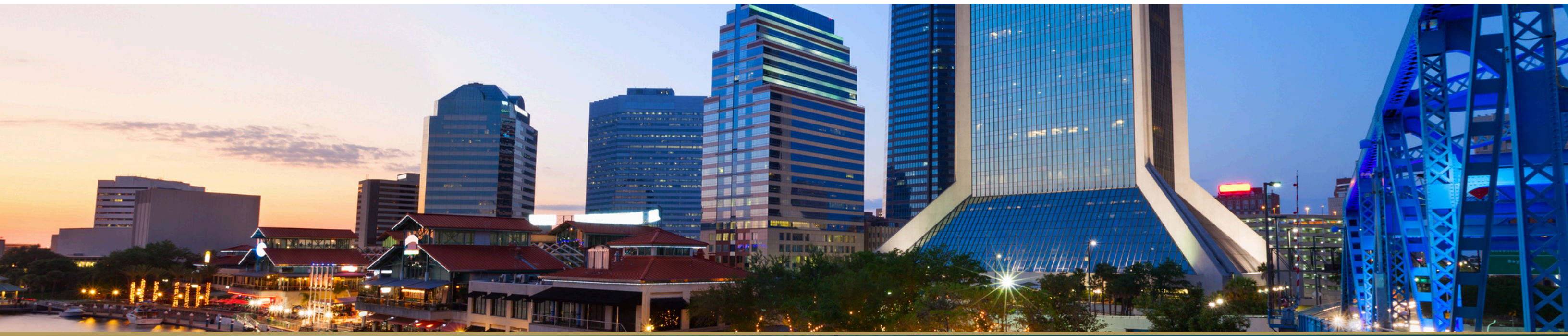
Market conditions have a way of clarifying structure.

During COVID, a significant number of multifamily operators suspended distributions. The reasons varied: debt service concerns, occupancy uncertainty, reserve requirements. Many of those decisions were defensible. But they were also a direct consequence of how those deals had been underwritten and capitalized.

We kept sending checks.

That outcome was not luck. It was the result of conservative assumptions built into every deal before the market turned, and direct operational control that allowed us to respond quickly when conditions shifted. When you control your own management, you can cut non-essential expenses, redeploy maintenance resources, and adjust leasing strategy in real time. You are not waiting for a third-party company to escalate a decision through their own chain of command.

During a period of economic chaos, there was no uncertainty on the investor side. Distributions remained on schedule, the operations were under control, and the reporting reflected that.



We Self-Manage to Make Money as Owners

This is where the structure and the operations connect.

Southern Edge Capital's affiliated property management company, Southern Edge Management, manages our portfolio assets directly. There is no third-party management layer. The entity making leasing decisions, controlling expenses, and overseeing capital improvements is the same entity with GP capital in the deal.

Most sponsors describe this as a feature. We describe it as a conviction that was earned the hard way.

On our first Jacksonville acquisition, The Landings at Southpoint, we started with third-party management. The arrangement lasted about a month. We identified water leaks at the property and directed the management company to trench the ground and address them. They refused. The utility bill at the time was running well above where it should have been for a 108-unit property.

We took over management ourselves. The bill dropped by 50%.

That experience was the turning point that produced Southern Edge Management. Not as a value-add feature for the next investor presentation, but as a practical conclusion: if you want a property managed to perform, you have to manage it yourself.

We manage our properties to make money as owners, not as property managers. That distinction drives every operational decision we make.

The Landings at Southpoint | 108 units acquired off-market in 2016 and sold in 2022

The day-to-day reality of that conviction is straightforward. We genuinely care for our properties and our residents, and that is reflected in our management style. We are not reviewing a monthly variance report three weeks after the fact. We are at the property, communicating directly with the manager and maintenance techs, and paying attention to whether residents feel proud to call it home. When something is off, we know immediately, and we act.

That operational DNA runs through everything Southern Edge Capital does today. It was baked into our self-management thesis long before it became a positioning statement.

> *We manage our properties to make money as owners, not as property managers.*

Programmatic by Design

We are not structured for one-off transactions, and we are not looking for one-off investors. Southern Edge Capital is built for programmatic, long-term relationships with capital partners who want consistent exposure to a disciplined operator in a high-conviction market. That means recurring deal flow across the acquisition pipeline, consistent underwriting standards from one deal to the next, and a defined process that scales as the platform grows.

Our objective is to build more relationships with family offices and institutional investors where the first deal is the beginning of a partnership, not the entirety of it. As we develop those relationships, the goal is not a single transaction. It is a long-term partnership with a platform built to deploy capital systematically and deliver results across multiple cycles.

That focus shapes how we source, how we communicate, and how we select our investors. We work with a select group. We are not running a high-volume syndication operation with hundreds of passive participants. We want partners who understand what we are building and want to grow alongside us.

Transparency as Operating Standard

We provide institutional-quality reporting throughout the investment lifecycle. That means regular communication, clear financials, and direct access to the operating team. It does not mean a generic quarterly report with a photo of the property.

For investors doing genuine due diligence on a sponsor, the way a GP communicates before a deal closes is the clearest available signal of how they will communicate after the capital is deployed. We approach those conversations the same way we approach operations: directly, specifically, and without gaps.

We are not passive allocators of capital. We are operators responsible for execution, performance, and results. Our investors should always be able to see exactly what we are doing and why.

The Right Partner

Southern Edge Capital is an emerging operator in a market at an inflection point. We have the track record, the platform, and the operational depth to execute at scale. What we are building toward requires the right capital partners alongside us: investors who take a long-term view, who evaluate sponsors on discipline and execution, and who are looking for a platform they can grow with over time.

If that is how you approach this asset class, let’s have a conversation.

SOUTHERN EDGE
CAPITAL

Interested in connecting with us?

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Southern Edge Capital acquires and repositions multifamily communities in high growth Southeast markets, creating value through a vertically integrated platform driven by operational execution rather than market appreciation.

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