DEAR PARTNERS,

Thank you for your investment in PSW Real Estate. We are connecting to update you on Q2 2019, share those results and provide insight into what’s to come.

We hope this information is helpful and inspires excitement about what lies ahead for us all in the coming quarters and years.

RECAP

• We experienced margin strength across our diverse communities. Over 76 home closings, we maintained 15+% margins on home sales ranging from $300K to $1.3MM.

• Heading into 2019, we forecasted the first half of the year with 96 closings. Many of those closings shifted to the second half due to a combination of national trends\(^1\) and project timing.

• In Q2, we received an above market rate offer on our commercial space attached to the recently delivered Eastline community. Given the limited size and location of this asset a sale made sense. This sale was accretive to margins and will have a small revenue lift.

• PSW Community Management overseeing our income producing assets and HOAs continued to evolve as new leadership is driving improvement. Thornton Flats apartment maintained 95% occupancy and posted solid NOI improvements increasing the value of this asset.

\(^1\) https://www.dallasnews.com/business/real-estate/2019/04/26/dallas-neighborhoods-see-home-sales-slump-first-three-months-2019
LOOKING AHEAD

The second half of 2019 is forecasted to be 60% higher in closing volume than the first. We expect net margins to expand as these homes close and forecast ending 2019 in the 16-17% range. Additionally, our other incoming-generating assets are still forecasted to reach $50MM over the next 12-18 months.

- **Austin**: Our most ambitious projects to date head into production and occupancy as soon as September, including our new headquarters at 900 South 1st. This property is 70% sold as we enter final construction phase and begin to close units in Q4.
- **Seattle**: Seattle sold out its first community, Clear Creek, recently.
- **Dallas and San Antonio**: We anticipate closing out 4-5 communities before 2020. Luma, our latest townhome community in San Antonio, will begin delivering in Q4.
- **Denver**: Glenarm, our first community walking distance to downtown is progressing through design.

THE MARKET

US Census bureau now predicts by 2040, 88% of the US population will live in urban cores (up from 82% today). We feel confident the diverse price points of our communities and our For Sale/For Rent product strategy positions us well in this regard.

Up-zoning, a more recent trend impacting our $1B of potential revenue in owned/controlled land holdings, is growing in several markets. Various city councils have taken up legislation or rezoning to increase density to tamp down affordability and traffic concerns. Greater flexibility in height and product diversity only enhances our land position value. Additionally, recent and pending legislative changes in Seattle and Denver are reducing condo litigation concerns.

COMPANY PROFITABILITY

![Company Profitability Chart]

**Based on 1/1/2019 forecast.**
EVOLUTION

We continue to make significant investments in land, people and processes as we position ourselves to take advantage of the long-term growth expected in urban infill. To better support our broad communities and bolster our growth story, we have completed rebranding efforts led by recent key hires in our marketing department. This along with audits of our existing spend across analog/digital/urban spaces will lead to more strategic and data-driven approach to our marketing efforts. We also rounded out our sales team in early 2019 with seasoned sales consultant and online sales roles. These investments are already producing valuable results and helping expand our referral driven sales culture. Overall, we remain bullish as we hit the Fall Sales Season and enter presales on several new unique communities, including 1600 S. 1st Street, our replacement asset for our selling out 900 S. 1st community.

Conceptual designs on our large multiacre sites or “Urban Villages” continue to progress. With our phased approach to building each one, risks
related to timing, schedules and costs can allow us to be more nimble but must be more closely monitored. With that we’ve made key senior hires in commercial construction, finance and development. These new hires have extensive backgrounds in the type of product we are building/finance and round out our existing team.

Lastly, after achieving $113M in revenue in 2018, our Class A investors voted to close our Class A(1) and open $25M of Class A2. As a result, we have increased our corporate capital to $67,000,000 allowing for an even more exciting story to tell as we continue into the exciting times ahead.

We thank you for your continued support.

Sincerely,

PSW, now The StoryBuilt Company

Anthony Siela        Ryan Diepenbrock        Chad Shepler
Managing Member     Managing Member         COO
## QUARTERLY DASHBOARD

<table>
<thead>
<tr>
<th></th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
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<tbody>
<tr>
<td>Sales</td>
<td>38</td>
<td>36</td>
<td>35</td>
<td>28</td>
</tr>
<tr>
<td>Starts</td>
<td>30</td>
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<td>26</td>
<td>23</td>
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<tr>
<td>Closings</td>
<td>42</td>
<td>50</td>
<td>48</td>
<td>28</td>
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<tr>
<td>Revenue</td>
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<td>$27,363,527</td>
<td>$25,250,285</td>
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<td>Profit</td>
<td>$3,524,734</td>
<td>$4,175,217</td>
<td>$3,745,950</td>
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<td>*Profit Distribution A/B/E</td>
<td>$2,418,354</td>
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<tr>
<td>Sales Backlog***</td>
<td>120</td>
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<td>87</td>
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<td>Revenue Backlog</td>
<td>$58,800,000</td>
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<td>$41,850,000</td>
<td>$39,620,571</td>
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### PERFORMANCE HIGHLIGHTS:

- **28 CLOSINGS**
- **23 starts**
- **28 new home sales**
- **$444,372** in Average Sales Price
- **70%** sold out at 900 S. 1st condo
- **1st** commercial asset sale
ANNUAL DASHBOARD

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<th>2016</th>
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<th>2019**</th>
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<td>Sales</td>
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<tr>
<td>Starts</td>
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<tr>
<td>Closings</td>
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<tr>
<td>Revenue</td>
<td>$38,701,251</td>
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<td>Profit</td>
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<tr>
<td>*Profit Distribution A/B/E</td>
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<tr>
<td>Sales Backlog***</td>
<td>82</td>
<td>113</td>
<td>107</td>
<td>134</td>
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<tr>
<td>Revenue Backlog</td>
<td>$32,219,404</td>
<td>$50,796,610</td>
<td>$50,466,415</td>
<td>$67,000,000</td>
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* Profit Distribution A/B/E is after Class A Preferred Return (Dividend) is paid and all LP returns are accounted for.
** Based on 1/1/2019 forecast. *** Year-end sold backlog inventory.
WE THANK YOU...

For your contributions toward making us successful, profitable and sustainable. We look forward to many more years of working together to build internal and external communities that enrich the lives of everyone with whom we work and live.

STORYBUILT OFFICE LOCATIONS:

AUSTIN, TX
2003 SOUTH 1ST STREET
AUSTIN, TX 78704

DALLAS, TX
512 W. DAVIS STREET
DALLAS, TX 75208

DENVER, CO
4045 N PECOS STREET, #210
DENVER, CO 80211

SEATTLE, WA
5506 6TH AVE. S, SUITE 206
SEATTLE, WA 98108