



MIDLAND MANOR APARTMENTS PORTLAND, OR

Deal Summary

27 Units “Garden Style” Multi-Family 1, 2, & 3 Bed Units

April, 2024

PROPERTY PHOTOS:



EXECUTIVE SUMMARY

01 Project Overview:

- Value-add project of 27 Units of rental apartments in 9 buildings and 6 different tax lots
 - Total project cost = \$3,032,500
 - Required Equity = \$1,250,000
 - Debt = 2,334,419
 - Purchase Price = \$2,792,500 / \$103,426 per unit
- Located at 522 N Adair Street, Cornelius, OR 97113.

02 Financial Structure And Metrics:

- Total project budget = \$3,032,500
 - \$1,250,000 Equity = 60% profit split after 7% profit paid.
 - Sponsor/Manager will be investing a minimum of \$50,000 approximately 3% of needed equity capital.
 - \$2,334,419 in purchase a hard money loan, obtained and guaranteed by Sponsor/Manager at 10.51% interest only for 24 months.
 - The Sponsor has secured the deal, placed it under contract, will qualify and guarantee a new purchase loan, manage construction and development efforts, as well as oversee property management with the single goal of maximizing the Project's value.
- Proforma returns indicate an estimated 16.77% RR return assuming a sale in year 5. The sale will depend on where market conditions are at said time. Highest IRR is projected to occur from a sale in year 5. (See 2nd table on page 5.)
- Standard Equity minimum cash investment: \$50,000.
- 100% due by early June 5th 2024.

03 Investor Benefits:

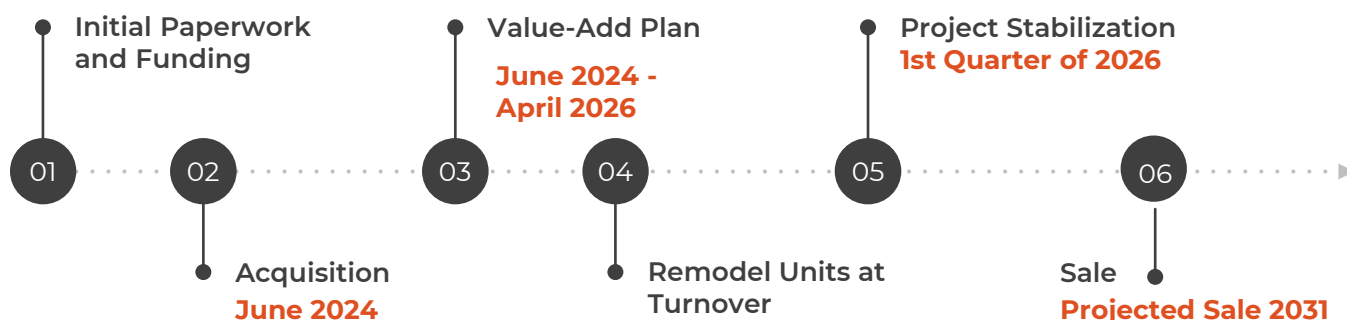
- **Lowest Possible Risk Profile:**
 - Asset currently cash flows and preferred return distributions will begin accruing immediately. 7% preferred returns are distributed quarterly.
 - Multi-Family is a lower risk asset class compared to other commercial real estate asset classes due to higher demand and quick absorption rates
 - Value-add opportunity to force appreciation, and immediately increase property value.
 - Asset occupancy is currently 100%. Current market occupancy is 95%.
 - Experienced in-house property management and asset management teams focused on increasing NOI and increasing property value.
 - Long-term hold strategy to produce high cash-on-cash returns.
 - Leveraged real estate investing alongside professionals with proven track record.
- **Predictable and Growing Cash Flow:**
 - Cornelius sub-market is poised to experience continuous rent growth.
 - In the last 10 years, Cornelius has experienced some of the highest home appreciation rates of any community in the nation. Cornelius is a popular Portland suburb, located about 23 miles west of downtown. Pacific University is minutes away in Forest Grove, and neighboring Hillsboro is home to the Hillsboro Airport and surrounded by many local wineries.
- **Other Investment Benefits Compared to Typical Stock Market Investments:**
 - Tax depreciation and cost segregation strategy will provide a K-1 loss between 30-75% of initial capital contribution.
 - Inflationary hedge through real estate property appreciation
 - Provides an opportunity for diversification of investment type

- Ownership interest of cash investors is paid immediately if cash flow allows. If there is a cash flow shortfall, the preferred return is accrued and paid as cash flow allows.
- Risk is limited to cash investment; Managing member guarantees all debt.
- Income Taxes: initial passive losses during pre-stabilization period can be used to offset passive income from other investments

04 > Preferred Return

- Investments will receive an annual preferred return of 7% and distributed quarterly.
- Priority of positive cash flow is paid to the preferred return balance until fully paid; thereafter, cash flow will be distributed on Pro Rata basis.
- Ownership interest of cash investors is paid immediately if cash flow allows. If there is a cash flow shortfall, the preferred return is accrued and paid as cash flow allows.

05 > Project Timeline:



06 > Operations:

- Distributions will be reviewed and issued at the sole discretion of the Sponsor / Managing Member.
- Cashflow is projected to improve over time with increased rents and increased RUBS (Ratio Utility Billing System) recapture ratio.

07 > Refinance:

- In the event of a refinance, any accrued preferred return shall be disbursed, and after which any proceeds from the refinance shall reduce the Class A member's initial capital contributions.
- After stabilization, sponsors plan to look at the market with anticipated reduced interest rates and perform a refinance or look at potential sale.
- All unit shares will remain the same, but the value of the shares will reduce pro-rata by the amount of capital returned from the refinance.
- Preferred returns will be based upon the new capital amount after the refinance.

08 > Sale:

- A sale is anticipated to occur within 5-7 years after initial investment when market timing and maximum return opportunities present themselves.
- *Projected value - year 3 stabilized occupancy, based on an assumed CAP rate of 5.25% = \$4,398,788*
- *Projected value - year 5 stabilized occupancy, based on an assumed CAP rate of 5.25% = \$4,830,058*
- *Investors Initial Investment Amount* will be tracked; all cashflow received by investors, other than the Preferred Return, will be credited to its *Initial Investment Amount* until the *Initial Investment Amount* is returned in full. If this has not been achieved by the time of sale, the remainder of the *Initial Investment Amount* will be paid in full as priority at time of sale. Then, funds will be distributed on a Pro Rata interest basis.

09 > Internal Rate of Return:

- Internal rate of return (IRR) is a metric used in capital budgeting to estimate the profitability of potential investments. The internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero.
- IRR is sometimes referred to as "economic rate of return" or "discounted cash flow rate of return." The use of "internal" refers to the omission of external factors, such as the cost of capital or inflation, from the calculation.
- At the completion of the MIDLAND MANOR APARTMENTS investment, the estimated IRR of this project is approximately 16.77%.

(See Financial Tables on next page)

Legal Disclaimer

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FINANCIAL TABLES:

Tables below represent hypothetical sales at year 5 of investment with Internal Rate of Return.

MIDLAND MANOR IRR CALCULATIONS (5 YR MODEL)		
		Units
EQUITY %	60%	27

Summary of Projected Member Cash Flows and Returns					
Year	Member Contribution	Cash Flow Distribution	Proceeds from Refinance or Sale	Return of P/I escrow	Total
0	(\$1,250,000)	\$0			(\$1,250,000)
1		\$0	\$393,118		\$393,118
2		\$28,087			\$28,087
3		\$41,294			\$41,294
4		\$55,209			\$55,209
5		\$63,348	\$1,741,772		\$1,805,119
6		\$0			\$0
7		\$0			\$0
8		\$0			\$0
9		\$0			\$0
10		\$0			\$0
Total	(\$1,250,000)	\$187,939	\$2,134,890	\$0	\$1,072,829
IRR					16.77%

Projected Returns - 5 Years	REFINANCE!				SALE!
Projected Member Cash Flows and Returns	1	2	3	4	5
Beginning Member Capital Account Balance	\$1,250,000	\$856,882	\$856,882	\$856,882	\$856,882
Member Cashflow	\$0	\$28,087	\$41,294	\$55,209	\$202,836
Cash on Cash Return	0.00%	3.28%	4.82%	6.44%	23.67%
Average Cash on Cash Return to Date	0.00%	1.64%	2.70%	3.64%	7.64%
Net Proceeds/Profits from Refinance or Sale	\$0				\$745,402
Average Annual Return to Date	0.00%	1.64%	2.70%	3.64%	25.04%
Return of Member Capital - P/I Escrow					
Return of Member Capital - Refinance or Sale	\$393,118				\$856,882
Ending Member Capital Account Balance	\$856,882	\$856,882	\$856,882	\$856,882	\$0
Total Return on Investment	\$0	\$28,087	\$41,294	\$55,209	\$948,238
Average Annual Return					16.77%
IRR					16.77%%
Average Cash on Cash Return					9.55%
Equity Multiplier					1.86x%

FREQUENTLY ASKED QUESTIONS

How long will the value-add project take?

The value-add project is mainly composed of implementing RUBS and sending rent increases as the property has been mismanaged by the current property management company. Rent increases and RUBS will be implemented within six months of purchase.

What's the anticipated time period from the time I invest until a sale is achieved?

We anticipate a sale to occur between 3-5 years from the time of investment. Various determining factors include then current cap rates, lending environment and occupancy levels; sale or refinance timeframe solely depends on the current market conditions. Managing members are motivated to accomplish a successful sale or refinance since they will be investors as well.

What state will the LLC be formed?

Oregon

When will I start seeing distributions?

The project currently cash flows and preferred return distributions **will begin accruing immediately**. 7% preferred returns are distributed quarterly. Quarterly reports will also be shared to investors with every contribution.

Who are the Operators?

AJ and Chris Shepard have been managing properties since 2006 and performing multifamily value-add projects since 2014. They are experts in both investment and residential real estate transactions. They pride themselves as leaders in the local real estate market and property management community.

How many of these projects have you completed?

Uptown Syndication has executed seven (7) multifamily value-add syndication acquisitions since 2020.

What is the estimated time needed to achieve stabilized occupancy of 90-95%?

Although some properties reach stabilization faster than others, we plan on a 12-18 month lease-up period in our pro forma.

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PROPERTY PHOTOS:



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Syndication of 9 Units – SW 68th was acquired in December 2019. Purchased for \$1.2M and raised \$400,000 of investor funds.

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**4633 SW
HUBER**



Syndication of 12 Units – 4633 SW Huber was acquired in September 2020. Purchased for \$1.7M and raised \$600,000 of investor funds.

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Syndication of 21 Units – 6970 SW King was acquired in April 2021. Purchased for \$3.45M and raised \$1M of investor funds.

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EXECUTIVE ARMS



Syndication of 25 Units – Executive Arms was acquired in June 2021. Purchased for \$3.2M and raised \$1.1M of investor funds.

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TAPIOLA MANOR



Syndication of 30 Units – Tapiola Manor was acquired in March 2022. Purchased for \$6.3M and raised \$2M of investor funds.

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CEDAR MILL COURTYARD



Syndication of 47 Units – Cedar Mill was acquired in April 2023. Purchased for \$10.7M and raised \$5.1M of investor funds.

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SUMMERFIELD LOOP



Syndication of 12 Units – Summerfield Loop was acquired in June 2023. Purchased for \$3.2M and raised \$1.4M of investor funds.

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