



15065 SE EAST AVE

Milwaukie, OR

Deal Summary

13 -Unit w/House Garden Style Value Add Investment Property

June 2024

PROPERTY PHOTOS:



EXECUTIVE SUMMARY

01 Project Overview:

- Value-add project of 12- 2br/1ba units duplex or triplex style along with (1) 1220sf house (2br/1ba that can be converted to a 3br/2ba. Contains (1) laundry room, (1) storage room, and land near the house that can be utilized.
- Total project cost = \$2,025,000
 - Required Equity = \$705,000
 - Purchase Price = \$1,675,000 / \$128,846 per unit
- Located at 15065 SE East Ave Milwaukie, Oregon

02 Financial Structure And Metrics:

- Total project budget = \$2,025,000
 - \$705,000 Equity = 60% profit split after 7% profit paid.
 - Sponsor/Manager will be investing a minimum of \$50,000 approximately 7% of needed equity capital.
 - 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 20% IRR 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 21st, 2024.

03 Investor Benefits:

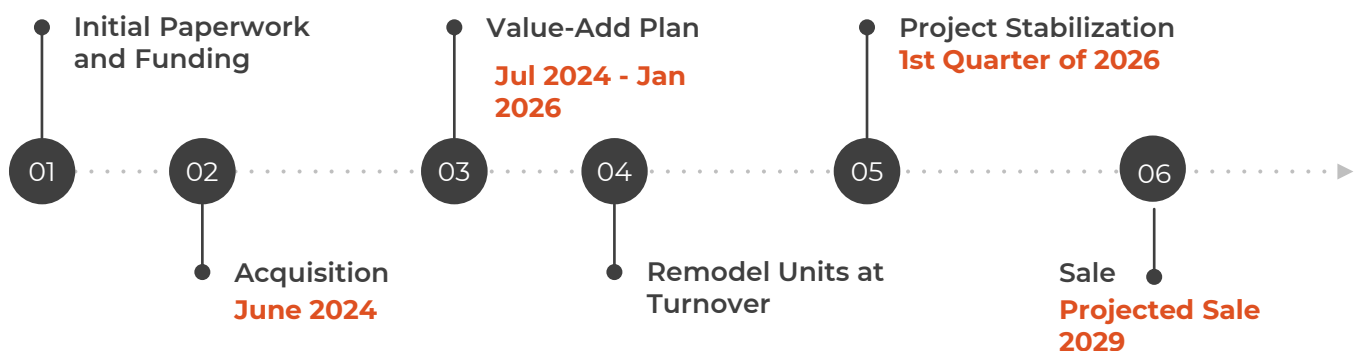
- **Lowest Possible Risk Profile:**
 - Investors (Limited Partners, LPs) are entitled to a 7% preferred return. This return is paid as cash flow allows and will accrue if cash flow is insufficient. LPs hold the first position for returned capital payments, ensuring their returns are prioritized. Managing Partners (MPs) are in the second position, receiving their returns only after LPs have been fully compensated.
 - 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:**
 - Milwaukie sub-market is poised to experience continuous rent growth.
 - In the last 10 years, Milwaukie has experienced some of the highest home appreciation rates of any community in the nation. Milwaukie real estate appreciated 123.60% over the last ten years, which is an average annual home appreciation rate of 8.38%, putting Milwaukie in the top 20% nationally for real estate appreciation. If you are a home buyer or real estate investor, Milwaukie definitely has a track record of being one of the best long term real estate investments in America through the last ten years.
- 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 5 stabilized occupancy, based on an assumed CAP rate of 5.5% = \$3,211,838*
- *Projected value - year 7 stabilized occupancy, based on an assumed CAP rate of 5.5% = \$4,117,581*
- *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 15065 SE EAST AVE investment, the estimated IRR of this project is approximately 20%.

(See Financial Tables on next page)

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FINANCIAL TABLES:

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

15065 SE EAST IRR CALCULATIONS (5 YR MODEL)		
EQUITY %	60%	Units 13

Projected Member Cash Flows and Returns	REFINANCE!				SALE!
	1	2	3	4	5
Beginning Member Capital Account Balance	\$705,000	\$705,000	\$403,834	\$403,834	\$403,834
Member Cashflow	\$0	\$0	\$16,336	\$35,264	\$131,905
Cash on Cash Return	0.00%	0.00%	4.05%	8.73%	32.66%
Average Cash on Cash Return to Date	0.00%	0.00%	1.35%	3.19%	9.09%
Net Proceeds/Profits from Refinance or Sale		\$0			\$679,682
Average Annual Return to Date	0.00%	0.00%	1.35%	3.19%	42.75%
Return of Member Capital - P/I Escrow					
Return of Member Capital - Refinance or Sale		\$301,165			\$403,834
Ending Member Capital Account Balance	\$705,000	\$403,834	\$403,834	\$403,834	\$0
Total Return on Investment	\$0	\$0	\$16,336	\$35,264	\$811,587
Average Annual Return					20.00%
IRR					20.00%
Average Cash on Cash Return					15.15%
Equity Multiplier					2.22x

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	(\$705,000)	\$0			(\$705,000)
1		\$0			\$0
2		\$0	\$301,165		\$301,165
3		\$16,336			\$16,336
4		\$35,264			\$35,264
5		\$56,194	\$1,159,228		\$1,215,422
6		\$0			\$0
7		\$0			\$0
8		\$0			\$0
9		\$0			\$0
10		\$0			\$0
Total	(\$705,000)	\$107,794	\$1,460,394	\$0	\$863,188
IRR					20.00%

10 Projected Member Returns Based On \$100,000 Investment

Member Returns Based On Specific \$ Invested	1	2	3	4	5
Beginning Member Capital Account Balance	\$100,000	\$100,000	\$57,281	\$57,281	\$57,281
% of Overall Membership Ownership for \$ Invested	14.2%	14.2%	14.2%	14.2%	14.2%
Member Cashflow	\$0	\$0	\$2,317	\$5,002	\$18,710
Cash on Cash Return	0.00%	0.00%	4.05%	8.73%	32.66%
Average Cash on Cash Return to Date	0.00%	0.00%	1.35%	3.19%	9.09%
Net Proceeds/Profits from Refinance or Sale		\$0			\$96,409
Average Annual Return to Date	0.00%	0.00%	1.35%	3.19%	42.75%
Return of Member Capital		\$42,719			\$57,281
Ending Member Capital Account Balance	\$100,000	\$57,281	\$57,281	\$57,281	\$0
Total Return in Investment	\$0	\$0	\$2,317	\$5,002	\$115,119
Average Annual Return					20.00%
IRR					20.00%
Average Cash on Cash Return					15.15%
Equity Multiplier					2.22x

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 5-7 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?

Investors (Limited Partners, LPs) are entitled to a 7% preferred return. This return is paid as cash flow allows and will accrue if cash flow is insufficient. LPs hold the first position for returned capital payments, ensuring their returns are prioritized. Managing Partners (MPs) are in the second position, receiving their returns only after LPs have been fully compensated.

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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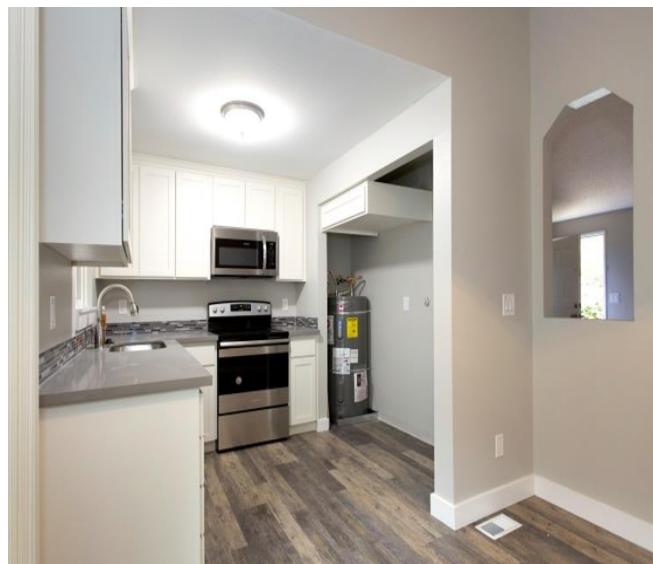


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Syndication of 9 Units – SW 68th was acquired in December 2019. Purchased for \$1.2M and raised \$400,000 of investor funds.

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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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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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