



CEDAR MILL COURTYARD APARTMENTS PORTLAND, OR

Deal Summary

47 Units “Courtyard Style” Multi-Family (32,881 rentable sqft)
1, 2 & 3 Bed Units

March, 2023

PROPERTY PHOTOS:



EXECUTIVE SUMMARY:



01 Project Overview:

- ✔ Value-add project of **47 Units** of "Courtyard Style" Apartments
 - Total project cost = \$11,301,000
 - Required Equity = \$5,100,000
 - Debt = \$6,201,000
- ✔ Located at 13000 NW Cornell Rd Portland, OR 97229.
- ✔ The property is in the Cedar Mill neighborhood of Northwest Portland.

02 Financial Structure And Metrics:

- ✔ Total project budget = \$11,301,000
 - \$5,100,000 Equity
 - Sponsor/Manager will be investing a minimum of \$100,000 just less than 2% of needed equity capital.
 - \$6,201,000 acquisition debt, assumed and guaranteed by Sponsor/Manager at a 3.42% interest rate. The loan is interest only for three years and a 30-year fixed for five years.
 - The Sponsor has sourced the deal, placed it under contract, will qualify and guarantee the existing loan, manage the value-add project, and property management to maximize the project's value.
- ✔ Proforma returns indicate an estimated 13.92% IRR return, depending on the year of sale. The sale will depend on where market conditions are at said time. The highest IRR's projected to occur from a sale in years 6-8. (See 2nd table on page 5.)
- ✔ Standard Equity minimum cash investment: \$50,000.
- ✔ **100% due by early February 21, 2023.**

03 Investor Benefits:

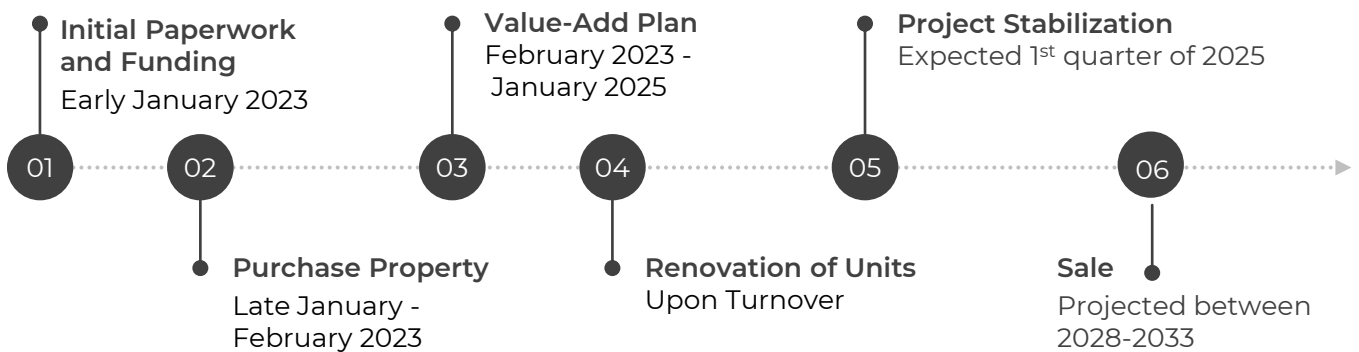
- ✔ **Lowest Possible Risk Profile:**
 - Shortly after asset acquisition we project a 7% cash-on-cash return. 7% preferred returns will be distributed quarterly upon asset closing.
 - Value Add Multi-Family is one of the lowest-risk asset classes.
 - This Property is in an A+ location in Portland in Washington County.
 - This value-add opportunity is a very light lift and will mainly be focused on cosmetic upgrades and improvements in property management.
 - Experienced team focused on increasing NOI and increasing property value featuring in-house property management, construction, and asset management.
 - Long-term hold strategy to produce high cash-on-cash returns.
- ✔ **Predictable and Growing Cashflow:**
 - High cash-flowing deal due to high LTV (loan to value) and extremely low-interest rate.
 - Washington County is poised to experience continuous rent growth.
- ✔ **Other Investment Benefits:**
 - Provides an opportunity for diversification of investment type.
 - Inflationary hedge: Rent and property value appreciation has exceeded inflation in the past.

- ✔ **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.
 - Cost segregation strategy will provide a passive K-1 loss between 40-75% of initial contribution.
 - Annual depreciation will create paper losses to reduce taxable income.

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 utility bill back.

07 > Refinance:

- ✔ Upon stabilization, Sponsors will review the opportunity to refinance the property. Funds disbursed from the refinance shall first pay any accrued preferred returns. Then any proceeds from the refinance shall reduce the Class A member's initial capital contributions.
- ✔ The number of unit shares will remain the same, but the value of the shares will be reduced pro-rata by the amount of money distributed from the return of capital 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 5-15 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 4.5% = \$18,510,952.***
- ✔ ***Projected value - year 10 stabilized occupancy, based on an assumed CAP rate of 4.5% = \$23,036,895.***
- ✔ *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 CEDAR MILL COURTYARD APARTMENTS investment, the estimated IRR of this project is approximately 13.92%.

(See Financial Tables on next page)

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

FINANCIAL TABLES:

Tables below represent hypothetical sales at year 3, 4, 5, & 10 of investment with Internal Rate of Return.

CEDAR MILL COURTYARD APARTMENTS IRR CALCULATIONS (10 YR MODEL)		
EQUITY %	Profit Split 50%	Units 47

SALE IRR CALCULATION	Preferred Return	Profit Split	Total Class A Cashflows
Equity investment	\$(5,100,000)		\$(5,100,000)
Year 1 (Interest only loan)	\$357,000	0	\$357,000
Year 2 (Interest only loan)	\$357,000	\$39,672	\$396,672
Year 3 (Interest only loan)	\$357,000	\$82,692	\$439,692
Year 4 (Mortgage goes fixed)	\$357,000	\$53,129	\$410,129
Year 5	\$357,000	\$71,104	\$428,104
Year 6	\$357,000	\$89,833	\$446,833
Year 7	\$357,000	\$109,348	\$466,348
Year 8	\$357,000	\$129,681	\$486,681
Year 9	\$357,000	\$150,937	\$507,866
Year 10	\$357,000	\$9,757,882	\$10,114,882
IRR	7%	6.19%	13.19%

SALE IRR CALCULATION	Year 5	Year 6	Year 7	Year 10
Equity investment	\$(5,100,000)	\$(5,100,000)	\$(5,100,000)	\$(5,100,000)
Year 1 (Interest only loan)	\$357,000	\$357,000	\$357,000	\$357,000
Year 2 (Interest only loan)	\$396,672	\$396,672	\$396,672	\$396,672
Year 3 (Interest only loan)	\$439,692	\$439,692	\$439,692	\$439,692
Year 4 (Mortgage goes fixed)	\$410,129	\$410,129	\$410,129	\$410,129
Year 5	\$8,577,751	\$428,104	\$428,104	\$428,104
Year 6		\$9,048,033	\$446,833	\$446,833
Year 7			\$9,537,612	\$466,348
Year 8				\$486,681
Year 9				\$507,866
Year 10				\$10,114,882
IRR	16.5%	15.68%	15.09%	13.99%

Sale Summary	Year 5	Year 6	Year 7	Year 10
NOI	\$832,993	\$870,452	\$909,482	\$1,036,660
CAP Rate	4.50%	4.50%	4.50%	4.50%
Sale Price	\$18,510,952	\$19,343,368	\$20,210,712	\$23,036,895
Loan Payoff	\$6,201,000	\$6,080,366	\$6,080,366	\$5,554,438
Closing Costs 6%	\$1,382,214	\$1,160,602	497,039	604,724
Investor Return of Equity	\$5,100,000	\$5,100,000	\$5,100,000	\$5,100,000
Net Proceeds after Equity	\$6,099,295	\$7,002,401	\$7,942,528	\$11,000,243
50/50 Split	\$3,049,648	\$3,501,200	\$3,971,264	\$5,100,121

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 5-15 years from the time of investment. Various determining factors include the 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 current cashflows and preferred return distributions will begin upon asset acquisition. A 7% preferred return will be distributed quarterly. Quarterly reports will also be shared with 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 five (5) multifamily value-add syndication acquisitions since 2020. As well, Chris and AJ Shepard currently own 200 units in Portland and Uptown Properties manages 700 units.

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

The property is already stabilized. All we need to do is implement our value add plan by sending out rent increases and RUBS notices.

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

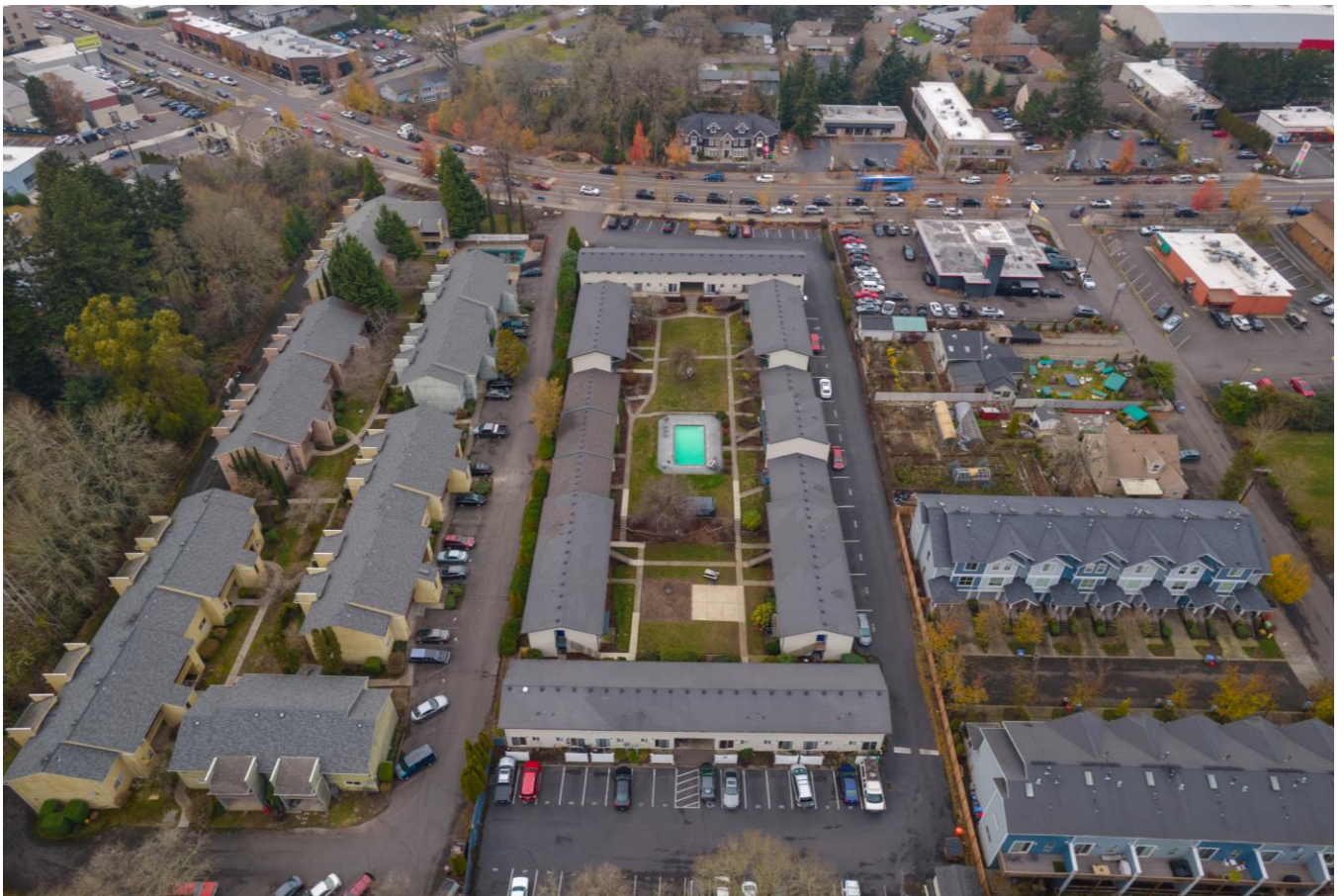
PROPERTY PHOTOS:



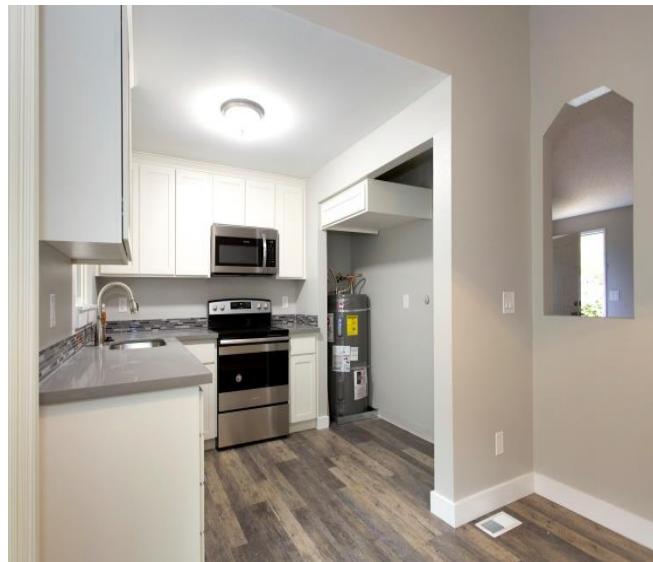
PROPERTY PHOTOS:



PROPERTY PHOTOS:



UPTOWN SYNDICATION TRACK RECORD



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

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

UPTOWN SYNDICATION TRACK RECORD



**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.

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

UPTOWN SYNDICATION TRACK RECORD



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

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

UPTOWN SYNDICATION TRACK RECORD



EXECUTIVE ARMS



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

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.

UPTOWN SYNDICATION TRACK RECORD



TAPIOLA MANOR



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

Legal Disclaimer

The following is a preliminary summary only of select terms of a proposed offering and is not intended to be an offering memorandum or a solicitation of investment. If an offering is made, investors should review the definitive Offering Memorandum to be prepared and distributed by the project sponsor prior to making an investment decision. Further, there can be no assurances as to the nature or extent of the actual returns to investors from the proposed project.