

Executive Arms Apartments

Portland, OR 97008

Investment Opportunity Highlights:

7% Cash on Cash Preferred Return

Up to 18% IRR

1,075,000 Shares Available



Apartment Syndication

The Team



AJ Shepard

- Born in Portland Oregon
 - Graduated from University of Washington with a Bachelors Of Science in **Mechanical Engineering**.
 - Masters in **Engineering Systems Management** at Texas A&M
 - **10+ Years Experience** in Contracting starting as a Project Manager at Phoenix Industrial.
 - Co-Founder of Uptown Properties managing 600+ units and owning 70+ units
- NARPM® RMP™
 - President of Portland Area NARPM Chapter
 - Board Member of the Rental Housing Association of Portland
 - Realtor™
 - Investor
 - Licensed, Bonded, and Insured General Contractor and Plumbing Contractor in Oregon.

The Team



Chris Shepard

- IREM CMP™ (Certified Property Manager)
- Licensed Principal Broker in Oregon
- Realtor™
- Investor
- Licensed, Bonded, and Insured General Contractor and Plumbing Contractor in Oregon.
- Excellent Golfer (do not bet against, will lose money)
- Born in Portland Oregon
- Graduated with a Bachelor of Science in **Business Finance** at the University of Arizona.
- Started investing in real estate in 2006.
- Successfully completed 1031 exchanges
- Personally Negotiated, Bought, and Sold over 50 properties in the past 10 years
- Co-Founded Uptown Properties and developed strategic plan for growth since 2014.

Track Record

Syndication of 21 Units – 6970 SW King acquired on April 2021.

- Successfully negotiated and closed deal with investors to purchase 21 units in Beaverton with a 247k budget for construction activities. Purchase for 3.45M and raise of 1M investor funds.



Track Record

Syndication of 12 Units – 4633 SW Huber acquired in September of 2020.

- Successfully negotiated and closed deal with investors to purchase 12 units in Portland OR with a 100k budget for construction activities. Purchase for 1.745m. 600k raise of investor funds.
- Asset had 5 vacant units when obtained. Units have been leased out and RUBS implemented on non leased units. 3 units have been updated with minor updates and one full kitchen and bath.
- Currently under construction budget and ahead of schedule for capital improvements.
- Already seen a decrease in operating expenses of 10%



The Opportunity

- ◉ Executive Arms Apartments
- ◉ 25 Unit Building – Mix of (12) 2br/1ba, (4) 1/1 and (8) 2/1.5, 1studio/1ba units in Portland
- ◉ Located in Montavilla neighborhood
- ◉ Directly adjacent to Vestal Elem. school
- ◉ With easy access to the freeway and close to Multnomah university

- ◉ Find an asset underperforming and under value
- ◉ Create a plan to have it operate under its highest and best use
- ◉ Create value through improved management techniques and upgraded living conditions.
- ◉ Implement RUBS from property owners to tenants

- ◉ Purchase price of 3.29 Million
- ◉ Initial Investment of \$1,075,000
- ◉ ~ 7% cash on cash return
- ◉ 18% IRR
- ◉ 208% ROI
- ◉ Cost Segregation to take majority of Depreciation up front



Apartment Syndication Property Details and Location

PROPERTY SPECIFICS

- 25 Units – Mix of Units
- Currently all occupied
- Garden Style Apartments with 2 levels
- Current rents are at 835-1025
- Projected New rents are 995-1495

PROPERTY BENEFITS

- Easy access to the freeway
- Great School Districts
- Close to shopping
- Directly adjacent to Vestal Elem. school
- Close to Multnomah university
- Very close to nearby grocery stores
- Some of the best restaurants in Portland are within a couple miles of this location.



Apartment Syndication Improvements and Value Add

Value Add Project \$100,000 (100k from capital over the course of 12-18 months, COVID 19 now lenders are requiring 12 months of reserves):

Major Updates

- Exterior upgrades and repairs
- Siding and Painting
- Update cabinets and kitchens
- Roof replacement
- Renovation of other units
- Update electrical and plumbing

Our plan is to impose RUBS (Rental Utility Billing System) to cause the bulk of the tenants to pay for the utilities (approximately 7-9% increase) over the course of 12 months and to use the lender reserves to do the capital projects when released.



Apartment Syndication Financial Projections Assumptions

Income Growth: 3%

Expense Growth: 2%

Vacancy: 5%

Property Management 6%

Asset Management 1%

Cap Rate on Exit: 5.75%



Apartment Syndication The Opportunity

Yearly Income Projections Current, Stabilized and Years 1-5

		Current	Stablized	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues								
Rental Income	Annual	289,980	353,640	353,640	384,249	375,177	388,432	398,025
Vacancy/Loss Rate	%	5.00%	5.00%	15.00%	8%	5.00%	5.00%	5.00%
Vacancy/Loss Value	Annual	-14,499	-17,682	-53,048	-29,140	-18,759	-19,322	-19,901
Gross Income	Annual	275,481	335,958	300,594	335,109	356,418	367,110	378,124
Expenses								
Payroll	Annual	0	0	0	0	0	0	0
Maintenance & Repairs	Annual	4,949	9,898	9,898	10,096	10,298	10,504	10,714
Contract Services - Landscaper / Sprinkler Ins	Annual	0	2,400	2,400	2,448	2,497	2,547	2,598
Turn/Make Ready	Annual	0	3,750	3,750	3,825	3,902	3,980	4,059
Advertising	Annual		0	0	0	0	0	0
Admin	Annual	0	0	0	0	0	0	0
Utilities	Annual	28,881	5,000	5,000	5,100	5,202	5,308	5,412
Mgmt Fee	%	13,774.05	5.00%	15,030	16,755	17,821	18,356	18,906
Taxes	Annual	38,597	37,695	37,695	38,448	39,217	40,002	40,802
Insurance	Annual	1,894	6,250	6,250	6,375	6,503	6,633	6,765
Lender Reserves	Annual		6,250	6,250	6,250	6,250	6,250	6,250
Asset Mgmt Fee	%		1%	3,008	3,351	3,564	3,671	3,781
Other Expenses	Annual		0	0	0	0	0	0
Total Expenses		86,095	91,400	89,278	92,649	95,253	97,247	99,287
Expenses (Incl Vacancy) as % of Gross Income		34.70%	30.80%	40.20%	33.40%	30.40%	30.20%	29.90%
Net Operating Income (NOI)		\$189,386	244,558	211,316	242,461	261,165	269,864	278,837

Projected Sale Proceeds after 5 years

		No Refi
Sale Price - NOI Yr. 5	5.25% Cap Rate	\$4,456,809
(Perm. Debt Balance - yr. end 5)		\$(2,213,275)
(Cost of Sale @ 6%)		\$(267,409)
Sale Proceeds Net of Debt and COS		\$1,976,125
	Return of Equity	\$522,609
	Net Sale Profits	\$1,453,516
	ROI	208.48%

Cash On Cash Return Calculation

Cash Flow			Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
LTV:	75.00%	NOI (Cash Available)	244,558	211,316	242,461	261,165	269,864	278,837	288,093	297,641	307,489	317,648
Interest Rate:	3.50%	Mortgage	134,161	134,161	134,161	134,161	134,161	134,161	134,161	134,161	134,161	134,161
Amortization (years)	30	Total Cash Flow	110,397	77,155	108,299	127,004	135,702	144,675	153,931	163,479	173,328	183,487
Loan term (years)	5	Cash ROI	10%	7.20%	10.10%	11.85%	12.66%	13.50%	14.36%	15.25%	16.17%	17.12%

Apartment Syndication Rental Income Detail

Current Rents:

Total: \$23,970

Current Utilities
28k per year

Unit	No. of units	Rent	Total
2br / 1.5 ba	1	1025	1025
	1	965	965
	6	1015	6090
2br / 1ba	7	975	6825
	2	925	1850
	1	950	950
	1	935	935
	1	1025	1025
	3	865	2595
1bd / 1ba	1	875	875
	1	835	835
studio	1	835	835
	25		23,970

Expenses		Current	Stabilized
Payroll	Annual	0	0
Maintenance & Repairs	Annual	4,949	9,898
Contract Services - Landscaper / Sprinkler Ins	Annual	0	2,400
Turn/Make Ready	Annual	0	3,750
Advertising	Annual		0
Admin	Annual	0	0
Utilities	Annual	28,881	5,000
Manmt Fee	%	13,774.05	5.00%
Taxes	Annual	36,597	37,895
Insurance	Annual	1,894	6,250
Lender Reserves	Annual		6,250
Asset Manmt Fee	%		1%
Other Expenses	Annual		0
Total Expenses		86,095	91,400
Expenses (Incl Vacancy) as % of Gross Income		34.70%	30.80%

- Management Fee at 5%
- Asset Management Fee at 1%
- Vacancy at 5%

Apartment Syndication Existing Conditions



Apartment Syndication Existing Conditions





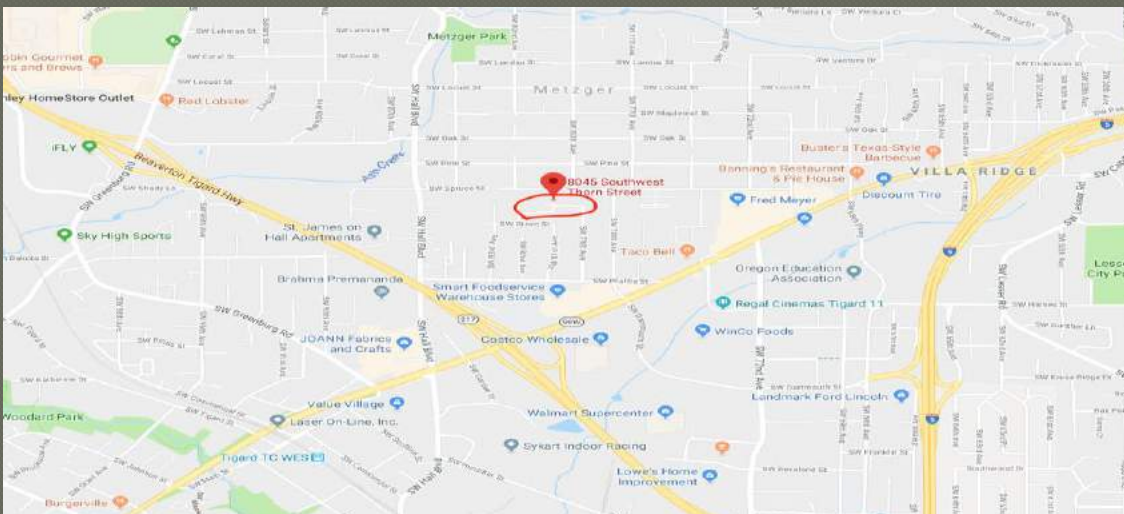
Track Record

Twenty Unit LLC Partnership

- Purchased 5 four-plexes over the course 4 years
- Used 1m line of credit to purchase and then refinance all deals sequentially.
- Over 4 years \$1.9m of cash invested. Refinance of \$1.57m capital returned.
- Guaranteed Cash on Cash Return of 7% for our Partner.
- Purchase price of plexes totaling \$3,228,500
- Current Portfolio Value - \$3,875,000
- If we sold today there would be a 650k gain with 300k payback of initial capital for a 25% Average Rate of Return
- Rent Revenue per month of \$25,665

Thorn Street Portfolio – 14 home tract purchased in 2014.

- Successfully negotiated and closed deal with an owner carried contract of \$2.5m with a purchase price of \$2.95m
- Took revenues in 2015 from \$13,000 to \$21,185 in 2019
- Tract of Homes Remains in Portfolio as a buy and hold investment and cashflows \$5,000/m



- 12225 SW Longhorn Lane:
- Purchase Price: 350k
- Construction: 140k
- Appraisal value after construction 575k.
- Rents went from 700 to 1295



- 6817 SW Oak:
- Purchase Price: 330k
- Construction: 90k
- Appraisal Value of 600k
- Duplex Rented at 2395 / 1595





<- Longhorn

Oak ->



- **Uptown Properties**

- Currently Manages over 600+ Units
- Staff of 20+ (and hiring)
- Manage 2 apartment complexes above 60 units (both with onsite managers)
- Manage owned portfolio of 80+ units

- **Uptown Construction**

- Performs maintenance and project work
- 4 employees with a huge network of subs
- Competitive rates of \$65 / hr and 15% markup on subs
- Completed over 20 projects on owned portfolio
- Completed over 2000 work orders over the course of 8 years

● Summary:

- Uptown Properties is an established property management company capable of producing quality results of management.
- Uptown Construction is an established contracting company that produces quality product available to rent at a great rate and in a timely manner
- AJ and Chris Shepard have a proven track record with many owned investments and have invested in this deal.

● FAQ

- What are other comparable MFH in the general area? What are their rents /sq ft? Can the rent bump 10-20% be absorbed by the market? - Multiple listings at 1200 for 2x1800 sq ft. Rents in current property support market rents.
- Is it in a high vacancy rate area? – Great area, low vacancy. On a street with other multi-unit properties, there are little to no vacancies within 1 mile radius
- What is current Occupancy / what is economic Vacancy? - Economic vacancy in Portland is around 3-4% which is very strong market for rentals. New units in are coming online in the 0 and 1 bd market. 2 bd room market does not have a lot of new buildings and are desirable.
- What is the asset management fee and how is it calculated – 1% of the income of the property (not including RUBS).
- What type of model, Yield play, Value add or Hybrid – This is a value add and Hybrid as the property as it comes up to market will provide a great yield
- How many people are going to be involved in the deal, how much cash is needed, what's the minimum investment. - 1,075,000 is required, Shepard's have put up 75k and minimum of 50k for each investor. We have a total of 14 investors who participated for this deal.