

Sample – Investment Summary

[Company Name]

Presents

[name of investment]

Investment Summary

[Number] Units

[City, State]

[date]

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I. Investment Summary Statement –

The purpose of this Investment Summary is to obtain an indication of interest in an investment in [REDACTED] (the "LLC"). This Summary does not constitute an offer to sell or solicitation of an offer to buy any security. An offer to sell can be made only by a Confidential Private Placement Memorandum (the "Memorandum"). Offers will only be made to accredited investors. An investment in the LLC is speculative investment subject to significant risks that are set forth in the Memorandum.

Risks: An investment in the LLC will be a speculative investment and subject to significant risks that are discussed more completely in the Memorandum. The risks include, among others, the following factors, which are not exhaustive but are merely illustrative:

- The Units will not be registered under the federal Securities Act of 1933 or under any state securities laws, and there will be restrictions on their transferability.
- The LLC will be a new business and has no operating history.
- The multi-family housing industry in the area is extremely competitive and cyclical. The LLC will be subject to competition from other apartment projects in the vicinity of the project as well as elsewhere.
- Conflicts of interest may exist between the LLC and the Managing Member and affiliates thereof.
- There can be no assurance that financing will be available for the project.

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II. Name of LLC

[REDACTED]

III. Purpose of LLC

The purpose of the LLC is to acquire and improve the property known as Winter Hills Apartments, for a long term hold of 5 to 10 years. The ultimate goal is to maximize cash flow, return the initial investment, plus a preferred return and profit to the investor.

IV. Description of Property

Winter Hills Apartments is a 278 unit, one & two-story garden-style apartment property, built in various phases starting in 1967 and located on 33 acres at 1234 South Street, Winterville, AZ. The project has the following unit mix:

UNIT TYPE	# UNITS	% OF TOTAL	SQ. FT.	TOTAL SQ. FT.	MO. RENT	TOTAL MO. RENT	RENT/SQ. FT.
STUDIO	56	20%	450	25,200	\$545	\$30,520	\$1.21
STUDIO	28	10%	500	14,000	\$600	\$16,800	\$1.20
STUDIO	4	1%	520	2,080	\$635	\$2,540	\$1.22
1BD/1BA	46	17%	560	25,760	\$695	\$31,970	\$1.24
1BD/1BA	34	12%	640	21,760	\$735	\$24,990	\$1.15
2BD/1BA	48	17%	800	38,400	\$795	\$38,160	\$0.99
2BD/1BA	40	14%	903	36,120	\$855	\$34,200	\$0.95
2BD/1BA	8	3%	1,004	8,032	\$905	\$7,240	\$0.90
3BD/2BA	12	4%	1,248	14,976	\$1,050	\$12,600	\$0.84
3BD/2BA	2	1%	1,600	3,200	\$1,425	\$2,850	\$0.89
Total/Avg.	278	100%	682	189,528	\$726	\$201,870	\$1.07

Amenities:

1. Low density (8.42 units per acre)
2. Single story units in 14 buildings
3. Private yards on single story buildings
4. Ten Floor plans
5. Washer and dryer hook-ups on select units
6. Private balconies/patios
7. Wood burning fireplaces in select units

Common area amenities:

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- Adjacent to 13 miles of hiking and biking trails
- Tennis court
- Outdoor Racquetball court
- Two laundry facilities
- Children's playground

V. **Acquisition of the Property**

[Buyer Company Name] has successfully negotiated with the Seller and the property is under contract for [REDACTED] (\$[REDACTED] per unit, \$[REDACTED] per square foot); the original listing was an un-priced offering. Closing is expected on [Date].

VI. **Due Diligence**

Due Diligence

The basis for the business plan was derived over the last 60 days through the due diligence performed by [Name of Company]. This analysis included:

- Walking all 278 units – detailing all issues of the interiors
- Review of prior 36 months financial statements
- Review of all tenant files
 - File audit was compared to rent roll to flush out inconsistencies
 - Evaluation of resident stability
- Review of all service contracts as they pertain to the operating statements
- Thorough market analysis to establish our market rents and vacancy projections
- Facilitation of outside contractors to review and bid for work on roofs, parking lot, sub-floors, tennis court, stairwells, landscaping, etc.

Through this comprehensive analysis we arrived at a mutually acceptable purchase price that will allow for successful operation of the property. In addition, we assembled a detailed business plan for maximizing investor returns through income growth and operational and capital cost savings, and accelerated depreciation based on a cost segregation analysis as outlined on the next page.

VII. **Market Overview**

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We are very excited for the opportunity to acquire one of the largest and most established apartment communities in Winterville , AZ.

Winterville is a unique community in Arizona due to its elevation of 7,500 feet and its prominence on the famous Route 66. These distinctions make the city a popular year round tourist destination. In the winter time, visitors from all over the region come to take advantage of Winterville's premier skiing facilities, and the city is a popular oasis from the Phoenix heat in the summer as visitors explore the natural beauty of the city on any number of hiking and biking trails throughout the surrounding area.

The City Planners of Winterville are very concerned with limiting the growth in the city and the community adopted a "growth ring" in 1996. This elevates the markets barrier to entry for future development, pushing real estate prices to be among the highest in the state. The median price for a single-family home in Winterville is close to \$395,000.

We believe that due to the current high cost of housing and restrictions to future construction will strengthen Winter Hills' status as an affordable alternative to home ownership. Currently the rents are among the lowest in the city and there is significant upside in income potential.

Winterville Highlights:

Population

- Winterville is the largest city in Northern Arizona boasting a population of 61,186 and has grown over 20% since 1990. That is well above the national average of 13%.
- Winterville is the trade center for Northern Arizona.
- Winterville is home to Winterville University which has a student population of over 20,000.

Employment

- The university serves as the city's major employer, along with the city, together employing over 6,000 people.
- The city's unemployment rate at 2.9% is below the national average

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- Major private employers include Winterville Medical Center, Big Firm Associates, Special Drugs distribution center, and Railroad Transportation.

Economy

- Industry magazine named Winterville as a 5-star Business Opportunity in its [date] issue, one of America's 50 hottest cities for [date].
- Winterville ranked 25th in Best Small Cities to Do Business in the Forbes May 2006 Issue.
- The Milken Institute awarded Winterville as the 13th Best Performing City in the US in creating and sustaining jobs in 2005.
- Winterville's tourism industry is vital to its economy. As the gateway to the Grand Canyon over 5,000,000 visitors come to Winterville annually, and the Winterville campus is an ideal spot for professional athletes to train year round due to its top rating as a High Altitude Sports Training Center. Winterville's retail sales grew by 17.3% in 2005/06 fueled by the thriving tourism.

Winterville Apartment Market Highlights:

- Rental growth is strong in the Winterville metropolitan area as rents rose by 6.1% in 2006, and are expected to rise steady in the coming years. Additionally, no new multifamily development is scheduled.
- Based on historical operations, the occupancy for Winter Hills is 93.3%. That is in-line with the market average.
- The median home price in Winterville has doubled over the last 5 years to \$395,000, pricing many potential buyers out of the market. The average wage needed to purchase a home in Winterville is \$118,560 in contrast to \$35,360 to rent a two bedroom apartment. As home prices continue to rise, rents and occupancies will increase due to higher demand for affordable housing.
- Additionally, the on-campus student housing costs have increased to \$620-\$872 per month, causing many students to look for an apartment off-campus.

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- Winter Hills is located within a major growth corridor along Vista Lake Road and is approximately a mile from one of the largest retail centers in the city and Winterville University.
- The market has lost over 1,000 units to condominium conversions. Additionally, there are no new apartments being constructed due to high construction costs. This has created a high demand. Because of this market rents and occupancy are projected to have steady growth.

VIII. Business Plan

a. Operational Changes

Income

- There will be very little to no cash flow in year one as we will be establishing new market rents and transferring the monthly cost of master metered utilities to the residents.
- Analysis of comparable properties indicates that currently the rents are approximately \$50 under market. Our goal in the first 24 months will be to bring all units to market rent. Thereafter we will be raising rents as market conditions permit. We have conservatively estimated these at 3-4%.
- A comprehensive cost segregation analysis has been completed which will allow us to accelerate our depreciation in order to minimize the tax liabilities for the property in the first years of operation. Estimated tax deferral will be \$1.5 million in the first year.
- We will be improving landscaping and curb appeal for the property. These improvements will enable us to command higher rents and improve our overall exposure in the market.

Expenses

- Adjusted property taxes which are expected to increase due to sale.
- Operating expenses will remain steady and increase at normal annual expectations.

Capital

Our due diligence team identified approximately \$300,000 in capital improvements that will increase the property's competitive advantage in the market. Funds for the capital improvements will be included in the initial equity

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raise. All improvements are slated to be completed in the first year of ownership. Capital items include, but are not limited to:

- Landscaping improvements
- Minor parking lot repairs & slurry
- Business center and improved amenities
- Improved signage and curb appeal

b. Pro-forma Analysis

The following pro-forma analysis income and expense projections are considered an estimate based on the historical operating statements and information discovered during due diligence. Actual performance will vary based on external market conditions and actual property performance.

2007 – Estimated to be [REDACTED] % cash on cash return*
2008 – Estimated to be [REDACTED] % cash on cash return
2009 – Estimated to be [REDACTED] % cash on cash return
2010 – Estimated to be [REDACTED] % cash on cash return

Estimated returns do not include any tax benefits derived from depreciation, or appreciation in the property from value added by market conditions and the successful implementation of the business plan.

*Estimated cash on cash return based on a closing of [Date]

*See next page

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Intentionally Omitted

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IX. Exhibits

A. Property Photographs

B. Floor Plans & Site Map

C. Winterville Business News

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Exhibit A – Photographs

Sample - Investment Summary

[Include Sample Photos of
Investment Property and
Area]

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Exhibit B

Floor Plans & Site Plan

[Include floor plans here]

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[Include Map of Property]

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Exhibit C

Winterville Business News

**[Include press releases
Business articles
Etc. here]**

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X. **Conclusion**

Winter Hills Apartments is a well-maintained asset at an affordable price in a prime location to take advantage of the thriving rental market and the student housing shortage. With rents \$50 below market on average, the asset is positioned to provide solid returns as we implement market rents. Additionally, the rising cost of housing and student on-campus rents bodes well for the Winterville apartment market and the property. Rents rose 6.1% in 2006 and are expected to continue rising steady. We believe these dynamics bode well for the long term.

For further information regarding this investment opportunity please contact:

[NAME]