

## Millennium Pointe Apartments Overview

A complete project plan has been designed by the Management Team and will be implemented prior to the actual closing. A purchase price of \$2,150,000 was negotiated for this property. It will be financed with a bridge loan of \$1,300,000 and equity partnership for the remaining \$1.543 million which totals the all-in cost of \$2.843 million (purchase price + rehab + fees, costs and contingencies).

### ***Ownership Specifics***

- The equity partners will receive a 70% ownership in the property during a 12 – 18 month stabilization estimated time frame;
- After stabilization has been reached, the property will be refinanced within 3 to 6 months;
- Once the refinance is complete, the equity investors will get back 85% or more of their original investment (100% is the target);
- Managing Partners equity increases from 30% to 40% after performance has been achieved;
- After the refinance, equity investment ownership interest then changes from 70% to 60%
- The refinance will involve obtaining a new loan for approx. 53% of the estimated \$5.4 million value
- Following the refinance, all investors will be paid out (85% or greater) of their original investment

The project plan is summarized below:

#### *Phase 1*

- Immediately upon closing, an intense effort will begin to start the rehab schedule and begin promotion and advertising for the lease-up
- New tenants will be detoured from our current property, Timber Park, located only a few blocks away on a very busy street to Millennium Pointe in order to increase occupancy very quickly
- Tenant profile will be upgraded by evicting problem tenants and marketing for stable and reliable tenants
- Highest priority will be to convert the property into a family oriented venue

#### *Phase 2*

- Begin the refinance process within two months after qualified (3 consecutive months of 90% or better occupancy qualifies property to begin refinance)
- Return investors money and continue operations and occupancy with a target of 95% occupancy.

#### *Phase 3*

- Hold property for 7 years for cash flow while simultaneously marketing at retail price

### ***Fundamental Details of the Project***

- Property will be held in a Limited Partnership with 99.9% ownership
- Property will be managed by an LLC with .01% ownership
- Managing Partners (also Limited Partners) will get 30% interest before refinance and 40% after refinance