

THE SYDNEY APARTMENTS

A DISTRESSED / VALUE-ADD MULTI-FAMILY INVESTMENT

30 Apartment Units
\$1,380,000 Acquisition Price - \$46,000 per unit

44.04% ANNUALIZED RETURN
12 MONTH TURN AROUND



Offering Summary



Anaconda Capital Group LLC

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■ OFFERING SUMMARY

Multi Family Investment Opportunity

Dear Investor

Anaconda Capital Group, via ACG-Sydney, LLP, and working in conjunction with Valley Income Properties, Inc., is very pleased to present The Sydney Apartments, a distressed, value-add Multi-Family real estate opportunity in the greater Phoenix marketplace. This offering presents a very unique opportunity to acquire a well located, mid-cap multi-family property, with substantial value-add upside. The property is being acquired for the rock bottom price of \$1,380,000 (\$46,000 per unit or \$62.19 per sf) a substantial discount to the nearest competitor, and roughly 20% below its "as-is" value. Adjacent property, the Brisbane, is an identical 30 unit property, in need of remodeling, offered for \$1,850,000.

The property, which is currently 93% occupied, will see a mid-level remodel, mostly to the exterior of the property, and will be repositioned within the market at its full rent potential. Once the property has established stabilized financials, roughly 9 -12 months from commencement, Anaconda Capital will look to exit the property at full market value. Exit is expected to be 12 - 16 months from close of escrow.

Anaconda Capital will execute the Partnership Agreement, post the remodel and carrying costs to the Project Account, and take over operational control of the property, no later than 12/31,2015. Deadline for receipt of Investor funds is 12/1/2015.

With proper attention to re- positioning and re-branding, and with a competent management plan, this investment offers tremendous upside potential over a relatively short investment horizon.

We appreciate the opportunity to put forth our vision for this property, and welcome any questions or comments you may have. Please call or email at your leisure.

Sincerely,

Jeffery E. Hanrath, Mike Calkins

Members, Anaconda Capital Group, LLC

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■ INVESTMENT HIGHLIGHTS

Property Type & Size:	Mid Cap Multi Family, 30 Units
Location:	Phoenix, Arizona
Year Built / Age:	1970
Unit Mix:	(2) 3 bedroom (8) 2 bedrooms, (20) 1 bedroom
Current Occupancy:	93%
Construction:	Two level, block construction
Roofs:	Pitched asphalt shingle - New in last 36 months
HVAC:	Chiller System - to be demo'd, install 30 separate HVAC
Utilities:	Common. All To be separately metered
Type:	Garden style, with private courtyard, covered parking, on-site laundry and separate storage
Electrical Wiring:	Copper
Plumbing:	Copper and galvanized
Current Market Value vs. Current Acquisition Price	\$1,750,000 / \$1,380,000
Remodel and Carrying Costs	Remodel Costs \$300,000. Carrying costs \$55,000
Estimated "As Repaired" Value vs. All in Cost	2,250,000 / \$1,735,000
Proposed Financing	\$1,185,000. 75% Acquisition, 50% remodel. short term, 10% 18 month term
Total Equity Raise:	\$550,000.
Remodel Plan:	Full exterior and partial interior remodel. Remove chiller, install 30 HVAC, separate electric meters.
Goal:	Remodel the property, reestablish stabilized operating books, and exit the property at full market value.
Investment Hold Time:	Target exit of 12 - 16 months.
Estimated Net Equity Gain - After Sales Costs	\$407,500 on \$550,000 investment (74.09%)

THE OPPORTUNITY

Sydney Apartments is an attractive 30 unit garden-style community located in East Phoenix just a few blocks south of the dynamic Camelback Corridor (consisting of 6 million square feet of office space and 4 million square feet of retail space). The community benefits greatly from being within walking distance of 2 major rent drivers which are the Monte Vista Elementary School and Desert Palms Shopping Center. This neighborhood retail center includes a Wal-Mart, Home Depot, Harkins Theatres and several shops and restaurants providing residents with employment, shopping and entertainment venues all within walking distance of the community.

Sydney offers a balance unit mix of one, two, and three bedroom floor plans for residents to choose from. The small one bedrooms are 530 square feet, the large one bedrooms are 675 square feet, the two bedrooms are 870 square feet and the three bedrooms are 1,170 square feet. Residents enjoy a welcoming courtyard featuring mature palm trees, a large grass area with outdoor barbecue and sundeck, along with a pool providing an oasis for the residents to enjoy. Additional amenities for the residents are covered parking and a laundry facility. The property is currently 90% occupied with below market rents. There is upside in the rents of \$50-\$100 through upgrades to the property which will increase cash flow and value for the property.

PROPERTY DETAIL

Sydney Apartments		UNIT TYPE	NO. OF UNITS	SQUARE FEET	PROFORMA MARKET RENT/MONTH	PROFORMA MARKET RENT/SQUARE FOOT
ADDRESS:	3031 N. 36th Street Phoenix, AZ 85018	1 BED / 1 BATH	8	530	\$550	\$1.04
COUNTY:	Maricopa	1 BED / 1 BATH	12	675	\$575	\$0.85
YEAR BUILT:	1970	2 BED / 1 BATH	8	870	\$675	\$0.78
NUMBER OF UNITS:	30	3 BED / 2 BATH	2	1,170	\$900	\$0.77
NUMBER OF BUILDINGS:	2	TOTAL / AVG.	30	721	\$617	\$0.85
NUMBER OF STORIES:	2	MECHANICAL SYSTEMS / METERING		COMMON AREA AMENITIES		
RENTABLE AREA:	21,640 square feet	ELECTRICITY:	Master Metered, Owner Paid		<ul style="list-style-type: none"> • LAUNDRY FACILITIES • POOL AND SUNDECK 	
AVERAGE UNIT SIZE:	721 square feet	WATER/SEWER:	Owner Paid			
LAND AREA:	0.92 acres	TRASH DISPOSAL:	Owner paid			
		CONSTRUCTION FEATURES				
		<ul style="list-style-type: none"> • Block with Stucco • Pitched Roofs 				

SOURCE AND USE OF CAPITAL

Property will be secured with a 75% LTV, short term loan, with interest estimated at 10%, due and payable 18 months from close of escrow. Management will pre pay the first 3 months mortgage payments, enough time to complete the remodel. Anaconda Capital will raise \$550,000 total equity for the acquisition and repositioning, carrying costs, and disposition of the property. Anaconda Capital is offering 11 Partnership Units at \$50,000 each.

DESCRIPTION	SOURCE	USE
11 Ownership Units at \$50,000 each	\$ 550,000	
Lender Renovation Reserve	\$ 150,000	
Mortgage Carry - 3 Months		\$ 29,625
Demo Chiller - Install 30 separate HVAC		\$ 75,000
Install 30 Individual Electric Meters		\$ 60,000
Exterior Improvements: Asphalt, fencing, landscape, paint		\$100,000
Interior Improvements		\$ 75,000
Contingency		\$ 15,375
Down Payment		\$345,000
NOTE: Will have full rent income at disposal as well		
TOTAL	\$ 700,000	\$ 700,000

TRANSACTION STRUCTURE

Ownership Structure:	Arizona LLLP (Limited Liability Limited Partnership)
General Partner:	Anaconda Capital Group, LLC
Limited Partners:	Individual Investors
Legal Council:	Gene Kadish, Tempe, AZ
Accounting Council:	Vincent Murietta, Phoenix AZ
Estimated Term of Hold:	12 - 16 months
Preferred Return to Investors:	7% annual, paid quarterly, beginning 7 months from commencement
Hurdle Rate to Investors:	Not Applicable
Profit Split:	50% to G.P. 50% to L.P.'s Investors to realize a minimum 18% IRR. In the event IIR falls short of the 18% target, profit split shall be increased to 60% LP's and 40% LP's.

PROJECTED AFTER REMODEL INCOME AND EXPENSE

<u>UNITS</u>	<u>TYPE</u>	<u>SQU. FT.</u>	<u>MO RENT</u>	<u>RUBS</u>	<u>TOT</u>	<u>MO TOT</u>
(2)	3 / 1	1,170	\$865	\$35	\$ 900	\$1,800
(8)	2 / 1	870	\$745	\$30	\$ 775	\$6,200
(12)	1 / 1	675	\$625	\$25	\$ 650	\$7,800
(8)	1 / 1	530	\$585	\$20	\$ 605	\$4,840

TOTAL ANNUAL RENTAL & RUBS INCOME:	\$ 247,680
LESS VACANCY (7.5%)	(\$ 18,576)
GROSS RENTAL & RUBS INCOME:	\$ 229,104
PLUS LAUNDRY AND MISC INCOME:	\$ 12,000
GROSS ESTIMATED INCOME:	\$ 241,104
LESS OPERATING EXPENSES @ \$4.25/SF	(\$94,294)
NET OPERATING INCOME:	\$ 146,810
VALUATION AT 6.5% CAP RATE:	\$2,258,615

PROJECTED RETURNS

Investors are to receive a preferred rate of 7% annual, paid quarterly from operating income and/or reserves, beginning the 7th month from commencement.

With the sale of the property, at month 16 or sooner, and distribution of profits, the total projected return to the investors is expected to be 44.04%. This equates to 37.04% from share of net profits, and 7.0% from cash flow disbursements.

DESCRIPTION	ITEM
Total ACG-Sidney LLLP Equity	\$ 550,000
Expected Total <u>Net</u> Profits from Sale	\$ 407,500
Investor Share of Profits - After management's 30% split	\$ 203,750
Plus Preferred Interest Rate (7%)	\$ 38,500
Total Cash Return to Investor	\$ 242,250
Total Return on Investment	44.04%
Annualized Return on Investment based on 12 month model	44.04%

■ SUMMARY

Structurally Sound Multi-Family Property

Offering a tremendous upside value

The offering allows potential investors to participate in well located, structurally sound multi-family property, at a price that is a drastic discount to its current “as-is” market



value, and wildly below its full market potential. The property offers tremendous upside value in a relatively short time horizon and in a one of the most dynamic and rapidly expanding submarket in metro Phoenix. .

Investors will benefit from the experience of the management team, which brings 50+ years’ experience, and has dozens of profitable projects on its resume. With projected annualized

returns exceeding 35%, this project offers superior profitability with limited exposure and risk.

■ CONTACT US

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