

# NORTHVIEW MANOR APARTMENTS



**ACG**

**Anaconda Capital Group** LLC

PRELIMINARY OFFERING SUMMARY

A DISTRESSED / VALUE-ADD MULTI-FAMILY INVESTMENT



# OFFER SUMMARY

## Dear Investor,

Anaconda Capital Group, working in conjunction with Valley Income Properties, Inc., is very pleased to present The PRELIMINARY INVESTMENT SUMMARY for the Northview Apartment Homes, a moderately distressed, value-add Multi-Family real estate opportunity in an excellent North Phoenix neighborhood. Just blocks from the I-17 corridor, with easy access to the entire Valley, Northview offers residents a supremely serene, very low density living environment. This offering presents a very unique opportunity to acquire a very well located, mid-cap multi-family property, with substantial value-add upside. The property will be acquired through a combination of private financing and partnership equity sufficient for both acquisition and remodeling budgets.

The purchase consists of 16 “multi-family” units, 10 of which are single level block constructed houses with attached covered parking and private backyards, all situated on 1.58 acres of lushly irrigated land. The property, which is being acquired for only \$70.86 per square foot, or \$59,687 per unit, and will see a moderate remodel of both interior and exterior, all mechanicals, and a rebranding of the community. Sales potential at completion should approach \$1,550,000.

Please note that this is a PRELIMINARY snapshot of the investment, is intended to allow potential partners to get out front of the deal, and is subject to modifications prior to the final offering.

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

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# PROJECTED RETURNS



Investors are to receive a preferred rate of 7.0% annual, paid quarterly from operating income and/or reserves, with initial payment commencing 6 months from acquisition date.

Expected Sales value for the remodeled property is expected to be \$1,550,000.

With the sale of the property expected to be complete no later than month 14, the total projected return to the investors is expected to be 44.44%, and annualized returns are expected to be 38.06%

DESCRIPTION	ITEM
Total Investor Equity	\$375,000
Expected Total <i>Net</i> Profits from Sale	\$1,472,500
Less Acquisition, Redec, and Carrying Costs	(\$1,215,000)
Net Profits After Sale	\$257,500
Less Disbursement Fee	(\$31,000)
Investor Share of Profits (60%)	\$135,900
Plus Preferred Interest Rate (7%)	\$30,625
Total Cash Return to Investor	\$166,525
Total Return on Investment	44.44%
Annualized Return on Investment (18 months)	38.06%

# INVESTMENT HIGHLIGHTS

## PROPERTY HIGHLIGHTS

Property Type & Size	Mid Cap Multi Family, 16 Units
Location	7732 N. 27th Avenue, Phoenix, Arizona
Year Built / Age	1958 & 1974
Unit Mix	(1) 3 Bed 1 Bath, (1) 2 Bed 2 Bath, (12) 2 Bed 1 Bath, (2) Studio
Current Occupancy	100%, Most on month to month tenancies
Construction	Single level, block construction
Roofs	Pitched foam
HVAC	Separate HVAC units
Utilities	All separate except water & sewer
Type	Garden Style, with private large courtyard, circular drive, covered parking, en-suite laundry, and private storage
Electrical Wiring	Copper
Plumbing	Copper and galvanized

## INVESTOR HIGHLIGHTS

Current Market Value / Purchase Price	Purchase Price negotiated to \$955,000
Remodel and Carrying Costs	\$250,000 or \$15,625 per Unit
Estimated "As Repaired" Value	\$1,550,000
Proposed Financing	± 70% Acquisition 70% Remodeling, Private Financing
Total Equity Raise	\$375,000
Remodel Plan	Moderate interior and exterior improvements
Estimated Time to Completion	14 Months
Investor Split	60% to Investors, 40% to General partner
Preferred Rate to Investors	7.0%, 1 <sup>st</sup> Payment 6 Months from COE, Quarterly Thereafter
General Partner Acquisition Fee / Management Fee	\$0.00 / \$0.00
General Partner Disposition Fee	2.0% of Sales Price upon Disposition
Investor Return	38.06% Annual Return over 18 Month Term



# TRANSACTION STRUCTURE

Ownership Structure	Arizona LLLP (Limited Liability Limited Partnership)
Expected Entity Name	ACG - NVM, LLLP Subject to Attorney Review and Input
General Partner	Anaconda Capital Group, LLC
Limited Partners	Individual Investors
Legal Council	Gene Kadish, Tempe, AZ
Accounting Council	Vincent Murietta, Phoenix, AZ
Expected Term of Hold	14-18 Months
Preferred Return to Investors	7% Annual, Paid Quarterly
Hurdle Rate to Investors	Investors to Receive a Minimum Return of 7% Prior to Distribution of Profits
Profit Split	40% to Management, 60% to Investors, AFTER 7% HURDLE RATE TO INVESTORS



# STABILIZED BUDGET

ITEM	MONTHLY	ANNUAL	COMMENTS
<b>INCOME</b>			
Rents			
Rental Income	\$13,380.00	\$160,560.00	
RUBS	\$480.00	\$5,760.00	
Rental Tax	\$267.60	\$3,211.20	
Misc Income	\$200.00	\$2,400.00	
Pet Rental Income	\$100.00	\$1,200.00	
<b>Total Rents</b>	<b>\$14,427.60</b>	<b>\$173,131.20</b>	
Concessions	\$250.00	\$3,000.00	Site Manager - Duties per separate agreement
Loss/Gain to Market	\$-	\$-	
Vacancy - Physical	\$865.66	\$10,387.87	6.00%
Vacancy - Financial	\$133.80	\$1,605.60	1.00%
	\$1,249.46	\$14,993.47	
<b>Net Income</b>	<b>\$13,178.14</b>	<b>\$158,137.73</b>	
<b>EXPENSES</b>			
Administrative Expenses	\$125.00	\$1,500.00	
Advertising & Promotion	\$50.00	\$600.00	
Contracting Expenses	\$500.00	\$6,000.00	
Maintenance Expenses	\$450.00	\$5,400.00	
Management - Offsite	\$550.00	\$6,600.00	
Redecorating Expenses	\$250.00	\$3,000.00	
Real Estate Tax & Insurance	\$750.00	\$9,000.00	
Salary Expenses	\$1,400.00	\$16,800.00	
Utility Expenses	\$725.00	\$8,700.00	
<b>Total Operating Expenses</b>	<b>\$4,800.00</b>	<b>\$57,600.00</b>	
<b>Net Operating Income</b>	<b>\$8,378.14</b>	<b>\$100,537.73</b>	

OPERATING EXPENSES PER UNIT	\$3,600.00
OPERATING EXPENSES PER SF	\$4.27
OPERATING EXP % OR GROSS RENTS	\$0.36

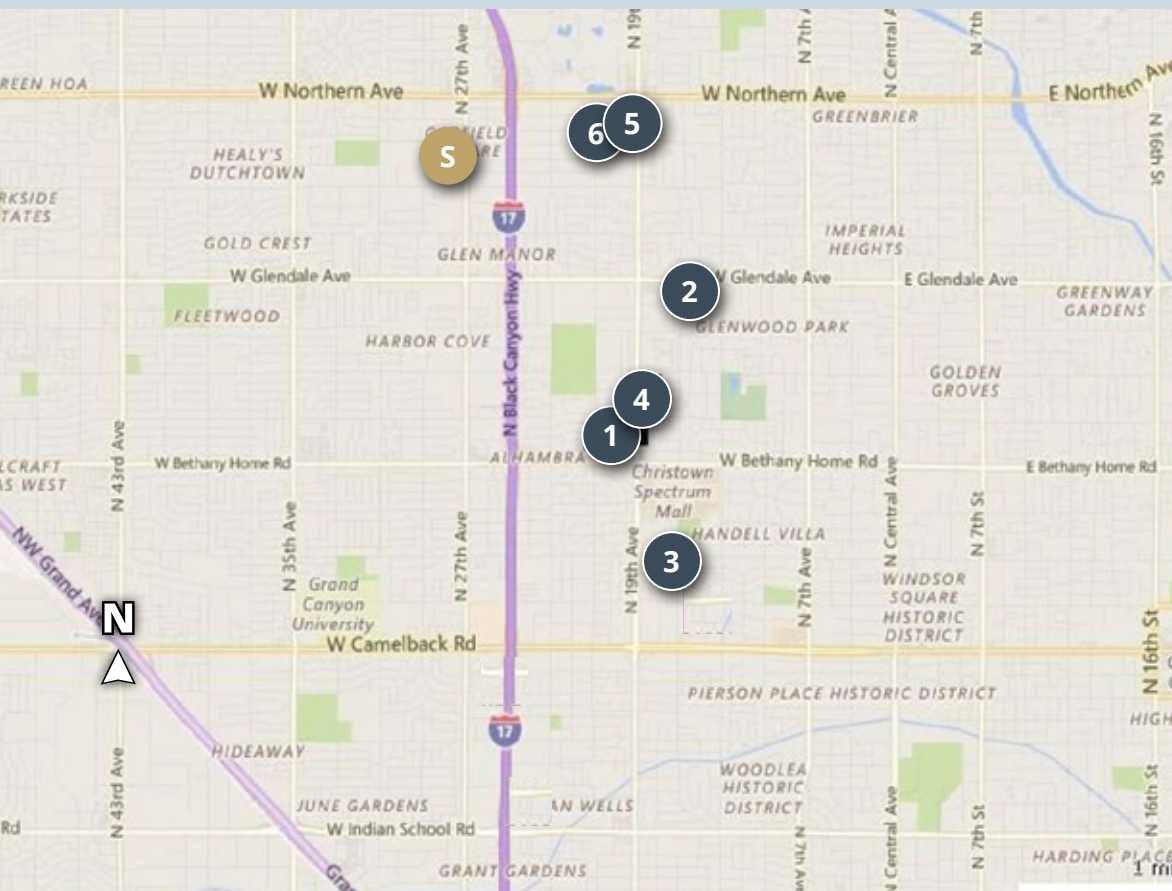
UNIT MIX AND RENTAL RATES	#	SQ FT	RENT	RENT/SF	RUBS	TOTAL
3 Bed 1 Bath + Den	1	1,232	\$995.00	\$0.81	\$50.00	\$1,045.00
2 Bed 2 Bath	1	925	\$895.00	\$0.97	\$40.00	\$935.00
2 Bed 1 Bath	8	925	\$885.00	\$0.96	\$40.00	\$925.00
2 Bed 1 Bath	4	825	\$865.00	\$1.05	\$40.00	\$905.00
Studio	2	280	\$475.00	\$1.70	\$-	\$475.00
<b>TOTALS</b>	<b>16</b>	<b>13,477</b>	<b>\$13,380.00</b>	<b>\$0.99</b>	<b>\$480.00</b>	<b>\$13,860.00</b>





# UNRENOVATED COMPARABLE SALES

	APARTMENT NAME	CITY	UNITS	PRICE	\$/UNIT	\$/SQ. FT.	YOC	SALE DATE
<b>S</b>	<b>Northview Manor</b>	<b>Phoenix</b>	<b>16</b>	<b>\$955,000</b>	<b>\$59,688</b>	<b>\$70.86</b>	<b>1958-1974</b>	<b>TBD</b>
1	Pasadena Palms	Phoenix	14	\$1,025,000	\$73,214	\$116.48	1982	10/28/2016
2	Berridge 14	Phoenix	14	\$945,000	\$67,500	\$86.62	1959	9/21/2016
3	Silver Oaks	Phoenix	16	\$1,050,000	\$65,625	\$78.18	1962	9/8/2016
4	Beverly Palms	Phoenix	18	\$1,305,000	\$72,500	\$87.00	1961	5/13/2016
5	Atrium Court	Phoenix	16	\$1,275,000	\$79,688	\$72.34	1963	4/14/2016
6	Hayward	Phoenix	16	\$1,150,000	\$71,875	\$100.90	1985	3/24/2016
7	Berridge 8	Phoenix	4	\$545,000	\$68,125	\$162.69	1960	2/11/2016
	Averages		26	\$1,042,143	\$74,439	\$100.00	1967	



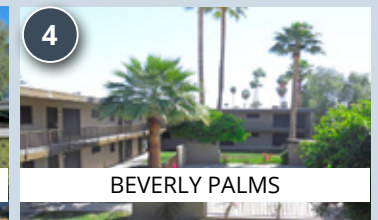
PASADENA PALMS



BERRIDGE 14



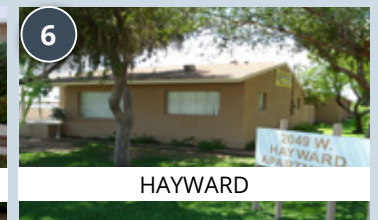
SILVER OAKS



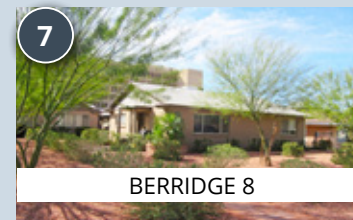
BEVERLY PALMS



ATRIUM COURT



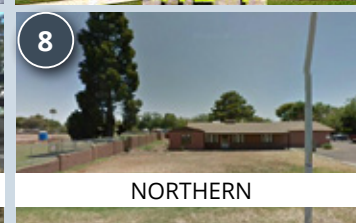
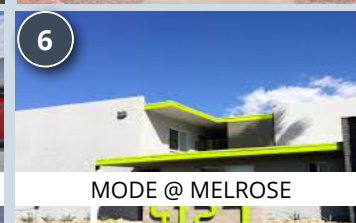
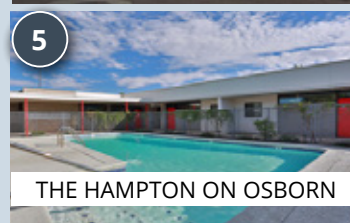
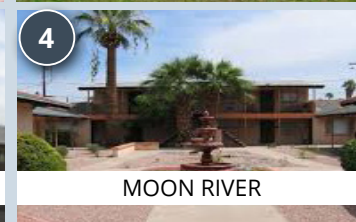
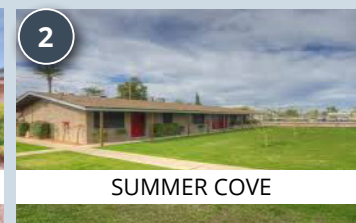
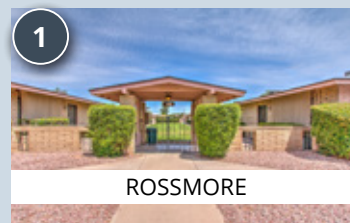
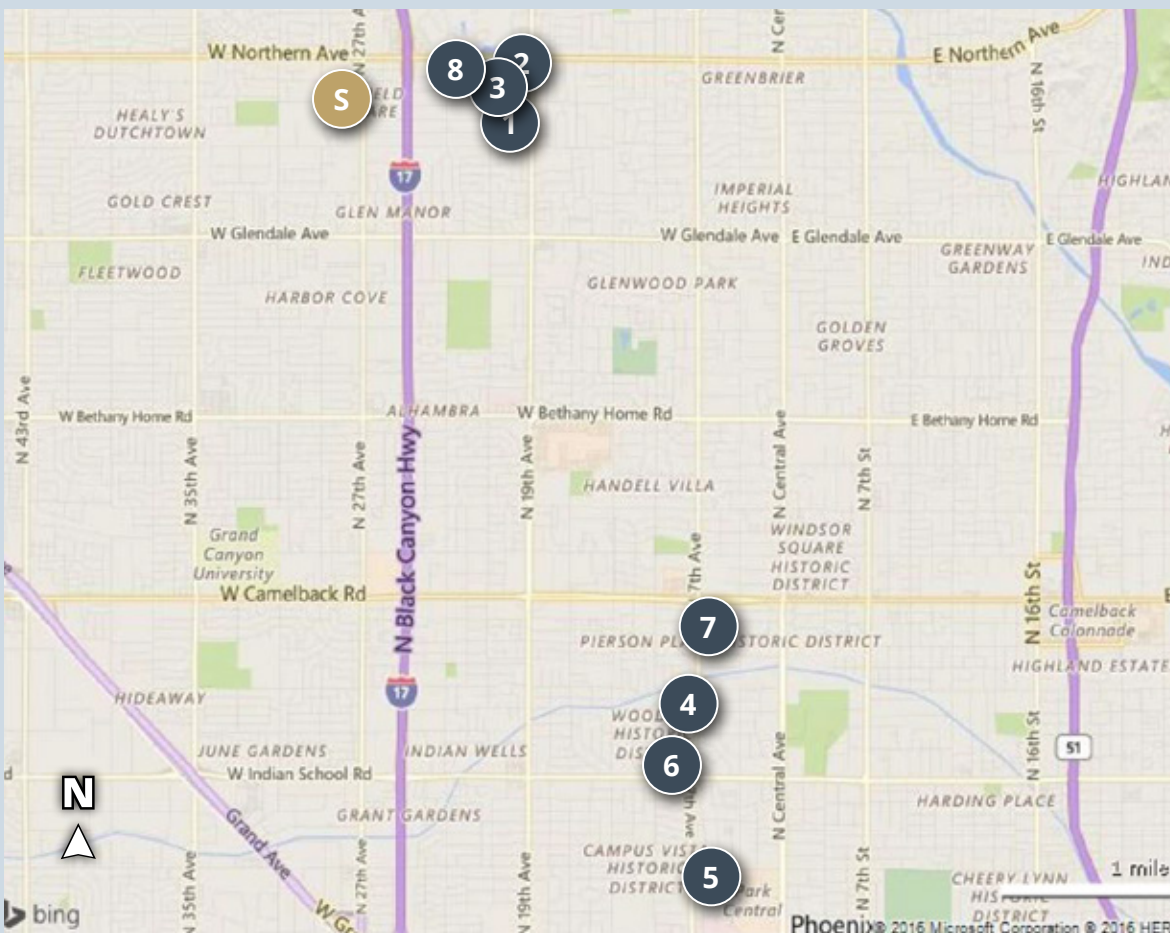
HAYWARD



BERRIDGE 8

# RENOVATED COMPARABLE SALES

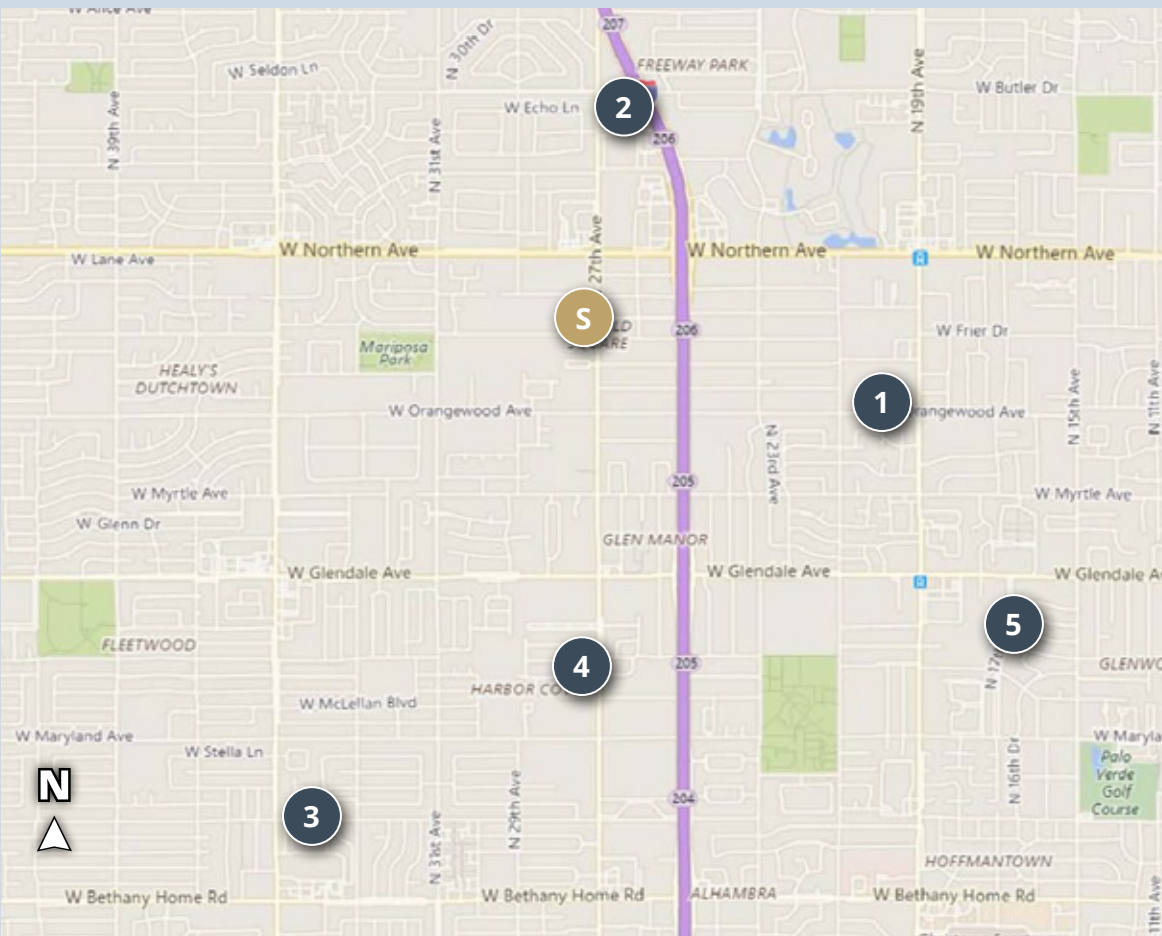
	APARTMENT NAME	CITY	UNITS	PRICE	\$/UNIT	\$/SQ. FT.	YOC	SALE DATE
<b>S</b>	<b>Northview Manor</b>	<b>Phoenix</b>	<b>16</b>	<b>\$955,000</b>	<b>\$59,688</b>	<b>\$70.86</b>	<b>1958-1974</b>	<b>TBD</b>
1	Rossmore	Phoenix	16	\$1,400,000	\$87,500	\$91.80	1969	10/21/2016
2	Summer Cove	Phoenix	20	\$1,600,000	\$80,000	\$103.90	1969	8/24/2016
3	Cottages at Hayward	Phoenix	29	\$2,375,000	\$81,897	\$97.50	1970	7/22/2016
4	Moon River	Phoenix	24	\$2,217,500	\$92,396	\$154.19	1956	6/30/2016
5	The Hampton on Osborn	Phoenix	18	\$1,950,000	\$108,333	\$161.96	1956	6/23/2016
6	Mode @ Melrose	Phoenix	12	\$1,202,500	\$109,318	\$181.48	1962	4/28/2016
7	Mode @ Pierson	Phoenix	13	\$1,850,000	\$142,308	\$177.83	1958	4/13/2016
8	Northern	Phoenix	9	\$759,500	\$84,389	\$88.45	1973	2/1/2016
	Averages		18	\$1,669,313	\$94,713	\$124.75	1964	





# RENOVATED COMPARABLE RENTS

	APARTMENT NAME	CITY	UNITS	TOTAL NRA	AVG. SQ. FT.	MARKET RENT/ MO.	MARKET RENT/ SF	OCCUPANCY
<b>S</b>	<b>Northview Manor</b>	<b>Phoenix</b>	<b>16</b>	<b>13,477</b>	<b>839</b>	<b>\$836</b>	<b>\$1.00</b>	
1	Rossmore	Phoenix	16	15,250	953	\$856	\$0.90	100%
2	Eclipse	Phoenix	75	57,750	770	\$750	\$0.98	89%
3	3420	Phoenix	28	23,200	829	\$814	\$0.98	100%
4	Garden Springs	Phoenix	32	31,360	980	\$880	\$0.90	100%
5	Level on 17	Phoenix	29	26,836	925	\$900	\$0.97	100%
	Averages		36	30,879	858	\$817	\$0.95	100%



ROSSMORE



ECLIPSE



PLAZA WEST



GARDEN SPRINGS



LEVEL ON 17

# SOURCE AND USE OF CAPITAL

Both the acquisition and remodeling of the Northview Manor will be achieved through a combination of investor equity and private 3rd party acquisition / remodel financing. It is expected that third party financing will account for roughly 70% of both acquisition costs and remodel costs, while investor equity will account for the remaining 30%. With equity requirements equaling \$375,000, Anaconda Capital will offer 5 Partnership Units at \$75,000 each.

DESCRIPTION	SOURCE	USE
5 Ownership Units at \$75,000 Each	\$375,000	
Acquisition & Remodeling Financing	\$843,500	
Acquisition Costs		\$955,000
Financing Costs		\$25,000
Interior Remodeling Costs		\$165,000
Exterior / Landscape / Re-Branding Costs		\$75,000
AC / Mechanical / Electric Utility Costs		\$0
Carrying Costs		\$0
Legal Fees		\$0
Totals	\$1,218,500	\$1,218,500





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# SUMMARY

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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 market value. The property offers tremendous upside value in a relatively short time horizon, and with a capital commitment that represents only 30% of the purchase and remodel costs.

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

STRUCTURALLY SOUND MULTI-FAMILY PROPERTY  
*OFFERING A TREMENDOUS UPSIDE VALUE*

# EXECUTIVE TEAM



## **JEFF HANRATH**

### *PRESIDENT, DB & MANAGING MEMBER*

Originally from Kenosha Wisconsin, Mr. Hanrath has been a resident of Phoenix Arizona since 1987. After a 4 year duty in the United States Marine Corps, Mr. Hanrath attended Arizona State University, where he earned a Bachelor of Science degree in Finance and Real Estate. Over the last 20+ years Mr. Hanrath put his real estate background to good use with several investment and development firms before finally founding Equity Development & Management Inc. (later Valley Income Properties, Inc.) in 1993. In a real estate career that began in 1988, Mr. Hanrath has extensive hands on experience in the brokerage, management, acquisition, disposition, syndication, and development of commercial real estate.



## **DAVID GEDEMER**

### *VICE PRESIDENT, CFO*

Dave comes to Valley Income Properties with over 15 years experience in project management and process improvement in logistics, information technology and finance. Dave's expertise centers on cost reduction and containment as well as the improvement of work processes. Dave has a Bachelors degree in finance and economics from The University of Wisconsin Madison; an International Business Certificate from Ealing College of Higher Education in London; as well as his MBA from Northern Arizona University where he graduated with honors. Dave is a longstanding member of The Honor Society of Phi Kappa Phi; the nation's oldest, largest, and most selective all-discipline honor society.



## **MICHAEL CALKINS**

### *VICE PRESIDENT, COO*

A native born Arizonan, Mike is a graduate of Arizona State University where he earned a Bachelor of Science degree in Business Marketing. Mike has been an active member of the metro Phoenix in real estate industry for over 17 years, with extensive hands on experience in the Multi Family segment including acquisitions, dispositions, syndication, rehabilitation, and management. As a multi family investor and developer himself, Mike brings an owners perspective to his management style, paying special attention to the stabilization, marketing, and continuing cost control of all portfolio properties.



# DISCLAIMERS

The financial forecasts and all projected information contained herein were internally prepared by management. No independent accountants or other outside parties have compiled, examined, or performed any procedures with respect to the company's projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability. All projections are inherently based upon the assumed outcomes of future events which necessarily are subject to substantial variance from those matters presented. Therefore these projections can not be assured. Projections should be read in conjunction with all materials related to the offering. This document does not constitute an offer to sell, nor a solicitation of an offer to buy, the securities described herein. Such an offer can be made only by means of a prospectus, offering memorandum, subscription document, or other offering documents pursuant to R14-4-139. No money or other consideration is being solicited or will be accepted in connection with this document. Sales of securities will only be made to select qualified purchasers. The securities are not registered with or approved by any state securities agency or the SEC and are offered and sold pursuant to an exemption from registration.



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