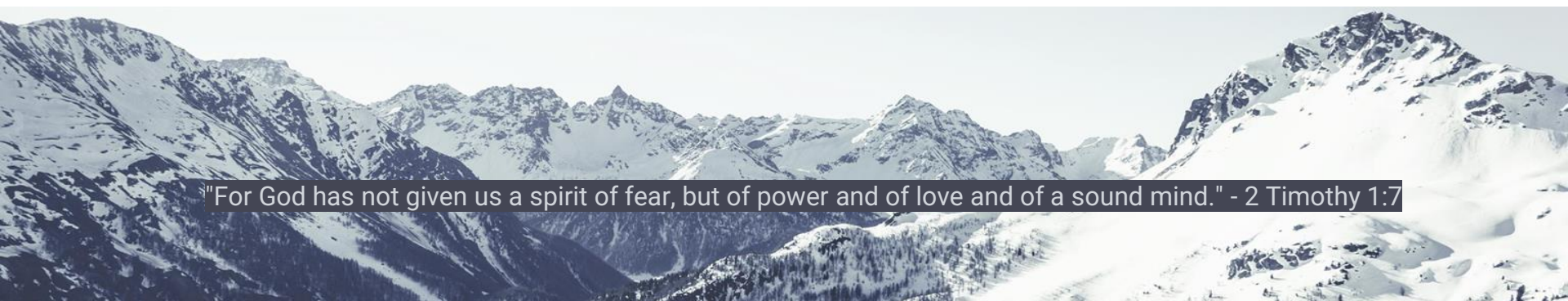


# LAZERUS PROPERTIES AND CAPITAL

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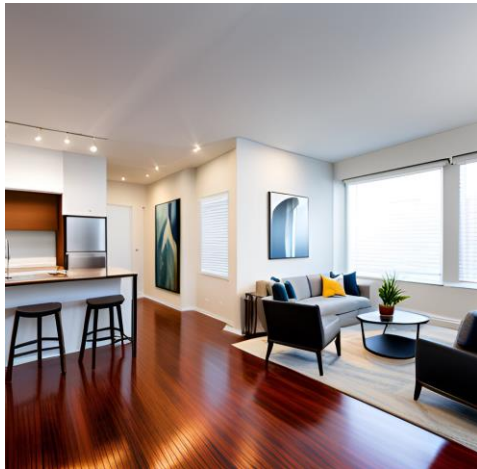
July 2023

## Confidential Investment Memorandum



"For God has not given us a spirit of fear, but of power and of love and of a sound mind." - 2 Timothy 1:7

# Fontana - Multifamily



**Multifamily**  
Fontana, CA

**18 beds / 18 baths**

**7,920 SF**

Built in 1984

**\$17,550**

Monthly Rent

| Unit Type     | Total Units    | Avg. Unit SF    | Monthly Rent    |
|---------------|----------------|-----------------|-----------------|
| 2BR-1.5BA     | 9 Units        | 880 SF          | \$1,950         |
| <b>Totals</b> | <b>9 Units</b> | <b>7,920 SF</b> | <b>\$17,550</b> |

## INVESTOR RETURNS

|                                     |                       |
|-------------------------------------|-----------------------|
| Total Investment                    | \$2,778,000           |
| Investment Timeline                 | 5-7 Years             |
| Dividend Start                      | After 12 Months       |
| Annual Dividend Paid from Cash Flow | 4.10%                 |
| Annual Property Appreciation        | <u>5.00% - 9.00%</u>  |
| <b>Annual Return</b>                | <b>9.10% - 13.10%</b> |

\*The annual return equals the dividends paid from rental income plus the average annual appreciation that is realized upon sale. Property renovations could accelerate appreciation.

\*\* Southern California residential property values and multifamily property values have increased an average of 5%-9% over the past 10-20 years. Past performance does not indicate future performance.

## DESCRIPTION

Multifamily property with 9 townhouse-style two bed / 1.5 bath units, laundry room, and 19 parking spaces. Located walking distance to the Fontana metrolink station, downtown Fontana, numerous restaurant, retail, and park locations. Substantial rent upside.

# Fontana - Multifamily

## SOURCES & USES

### Sources

|                |                     |
|----------------|---------------------|
| Cash Equity    | \$ 2,778,000        |
| Mortgage Loans | \$ -                |
| <b>Total</b>   | <b>\$ 2,778,000</b> |

### Uses

|                                  |                     |
|----------------------------------|---------------------|
| Property Purchase Price          | \$ 2,595,000        |
| Closing Costs                    | \$ 12,975           |
| Property Improvements & Reserves | \$ 170,025          |
| <b>Total</b>                     | <b>\$ 2,778,000</b> |

## CASH FLOW

## % of Total Investment

### Annual Cash Flow

|                                  |                   |                       |
|----------------------------------|-------------------|-----------------------|
| Annual Rent Less Vacancy         | \$ 202,239        | 7.28% Gross Yield     |
| Operating Expenses               | \$ -88,424        |                       |
| <b>Net Cash Flow / Dividends</b> | <b>\$ 113,815</b> | <b>4.10% Dividend</b> |

\* Rental income is anticipated to rise over the investment term, which could result in higher net cash flows or dividends.

\*\*Estimated operating expenses include property taxes, property insurance, management services, tax/audit expenses, LLC expenses, repairs and maintenance costs. Additionally, HOA fees, landscaping, utilities and mortgage payments are included when applicable.

# THE MARKET - Fontana, California



The majority of apartment supply in Fontana is workforce housing built in the 1970s and 1980s. Vacancy in the market typically trends below the Inland Empire market average, partly because of its infrequent supply additions. Supply levels have held fairly steady over the past 20 years, with developers occasionally adding projects.

Affordability is a key issue for most residents, who may be less likely to turn to single-family residences. The median household income was \$93,851 in 2021, with a low poverty level of just over 10%. This means many households although priced out of buying, are generally high-quality tenants.

A substantially lower-than-average crime rate, a strong employment base with large employers such as Amazon and Kaiser Permanente, a rich history, numerous cultural and recreational facilities all contribute to the desirability of the area. The natural draw of the area, combined with the exodus to the east from neighboring Los Angeles County, have benefited the area. Fontana has experienced some of the highest long-term rental growth rates and price appreciation in all of Southern California.

## Market Sale Price/Unit

**\$239k**

2023 Q2

## Vacancy

**2.60%**

2023 Q2

## Annual Price Growth

**8.50%**

2013-2023

## Avg. Rent (2-Bed)

**\$1,700**

2023 Q2

## Avg. Vacancy

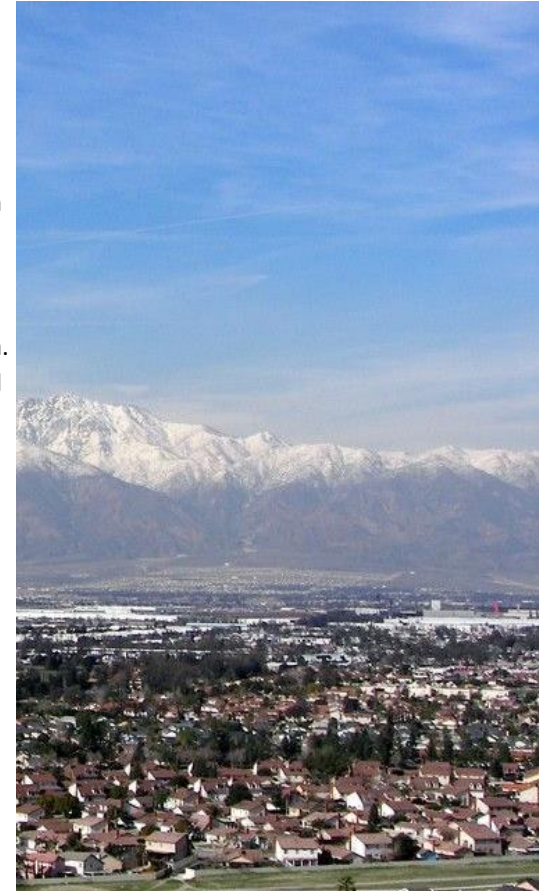
**2.90%**

2013-2019

## Annual Price Growth

**7.40%**

2013-2019



# Zero Investment Fees

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Many investment funds and platforms charge exorbitant fees regardless of the outcome of the investment. The manager often profits, while the investors lose money. We would like to change that and so have reduced our fees to zero.

We invest our own capital into every project and receive the exact same returns as investors. We do not charge any fund raising fees or capital management fees. We generally do receive standard market-rate fees for property services we perform, including property management, construction management and brokerage commissions.

## Zero Investment Fees

- Acquisition Fee - \$0
- Fundraising Fee - \$0
- Capital Management Fee - \$0
- Outsized Share of Profits - \$0

## Standard Fees for Property Services

- Property Management – 8% of rent plus lease-up fee
- Construction Management – Maximum 10% of cost of work
- Brokerage Fees – Paid by seller