



FOUR OAKS CAPITAL

INVESTMENT OFFERING

Spartanburg, SC

City View & Main St. Apartments

55 Units Combined

Purchase Price: \$4M

Total Capital Raise: \$2.1M

Projected Return: 129%

Return on Capital (ROC): 2.29x

Average Cash on Cash (CoC): 8.47%


Internal Rate of Return (IRR): 10.9%

Average Annualized Return (AAR): 16.1%

Cap Rate at Re-Sale: 6.5%

Investment Period: 8 Years





This is an investment summary provided to prospective investors and others. This information is not an offering to sell either a security or a solicitation to sell a security. At the request of a recipient, the Company will provide a private placement memorandum, subscription agreement and the Limited Liability Company Operating Agreement. The Managing Member in no way guarantees the projections contained herein. Real estate values, income, expenses and development costs are all affected by a multitude of forces outside the Managing Member's control. This investment is illiquid and only those persons that are able and willing to risk their entire investment should participate. Please consult your attorney, CPA and/or professional financial advisor regarding the suitability of an investment by you.

Investment Summary

Our partnership has identified City View & Main St. Apartments for acquisition. The assets are located in a highly desirable residential neighborhood. The properties are centrally located and provide unparalleled access to some of the major employment and educational centers throughout Spartanburg. The in-place rents at the property are some of the lowest in the market and provide an incredible value add opportunity. The business plan is to capitalize on significant operational upside and to renovate and modernize the unit interiors, exteriors, and common areas while still offering competitive rental rates below what the majority of comparable properties are advertising. Additionally we've identified operational inefficiencies and new streams of additional income within the properties that will add to the Net Operating Income. This repositioning, along with our conservative underwriting buoy our confidence in offering you this investment opportunity.

Projected Return with \$100,000 Investment

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8 - SALE	Return \$	Return %
Cumulative Average Annual Return	6%	6.41%	6.98%	7.36%	7.68%	7.96%	8.22%	16.16%		
Total Return in Investment	\$6,000	\$6,410	\$6,979	\$7,365	\$7,678	\$7,956	\$8,215	79,159	\$129,759	129.80%
Plus Return of Initial Investment									\$100,000	
Total Return									\$229,759	



OWNERSHIP STRUCTURE

The two properties would be held under two LLC's with the Investors (Limited Partners) holding 90% and the Managing Members (General Partners) holding 10%

Investment Summary

The business plan is to (i) modernize the asset through interior renovations, (ii) further improve the common areas and the exterior amenities, (iii) increase revenue by increasing rental rates and (iv) capitalize on a flexible private loan to provide maximum returns to investors while focusing on preserving capital:

- **Enhanced Unit Renovation**

- Unit interiors are sub-par compared to surrounding competition and our partnership will renovate and modernize.
- Invest approximately an average of \$7,050 Main St. and \$10,000 City View per unit on interior renovations over the next 12-24 months. With the renovations, we expect to attract better tenants and achieve considerably higher rental income.
- **CITYVIEW:** 18 "Shotgun" units (1BR + Den) will be converted to true 2BR units with corresponding rents.
- **MAIN ST:** 5) Studios will be converted to true 1BR units.

- **Exterior and Common Area Capital Improvements**

- Fully repositioning of the assets by upgrading all aspects of the property including:
 - Exterior renovations
 - Addressing deferred maintenance
 - Improving the general curb appeal
- The exterior renovations at the property are designed to help preserve the asset for many years, while providing enjoyment and a sense of community for it's residents. Projects such as painting the property, improving the landscaping, repairing damaged brick, wood, and concrete, increasing energy efficiency, improving the parking situation, and addressing deferred maintenance will ensure that these properties will be in great condition well beyond our ownership period.

- **Operational Improvement and Repositioning**

- We have selected REEDY Property Group as our property management team. REEDY will bring a modern, proven property management approach to tighten operations, and improve resident retention which will increase performance of the asset throughout the hold period.
 - REEDY manages 1,038 Units in the area with a portfolio of \$60M+ and 18 Full Time Employees
 - REEDY staff includes full-time maintenance staff and also manages a general contractor to assist with renovations and inspections.
- Along with REEDY, we have identified several areas to improve operations. Current rental rates lag behind the market by an average of nearly \$100/unit/month. We will implement moderate rental increases as leases expire, and renovate units as tenants vacate. We also aim to increase utility income – tenants currently pay a flat fee for utilities which only amounts to 50% of our utility expenses. We will also purchase card readers for the existing washers and dryers, replacing the coin-operated system, which we anticipate will increase laundry income by \$300-500 per month.

Investment Summary (continued)

- **Private Loan Providing Maximum Flexibility**

- We anticipate at least a 75% LTC (Loan to Cost) initial loans from a private lender with a 10-year fixed interest rate. We will get a separate loan for each property with similar rates and terms. We also anticipate 36 months of interest-only payments on Cityview and 12 months on Main St. This loan structure will allow for higher cash flow during the renovation period while protecting investors from future increases in interest rates.
- As we increase the NOI over the first 2 to 3 years, we will also explore refinancing or taking supplemental debt (2nd mortgage) to return a portion of the investor's initial capital. We will weigh the options based off of the market value and prevailing interest rates and only do so if we can return more than 50% of our investors' capital.
- While we have a 10 year term on the loan, disposition has been modeled at year 8 to maximize investor returns while offering an extended time frame if the market conditions at the time are not favorable.

- **Exit Strategy**

- We will seek a disposition in approximately 8 years, though if market conditions are favorable to an early exit, we will consider selling after 5 years.
- Targeted goals of disposition are an investor IRR and equity multiple of 16.0% and 2.3x respectively.

LIVING IN
SPARTANBURG



Economy Overview

309,697

Population (2018)

Population **grew by 19,041** over the last 5 years and is projected to **grow by 14,451** over the next 5 years.

151,590

Jobs (2018)

Jobs **grew by 19,242** over the last 5 years and are projected to **grow by 12,016** over the next 5 years.

\$45.2K

Median Household Income (2016)

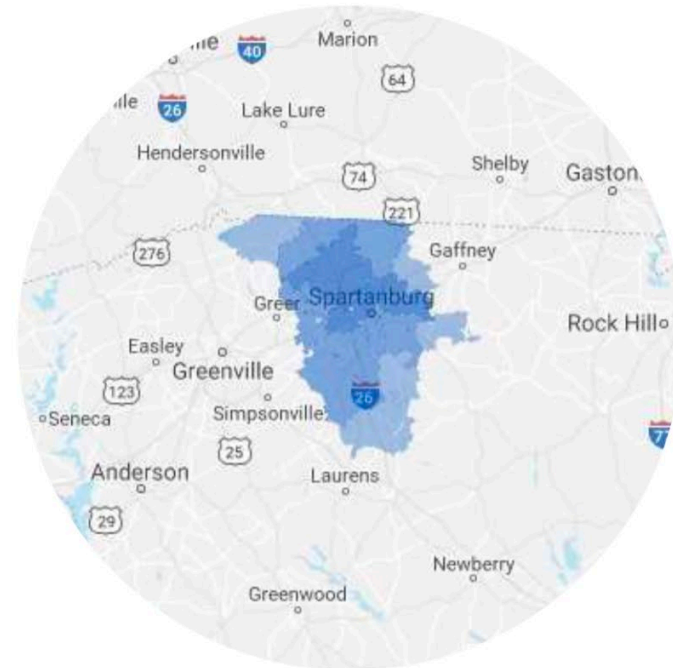
Median household income is **\$10.1K below** the national median household income of \$55.3K.

As of 2018 the region's population **increased by 6.6%** since 2013, growing by 19,041. Population is expected to **increase by 4.7%** between 2018 and 2023, adding 14,451.

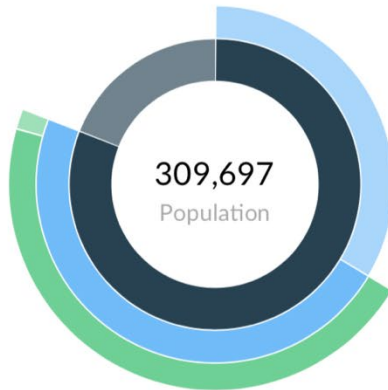
From 2013 to 2018, jobs **increased by 14.5%** in Spartanburg County, SC from 132,348 to **151,590**. This change **outpaced the national growth rate of 7.4%** by **7.1%**. As the number of jobs increased, the **labor force participation rate increased from 58.2% to 58.6% between 2013 and 2018**.

Concerning educational attainment, **14.1% of Spartanburg County, SC residents possess a Bachelor's Degree** (4.5% below the national average), and **9.8% hold an Associate's Degree** (1.8% above the national average).

The top three industries in 2018 are Education and Hospitals (Local Government), Restaurants and Other Eating Places, and Motor Vehicle Manufacturing.



2018 Labor Force Breakdown



	Population
● Total Working Age Population	250,477
● Not in Labor Force (15+)	103,773
● Labor Force	146,704
● Employed	141,748
● Unemployed	4,956
● Under 15	59,220

Educational Attainment

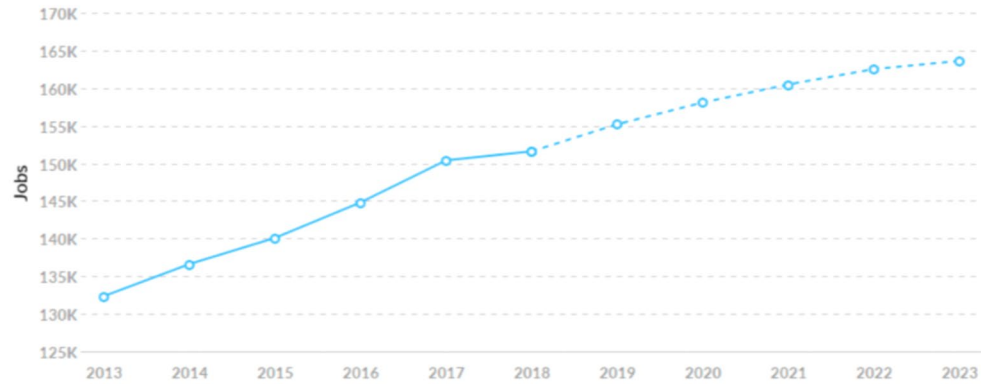
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	% of Population	Population
● Less Than 9th Grade	7.6%	16,030
● 9th Grade to 12th Grade	10.0%	21,088
● High School Diploma	30.5%	64,065
● Some College	20.2%	42,329
● Associate's Degree	9.8%	20,571
● Bachelor's Degree	14.1%	29,705
● Graduate Degree and Higher	7.7%	16,181

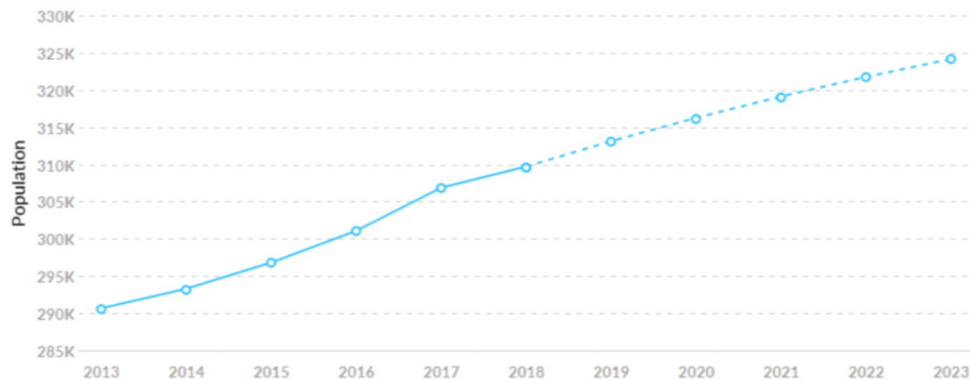
Job Trends

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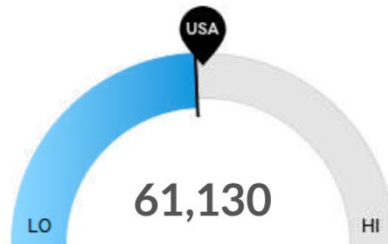


Population Trends

As of 2018 the region's population increased by 6.6% since 2013, growing by 19,041. Population is expected to increase by 4.7% between 2018 and 2023, adding 14,451.



Population Characteristics



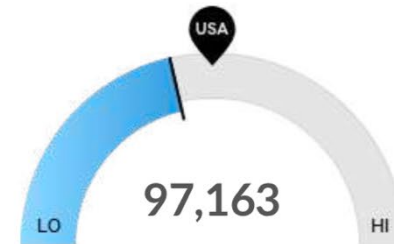
Millennials

Spartanburg County, SC has 61,130 millennials (ages 20-34). The national average for an area this size is 63,554.



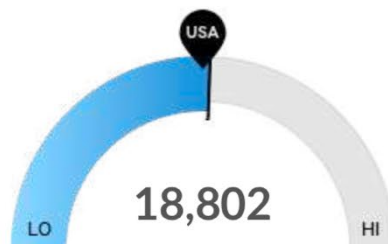
Retiring Soon

Retirement risk is about average in Spartanburg County, SC. The national average for an area this size is 87,477 people 55 or older, while there are 88,098 here.



Racial Diversity

Racial diversity is low in Spartanburg County, SC. The national average for an area this size is 120,508 racially diverse people, while there are 97,163 here.



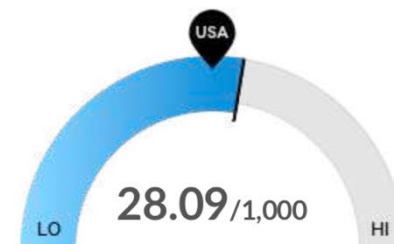
Veterans

Spartanburg County, SC has 18,802 veterans. The national average for an area this size is 18,186.



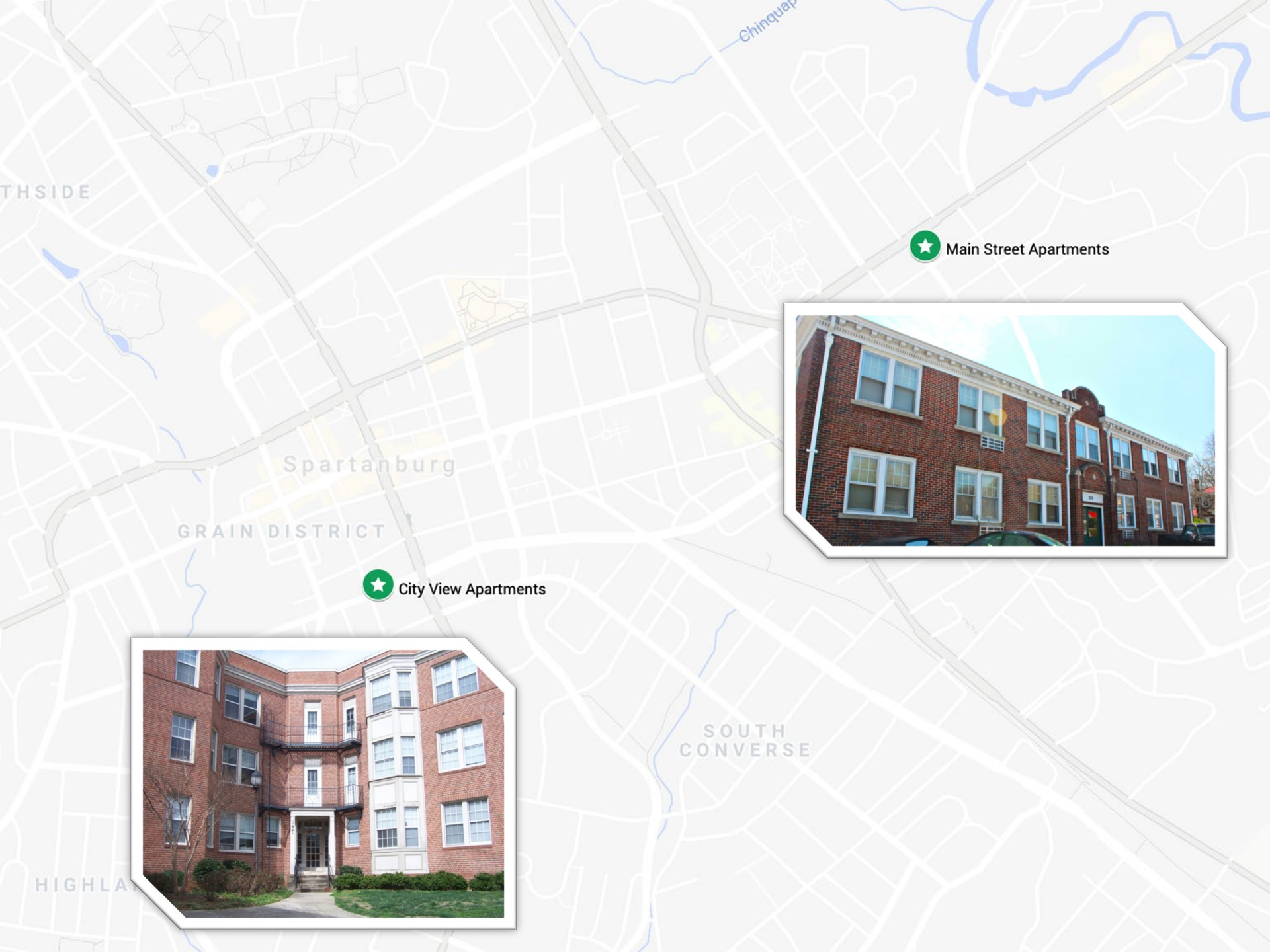
Violent Crime

Spartanburg County, SC has 3.86 violent crimes per 1,000 people. The national rate is 3.75 per 1,000 people.



Property Crime

Spartanburg County, SC has 28.09 property crimes per 1,000 people. The national rate is 24.21 per 1,000 people.

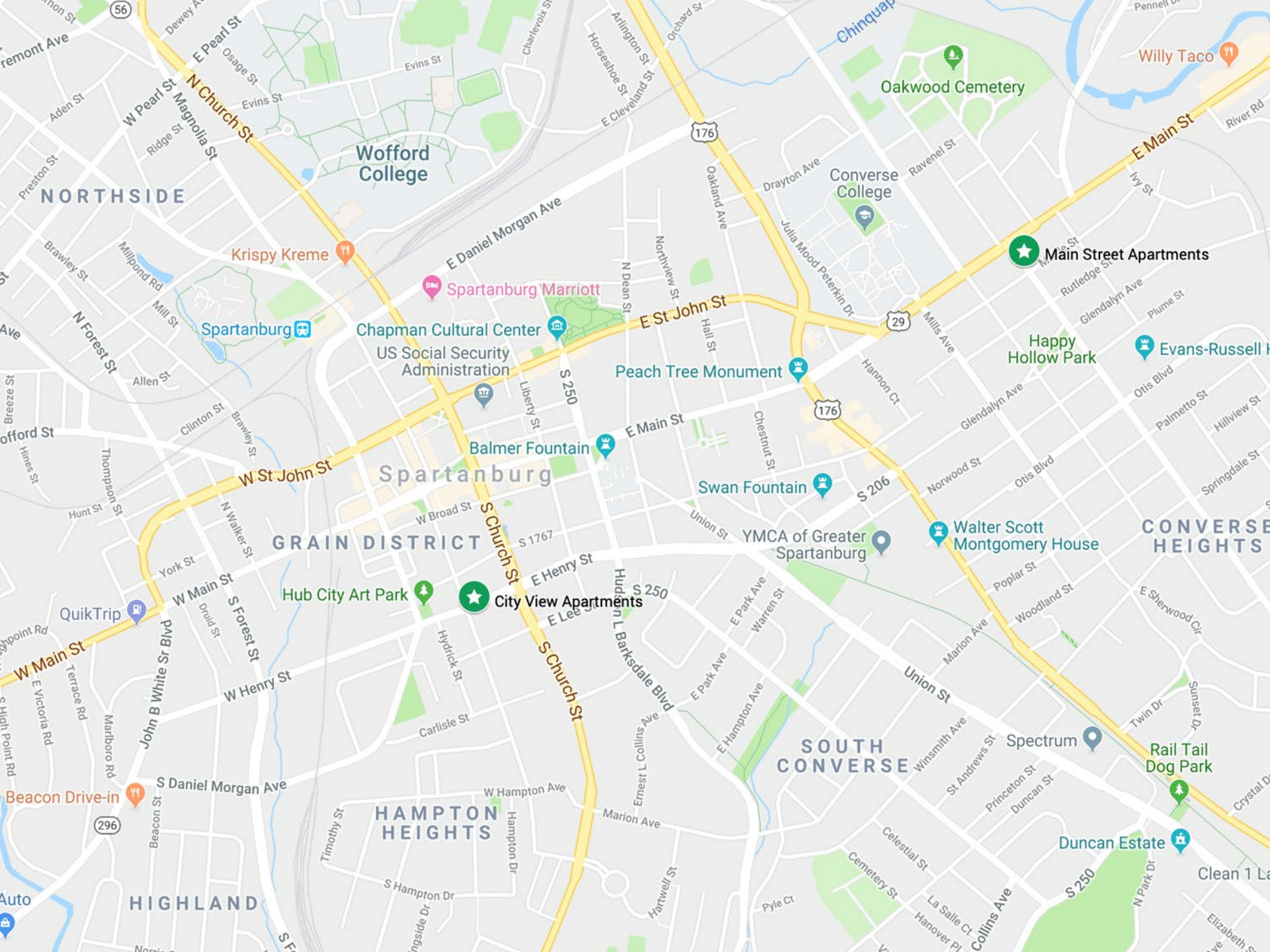


★ Main Street Apartments



★ City View Apartments





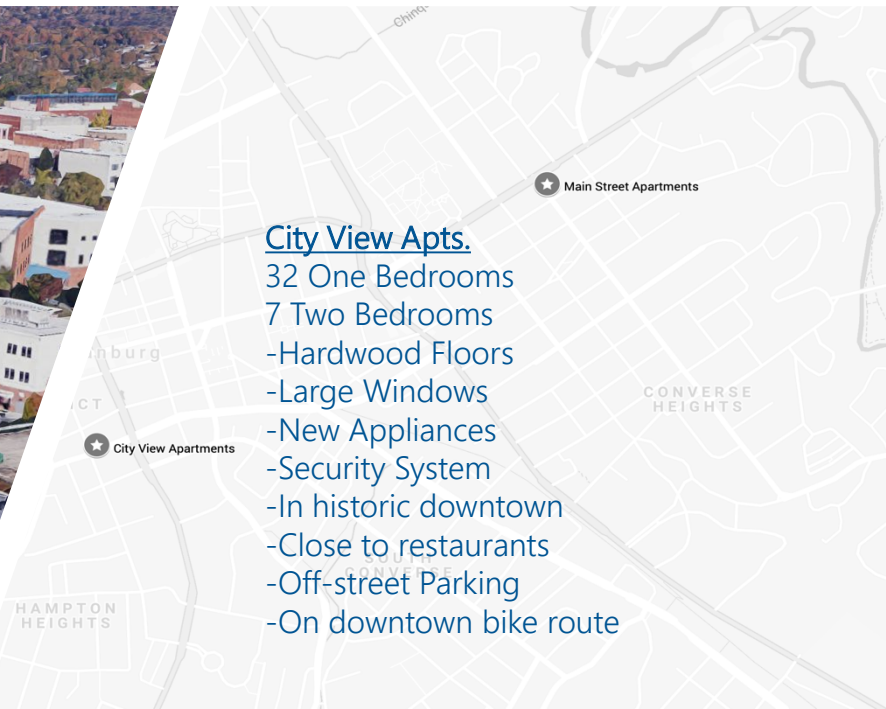
Main Street Apts.

- 10 Studios
- 6 One Bedrooms
- Hardwood Floors
- Large Windows
- Stainless Steel Appliances
- Convenient to downtown
- Off-street Parking
- On downtown bike route
- One block from Converse College
- In the highly desirable Converse Heights neighborhood



City View Apts.

- 32 One Bedrooms
- 7 Two Bedrooms
- Hardwood Floors
- Large Windows
- New Appliances
- Security System
- In historic downtown
- Close to restaurants
- Off-street Parking
- On downtown bike route



Main Street Apts.

- 10 Studios – Avg. Rent \$700/month
- 6 One Bedrooms – Avg. Rent \$750/month
- Purchase Price: \$1M (\$62,500/unit)
- Cap Rate at Purchase: 5.5%
- 100% Occupancy
- Year Built: 1945
- Lot Size: .313 acre
- Roof: Membrane Roofing System (2014)
- Electric: Individually metered
- HVAC: Individual A/C
- Water: Master meter / tenants pay flat fee
- Trash: Owner pays
- Parking: 16 spots (1.0 per unit)



City View Apts.

- 32 One Bedrooms
- 7 Two Bedrooms
- Purchase Price: \$3M (\$76,923/unit)
- Cap Rate at Purchase 5.09%
- 100% Occupancy
- Year Built: 1937
- Lot Size: Approx 1 acre
- Roof: Foam coated metal roof (2007)
- Electric: Individually metered
- HVAC: Individual A/C
- Water: Master meter / tenants pay flat fee
- Trash: Owner pays
- Parking: 27 spots (0.69 per unit)

COMPARABLE RENTALS

No. Rent Comps

10

Avg. Rent Per Unit

\$1,185

Avg. Rent Per SF

\$1.21

Avg. Vacancy Rate

9.0%

				Property Size		Asking Rent Per Month Per Unit				
Property Name/Address		Rating	Yr Built	Units	Avg Unit SF	Studio	1 Bed	2 Bed	3 Bed	Rent/SF
1	Aug Smith Building 174 E Main St	★★★★★	1926	45	686	-	\$1,160	\$1,758	-	\$2.08
2	Montgomery Building 187 N Church St	★★★★★	2018	63	797	\$1,041	\$1,429	\$1,720	-	\$1.75
3	Magnolia Lofts 249 Magnolia St	★★★★★	2013	27	633	\$756	\$1,058	-	-	\$1.41
4	314 South Apartments 314 S Pine St	★★★★★	2014	21	1,177	-	-	\$1,600	-	\$1.36
5	Church Street Lofts 275 S Church St	★★★★★	1950	88	665	-	\$900	-	-	\$1.35
6	198 Main and Morgan Daniel Morgan Ave	★★★★★	2019	30	935	-	\$980	\$1,447	-	\$1.26
7	Drayton Mills Lofts 1800 Drayton Rd	★★★★★	2016	289	1,138	-	\$1,036	\$1,397	\$2,220	\$1.21
8	The Brick Lofts 600 Magnolia St	★★★★★	1915	46	754	\$795	\$825	\$945	-	\$1.13
9	The Palmetto Lofts 100 E Main St	★★★★★	-	21	1,321	-	\$1,231	\$1,635	\$2,136	\$1.07
10	Highland Crossing 201 Highland Ave	★★★★★	2017	72	1,169	-	\$440	\$502	\$635	\$0.46
	City View Apartments 144 W Henry St	★★★★★	1937	36	800	-	-	-	-	-

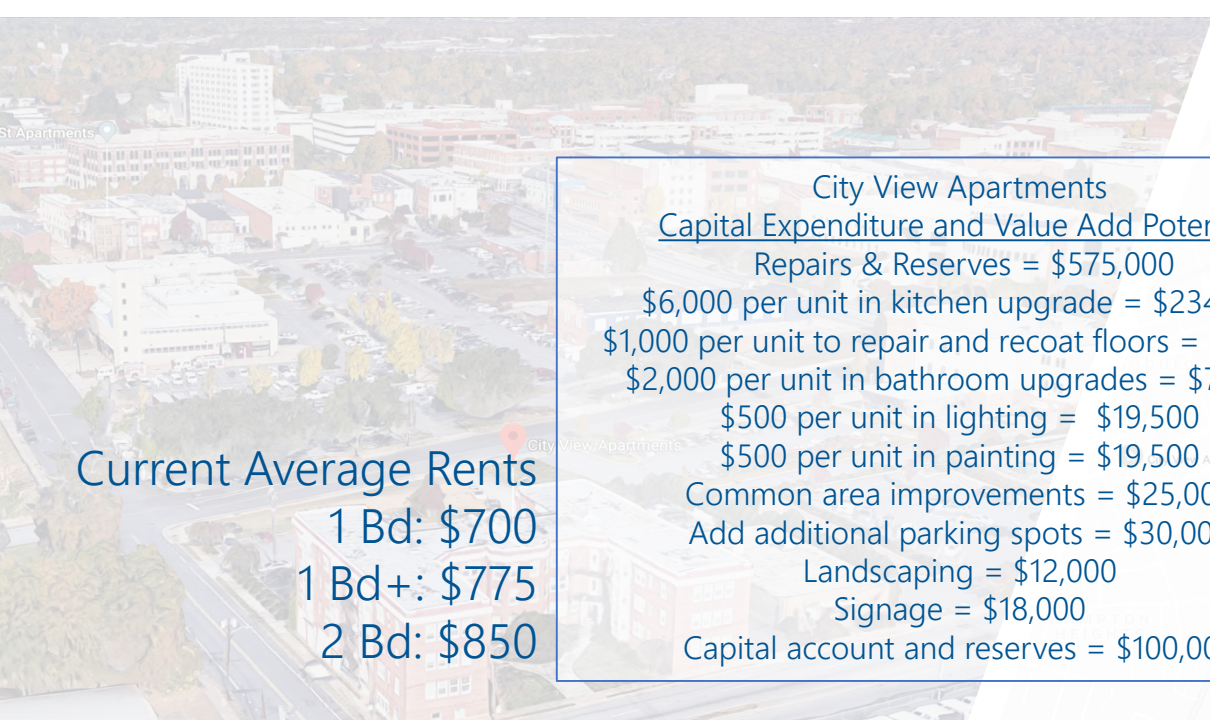


Current Average Rents
Studio: \$700
1 Bd / 1 Ba: \$750



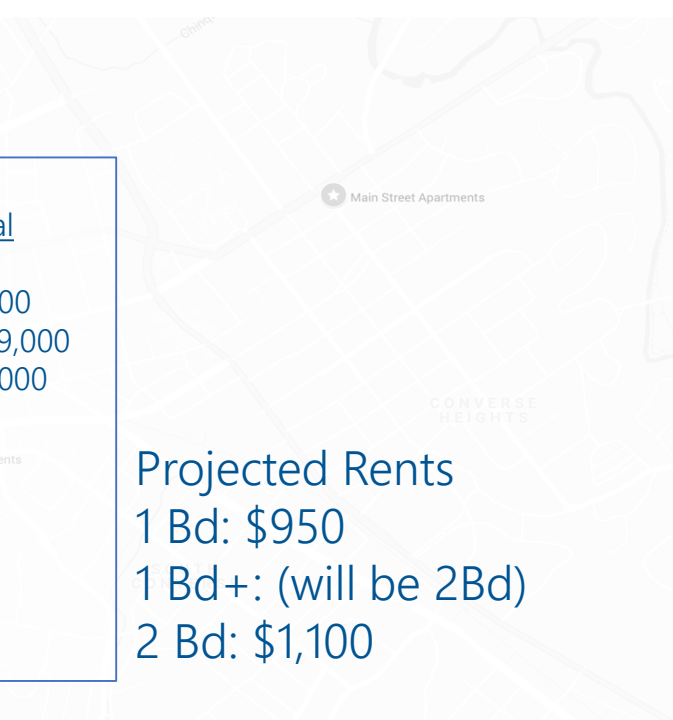
Main Street Apartments
Capital Expenditure and Value Add Potential
Repairs & Reserves = \$160,000
\$4,000 per unit in kitchen upgrades = \$64,000
\$750 per unit to repair and recoat floors = \$12,000
\$1,500 per unit in bathroom upgrades = \$24,000
\$500 per unit in painting = \$8,000
\$300 per unit in lighting = \$5,000
Common area improvements = \$15,000
Capital account and reserves = \$32,000

Projected Rents
Studio: \$800
1 Bd / 1 Ba: \$900



Current Average Rents
1 Bd: \$700
1 Bd+: \$775
2 Bd: \$850

City View Apartments
Capital Expenditure and Value Add Potential
Repairs & Reserves = \$575,000
\$6,000 per unit in kitchen upgrade = \$234,000
\$1,000 per unit to repair and recoat floors = \$39,000
\$2,000 per unit in bathroom upgrades = \$78,000
\$500 per unit in lighting = \$19,500
\$500 per unit in painting = \$19,500
Common area improvements = \$25,000
Add additional parking spots = \$30,000
Landscaping = \$12,000
Signage = \$18,000
Capital account and reserves = \$100,000



Projected Rents
1 Bd: \$950
1 Bd+: (will be 2Bd)
2 Bd: \$1,100

COMBINED Profit & Loss

Income	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Cityview	\$ 380,000	\$ 460,242	\$ 491,445	\$ 503,731	\$ 516,324	\$ 529,233	\$ 542,463	\$ 556,025
East Main St.	\$ 140,410	\$ 156,684	\$ 164,864	\$ 168,985	\$ 173,210	\$ 177,540	\$ 181,978	\$ 186,528
Total Income	\$ 520,410	\$ 616,926	\$ 656,309	\$ 672,716	\$ 689,534	\$ 706,773	\$ 724,441	\$ 742,553
Expenses								
Cityview	\$ 187,140	\$ 216,341	\$ 223,030	\$ 228,362	\$ 233,828	\$ 239,429	\$ 245,171	\$ 251,057
East Main St.	\$ 58,605	\$ 76,424	\$ 78,523	\$ 80,333	\$ 82,189	\$ 84,091	\$ 86,040	\$ 88,039
Total Expenses	\$ 245,745	\$ 292,765	\$ 301,553	\$ 308,695	\$ 316,017	\$ 323,521	\$ 331,211	\$ 339,097
NOI								
Cityview	\$ 192,860	\$ 243,901	\$ 268,415	\$ 275,369	\$ 282,496	\$ 289,804	\$ 297,292	\$ 304,968
East Main St.	\$ 81,805	\$ 80,260	\$ 86,341	\$ 88,652	\$ 91,021	\$ 93,449	\$ 95,938	\$ 98,489
Total NOI	\$ 274,665	\$ 324,161	\$ 354,756	\$ 364,021	\$ 373,517	\$ 383,252	\$ 393,230	\$ 403,456
Debt service								
Cityview	\$ 96,678	\$ 127,338	\$ 127,338	\$ 127,338	\$ 127,338	\$ 127,338	\$ 127,338	\$ 127,338
East Main St	\$ 39,360	\$ 51,842	\$ 51,842	\$ 51,842	\$ 51,842	\$ 51,842	\$ 51,842	\$ 51,842
Total Debt Service	\$ 136,038	\$ 179,180	\$ 179,180	\$ 179,180	\$ 179,180	\$ 179,180	\$ 179,180	\$ 179,180
Total distributions (Income - Expense - Debt Service)	\$ 138,627	\$ 144,981	\$ 175,576	\$ 184,841	\$ 194,337	\$ 204,072	\$ 214,050	\$ 224,276
Investor returns	\$ 126,000	\$ 143,083	\$ 170,619	\$ 178,957	\$ 187,503	\$ 196,265	\$ 205,245	\$ 214,449
COC Return	6.00%	6.81%	8.12%	8.52%	8.93%	9.35%	9.77%	10.21%
Cumulative return	\$ 126,000	\$ 269,083	\$ 439,702	\$ 618,658	\$ 806,162	\$ 1,002,427	\$ 1,207,672	\$ 1,422,121
Cumulative Avg	6.00%	6.41%	6.98%	7.36%	7.68%	7.96%	8.22%	8.47%
Net proceeds from sale/refinance (including debt paydown)								
Cityview		Debt Paydown:	\$255,594		Net Appreciation:	\$968,800	Proceeds:	\$1,224,394
E. Main St.		Debt Paydown:	\$104,059		Net Appreciation:	\$108,270	Proceeds:	\$212,329
							Subtotal:	\$1,436,723
							Investor Equity:	90%
							Investor share of proceeds:	\$1,293,051

Risk Mitigation

As with every investment, there is inherent risk. We wouldn't offer this opportunity if we weren't confident in its ability to reward our investors. We mitigate any possible risk through the following:

- i. Insurance-Our lender (EDGE) will require us to protect the investment with robust policies:
 - i. Property Coverage-buildings will be insured at full replacement cost valuation
 - ii. General Liability Coverage-will protect from any unintended negligence or unforeseen issues that may implicate liability.
 - iii. Umbrella Coverage-provides additional protection over the General Liability.
- ii. LLC Protections
 - i. You would be a shareholder in the LLC that owns the property and entitled to the protections afforded all LLC's.
- iii. Conservative Underwriting
 - i. Supported by independent underwriting by both the future property management group as well as the lender.
- iv. Additional Income Streams
 - i. Reserved Parking Spots
 - ii. Storage Lockers
 - iii. Washer & Dryer rentals
- v. Working with Team Members that have a proven track record in the area
 - i. REEDY (Property Management)
 - i. Specializes in the management and leasing of apartments throughout Upstate South Carolina. With offices in Greenville and downtown Spartanburg, Reedy is well positioned to properly care for the 1,000+ units they manage valued over \$60M
 - ii. REEDY was thoroughly involved with our team from the start, ensuring that what we were targeting with our underwriting was more than attainable.
- vi. Lack of properties available
 - i. No new "B" & "C" class properties are being built for working-class individuals. When new apartment complexes are built, they are inherently class "A" properties with a corresponding higher rent.

Terms to Know

- **Capitalization Rate (Cap Rate)** – A rate of return on a real estate investment property based on the expected income that the property will generate. Capitalization rate is used to estimate the investor's potential return on his or her investment. This is done by dividing the income the property will generate (after fixed costs and variable costs) by the total value of the property.
 - When acquiring income property, the higher the capitalization rate ("Cap Rate"), the better.
 - When selling income property, the lower the Cap Rate the better.
 - A higher cap rate implies a lower price, a lower cap rate implies a higher price.
- **Cash Flow** – Cash generated from the operations of a company, generally defined as revenues less all operating expenses.
- **Cash on Cash (CoC)** – A rate of return often used in real estate transactions. The calculation determines the cash income on the cash invested.
 - $\text{Annual Dollar Income Return} / \text{Total Equity Invested} = \text{Cash on Cash}$
- **Debt Coverage Ratio (DCR)** – It is the multiples of cash flow available to meet annual interest and principal payments on debt. This ratio should ideally be over 1. That would mean the property is generating enough income to pay its debt obligations.
- **Return on Capital (ROC)** – The amount of net income returned as a percentage of shareholders capital.
- **Average Annual Return (AAR)** - excluding disposition – The average return per year during the investment hold.
- **Internal Rate of Return (IRR)** – The rate of return that would make the present value of future cash flows plus the final market value of an investment opportunity equal the current market price of the investment or opportunity. The higher a project's internal rate of return, the more desirable it is to undertake the project.



FOUR
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INVESTMENT TEAM MEMBERS



Brian Briscoe
Director of Operations

Brian is a Lieutenant Colonel in the United States Marine Corps and brings years of leadership and management experience to his real estate investments. As a Marine officer, he has proven his ability to plan, lead, and effectively accomplish missions in both training and combat situations. He has earned graduate degrees from both the University of Utah and Naval Postgraduate School and is currently stationed at the Pentagon. He has actively invested in real estate since 2007. Brian is an "Advisor" in Michael Blank's Deal Maker Mastermind and a member of Michael's "Elite Investor Club."



Todd Butler
Director of Finance

Todd is a native of High Point, North Carolina. He has been actively investing in Real Estate since 2014, including dozens of Single Family Homes and multiple Apartment Buildings. He is a graduate of UNC Chapel Hill where he received a BA in Political Science and a Minor in History. After owning several businesses he helped start an IT consulting firm. He helped grow the firm to 110 MM before successfully selling to a nationally recognized consulting firm. Today he serves as Senior Vice President of Business Development as well as a member of the Executive Leadership Team. Todd has been consistently recognized as a top producer individually as well as a leader who has developed high performing teams and regions.



Eric Shirley
Director of Acquisitions

Eric is from Columbia, South Carolina, and graduated from the College of Charleston with degrees in Biology and Business Administration. Since then, Eric has worked 12 years in sales with a Fortune 500 medical device company, winning numerous President's Club awards for high sales performance. He was also appointed to the President's Advisory Board and Sales Leadership Council. In addition to his passion for multifamily real estate, Eric controls a portfolio of residential properties in Columbia, SC. Eric is an "Advisor" in Michael Blank's Deal Maker Mastermind.



Brian Mallin
Director of Investor Management & Marketing

Brian is a native of Connecticut who has been active in real estate for over 15 years. He graduated from the University of Connecticut. During a successful sales career in commodities, Brian was responsible for over \$420M in revenue and consistently led his company in business acquisitions providing a distinct aptitude for building and maintaining business relationships.

TEAM MEMBERS IN PLACE



Property Management – REEDY PROPERTY GROUP

Brittany Embert

Reedy specializes in the management and leasing of apartments throughout Upstate South Carolina. With offices in Greenville and downtown Spartanburg, Reedy is well positioned to properly care for the 1,000+ units they manage valued over \$60M



Financing – EDGE REALTY CAPITAL MARKETS

Brandi Shotwell

EDGE offers a full range of commercial brokerage services specializing in retail and multifamily throughout the United States.



Legal – Kelley Clarke, PLLC.

Dugan Kelley

Mr. Kelley chairs the firm's real estate practice group and brings over 18 years of experience to the table. Mr. Kelley will represent this investment group in all legal matters from contracting through final disposition.



Insurance – Tanner, Ballew and Maloof, Inc.

Jeremy Borak

TB&M will appropriately insure these assets, and your investment, against loss.



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