



Chicago,
Illinois MSA

CHICAGO MSA 2 MHC PORTFOLIO


3 STARS

| 350-400 SITES

| #02134053 | 03/22/24

 **\$12,500,000**

TARGET PRICE



The Yale team are professional and knowledgeable... they were great to work with.... They saw the value of my community better than anyone else.

Rick C. - Owner





Thank you for your consideration



JAMES COOK
National Brokerage Director

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Property Highlights

- Significant lease-up/value add opportunity, with 40%< occupancy
- Nearly 400 sites in two communities 5 minutes apart
- High demand for affordable housing in the area, neighbor has no vacancy at available units
- Rents are \$100+ below market and real estate taxes need to be fought



Portfolio Discussion



Chicago MSA 2 MHC Portfolio

The subject opportunity is to acquire two communities literally 5 minutes from each other. Ownership recently took over from the previous generation that had neglected these communities for some time. Today they are starting to invest in them and turn the occupancy and condition around.

We have budgeted that between necessary road and utility upgrades the capex will likely be in the \$2m+ range for both communities. Based on studying a successful neighbor, we know that new homes, with site work, setup, etc. will net cost another \$25k a home after the sale value. So we have capitalized that cost along with the expected infrastructure work, into the basis.

Occupancy is hovering around 40% with today, and the neighbors are 99-100% leased on every available unit, so the market has demand, but these assets need a cash infusion and a new business model. They are both connected to city utilities, and even though they are virtually next door, they are in different taxing municipalities, so more price should be allocated to the more reasonable location.

The property appraiser has been so aggressive on these two that they are now assessed for more than we are selling them for, and a reassessment should be very doable. The seller has hired standard industry attorneys but is considering changing, if they don't prevail. With the current taxes they are netting a loss, but again that should be changing. Lots sizes are big, location is prime for workforce housing and a commute to the CBD is just 15 minutes, making these communities very viable with the right turnaround management.



Portfolio Overview

PURCHASE OVERVIEW

| | |
|-------------------------|---------------------|
| Total Investment | \$20,450,000 |
|-------------------------|---------------------|

| | |
|--|-------------|
| Projected CAPEX Investment & New Home Sale Losses | \$7,950,000 |
|--|-------------|

| | |
|---|---------------------|
|  TARGET PRICE | \$12,500,000 |
|---|---------------------|

| | |
|--------------|-------------|
| Down Payment | \$5,600,000 |
|--------------|-------------|

| | |
|-------------|-------------|
| Loan Amount | \$6,900,000 |
|-------------|-------------|

PROPERTY DETAILS

| | |
|---------------|-------|
| Property Type | MHC's |
|---------------|-------|

| | |
|-----------------|---------|
| Age Restriction | All-Age |
|-----------------|---------|

| | |
|-----------------|-----------------|
| Number of Sites | 350 - 400 Sites |
|-----------------|-----------------|

| | |
|----------------|---------------------|
| Price Per Site | \$31,250 - \$35,700 |
|----------------|---------------------|

| | |
|-----------------|-------------------|
| Income Per Site | \$3,450 - \$3,900 |
|-----------------|-------------------|

| | |
|-------------------|---------------------|
| Expenses Per Site | (\$3,550 - \$4,050) |
|-------------------|---------------------|

| | |
|--------------------|-------|
| Physical Occupancy | 37.5% |
|--------------------|-------|

| | |
|------------|--------|
| Flood Zone | Zone X |
|------------|--------|

| | |
|---------|-----------|
| Acreage | 35+/- Ac. |
|---------|-----------|

UTILITY INFORMATION

| Utility Service | Provider | Meter | Paid By |
|-----------------|-----------|----------|-----------|
| Water | Municipal | Flat Fee | Tenant |
| Sewer | Municipal | Flat Fee | Tenant |
| Trash | Curbside | None | Community |

PROPERTY AMENITIES

PROPERTY #1



Paved Roads

PROPERTY #2



On-Site Office



Off-Street Parking



Paved Roads



Transaction Overview

UNDERWRITING ASSUMPTIONS

| | |
|-----------------------------|---|
| Rental Rate Growth | 5% Per Year |
| Property #1 Lease Up | 13 homes in Year 1 then 30 sites per year |
| Property #2 Lease Up | 16 homes in Year 1 then 25 sites per year for 3 years, & 10 sites in Year 5 |
| Property #1 Projected CAPEX | Projected \$1.5M for infrastructure upgrades, and a loss of \$25K per home/site leased up |
| Property #2 Projected CAPEX | Projected \$1M for infrastructure upgrades, and a loss of \$25K per home/site leased up |
| Other Income Growth Rate | 5% Per Year |
| Expense Growth Rate | 3% Per Year |

LOAN OVERVIEW

| | |
|---------------------------|--------------------|
| Total Equity Contribution | \$13,550,000 |
| Loan Amount | \$6,900,000 |
| Loan to Value | 55% |
| Interest Rate | 5.00% |
| Amortization | 30 Years |
| Interest Only Period | 5 Years |
| Loan Term | 10 Years |
| Interest Only Payment | \$28,750 |
| Amortization Payment | \$37,041 |
| Financing Type | Local Bank |

FINANCIAL MEASUREMENTS

| | YEAR 1 | YEAR 3 | YEAR 5 |
|--------------------------------------|------------------|------------------|------------------|
| Effective Gross Income | 1,372,281 | 2,541,868 | 3,923,521 |
| Less: Operating Expenses | (1,421,668) | (1,783,979) | (2,231,303) |
| Operating Expenses Ratio | 103.6% | 70.2% | 56.9% |
| Net Operating Income | (49,388) | 757,889 | 1,692,218 |
| Less: Annual Debt Service | (345,000) | (345,000) | (345,000) |
| Debt Coverage Ratio | N/A | 2.20 | 4.90 |
| Net Cash Flow | (394,388) | 412,889 | 1,347,218 |
| Cap Rate on Cost | N/A | 4.05% | 8.27% |
| Exit Cap Rate Assumption | 5.00% | 5.00% | 5.00% |
| Economic Occupancy % | 39.5% | 67.1% | 94.4% |
| Gross Rent Multiplier | 4.3 | 4.7 | 9.6 |
| Cash on Cash Return | N/A | 3.5% | 9.9% |
| Internal Rate of Return (IRR) | N/A | N/A | 20.7% |



Property Photos

AERIAL VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



AERIAL VIEW



AERIAL VIEW



AERIAL VIEW



Property Photos

STREET VIEW



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Property Photos

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STREET VIEW



STREET VIEW



STREET VIEW



AERIAL VIEW



AERIAL VIEW



5 Year Pro Forma

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|
| INCOME | | | | | |
| Potential Rental Income | 2,913,488 | 3,057,872 | 3,208,868 | 3,368,888 | 3,535,832 |
| Rent Increase Income | 54,144 | 56,724 | 60,108 | 62,604 | 65,184 |
| Lease Up | 117,888 | 481,752 | 997,824 | 1,563,750 | 2,107,896 |
| Pro Forma Utility Passthrough Income | 169,806 | 222,140 | 292,522 | 366,927 | 436,315 |
| Less: Turnover & Collections Factor | (50,103) | (33,463) | | | |
| Less: Vacancy | (1,816,920) | (1,907,160) | (2,001,432) | (2,101,344) | (2,205,684) |
| Less: Rental/LTO Premium | (16,022) | (16,022) | (16,022) | (16,022) | (16,022) |
| Effective Gross Income | 1,372,281 | 1,861,843 | 2,541,868 | 3,244,803 | 3,923,521 |
| EXPENSES | | | | | |
| Advertising | 3,000 | 3,090 | 3,183 | 3,278 | 3,377 |
| Auto Expense | 3,800 | 3,914 | 4,031 | 4,152 | 4,277 |
| Cable, Phone, Internet | 2,500 | 2,575 | 2,652 | 2,732 | 2,814 |
| General & Administrative | 1,509 | 1,554 | 1,601 | 1,649 | 1,698 |
| General & Administrative - CC Fees | 192 | 265 | 373 | 485 | 606 |
| Insurance | 37,600 | 38,728 | 39,890 | 41,087 | 42,319 |
| Licenses & Permits | 1,550 | 1,597 | 1,644 | 1,694 | 1,745 |
| Meals, Travel, & Entertainment | 3,000 | 3,090 | 3,183 | 3,278 | 3,377 |
| Off-Site Management Fees | 54,891 | 74,474 | 101,675 | 129,792 | 156,941 |
| Payroll Expense | 113,502 | 116,907 | 120,414 | 124,026 | 127,747 |
| Professional Fees | 13,500 | 13,905 | 14,322 | 14,752 | 15,194 |
| Real Estate Taxes | 794,511 | 818,346 | 842,897 | 868,184 | 894,229 |
| Repairs & Maintenance | 67,100 | 69,113 | 71,186 | 73,322 | 75,522 |
| Replacement Reserves | 37,600 | 38,728 | 39,890 | 41,087 | 42,319 |
| Trash | 72,449 | 74,623 | 76,861 | 79,167 | 81,542 |
| Utilities | 3,459 | 3,563 | 3,669 | 3,780 | 3,893 |
| Water & Sewer | 193,823 | 231,490 | 306,834 | 382,169 | 457,520 |
| Lease Up Operational Expense | 17,683 | 72,263 | 149,674 | 234,563 | 316,184 |
| Total Expenses | 1,421,668 | 1,568,223 | 1,783,979 | 2,009,195 | 2,231,303 |
| Net Operating Income | (49,388) | 293,619 | 757,889 | 1,235,608 | 1,692,218 |
| Less: Annual Debt Service | (345,000) | (345,000) | (345,000) | (345,000) | (345,000) |
| Net Cash Flow | (394,388) | (51,381) | 412,889 | 890,608 | 1,347,218 |



Cash Flow Analysis

| | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
|---------------------------------------|---------------------|---------------------|--------------------|-------------------|-------------------|
| RENTAL CASH FLOW SUMMARY | | | | | |
| Effective Rental Income | 1,372,281 | 1,861,843 | 2,541,868 | 3,244,803 | 3,923,521 |
| Effective Gross Income | 1,372,281 | 1,861,843 | 2,541,868 | 3,244,803 | 3,923,521 |
| Less: Operating Expenses | (1,421,668) | (1,568,223) | (1,783,979) | (2,009,195) | (2,231,303) |
| Operating Expense Ratio | 103.6% | 84.2% | 70.2% | 61.9% | 56.9% |
| Net Operating Income | (49,388) | 293,619 | 757,889 | 1,235,608 | 1,692,218 |
| Less: Annual Debt Service | (345,000) | (345,000) | (345,000) | (345,000) | (345,000) |
| Net Cash Flow | (394,388) | (51,381) | 412,889 | 890,608 | 1,347,218 |
| PROPERTY RESALE ANALYSIS | | | | | |
| Projected Sales Price | (987,750) | 5,872,389 | 15,157,778 | 24,712,160 | 33,844,350 |
| Less: Selling Expenses | 29,633 | (176,172) | (454,733) | (741,365) | (1,015,331) |
| Less: Loan Balance | (6,900,000) | (6,900,000) | (6,900,000) | (6,900,000) | (6,900,000) |
| Net Sale Proceeds | (7,858,118) | (1,203,783) | 7,803,045 | 17,070,795 | 25,929,020 |
| CASH SUMMARY | | | | | |
| Net Cash Flow | (394,388) | (51,381) | 412,889 | 890,608 | 1,347,218 |
| Previous Years Net Cash Flow | | (3,844,388) | (5,270,768) | (6,232,879) | (6,342,271) |
| Net Sale Proceeds | (7,858,118) | (1,203,783) | 7,803,045 | 17,070,795 | 25,929,020 |
| Projected CAPEX Investment | (3,450,000) | (1,375,000) | (1,375,000) | (1,000,000) | (750,000) |
| Down Payment | (5,600,000) | (5,600,000) | (5,600,000) | (5,600,000) | (5,600,000) |
| Total Cash Generated | (17,302,505) | (12,074,551) | (4,029,835) | 5,128,524 | 14,583,966 |
| FINANCIAL MEASUREMENTS | | | | | |
| Cap. Rate on Cost* | N/A | 1.7% | 4.1% | 6.3% | 8.3% |
| Exit Cap. Rate Assumption | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Mortgage Constant | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Debt Coverage Ratio | N/A | 0.85 | 2.20 | 3.58 | 4.90 |
| Loan to Value Ratio** | N/A | 117.5% | 45.5% | 27.9% | 20.4% |
| Gross Rent Multiplier | 4.3 | 1.9 | 4.7 | 7.3 | 9.6 |
| Cash on Cash Return* | N/A | N/A | 3.5% | 7.0% | 9.9% |
| Internal Rate of Return (IRR)* | N/A | N/A | N/A | 11.8% | 20.7% |

*Return calculation is based on the Community Value and the Projected CAPEX Investment

**Calculation based only on Community Value





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\$6.1B+
TOTAL
PRODUCTION

610+
TOTAL
COMMUNITIES

108,500+
TOTAL
SITES



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Regarding Property: Offering #02134053

Our policy requires that we obtain this Non-Disclosure Agreement (the "Agreement") before disclosing certain information about certain real estate that may be available for sale or investment. This information must be kept confidential. In consideration of Yale Realty Advisors ("Yale") and James Cook (or any party designated by James Cook) (the "Broker") providing the information on such real estate which may be available for purchase or for sale (the "Potential Transaction"), I understand and agree:

1. (a) That any confidential or proprietary information (the "Confidential Information") of the potential selling party (the "Seller") provided is sensitive and confidential, and that its disclosure to others may be damaging to the Seller. I agree that upon the earlier of: (i) two (2) years from the date of this Agreement and (ii) the request of Broker, Yale or Seller, any Confidential Information furnished to me shall be either returned or destroyed, and I shall certify to such destruction.

(b) Not to disclose, for a period of two (2) years from the date I sign this Agreement, any Confidential Information regarding the Potential Transaction to any other person who has not also signed this Agreement or a joinder thereto, except to the extent necessary to secure the advice and recommendations of my employees, officers, directors, members, managers, advisors, attorneys, accounts or financing sources (collectively, the "Representatives") regarding the Potential Transaction. "Confidential Information," as used in this Agreement, shall include the fact that the Potential Transaction is for sale or open to offers, and any other data provided. My Representatives shall abide by the terms of this Agreement, and I agree to be liable for any breach of the provisions of this Agreement by any of my Representatives.

(c) Not to contact the Seller or its Representatives, suppliers or customers except through the Broker. I shall present all correspondence, inquiries, offers to purchase and negotiations relating to the Potential Transaction directly to the Broker, and all such negotiations shall be conducted exclusively through the Broker. At such a time as a LOI or PSA is reached regarding the Potential Transaction, I agree to copy the Broker on all communication and negotiations related to the Potential Transaction.

2. That all information regarding the Potential Transaction is provided by the Seller or other sources and is not verified by the Broker or Yale. The Broker and Yale have done their best to ensure the accuracy of said information, but the Broker and Yale make no, representation or warranty, express or implied, as to the accuracy of such information. I agree that the Broker and Yale are not responsible for the accuracy of any other information I receive, and I agree to indemnify and hold the Broker, Yale, and each of their Representatives harmless from any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to me with respect to any Potential Transaction.

I acknowledge that I have received an exact copy of this Agreement and that I have read this Agreement carefully and fully understand it.

Signature

Date

Printed Name

Email

Company

Phone

Sign, date, and send back to Broker: JAMES COOK | FAX 941-827-7977 | James@yaleadvisors.com | TEL. 386-623-4623

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