

**845 S. NORMANDIE APARTMENTS
20 UNITS APARTMENT COMPLEX
LOS ANGELES, CA**



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845 S Normandie Avenue, Los Angeles, CA 90005

- All Cash Purchase
- Purchase Price \$1,200,000
- Total Capital Investment \$1,250,000
- \$60,000 per unit
- \$94.50 per SF
- 20 units
 - 19 units Studio
 - 1 unit 1 Bedroom
- Rentable Square Feet 9,365 SF
- 100% occupied as of June 2011
- Lot Size: Approximately 8,102 sq ft / 0.186 acres
- # of Buildings: 1
- # of stories: 2
- Frame and Stucco Construction, flat Roof
- # of Electric Meters: 20
- # of Gas Meters: 20
- Gated complex
- Tenants Pay Electricity & Gas
- Year Built 1921
- APN 5094019009
- Prime Koreatown- high demand rental area.
- 1.5 blocks from the Metro Station allows the tenants easy commuting to downtown Los Angeles as well as Hollywood and mid-Wilshire areas.
- Very visible and attractive architecture
- Recent capital expenditure includes new roof, new water heater, exterior paint and upgraded units.
- Close to jobs, bus lines, schools and freeways
- Recent Sales Comps:
 - 341 S. Mariposa Ave (0.8 mile)
12 units, built 1958 Sold on 04/22/2011 for \$1,275,000 (\$106,250 per unit, \$142.55 PSF)
 - 752 S Wilton Pl. (0.9 mile)
14 units, built 1956 Sold on 04/14/2011 for \$1,139,000 (\$81,357 per unit, \$94.72 PSF)
 - 3002 W 15th St. (1.3 mile)
12 units, built 1923 Sold on 03/04/2011 for \$1,050,000 (\$87,500 per unit, \$125.60 PSF)

Demographics:	<u>1-mi.</u>	<u>3-mi.</u>	<u>5-mi.</u>
2009 Total Population	123,783	640,768	1,249,574
2009 Total Households	45,661	225,060	461,746
2000 Total Housing Units	16,170	145,652	420,816
2009 Average Household Income	\$68,007	\$80,211	\$87,239

Location:

Los Angeles is the second-most populated city in the United States and accounts for nearly half of the economy of California. The city’s manufacturing industry is the largest in the United States, and the region’s economy is highly diversified. Leading industries include professional management, biotechnology, financial services, entertainment and tourism. Los Angeles also serves as the largest center for international trade in the country. Downtown Los Angeles defines the term “core market”. The Downtown of Los Angeles is the central business district and core to the metro, which contains the nation’s third largest employment pool.

The barriers to entry have been and will continue to be significant.

Koreatown is a neighborhood in the Mid-Wilshire district of the city of Los Angeles, known for its concentration of Korean American people and institutions. It has one of the highest population densities of all neighborhoods in Los Angeles. The median sales price for homes in Wilshire Center/Koreatown is \$370,250 (based on 126 sales from for March 11th to May 11th).

Residents benefit from the many transportation options available to them. The Santa Monica Freeway (10), Harbor Freeway (110), and Hollywood Freeway (101) link the area to the rest of Southern California and beyond. Mass transit options include the Metro Rail subway system, connecting residents to downtown L.A., Hollywood, Long Beach, and Los Angeles International Airport. The Metro Rapid bus and DASH shuttle systems also serve the area.

Moreover, the property is close to Southern California’s numerous attractions and entertainment venues, as well as numerous television and film studios, museums, art galleries, and retail centers.

Adjacent to Robert F. Kennedy Community Schools, the most expensive public school in the nation's history- \$578M cost, 4,200 students from kindergarten through 12th grade.



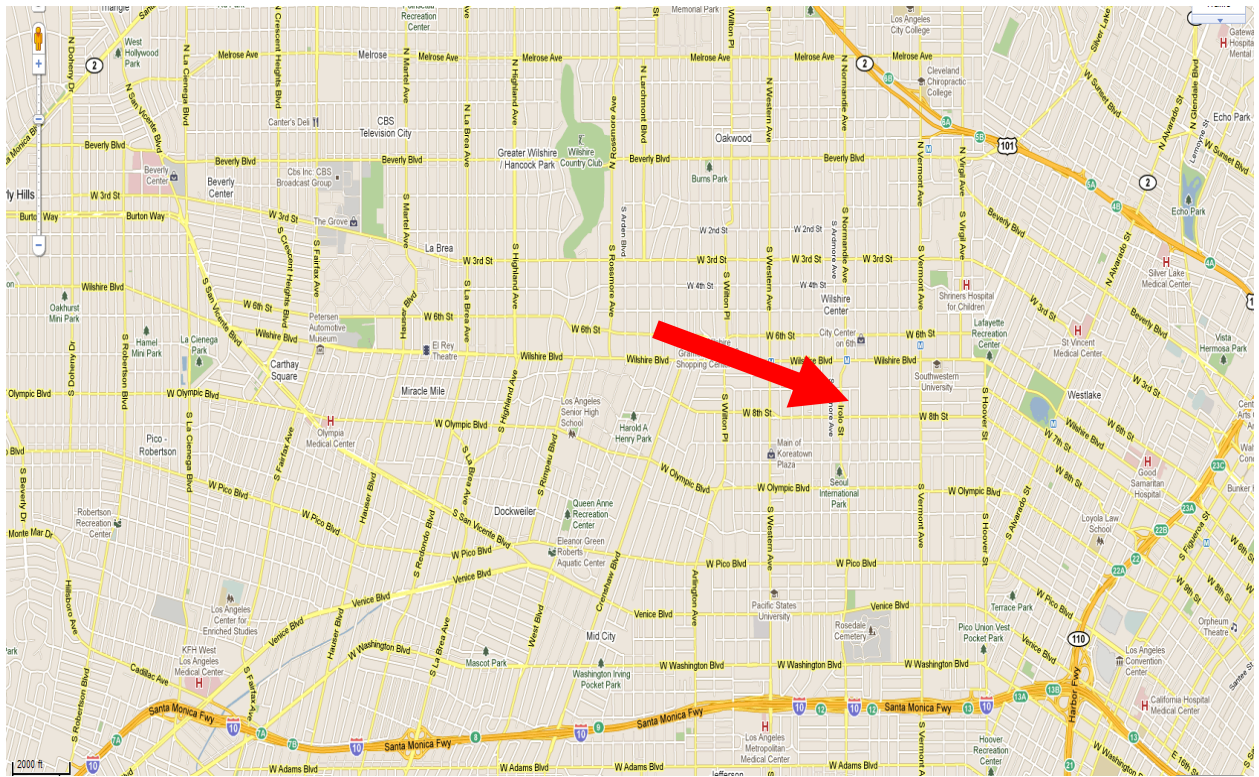
845 S. Normandie Apartments should continue to greatly benefit from its strong presence as it provides an affordable housing option in a gentrifying location and to maintain a relatively low Price Point Units Downside Risk Protection.

Capital investment to include the purchase price and additional funds for immediate minor renovation of the property.

Our plan is to maximize the rents and possibly upgrade appearance to ultimately increase revenue.

We feel that the 845 S. Normandie Apartments have an excellent upside potential in income & Value (see recent sale comps in the immediate area).





INVESTMENT PROJECTIONS/ANALYSIS

Investment Scenario #1:

Cash Purchase

<u>Gross Potential Income*</u>	
Gross Scheduled Rent	\$165,504
Less: Vacancy/other losses (3.00%)	(\$4,965)
Less: Employee unit	(\$12,000)
Net Rental Income	\$148,538
Plus: Other Income (Laundry, Fees, Etc.)	\$1,800
Effective Potential Gross Income	\$150,338
<u>Estimated Operating Expenses</u>	
Real Estate Taxes	\$15,000
Estimated Insurance	\$3,200
On-Site Manager	\$3,000
Utilities DWP	\$8,400
Maintenance & Repairs	\$4,200
Landscaping	\$900
Pest Control	\$360
Trash Removal	\$1,920
Management Fee (5.00%)	\$7,517
General & Administration	\$1,000
CA Franchise Tax Board	\$800
LAHD	\$1,080
Total Expenses	\$47,377
Expenses/Unit	\$2,369
% of EGI	31.51%
Net Operating Income	\$102,961
Debt Service	\$0.00
Net Cash Flow	\$102,961
Estimated Cash on Cash	8.24%
Capital Investment	\$1,250,000

* Information as provided by the seller:

Investment Scenario #2:

Re-finance after closing

<u>Gross Potential Income*</u>	
Gross Scheduled Rent	\$165,504
Less: Vacancy/other losses (3.00%)	(\$4,965)
Less: Employee unit	(\$12,000)
Net Rental Income	\$148,538
Plus: Other Income (Laundry, Fees, Etc.)	\$1,800
Effective Potential Gross Income	\$150,338
<u>Estimated Operating Expenses</u>	
Real Estate Taxes	\$15,000
Estimated Insurance	\$3,200
On-Site Manager	\$3,000
Utilities DWP	\$8,400
Maintenance & Repairs	\$4,200
Landscaping	\$900
Pest Control	\$360
Trash Removal	\$1,920
Management Fee (5.00%)	\$7,517
General & Administration	\$1,000
CA Franchise Tax Board	\$800
LAHD	\$1,080
Total Expenses	\$47,377
Expenses/Unit	\$2,369
% of EGI	31.51%
Net Operating Income	\$102,961
Debt Service**	(\$55,039)
Net Cash Flow After Debt Service	\$47,922
Estimated Cash on Cash	11.69%
Capital Investment	\$410,000

* Information as provided by the seller:

** 70% Loan to Vale, Loan amount: \$840,000, 5.15% Interest rate (P&I), 30 years amortization

Investment Scenario #3:

Increasing the revenue of the property Year 2 and Re-Financing

Gross Potential Income

Gross Scheduled Rent	\$170,469
Less: Vacancy/other losses (3.00%)	(\$5,114)
Less: Employee unit	(\$12,000)

Net Rental Income	\$153,355
Plus: Other Income (Laundry, Fees, Etc.)	\$1,800
Effective Potential Gross Income	\$155,155

Estimated Operating Expenses

Real Estate Taxes	\$15,000
Estimated Insurance	\$3,200
On-Site Manager	\$3,000
Utilities DWP	\$8,400
Maintenance & Repairs	\$4,200
Landscaping	\$900
Pest Control	\$360
Trash Removal	\$1,920
Management Fee (5.00%)	\$7,758
General & Administration	\$1,000
CA Franchise Tax Board	\$800
LAHD	\$1,080
Total Expenses	\$47,618
Expenses/Unit	\$2,381
% of EGI	30.69%

Net Operating Income	\$107,537
Debt Service*	(\$66,772)
Net Cash Flow After Debt Service	\$40,765

Estimated Cash on Cash 15.10%

Capital Investment \$270,000

* Proposed Value: \$1,400,000 (\$70K per unit)

Loan amount: \$980,000 (70% Loan to Value, 5.50% Interest rate (P&I), 30 years amortization)

INVESTMENT STRUCTURE

- ❖ A California entity will be formed. The General Partner/ Managing Member will be Lev Investments, Inc. (Detail of the structure is available upon request).
- ❖ The funds will be placed into a bank account/Trust account which will be used at the close of escrow.
- ❖ The proceeds will be as follows: A preferred return of **6%** on investment will be distributed when it is available; Anything over **6%** return on investment will be divided equally between Managing Partner and Investors.
- ❖ Management will be handled by local and offsite Management Company.
- ❖ In case of a Re-finance, the first to be paid will be the Mortgage Holder (if there is one), then the Investors (Limited Partners) and lastly the partnership.
- ❖ Yearly report will be distributed between all involved parties (General and Limited Partners/Members). Any additional or monthly reports will be available upon request.
- ❖ Day to Day handling and maintenance will be done by the Managing Member and/or General Partner.



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