

APPRECIATION POTENTIAL / CASH FLOW /TAX ADVANTAGE

ELF HOMES, INC. has a unique opportunity for investors to participate in the purchase of a bank-owned portfolio of 18 Baton Rouge, LA rental properties that we currently have under contract. This is a rare over 10-cap opportunity.

ELF Homes has intends to convert 4 to 6 properties to corporate stay rentals. Our corporate stay units typically rent for 2.5 to 3 times the long-term rate. Once we convert them, the overall project cap rate goes up even higher (see table.)

ELF Homes expects to sell the entire portfolio of units over the next 5 years at appreciated values.



Acquisition Price/ Unit	\$56,000.00
Current Market Price	\$70,000.00
	Cap Rate
Current Income	7%
18 Long-Term Rental	11%
18 Long-Term + 4 Corporate Rentals	14%

Cap Rates are the predominant metric of real estate investing. Higher Cap Rates indicate Higher returns. National Cap Rates have decreased to 6. In the San Francisco Bay Area, Cap Rates are 5.

The Opportunity

ELF Homes is offering a small number of LLC joint venture interests in this portfolio. Joint venture Class A members will receive a 10% preferred return annually on non-returned capital. For every \$100,000, joint venture investors will be entitled to an additional preferential 10% of net proceeds from the sale of these assets.

The Properties

- 18 duplex units in Baton Rouge, LA (all 18 are separate deeded properties)
- Combination of 2, 3 and 4 bedrooms
- Portfolio acquisition cost: \$1,050,000 (\$925,000 purchase price + furnishings & decorations)
- Average price per property: \$55,800
- Bank repo therefore only 11 out of 18 units are currently leased
- The current average long-term rent rate per unit: \$860/month (\$50 to \$100 per month below market)
- Corporate stay rent: \$2,000/month (our research indicates the market will support higher rates \$3K+)
- Convert 4-6 units to corporate stay in 30 days and more over the next 12 months based on demand
- Condition: good to very good – properties were remodeled in 2006 with granite & wood
- Conventional bank financing available at 65% to 75% LTV

Long-term Rental Model:

		Monthly rate ¹	Portfolio monthly	Portfolio Yearly
2 Bed / 1 Bath	7	\$700.00	\$5,200.00	\$62,400.00
3 Bed / 2 Bath	2	\$800.00	\$1,600.00	\$19,200.00
4 Bed / 2 Bath	9	\$900.00	\$8,100.00	\$97,200.00
Total Rent	18		\$14,900.00	\$178,800.00
Vacancy			\$680.00	\$8,160.00
Effective Rent			\$14,220.00	\$170,640.00
P. Management ²	6.65%	\$945.63	\$11,347.56	
HOA	\$170	\$3,060.00	\$36,720.00	
NOI			\$10,214.37	\$122,572.44
Cap Rate				11.67%

¹ **Monthly Rate:** Current leases are \$50 to \$100 per month below market and will be increased.

Corporate Stay Model & Long-term Rents Adjusted to Market (12 months):

		Monthly Rate	Portfolio monthly	Portfolio Yearly
Corporate rental units	4	\$1,550.00	\$6,200.00	\$74,400.00
2 Bed / 1 Bath	7	\$750.00	\$5,250.00	\$63,000.00
3 Bed / 2 Bath	2	\$900.00	\$1,800.00	\$21,600.00
4 Bed / 2 Bath	5	\$1,000.00	\$5,000.00	\$60,000.00
Potential Rent	18		\$18,250.00	\$219,000.00
Vacancy			\$1,277.00	\$15,324.00
Effective Rent			\$16,973.00	\$203,676.00
Property Management ²	6.65%	\$1,128.64	\$13,543.68	
HOA	\$170	\$3,060.00	\$36,720.00	
NOI			\$12,784.36	\$153,412.32
Cap Rate				14.61%

² Property Management

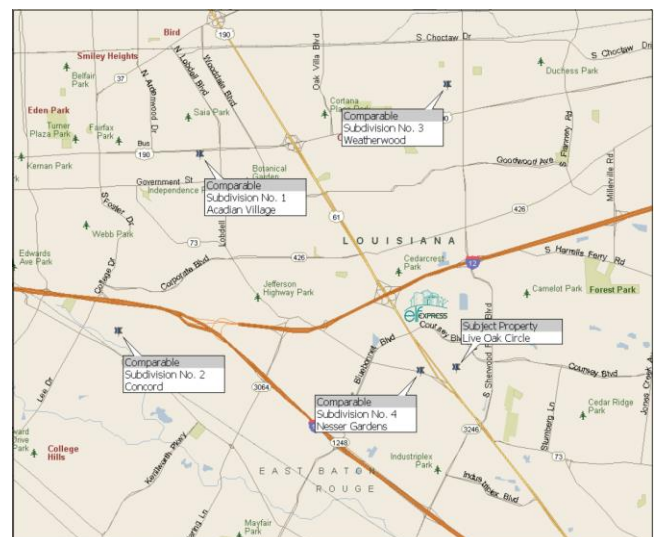
These properties are less than 1 mile from the **ELF Express Hotel**, owned by ELF Homes, and the properties will be managed by current hotel staff, which includes 24 hour guest services by phone, engineering, maintenance, and property management.

Comparable Properties

An analysis of 4 comparable subdivisions highlights the discounted price of the properties and results in an total gross retail pricing appraisal of \$1,451,540.

Subdivision	Subject	Acadian Village	Concord	Weatherwood	Nesser
Home Sales	5	7	8	7	10
Avg. GLA	1,310 SF	1,272 SF	885 SF	1,321 SF	1,111 SF
Absorption Rate	0.18	1.00	0.36	0.78	0.71
Average Price Per SF		\$58.80	\$54.20	\$37.87	\$68.77

Unit Type	Living Area	Number	Retail Pricing	Price per SF	Total
1	1,036	7	\$67,340	\$65	\$471,380
2	1,364	2	\$81,840	\$60	\$163,680
3	1,512	9	\$90,720	\$60	\$816,480
Totals		18			\$1,451,540



Average Home Prices

A \$173,839 average sold price of homes near these properties also indicate a significant purchase discount.

If the homes are sold at current market value, there will still be a gain of \$20,000 per unit or \$360,000 for all 18 properties due to the purchase discount.

Investor Effective Returns

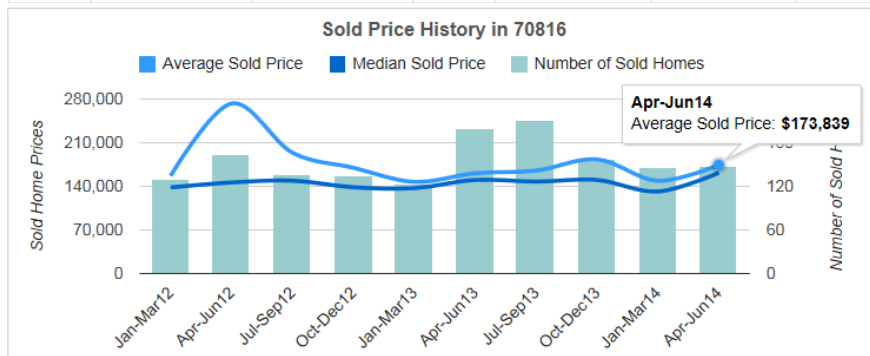
Investors shall be "Class A" members in an LLC that owns all homes. Investors are paid a 10% preferred return annually on non-retained capital.

The table below shows data specifically for 70816

Optional

Baton Rouge, Louisiana - Average Home Sizes and Asking Prices

Zipcode	Single Family Home			Townhome or Condo		
	4 BR	3 BR	Listings	3 BR	2 BR	Listings
70816	2,800 sf \$294,000	1,800 sf \$171,000	18	0 \$190,000		2



	Year 0	Year 1	Year 2	Year 3	Year 4	Total
Investment	\$100,000					
Cash Flows		\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Return of Capital						\$100,000
Investor portion if properties sold at 2014 market value:						\$36,000
Total to Investor:						\$176,000
If properties appreciate \$10K each (equals ½ Average Home Price) , investor portion:						\$18,000
Total to Investor:						\$194,000
- OR -						
If properties appreciate \$20K, investor portion:						\$36,000
Total to Investor:						\$212,000

Investors also benefit from certain tax advantages including a 10% share of annual depreciation. The annual depreciation decreases the taxable portion of the preferred return and increases the effective annual return from 10% to 10.9%³.

Investors will receive Class A preferred membership interests in Live Oak LLC. an entity that will hold exclusive individual title to each of the 18 condos comprising this Portfolio. The Class A Unit price is \$100,000.00. Management may elect to sell fractional units.

A list of Class A Investors and a description of Class A Preferred Rights will be included in the Live Oak, LLC Operating Agreement to be filed with the State of Louisiana.

³**Depreciation on residential rental income is: 75% times \$925,000 = \$693,700/27.5 = \$23,545 * ten percent = \$2,522 per year.** Investors will receive \$10,000 (interest payment) per \$100,000 invested, but only report \$7,448. Assuming a 35% tax rate, the tax savings are \$2,550 *.35= \$900 in tax savings, bring the effective return to 10.9%. **EFFECTIVE INTEREST RATE OF 10.9% when tax saving included. ELF Homes Inc. recommends investors consult with a tax professional for specific investment tax implications.**

Corporate Housing Clients

In Metro Rankings of economic strength improvement between 2004-2013 Baton Rouge has gone from 254th in the nation to 27th. More than 50 new projects are underway near Baton Rouge resulting in 6,000 to 10,000 temporary construction workers starting in fall, 2014 for projects including:

- More than \$350 million in expansions at BASF in Geismar
- Methanol plants under construction in a \$1.1 billion Methanex project in Geismar
- A \$2.1 billion expansion at CF Industries near Donaldsonville
- A \$1.85 billion methanol complex recently announced by Yuhuang
- AM Agrigen LLC building a \$1.2 billion fertilizer plant.

Celtic Studios (one of the largest studios outside of Hollywood less than 1 mile away) has expressed their need for corporate stay bungalows for actors and supporting crew. The subject properties are ideal for this application. ELF Express Hotel will also upsell homes to long term hotel guests.



This opportunity is available until August 15, 2014. For investment details contact:

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Company Background

ELF Homes has one focus: servicing the lodging and housing needs of corporations and their executives, contract workers and assignment workers. ELF has established itself as the premiere provider of corporate stay executive housing in the Silicon Valley.

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<http://www.GreenStayCA.com>

ELF Express Hotel in Baton Rouge, LA provides a quality lodging solution for construction crews, temporary assignment workers, and long distance commuters working in the media, chemical, and energy industries. The hotel has well established relationships with major corporations operating in the area including Exxon/Mobile, Dow Chemical, and contractors of all disciplines.

10245 Airline Highway, Baton Rouge, LA 70816

