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***CONFIDENTIAL - Executive Summary for Equity Participation - CONFIDENTIAL***



We are in the process of purchasing a 172-unit apartment complex in Pensacola, Florida. The price is \$3.7 million, which we believe to be an extremely low value figure for this asset.

The property was foreclosed upon by the lender in the recent past, and the lender wishes to sell the property rather than continue to own and manage it.

The seller (lender) has offered to finance the property for us at a 6% interest rate. We are in need of a source of 20% equity (\$740K) in order to take advantage of the seller's offer. This financing will be for a short term, two or three years, rather than for a long one.

**Property details:**

This property is NOT distressed, i.e., not falling apart from lack of maintenance and with declining occupancy or cash flow. In fact, its occupancy rate is slowly growing and stands now at 87%.

Poor financial results are due to what can only be called reckless management; if the figures are in fact true and accurate, we surmise that the folks who owned the property were perhaps either aggressively using it as a tax shelter or demanding kickbacks from vendors. No one can spend so much and so foolishly in managing a multifamily asset and do it unknowingly. With careful and responsible management we are confident this property will

rebound quickly in both financial results and in increased occupancy. It is my intent to move to Pensacola and manage the property personally\* to assure a rapid turnaround.

The last sale of this property was in August of 2006 for a price in excess of \$7 million.

Current rental rates for this complex are under market; bringing rates in line with competing properties will further add to its bottom line.

We are offering \$21,500 per unit at the \$3.7 million price; similar properties in this market would ordinarily be priced at \$32,000 to perhaps \$42,000 per unit.

It is our intent to either sell or refinance the property after it has been stabilized. An equity investor can either cash out or remain invested at that point. We intend to make this equity investment so attractive that for a capable source to refuse to participate would seem downright foolish. Based on all the factors mentioned above, we believe there is virtually no market risk for this investor.

If you would like more details about this property and the above opportunity, please contact me directly: 612.239.0970 or 1.800.800.0171. Thank you.

JOHN BUSSER

\* Since my years in military service when I got a job for extra income as an assistant manager of a large (400+ apartments) multifamily property, I have been drawn to this asset class. Although no longer a licensed real estate broker, during which time I gained experience in many commercial and residential transactions, I have always understood and appreciated what real estate can do as an investment, and particularly multifamily real estate. Now that I am semi-retired from ministry, my last and best career, I am determined to enter real estate again as a principal rather than a broker. This property in Pensacola is an ideal start, for all the reasons outlined above. Please see additional comments on the following page.

| Meridian Point<br>Pensacola, FL |   | March 2013 - T12<br>Actual |           | March 2013 - T3<br>Annualized |           |
|---------------------------------|---|----------------------------|-----------|-------------------------------|-----------|
| INCOME                          |   | Total                      | Per Unit  | Total                         | Per Unit  |
| Scheduled Gross Income          |   | \$1,207,536                | \$7,021   | \$1,207,536                   | \$7,021   |
| Concessions / Loss-to-Lease     |   | (\$82,153)                 | (\$478)   | (\$113,227)                   | (\$658)   |
| Delinquency                     |   | (\$88,745)                 | (\$516)   | (\$48,517)                    | (\$282)   |
| Gross Operating Income          |   | \$1,036,638                | \$6,027   | \$1,045,792                   | \$6,080   |
| Vacancy                         | A | (\$288,595)                | (\$1,678) | (\$269,665)                   | (\$1,568) |
| Non-Revenue Units               |   | (\$15,206)                 | (\$88)    | (\$19,968)                    | (\$116)   |
| Effective Gross Income          |   | \$732,837                  | \$4,261   | \$756,159                     | \$4,396   |
| Other Income                    |   | \$69,172                   | \$402     | \$83,338                      | \$485     |
| Total Operating Income          | B | \$802,009                  | \$4,663   | \$839,497                     | \$4,881   |
| EXPENSES                        |   |                            |           |                               |           |
| Repairs / Maintenance           | C | \$121,194                  | \$705     | \$107,397                     | \$624     |
| Salaries and Wages              | D | \$198,330                  | \$1,153   | \$197,484                     | \$1,148   |
| Utilities                       |   |                            |           |                               |           |
| Electric                        |   | \$30,462                   | \$177     | \$29,073                      | \$169     |
| Gas                             |   | \$2,008                    | \$12      | \$2,039                       | \$12      |
| Water / Sewer                   |   | \$73,786                   | \$429     | \$113,457                     | \$660     |
| Garbage Removal                 |   | \$19,865                   | \$115     | \$21,246                      | \$124     |
| General & Administrative        | E | \$46,281                   | \$269     | \$46,192                      | \$269     |
| Advertising                     |   | \$6,832                    | \$40      | \$11,519                      | \$67      |
| Property Management Fee         | F | \$30,000                   | \$174     | \$30,000                      | \$174     |
| Real Estate Taxes (1)           |   | \$56,086                   | \$326     | \$56,086                      | \$326     |
| Property Insurance              |   | \$95,308                   | \$554     | \$54,173                      | \$315     |
| Capital Reserves                |   | -                          | -         | -                             | -         |
| Total Operating Expenses        | G | \$680,151                  | \$3,954   | \$668,666                     | \$3,888   |
| Net Operating Income            | H | \$121,858                  | \$708     | \$170,831                     | \$993     |

(Use first column, actual trailing 12 months figures taken in March 2013)

- A Vacancy figure equals 41 units unoccupied, or 76% occupancy. 90% occupancy, which is the goal, would mean another 24 units rented, producing an additional \$168,480 income.
- B Total operating income would then become \$970,489.
- C Repairs and maintenance number is much too large for a property like this that is kept in good to reasonable condition.
- D Nearly \$200,000 a year to pay one or two people to run this property? Outrageous!
- E Another \$46,281 for office expenses, in addition to above? Preposterous!
- F Plus another \$30,000 for professional property management? Absurd!
- G This number should be close to \$428,870, or about \$251,281 less than shown.
- H This number should be close to \$373,139.