MOUNTAIN BRIDGE
CAPITAL

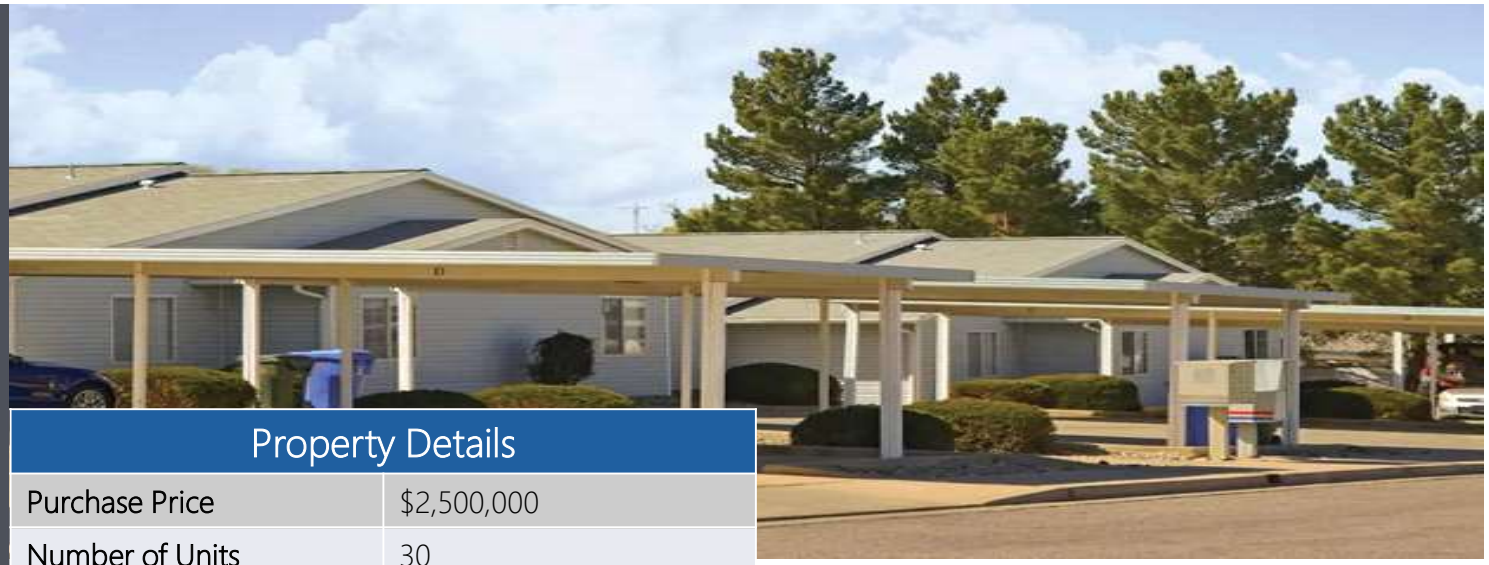
MOUNTAIN BRIDGE CAPITAL

SAMPLE DEAL PROPERTY:
270 W TACOMA ST
SIERRA VISTA, AZ 85712

10/25/2020

AUTHORED BY: COLBY FRYAR & RYAN NASTASE

DEAL OVERVIEW



Property Details	
Purchase Price	$2,500,000
Number of Units	30
Price Per Unit	$83,333
Rentable SF	33,600
Price Per SF	$74.40
Cash on Cash Return (avg)	18.2 %
Average Annual Return	16.7 %

Property Highlights

- Turn-Key Opportunity
- Below Market Rents
- Air Conditioning
- Covered Parking, Playground, Courtyard
- Located Near Ft. Huachuca Army Base

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- All investors who choose to participate acknowledge that this is a speculative investment involving a high degree of risk and that there is no guarantee of success or that the investor will realize any gain from this investment and the investor could lose the total amount of investment.

- The following material in this presentation does not constitute an offer or a solicitation to purchase securities. An offer can only be made by the private placement memorandum. This document is an informational summary only.

INTRODUCTION TO MOUNTAIN BRIDGE CAPITAL

MOUNTAIN BRIDGE
CAPITAL

INTEGRITY • TRANSPARENCY • EXCELLENCE

MISSION

Our mission is to protect and grow investors wealth by acquiring apartment buildings below market value, in great locations, and perform a value-add strategy while operating under excellent management to create significant value.

HOW

- Value-add strategy
  - Improve rents through property upgrades which will lead to higher property values
  - Creatively explore additional sources of income such as covered parking, laundry, storage units and utilities to increase property value
- Improve management
  - Decrease vacancy
  - Decrease operating costs
  - Increase tenant quality
  - Increase customer experience

MOUNTAIN BRIDGE CAPITAL PRINCIPALS

Colby Fryar - Principal

Colby Fryar is the principal of Mountain Bridge Capital. He started investing in real estate in 2013 and has been focusing on multifamily property investing and syndication for the past 5 years. He also serves as a Civil Engineering Manager, managing multiple $1M plus contracts and overseeing maintenance staff, which has transitioned well into his ability to effectively manage contractors and property managers on all of Mountain Bridge Capital real estate projects. Colby's passion is analyzing deals, making offers and fostering long-term relationships with multifamily brokers, property owners and other investors. Mr. Fryar is teamed up with Jens Nielsen of Open Doors Capital, which owns over 80 multifamily properties and syndicated over 800 multifamily deals. Mr. Fryar is the host of the Tucson's Multifamily and BRRRR meetup held the first Thursday of every month. Mountain Bridge Capital's core values are integrity, transparency and an unparalleled commitment to excellence and investor satisfaction with the goal of returning greater than 15% of investor capital.

Jens Nielsen – Principal & Advisor

Jens Nielsen is the principal of Open Doors Capital. He has raised several millions for apartment syndications and is a general partner in over 800 apartment units around the country. He has also passively invested in 14 syndications/private investments, spanning over 800 apartment units, 2,000 mobile park lots and over 6000 storage units plus mortgage note funds and private money lending. Jens has a passion for coaching new investors and enable their success through strategy, accountability and personal growth.

WHY APARTMENT BUILDINGS

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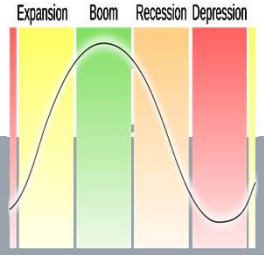
WHY INVEST IN APARTMENTS

CASHFLOW & APPRECIATION

Multi unit apartment buildings produce good cashflow & if bought correctly a value-add strategy can lead to substantial increase in value

STABILITY THROUGH ECONOMICCYCLES



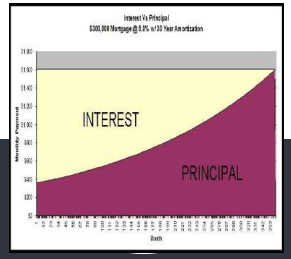
People will always require a place to live regardless of economic downturns. History has proven that rents and occupancy for multi unit apartments do not change significantly during an economic downturn.

DEMAND FOR MILLENNIALS

Data shows millennials rent longer than previous generations. This translates to higher rents and occupancy, leading to increase in property value.

WHY INVEST IN APARTMENTS

AMORTIZATION



Tenants pay down debt increasing investors equity and creating wealth.

LEVERAGE

Achieve four times the work out of the money (25% down)

TAX BENEFITS

Depreciation is a tax write-off that keeps more profits in your pocket.

TUCSON MARKET HIGHLIGHTS

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TUCSON MARKET HIGHLIGHTS

Highlights

- The Tucson multifamily market posted one of the most statistically sound quarters on record as rents spiked and vacancy fell significantly in the third quarter. These trends were likely more a result of pent-up demand than a market shift.
- Vacancy fell 80 basis points in the third quarter, reaching 4.5 percent; the rate is down 110 basis points year over year.
- After holding steady in the second quarter, rents surged in the third quarter, rising 3.3 percent to $867 per month. Year over year, asking rents are up 5.7 percent.
- The Tucson multifamily market has recorded very steady investment performance through the first three quarters of 2020. Transaction activity has occurred at a consistent pace, the median price year to date is $65,500 per unit, and cap rates have averaged approximately 5.8 percent.

Q3 Snapshot	Tucson Market
Market Fundamentals	
Vacancy	4.5%
- Year Over Year Change	-110 bps
Asking Rent	$867
- Year Over Year Change	+5.7%
Transaction Activity	
Median Sales Price Per Unit (YTD)	$65,500
Cap Rates (Avg YTD)	5.8%
Construction Activity	
Units Under Construction	1,304
Units Delivered YTD	715

(Source: NorthMarq)

TUCSON POPULATION & DEMOGRPHICS

- 2nd largest city in Arizona with metro population of 1,023,000
- Population growth of 51% since 1990 & 20% since 2020 compared to the rest of the U.S. averaging 28% and 13% accordingly
- Tucson Median Age = 37.9 years
- Tucson MSA Median Household Income = $41,637
- Average Home Price = $197,300
- Tucson ranks high nationally in various categories including:
  - #2 best American small city in 2017 (Resonance Consultancy)
  - 2016 top 100 best places to live (U.S. News and World Report)
  - #9 “city everyone wants to live in” in 2017 (Business Insider)
  - #8 2018 best city for recreation (WalletHub)
  - one of America’s 2017 best cities for global trade (Global Trade)

TUCSON LARGEST EMPLOYERS

- University of Arizona – 11,251 employees / 45,000 students / $580M in research investments
- Davis-Monthan AFB – Injects more than $1.5 Billion into Tucson
- Raytheon Missile Systems – More than 9,600 employees
- State of Arizona – 8,500 employees
- Pima County – Over 7,000 employees
- Tucson Unified School District – 7,700 employees
- Banner University Medical Center – Over 6,200 employees
- US Custom Boarder Protection – Over 5,700 employees
- Freeport-McMoRan Copper and Gold Inc – Over 5,500 employees
- Walmart – 5,500 employees
- Target, Amazon, and HomeGoods Distribution Centers
- Caterpillar Inc.

(Source: Cushman & Wakefield/Picor International)

(Source: https://tucsonrelocationguide.com/2018/12/17/10-largest-tucson-employers/

INVESTMENT OPPORTUNITY

Investment Opportunity Highlights

- Offer Price = $2,500,000
- 30 Unit Class B Property and & Neighborhood
- Business Plan: Value-Add Strategy
  - Better Management
  - Interior Renovations
  - Increased Rents

Slide 3

INVESTMENT BY NUMBERS

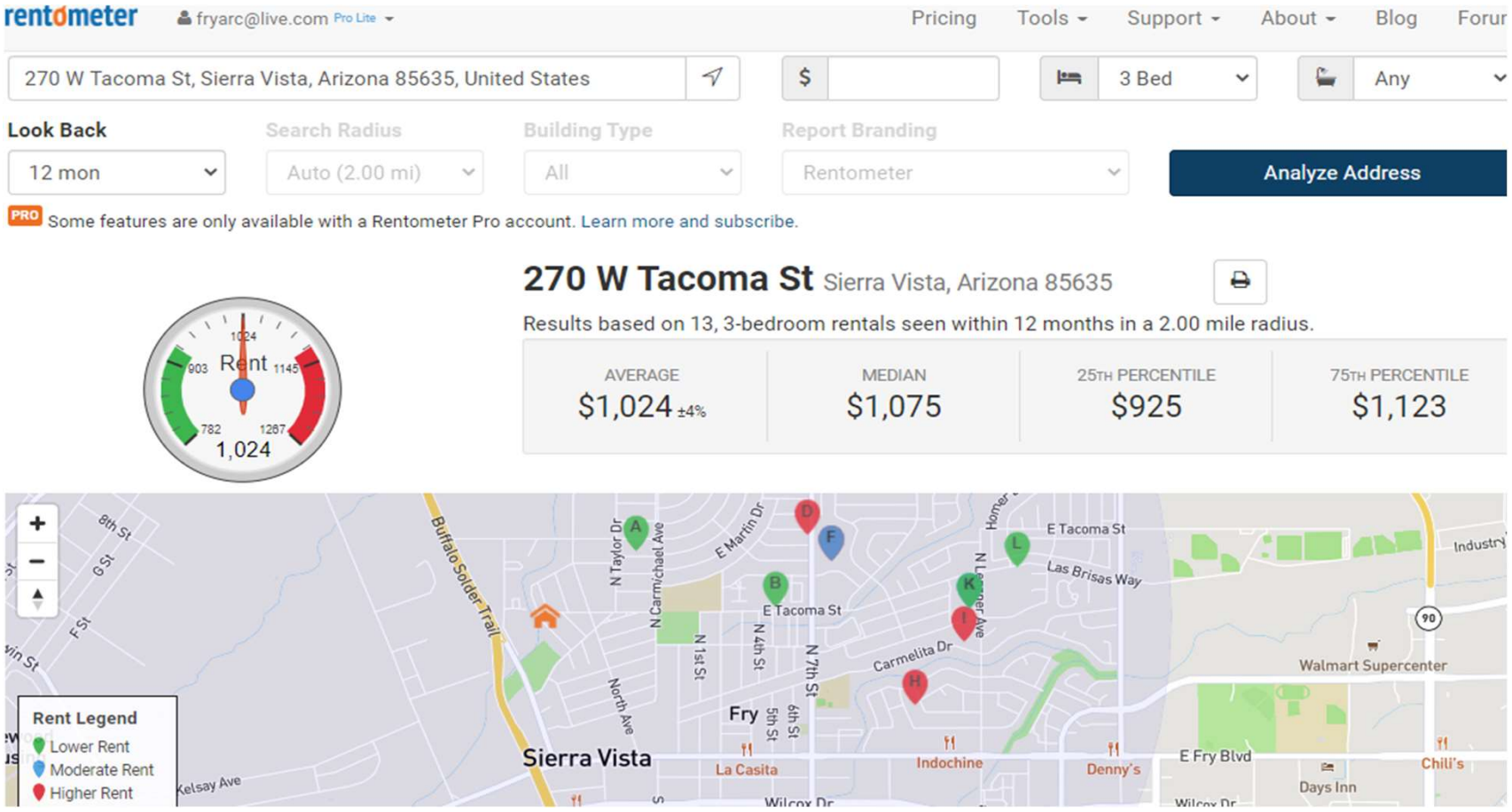
$1,875,000 Financed
Qualifies for Non-Recourse Agency Lending

Projected Average Annual Return (AAR) of 15.8%.

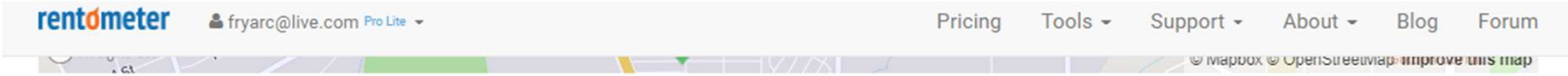
Projected Internal Rate of Return (IRR) of 15.8%.

Projected Average Cash on Cash Return of 15.7%.

RENT DATA


rentometer
fryarc@live.com Pro Lite
Pricing
Tools
Support
About
Blog
Forur
270 W Tacoma St, Sierra Vista, Arizona 85635, United States
$
3 Bed
Any
Look Back
12 mon
Search Radius
Auto (2.00 mi)
Building Type
All
Report Branding
Rentometer
Analyze Address
PRO
Some features are only available with a Rentometer Pro account. Learn more and subscribe.
270 W Tacoma St Sierra Vista, Arizona 85635
Results based on 13, 3-bedroom rentals seen within 12 months in a 2.00 mile radius.
AVERAGE
$1,024 ±4%
MEDIAN
$1,075
25TH PERCENTILE
$925
75TH PERCENTILE
$1,123
Rent
1,024
Rent Legend
Lower Rent
Moderate Rent
Higher Rent
Sierra Vista
Fry
E Tacoma St
Las Brisas Way
Carmelita Dr
Walmart Supercenter
La Casita
Indochine
Denny's
E Fry Blvd
Days Inn
Chili's
Buffalo Soldier Trail
N Carmichael Ave
E Martin Dr
N Taylor Dr
N 1st St
N 4th St
N 7th St
North Ave
5th St
6th St
Kelsay Ave
Wilcox Dr
Industry

SUPPORTING RENT DATA



	Address	Distance	Rent	Beds	Last Seen
A	43 Nw Kayetan Dr, Sierra Vista, AZ 85635	0.45 mi	$830	3 bed	May 2020
B	600 Charles Dr, Sierra Vista, AZ 85635	0.84 mi	$850	3 bed	Jan 2020
C	499 S Carmichael Ave, Sierra Vista, AZ 85635	1.0 mi	$930	3 bed	Nov 2020
D	596 Clark Dr, Sierra Vista, AZ 85635	1.04 mi	$1,200	3 bed	May 2020
E	1125 N 7th St, Sierra Vista, AZ 85635	1.09 mi	$1,129	3 bed	Jan 2020
F	1125 N 7th St, Sierra Vista, AZ 85635	1.09 mi	$1,100	3 bed	Nov 2019
G	700 S Carmichael Ave, Sierra Vista, AZ 85635	1.23 mi	$875	3 bed	Apr 2020
H	1201 E Sierra Dr, Sierra Vista, AZ 85635	1.4 mi	$1,200	3 bed	Sep 2020
I	1428 E Cottonwood Dr, Sierra Vista, AZ 85635	1.55 mi	$1,200	3 bed	Jun 2020
J	800 N Lenzner Ave, Sierra Vista, AZ 85635	1.58 mi	$1,075	3 bed	Mar 2020
K	800 N Lenzner Ave, Sierra Vista, AZ 85635	1.58 mi	$925	3 bed	May 2020
L	1735 Knowlton St, Sierra Vista, AZ 85635	1.78 mi	$860	3 bed	Jul 2020
M	409 S Lenzner Ave, Sierra Vista, AZ 85635	1.89 mi	$1,130	3 bed	Jul 2020

(Source: www.Rentometer.com)

SUPPORTING RENT DATA

Address	SF	Unit Mix	Rent	Rent/SF
1125 N 7th St	1,050	3/2	$1,200	$1.14
1125 N 7th St	1,050	3/2	$1,100	$1.05
1125 N 7th St	1,050	3/2	$1,129	$1.07
499 S Carmichael Ave	1,097		$1,075	$0.98
2299 Oakmont Dr	1,135	3/2	$1,195	$1.05
105 N Toscanini Ave	1,189	3/2	$925	$0.78

(Source www.Apartments.com)

HOW TO GET INVOLVED

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DEAL STRUCTURE

- **Investor Request: Seeking individuals that wish to invest $100,000**
- **Acquisition:**
  - $2.5M-acquisition price ($83.3K/unit)
  - Purchase Cap Rate: approx. 6.68
  - Pro-forma Cap Rate: 6.72
  - Assumed Freddie Mac Loan, 3.50% Interest Rate (2yr i/o/5 yr/30amort)
- **Investor Returns (Projected):**
  - 15.8% Internal Rate of Return
  - 15.7% Average Cash on Cash Return
- **Deal Structure:**
  - Cash Flow split 80% to Investors and 20% to General Managers
  - Cash flow distributions are expected to be made quarterly, with first distribution anticipated after first full quarter of ownership.
- **Investor Fee Schedule:**
  - 2% Manager Acquisition Fee
  - 1.0% annual asset management fee (based on total property revenue)

INVESTOR RETURNS

- **Based on final diligence efforts, we estimate investor IRR will be approximately 15.8%.**
- We expect between 8 to 10% cash on returns during the first five years of ownership.
- Depending on the market environment and our ability to generate NOI increases, we will look to refinance the debt at a higher property valuation, enabling 60%+ of investor's capital cumulatively returned by year 5.
- Cash on cash yield % after refinancing is expected to be 20 and 25% annually.
- We model an exit sale in year 10, providing the second large capital return event.

Projected Returns - 10 Years

Summary of Projected Member Cash Flows and Returns

					REFINANCE!					SALE!		
	1	2	3	4	5	6	7	8	9	10	Return $	Return %
Beginning Member Capital Account Balance	$880,407	$880,407	$880,407	$880,407	$880,407	$307,201	$307,201	$307,201	$307,201	$307,201		
Member Cashflow	$79,473	$71,447	$78,683	$84,972	$88,439	$60,881	$64,489	$68,169	$71,922	$75,751	$744,225	
Cash on Cash Return	9.03%	8.12%	8.94%	9.65%	10.05%	19.82%	20.99%	22.19%	23.41%	24.66%		
Average Cash on Cash Return to Date	9.03%	8.57%	8.69%	8.93%	9.16%	10.93%	12.37%	13.60%	14.69%	15.68%		
Net Proceeds/Profits from Refinance or Sale					$0					$621,623	$621,623	
Average Annual Return to Date	9.03%	8.57%	8.69%	8.93%	9.16%	25.17%	24.57%	24.27%	24.18%	44.46%		
Return of Member Capital					$573,206					$307,201		
Ending Member Capital Account Balance	$880,407	$880,407	$880,407	$880,407	$307,201	$307,201	$307,201	$307,201	$307,201	$0		
Total Return on Investment	**$79,473**	**$71,447**	**$78,683**	**$84,972**	**$88,439**	**$60,881**	**$64,489**	**$68,169**	**$71,922**	**$697,373**	**$1,365,847**	**155.14%**
Average Annual Return												**15.76%**
IRR												**15.76%**
Average Cash on Cash Return												**15.68%**

FINANCIAL REVIEW

FINANCIAL ASSUMPTIONS	Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10	
Annual Rent Escalator	3.00%		2.00%		2.00%		2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	
Annual Expense Escalator	2.00%		2.00%		2.00%		2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	
					REFINANCE!										SALE!	
INCOME	3		4		5		6		7		8		9		10	
Average Monthly Rent	$1,056		$1,077		$1,098		$1,120		$1,143		$1,166		$1,189		$1,213	
Gross Potential Income	$380,070		$387,671		$395,425		$403,333		$411,400		$419,628		$428,021		$436,581	
- Vacancy	6.00% ($22,804)	6.00%	($23,260)	6.00%	($23,725)	6.00%	($24,200)	6.00%	($24,684)	6.00%	($25,178)	6.00%	($25,681)	6.00%	($26,195)	6.00%
- Concessions, Loss to Lease, Bad Debt	2.50% ($7,601)	2.00%	($3,877)	1.00%	($3,954)	1.00%	($4,033)	1.00%	($4,114)	1.00%	($4,196)	1.00%	($4,280)	1.00%	($4,366)	1.00%
Effective Gross Income	$349,664		$360,534		$367,745		$375,100		$382,602		$390,254		$398,059		$406,020	
Other Income	$3,990		$4,070		$4,151		$4,234		$4,319		$4,406		$4,494		$4,584	
Total Net Income	**$353,655**		**$364,604**		**$371,897**		**$379,334**		**$386,921**		**$394,660**		**$402,553**		**$410,604**	
EXPENSES																
Real Estate Taxes	8.96% $31,212	8.83%	$31,836	8.73%	$32,473	8.73%	$33,122	8.73%	$33,785	8.73%	$34,461	8.73%	$35,150	8.73%	$35,853	8.73%
Insurance	5.97% $20,808	5.88%	$21,224	5.82%	$21,649	5.82%	$22,082	5.82%	$22,523	5.82%	$22,974	5.82%	$23,433	5.82%	$23,902	5.82%
Contract Services	0.45% $1,561	0.44%	$1,592	0.44%	$1,624	0.44%	$1,656	0.44%	$1,689	0.44%	$1,723	0.44%	$1,757	0.44%	$1,793	0.44%
Trash Removal	0.00% $0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Electric	8.66% $30,172	8.53%	$30,775	8.44%	$31,391	8.44%	$32,018	8.44%	$32,659	8.44%	$33,312	8.44%	$33,978	8.44%	$34,658	8.44%
Gas	0.00% $0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Water and Sewer	0.00% $0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Legal	0.75% $2,601	0.74%	$2,653	0.73%	$2,706	0.73%	$2,760	0.73%	$2,815	0.73%	$2,872	0.73%	$2,929	0.73%	$2,988	0.73%
Management Fee	4.00% $14,146	4.00%	$14,584	4.00%	$14,876	4.00%	$15,173	4.00%	$15,477	4.00%	$15,786	4.00%	$16,102	4.00%	$16,424	4.00%
Repairs and Maintenance	5.67% $19,768	5.59%	$20,163	5.53%	$20,566	5.53%	$20,978	5.53%	$21,397	5.53%	$21,825	5.53%	$22,262	5.53%	$22,707	5.53%
General/Admin	0.82% $2,861	0.81%	$2,918	0.80%	$2,977	0.80%	$3,036	0.80%	$3,097	0.80%	$3,159	0.80%	$3,222	0.80%	$3,287	0.80%
Payroll	5.20% $18,124	5.12%	$18,486	5.07%	$18,856	5.07%	$19,233	5.07%	$19,618	5.07%	$20,010	5.07%	$20,410	5.07%	$20,819	5.07%
Other	0.00% $0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%	$0	0.00%
Deposit to Replacement Reserve	2.20% $7,500	2.12%	$7,500	2.06%	$7,500	2.02%	$7,500	1.98%	$7,500	1.94%	$7,500	1.90%	$7,500	1.86%	$7,500	1.83%
Total Expenses	**42.69% $148,752**	**42.06%**	**$151,732**	**41.62%**	**$154,617**	**41.58%**	**$157,559**	**41.54%**	**$160,560**	**41.50%**	**$163,621**	**41.46%**	**$166,744**	**41.42%**	**$169,929**	**41.39%**
Net Operating Income (NOI)	**$204,903**		**$212,872**		**$217,280**		**$221,776**		**$226,361**		**$231,038**		**$235,809**		**$240,675**	

FINANCIAL REVIEW

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Annual Rent Escalator	3.00%	2.00%	2.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%
Annual Expense Escalator	2.00%	2.00%	2.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%	0.00%	2.00%
			REFINANCE!									SALE!
INCOME	**3**	**4**	**5**	**6**		**7**		**8**		**9**		**10**
Net Operating Income (NOI)	**$204,903**	**$212,872**	**$217,280**	**$221,776**		**$226,361**		**$231,038**		**$235,809**		**$240,675**
Debt Service												
Principal	$39,344	$40,743	$42,192	$60,179		$62,320		$64,536		$66,832		$69,209
Interest	$63,668	$62,269	$60,820	$81,702		$79,561		$77,345		$75,049		$72,672
Total Debt Service	$103,012	$103,012	$103,012	$141,881		$141,881		$141,881		$141,881		$141,881
Cash Flow available for Distribution	**$101,891**	**$109,860**	**$114,268**	**$79,894**		**$84,480**		**$89,157**		**$93,928**		**$98,794**
Distributions from Cash Flow												
Asset Mgt Fee to Manager 1.0%	$3,537	$3,646	$3,719	$3,793		$3,869		$3,947		$4,026		$4,106
Members Preferred Return Due	$0	$0	$0	$0		$0		$0		$0		$0
Members Preferred Return Deficiency	$0	$0	$0	$0		$0		$0		$0		$0
Members Preferred Return Paid 0%	$0	$0	$0	$0		$0		$0		$0		$0
Excess Cash Flow to Members 80%	$78,683	$84,972	$88,439	$60,881		$64,489		$68,169		$71,922		$75,751
Excess Cash Flow to Mgr 20%	$19,671	$21,243	$22,110	$15,220		$16,122		$17,042		$17,980		$18,938
Total Distributions to Members	**$78,683**	**$84,972**	**$88,439**	**$60,881**		**$64,489**		**$68,169**		**$71,922**		**$75,751**
Capital Account Balance (Begin of Year)	**$880,407**	**$880,407**	**$880,407**	**$307,201**		**$307,201**		**$307,201**		**$307,201**		**$307,201**
Member Cash on Cash Return	**8.94%**	**9.65%**	**10.05%**	**19.82%**		**20.99%**		**22.19%**		**23.41%**		**24.66%**
Average Cash on Cash Return	8.69%	8.93%	9.16%	10.93%		12.37%		13.60%		14.69%		15.68%
Property Value 6.4%	$3,221,742	$ 3,347,051	$ 3,416,351	$3,487,036		$3,559,136		$3,632,677		$ 3,707,689		$ 3,784,201
7.4%	$2,784,005	$ 2,892,289	$ 2,952,173	$3,013,254		$3,075,557		$3,139,107		$ 3,203,927		$ 3,270,043
8.4%	$2,450,990	$ 2,546,321	$ 2,599,042	$2,652,817		$2,707,668		$2,763,615		$ 2,820,682		$ 2,878,890
Debt Coverage Ratio	2.0	2.1	2.1	1.6		1.6		1.6		1.7		1.7

FUNDING OVERVIEW

PURCHASE		
# Units	30	
Asking Price	$2,500,000	
Purchase Price	$2,500,000	
Price Per Unit	$83,333	
Earnest Money Deposit (EMD)	$25,000	1%
Down Payment	$625,000	25%
1st Mortgage	$1,875,000	
Interest Rate	3.50%	
Amortization	30	
2nd Mortgage	$0	
Interest Rate	0.00%	
Amortization	0	
Closing Costs	$55,407	2.2%
Acquisition Fee	$50,000	2.0%
Repairs and Reserves	$150,000	
Total Member Capital Needed to Close	$880,407	
Cap Rate at Re-Sale	7.36%	

MOUNTAIN BRIDGE
CAPITAL

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THANK YOU