



~ Emmaus, PA ~

Lehigh Valley - “#5 in Top 5 Best Performing
Regions in the Northeast - 2019*”

Value-Add Multi-Family

48 Apartment Units (1BD/1BA)

Confidential Investment Summary

Red Knight Properties &
Yarusi Holdings

*Site Selection Magazine

redknightproperties.com & yarusiholdings.com

Important Notices and Disclosures

THIS CONFIDENTIAL MEMORANDUM (“MEMORANDUM”) IS SUBMITTED ON A CONFIDENTIAL BASIS FOR USE SOLELY IN CONNECTION WITH THE CONSIDERATION BY A LIMITED NUMBER OF PROSPECTIVE INVESTORS OF THE PURCHASE OF INTERESTS (THE “INTERESTS”) IN A LIMITED LIABILITY COMPANY FORMED FOR THE PURPOSE OF ACQUIRING MULTIFAMILY PROPERTIES IN NEWTON, NJ: ITS USE FOR ANY OTHER PURPOSE IS NOT AUTHORIZED. THIS MEMORANDUM IS FOR THE REVIEW OF ONLY THOSE PERSONS TO WHOM IT HAS BEEN DISTRIBUTED AND MAY NOT BE REPRODUCED OR REDISTRIBUTED, IN WHOLE OR IN PART, NOR MAY ANY OF ITS CONTENTS BE DISCLOSED TO ANYONE OTHER THAN THE PERSONS TO WHOM IT IS SUBMITTED. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL SECURITIES.

A LIMITED LIABILITY COMPANY SHALL BE FORMED TO ACQUIRE THE PROPERTIES DESCRIBED IN THIS MEMORANDUM (THE “HOLDING COMPANY”). RED KNIGHT REAL ESTATE PARTNERS, LLC SHALL OWN A MAJORITY OF THE MEMBERSHIP INTERESTS IN THE HOLDING COMPANY, IN WHICH INTERESTS ARE BEING OFFERED TO POTENTIAL INVESTORS HEREBY AND THROUGH WHICH INVESTORS WILL HOLD INTERESTS IN THE PROPERTIES. ALL INVESTORS SHOULD READ THE OPERATING AGREEMENT OF THE HOLDING COMPANY. (COLLECTIVELY, THE “GOVERNING AGREEMENTS”) IN THEIR ENTIRETY, TOGETHER WITH THIS MEMORANDUM, BEFORE ACQUIRING AN INTEREST IN THE PROPERTY THROUGH THE REAL ESTATE INVESTMENT VEHICLE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE REAL ESTATE INVESTMENT, THE HOLDING COMPANY, THE GOVERNING DOCUMENTS, THE PROPERTY AND THE TERMS OF THE OFFERING, INCLUDING AN EXAMINATION OF THE MERITS AND RISKS INVOLVED. SEE ALSO “RISK FACTORS” CONTAINED HEREIN.

THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE “SEC”). THE INTERESTS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THESE INTERESTS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED IN ANY WAY THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION OR WARRANTY TO THE CONTRARY IS A CRIMINAL OFFENSE. EACH PROSPECTIVE INVESTOR SHOULD PROCEED UNDER THE ASSUMPTION THAT IT MUST BEAR THE ECONOMIC RISK OF INVESTMENT IN THE INTERESTS FOR AN INDEFINITE PERIOD. SINCE THE INTERESTS DISCUSSED HEREIN MAY NOT BE RESOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, EACH INVESTOR WILL BE REQUIRED TO REPRESENT AND WARRANT THAT SUCH INVESTOR IS PURCHASING THE INTERESTS FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TOWARD ANY DISTRIBUTION OF SUCH PURCHASED INTERESTS IN VIOLATION OF THE SECURITIES ACT.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED (I) UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, (II) PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM OR (III) OTHERWISE PURSUANT TO THE GOVERNING AGREEMENTS. INVESTORS SHOULD BE AWARE THAT THEY ARE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE STATEMENTS, ESTIMATES AND ASSUMPTIONS AS TO FUTURE OPERATIONS, REVENUE AND NET INCOME OF THE PROPERTY ARE BASED ON THE BEST ESTIMATES OF RED KNIGHT, WHICH IS AVAILABLE TO PROVIDE ANY ADDITIONAL INFORMATION WHICH PROSPECTIVE PURCHASERS OR THEIR REPRESENTATIVES MAY REASONABLY REQUIRE AS TO THE PROPERTY, THE INTERESTS OR THE AFFAIRS OF THE REAL ESTATE INVESTMENT. CERTAIN PROJECTIONS OF OPERATIONS WITHIN THIS MEMORANDUM WERE PREPARED BY RED KNIGHT & YARUSI HOLDINGS. THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD PUBLIC DISCLOSURE OR COMPLIANCE WITH PUBLISHED GUIDELINES OF THE SEC REGARDING PROJECTIONS OR COMPILED OR REVIEWED BY INDEPENDENT ACCOUNTANTS, AND ACCORDINGLY, NO OPINION OR OTHER FORM OF ASSURANCE REGARDING SUCH PROJECTIONS IS EXPRESSED. IN ADDITION, BECAUSE SUCH PROJECTIONS ARE BASED ON A NUMBER OF ASSUMPTIONS, AND ARE FURTHER SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES, THERE IS NO ASSURANCE THAT THE ASSUMPTIONS WILL BE REALIZED, AND ACTUAL RESULTS MAY LIKELY VARY SIGNIFICANTLY FROM THOSE SHOWN. THE DISTRIBUTION OF THE PROJECTIONS SHOULD NOT BE RELIED UPON IN PURCHASING THE INTERESTS OFFERED HEREIN.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE MADE PURSUANT HERETO, SHALL IMPLY THAT THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE SET FORTH ON THE COVER HEREOF.

THIS MEMORANDUM DOES NOT UNDERTAKE TO PROVIDE THE DETAILED DISCLOSURES REQUIRED IN CONNECTION WITH REGISTRATIONS UNDER THE SECURITIES ACT. IT IS EXPECTED THAT AN INVESTOR CONTEMPLATING AN INVESTMENT IN THE PROPOSED TRANSACTION WILL CONDUCT AN INDEPENDENT INVESTIGATION AND ANALYSIS IN THE EXERCISE OF ITS OWN DUE DILIGENCE AND THAT A DECISION TO INVEST WILL BE BASED SOLELY ON SUCH INDEPENDENT INVESTIGATION AND ANALYSIS. FOR THE AVOIDANCE OF DOUBT, THE PROPERTY DISCUSSED IN THIS MEMORANDUM IS NOT A SECURITY FOR PURPOSES OF THE INVESTMENT ADVISERS ACT OF 1940. RED KNIGHT IS NOT PROVIDING INVESTMENT ADVICE IN CONNECTION WITH THE ACQUISITION OF THE PROPERTY.

PURCHASE OF AN INTEREST SHOULD BE CONSIDERED A HIGHLY SPECULATIVE INVESTMENT. INVESTMENT IN THE REAL ESTATE INVESTMENT VEHICLE IS DESIGNED ONLY FOR SOPHISTICATED PERSONS WHO ARE ABLE TO BEAR A COMPLETE LOSS OF THEIR CAPITAL CONTRIBUTIONS, INCLUDING ANY ADDITIONAL CAPITAL CONTRIBUTIONS, IN THE REAL ESTATE INVESTMENT.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUER THE CONTENTS OF THIS MEMORANDUM AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THIS OFFERING. NEITHER THE REAL ESTATE INVESTMENT, NOR THE HOLDING COMPANY, NOR RED KNIGHT, IS MAKING ANY REPRESENTATION OR WARRANTIES TO ANY OFFEREE OR PURCHASER OF THE INTERESTS AND THE PROPERTY REGARDING THE LEGALITY OF AN INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPROPRIATE INVESTMENT OR SIMILAR LAWS.

About Red Knight Properties

Red Knight Properties is a vertically integrated boutique multi-family and mixed-use real estate investment company with a track record of building portfolios that deliver dependable cash flow and equity upside. By pooling our capital together, along with a select group of other investors, we offer nimble capital for real estate equity investments.

Our value-add approach us to deliver strong returns to our investors. We target value-add multi-family and mixed-use properties, and create significant equity by increasing cash flow and forcing appreciation through capital improvements. Our residents and tenants are the lifeblood of our assets. We strive to create vibrant communities where people are excited to live and work.

Red Knight Properties currently has 200 apartment, retail/garage units under management/ownership in New Jersey & New York across ten different assets.



About Yarusi Holdings

Jason Yarusi is the founder of Yarusi Holdings. Yarusi Holdings is an active Real Estate Syndicator and Investor. In 2016 he founded Yarusi Holdings, a multifamily investment firm currently with over 800 units under management.

The firm repositions properties through operational efficiencies, moderate to extensive renovations and complete rebranding. Jason also hosts "The Jason and Pili Project" a YouTube Channel and Podcast that sets the foundation for building Mental Fortitude, Growing Wealth and Improving Health by providing actionable steps (and avoiding missteps). Their monthly meetup, The New Jersey Multifamily Foundation Club has over 2,000 members and focuses on Real Estate Syndication.



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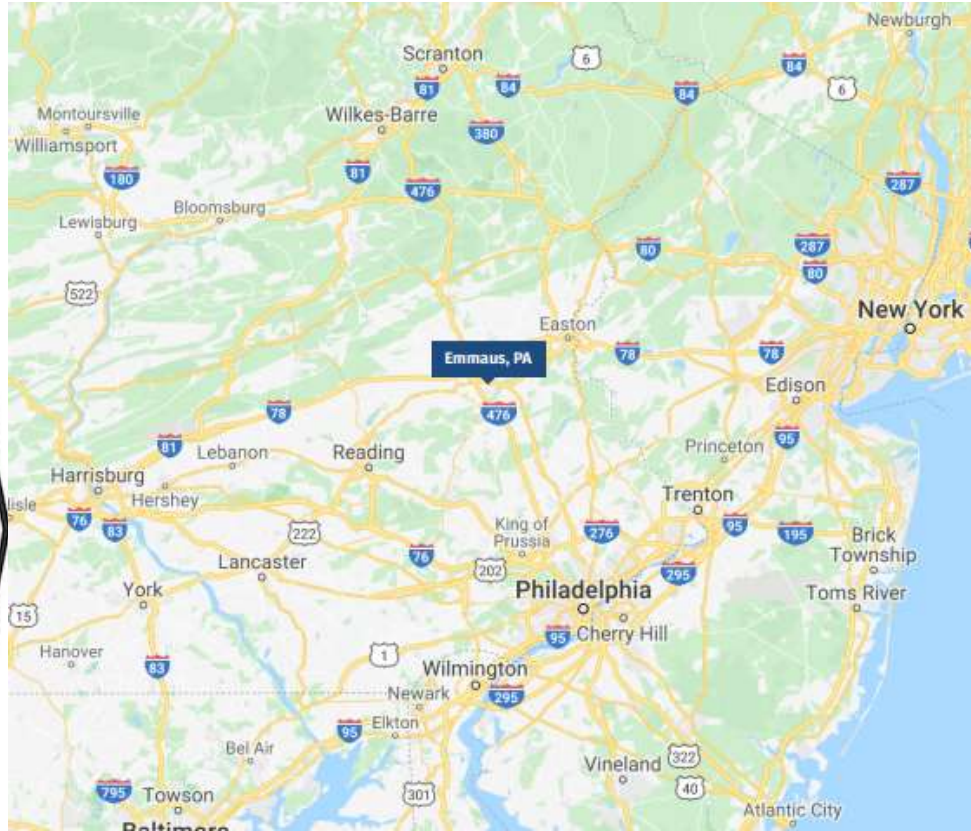


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1. Executive Summary

Red Knight Properties & Yarusi Holdings are currently under contract and is seeking to partner with additional equity investors for a value-add multi-family opportunity to acquire a 100% fee simple ownership interest in Chestnut Commons Apartments, in a resurging, walkable (75% WalkScore) and fast-growing area of the Lehigh Valley Region in Emmaus PA, (Exit 58, Route 78 – ~90 miles to Midtown New York City, ~50 miles to Philadelphia), with no rent control, little deferred maintenance, strong in-place cash flow and rental upside.

Chestnut Commons consists is a three-story brick 48-unit garden-style 97% occupied (subject to DD) Class C apartment building built in 1978 with a secured entry, on-site parking, and laundry facilities. The property is situated in a quiet neighborhood minutes from downtown Emmaus, which was voted one of the “Top 100 Places To Live” by Money magazine. The unit mix is 1BD/1BA around ~700sqft. There is little deferred maintenance (2014 Roof & Newer Hot Water Heaters), the apartment rents are ~ 19% below market (\$840 average in-place vs. ~\$1,000+ market), with minor cosmetic renovations such as new kitchen backsplashes/countertops, laminate flooring versus the existing carpet and refreshing the common area hallways. Current ownership is motivated to sell as this is one of the smaller assets in his portfolio now and has not kept up with market rents. The tenants pay all utilities, and is separately metered.

The median 2019 household income in Emmaus is \$65,682, (\$83,394, within 3 miles). The population of Emmaus was 11,211 in 2010. The borough has been given many awards, including the Delaware Valley Green Building Council's Sustainable Community Award. The Buckeye Pipe Line, a United States petroleum distributor, is headquartered locally, between Emmaus and Macungie. The largest major shopping mall in the Emmaus area is South Mall, located on Lehigh Street on Emmaus' border with Salisbury Township and Allentown. South Mall is one of four major shopping malls in Allentown and its immediate suburbs. Emmaus is also home of Shangy's, one of the nation's largest beer distributors, featuring over 4,000 domestic and imported beer brands. Shangy's attracts thousands of beer enthusiasts from around the nation each year. Yocco's Hot Dogs, the Lehigh Valley-based fast food establishment known for their regionally-famous hot dogs and cheesesteaks, maintains its corporate headquarters in Emmaus. One of its six Lehigh Valley restaurants is also located just west of Emmaus, on Chestnut Street near Buckeye Road in Upper Milford Township. Opened in the 1980s, the Emmaus Yocco's is known as Yocco's South. Traub's Doggies, formerly Traubs Market, also is based in Emmaus.

Emmaus is accessible by two Lehigh County highways, Cedar Crest Boulevard, located on the borough's west-side, and Lehigh Street, which is located on the borough's east-side and connects Emmaus with Allentown and Bethlehem. Both highways have junctions with I-78, which spans from Lebanon County in the west to New York City in the east. Route 29 runs through the west side of the borough on Cedar Crest Boulevard and Chestnut Street. LANTA provides bus service to Emmaus along Route 104, which heads north to Allentown and the Lehigh Valley Mall.

2. The Transaction

Chestnut Commons in Emmaus, PA is under contract to Red Knight Properties & Yarusi Holdings for a purchase price of \$5,100,000 (\$104,167/unit), which equates to a ~6.6% (@ 97% quoted occupancy) capitalization rate with an in-place net operating income Red Knight projects of \$334,092 (**based seller's financial statements and subject to due diligence**). Red Knight & Yarusi Holdings have projected higher expenses throughout and unit turnover during the first year while our capital improvement plan takes place and bring the existing tenants to market rents.

Red Knight & Yarusi Holdings are planning to invest approximately \$ (~\$3,280/unit – subject to best general contractor's quote Red Knight & Yarusi Holdings have worked with). Planned upgrades include, as appropriate, outlined in the capital improvements slide. As the benefits of physical improvements, refreshed marketing and management by Red Knight & Yarusi Holdings take effect, the properties will command higher rents (current avg: ~\$840) than those currently achieved.

Revenues are expected to increase over the first two years of ownership. By the second year of ownership, the net operating income for the Portfolio is projected to be \$403,971, representing an ~7.7% stabilized yield-to-cost (year two (2) net operating income/initial purchase price + capital expenditures) on the all-in cost of ~\$5,257,455 million (~\$109,530/unit).

Factoring in leverage of ~25% of purchase price, the net levered IRR (Internal Rate of Return) to investors is modeled to be approximately 15% over a five-year holding period with very conservative underwriting projections.



Investment Snapshot	
Purchase Price	\$5,100,000
Capital Improvement Budget*	\$157,455 (est.)
Closing Costs & Operating Capital	\$389,535
Total Capitalization	\$5,646,990
Units	48
Current Occupancy (Subject to DD)	97%**



3. Investment Highlights

- ❖ **Strong Going-In Capitalization Rate/Low Per Door Price:** The going-in capitalization rate is ~6.6% (subject to due diligence) at 97% occupancy on Red Knight & Yarusi Holding's net operating income, and projected conservative stabilized capitalization rate of ~7.1% at exit, compared to recent sale comps outlined in the sale comps section for traditional Class C & B apartment complexes in Emmaus and the Southern Lehigh Valley submarket, providing an opportunity for arbitrage post-new management and capital improvements.
- ❖ **Below Market Rent Apartments:** Rents are close to 19% below market on the apartments conservatively. Increasing the rents to market after light capital improvements such as new kitchen countertops & laminate flooring, will greatly increase the value of the property. Emmaus is not subject to any rent control, like neighboring submarkets in Northern New Jersey might be.
- ❖ **Operational Upside/Efficiency:** There is currently no professional management company in-place for either complex, which creates an operational upside as well as cost reduction from payroll.
- ❖ **Strong Submarket:** Vacancy rate for Lehigh Valley 1 and 2 star apartments is 3.6% with 2.6% 2018 rent growth and there is no new 1 and 2 star) multi-family inventory expected to be completed over the next 5 years. Rent growth was projected conservatively at 3% post-renovations, starting in year 3.

Investment Highlights:

Emmaus, PA named one of CNN/Money Magazine's "Top 100 Places to Live in the United States"



In recent years, the Borough has been recognized for several distinguished accomplishments:

- 2019 – ranked 34th safest city in Pennsylvania by BackgroundChecks.org.
- 2018 – named 9th easiest place to sell your home in Pennsylvania, according to a study conducted by SmartAsset based on the health and demand of the housing market.
- 2015 – ranked 7th best place in Pennsylvania to live according to onlyinyourstate.com. (<http://www.onlyinyourstate.com/pennsylvania/pa-best-place-living/>)
- 2015 – ranked 5th “most heart-warmingly beautiful small town in Pennsylvania” according to onlyinyourstate.com. (<https://www.onlyinyourstate.com/pennsylvania/pa-small-towns/>)
- 2015 – ranked 2nd best Pennsylvania community to “get away from it all” according to onlyinyourstate.com. Communities were ranked based on “beautiful small towns in Pennsylvania that will give you a break from the hectic pace of urban life”. (<http://www.onlyinyourstate.com/pennsylvania/pa-get-away-from-it-all/>)
- 2014 – named 5th safest community in the Commonwealth of Pennsylvania with a population of over 10,000 by Movoto.com. (<https://www.movoto.com/guide/pa/safest-places-in-pennsylvania/>)
- 2013 – received the Delaware Valley Green Building Council’s Sustainable Community Award for the implementation of initiatives and policies that promote sustainable living, including the Borough’s LED red light replacement program, energy analysis of properties, storm water and sewer protection initiatives, recycling and compost efforts, and a watershed rehabilitation project at Leibert’s Creek, among others.
- 2013 – named 6th Best Town in Pennsylvania for Young Families according to Nerdwallet.com. Rankings were based on public school performance, affordability, and community growth and prosperity. (<https://www.nerdwallet.com/blog/studies/best-towns-pennsylvania-young-families/>)
- 2013 – awarded the 2013 Pennsylvania State Association of Boroughs Newsletter of the Year Award for best municipal newsletter.
- 2008 – named one of the top 10 places to live in Pennsylvania by Catalogs.com.
- 2007 and 2009 – named one of the Top 100 Places to Live in the United States by CNN / Money Magazine on two separate occasions. The Borough ranked 87th in 2007 and 88th in 2009.

5. Financial Overview – P&L

Even though Chestnut Commons Apartments are 97% occupied, subject to due diligence, we are modeling the projections at 5% initial apartment vacancy plus a 5% turnover rate on the apartments in the first year, and 5% vacancy on the apartments moving forward. Expenses are also being underwritten at ~\$3,300 per door.

FINANCIAL ASSUMPTIONS	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Rent Escalator	0.00%	0.00%	3.00%	3.00%	3.00%
Annual Expense Escalator	0.00%	3.00%	3.00%	3.00%	3.00%
		REFINANCE!			SALE!
INCOME	1	2	3	4	5
Gross Potential Income	\$484,200	\$576,000	\$593,280.00	\$611,078.40	\$629,410.75
- Vacancy	(\$24,210) ▲ 5.00%	(\$28,800) ▼ 5.00%	(\$29,664) ▼ 5.00%	(\$30,554) ▼ 5.00%	(\$31,471) ▼ 5.00%
- Concessions, Loss to Lease, Bad Debt	(\$24,210) ▲ 5.00%	\$0	\$0	\$0	\$0
Effective Gross Income	\$435,780	\$547,200	\$563,616	\$580,524	\$597,940
Other Income (Laundry, Water Reimbursements, etc.)	\$24,581	\$24,581	\$25,318	\$26,078	\$26,860
Total Net Income	\$460,361	\$571,781	\$588,934	\$606,602	\$624,801
EXPENSES					
Total Expenses	\$158,658 ▼ 34.46%	\$167,810 ▼ 29%	\$172,845 ▼ 29%	\$178,030 ▼ 29%	\$183,371
Net Operating Income (NOI)	\$301,703	\$403,971	\$416,090	\$428,572	\$441,430

6. Key Metrics

Red Knight Properties will align its interest with limited partners and aims to contribute 10-15% of the total member capital to close required.

PURCHASE	
# Units	48
Asking Price	\$5,500,000
Purchase Price	\$5,100,000
Price Per Unit	\$106,250
Earnest Money Deposit (EMD)	\$200,000 3.9%
Down Payment	\$1,275,000 25%
1st Mortgage	\$3,825,000
Interest Rate	3.63%
Amortization	30
2nd Mortgage	\$0
Interest Rate	0.00%
Amortization	0
Closing Costs	\$236,535 4.6%
Acquisition Fee	\$153,000 3.0%
Repairs and Reserves	\$157,455
Total Member Capital Needed to Close	\$1,821,990
Cap Rate at Re-Sale	7.1%

INVESTOR RETURNS

Member Equity	70%
Manager Equity	30%
Preferred Return to Members	8.0%
Asset Mgt Fee to Manager	1.5%
Capital Transaction Fee to Mgr	1.5%
Cash Flow to Members (Year 1)	\$149,527
Member Cash on Cash Return (Year 1)	8.21%
Average Annual Return	15%
Total Return on Investment	61.17%
IRR	15%

Refinance/supplemental loan valuations and exit capitalization rates are modeled at a conservative ~7% capitalization rate on a refinancing basis at the end of year 2 (to be conservative) and ~7.1% capitalization rate on disposition (\$127,728/unit). Similar comps in submarket/surrounding area have sold as low as a 5.5% cap as initiated in the sales comparison section.

Exit Strategy	Year
Cash Out Re-Finance End of Year	2
Sale / Disposition at End of Year	5
Refinance End of Year	
	2
Net Operating Income (Ex. Depreciation/Reserve)	\$470,367
Cap Rate at Re-Finance or Supplemental	7%
Appraised Value	\$5,962,125
Re-Finance LTV or Supplemental Loan	75%
Interest Rate	4.00%
Term / Amortization (Years)	30
Re-Finance Loan Amount	\$4,471,520
- Closing Costs (Legal, Title, Processing/Inspection Fee, Appraisal, Etc.)	(140,000) (\$1,396,371)
Return of Interest Earned	\$68,328
Supplemental Proceed - Interest	(0.00%) \$0
- Repay Outstanding Loan Balance	(1,745,998)
= Gross Proceeds from Re-Finance	\$773,365
Return of Member Capital	\$773,365
% of Initial Investment Returned	75%
Capital Account Balance After Re-Fi	\$1,048,023
Net Proceeds/Profit from Re-Finance	\$0
Principal Reduction	\$773,365
Appreciation	\$0
Capital Transaction Fee to Mgr	15%: \$0
Net Proceeds/Profit Paid to Member	70%: \$0
Net Proceeds/Profit Paid to Manager	30%: \$0
Total Cash to Members at End of Year	\$773,365
(Initial Capital + Appreciation)	\$1,048,023
Ending Capital Account Balance	\$1,048,023

Disposition End of Year → 5

Net Operating Income	\$441,430
Cap Rate	7.1%
Sales Price	\$6,234,881
Sales Cost	5.0% (\$311,744)
Outstanding Loan Balance	(\$4,225,599)
Total Equity	\$1,697,538
Return of Member Capital	\$1,048,023
Net Proceeds/Profit from Sale	\$649,516
Principal Reduction	\$245,995
Appreciation	\$403,521
Capital Transaction Fee to Mgr	1.5%: \$93,523
Net Proceeds/Profit Paid to Members	70%: \$389,195
Net Proceeds/Profit Paid to Manager	30%: \$166,798
Total Cash to Members at Sale	\$1,437,217

Per unit
\$129,893.35

7. Capital Improvement Plan Breakdown – General Contractor Partnership

Red Knight Properties & Yarusi Holdings have toured the property and compiled a detailed renovation budget. The scope of each renovation was designed with an eye toward leveraging the current appealing features and amenities of the properties and bring all the unit interiors up to the renovated standard. The total renovation budget is ~\$157,455.

Red Knight & Yarusi Holdings are partnering with their preferred general contractor (minimum, 3 bids) to complete renovations, and will most likely use their same vendors on their other properties. Red Knight & Yarusi Holdings' management will be overseeing this daily upon acquisition and will start with exterior improvements, then interior. We will complete improvements to the occupied units on an incremental, non-invasive basis, and undertake the more invasive improvements as leases expire. Each tenant will be notified of the ownership change upon acquisition and receive new one year leases with proposed improvements to their units immediately through our legal counsel. These costs are subject to change and a contingency is included.

Capital Improvement Plan

<i>Line Item</i>	<i>\$ Amount (est.)</i>	<i>Comments</i>
Exterior Improvements	\$ 81,600	Laminate Flooring - carpet rip up - 50% of units
Interior Improvements	\$ 36,000	New countertops, paint kitchen cabinents - 50% of units
Interior Improvements	\$ 9,500	Painting/new artwork in the hallway, new lighting in common area
Interior Improvements	\$ 24,000	Paint units - 50% of units
Contingency	\$ 6,355.00	
Total	\$ 157,455	

5%

8. Market Information

Lehigh Valley - Major Employment

LEHIGH VALLEY EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	39	1.2	-0.24%	0.26%	0.97%	1.14%	-0.10%	-0.31%
Trade, Transportation and Utilities	85	1.2	0.38%	0.45%	2.58%	1.32%	0.88%	0.26%
Retail Trade	40	1.0	-0.07%	-0.08%	0.23%	0.94%	-0.07%	0.20%
Financial Activities	14	0.8	-3.27%	1.43%	-1.40%	1.24%	-0.45%	0.32%
Government	40	0.7	0.21%	0.68%	-0.76%	0.07%	0.50%	0.63%
Natural Resources, Mining and Construction	14	0.7	-1.81%	1.63%	1.55%	2.89%	-0.55%	0.22%
Education and Health Services	79	1.3	1.27%	2.53%	1.74%	2.17%	0.65%	0.57%
Professional and Business Services	49	0.9	2.84%	2.03%	1.63%	2.74%	1.44%	0.86%
Information	5	0.7	-1.16%	0.99%	-0.82%	0.39%	0.14%	0.48%
Leisure and Hospitality	39	0.9	0.92%	1.90%	2.33%	2.72%	0.67%	0.54%
Other Services	15	1.0	-0.14%	1.36%	0.12%	1.15%	-0.14%	0.28%
Total Employment	380	1.0	0.59%	1.35%	1.34%	1.62%	0.60%	0.44%

Source: Oxford Economics
LQ = Location Quotient



9. Market Overview (Continued)



9. Market Overview (Continued)

Lehigh Valley GDP by Industry Sector:



The Lehigh Valley economy is far more **balanced and diversified** than the national GDP with **5.9 percentage points** separating the **Lehigh Valley's top four sectors**, compared to **13.6** at the national level.



**Data comes from the U.S. Department of Commerce's Bureau of Economic Analysis (BEA). Gross domestic product (GDP) is the measurement of a country's economic output. It is the total market value of all finished goods and services produced within a country's borders in a given year. It includes all consumer, investment and government spending and exports, minus the value of imports. The \$40.1 billion figure is for 2017, the most recent year for which data is available, and includes only private sector input, excluding government spending. Data on the GDP of other countries comes from the World Bank.*

9. Market Overview (continued)

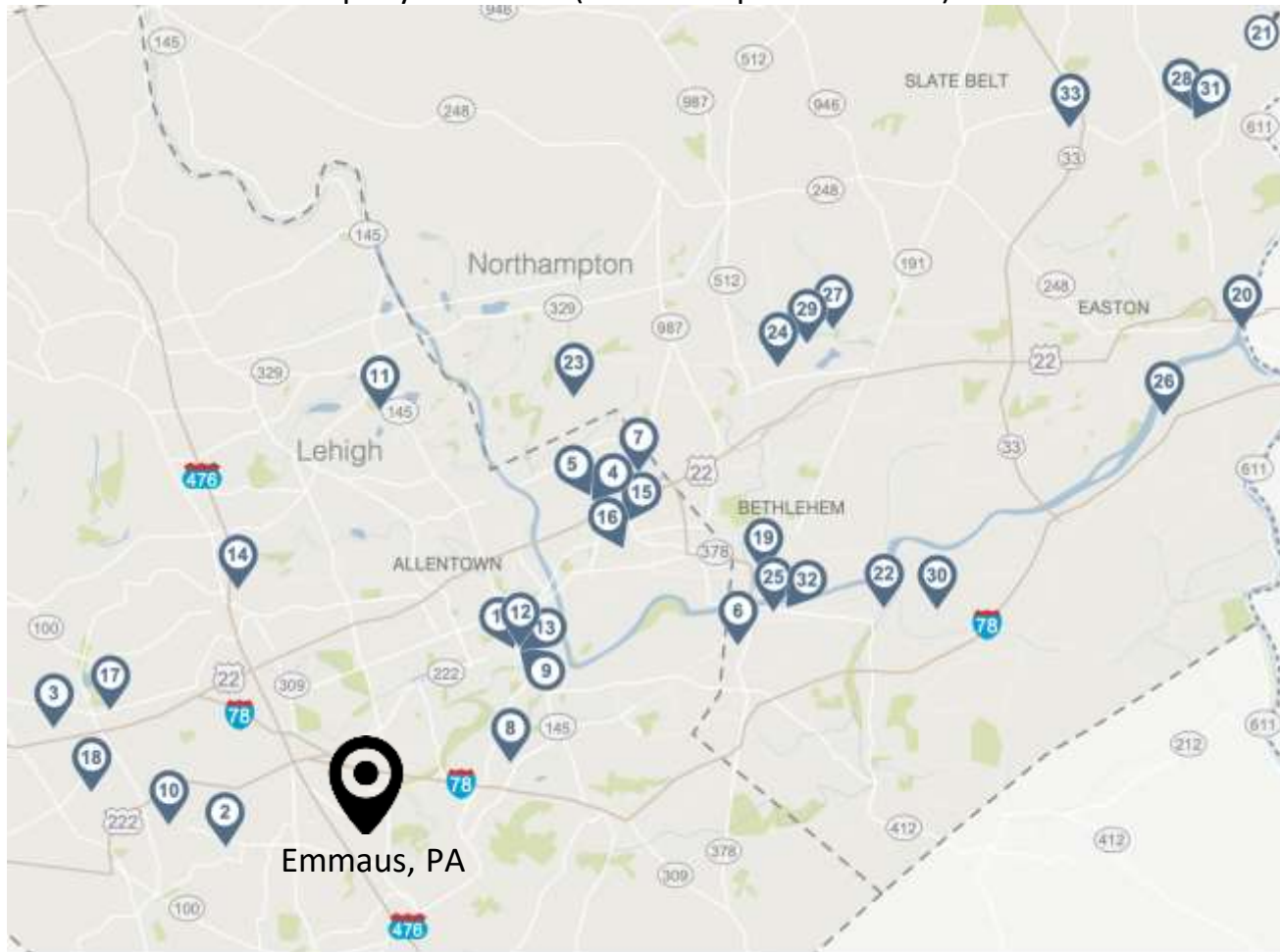
New Companies/Expansion for Existing Companies

	Company	Municipality	Product	New or Expansion	Stage	Type	Investment (Millions)*	New Jobs Created*	Jobs Retained*	SF (Thousands)
Lehigh County										
1	ADP	Allentown	Data Processing	New	Construction	Office		750	700	243
2	Air Products	Upper Macungie	Industrial Gases	New	Announced	HQ			2000	660
3	ATAS International	Upper Macungie	Sheet Metal Work Mfg.	New	Announced	MFG	\$30	50		496
4	B Braun	Hanover Twp.	Medical Equipment	Expansion	Construction	MFG		250		320
5	Bioscience Management Inc.	Hanover Twp.	Microbiological Products	New	Completed	MFG			13	30
6	Campbell and Strasser	Fountain Hill	Wood Product Mfg.	New	Completed	MFG	<\$1		6	15
7	Chan and Chan	Bethlehem	Food Mfg.	New	Construction	MFG	\$8	175		62
8	CoreTech International	Allentown	Machinery Mfg.	New	Completed	MFG	<\$1	9		12
9	CrossAmerica Partners	Allentown	Petroleum Distribution	New	Completed	Office	<\$1			22
10	Evonik	Upper Macungie	Paint And Coating Mfg.	Expansion	Announced	Office	\$50	50	277	429
11	Gooch Thermal Systems	Whitehall	HVAC Equipment Mfg.	New	Completed	MFG	\$2.5	15		26
12	IBEW Local 375	Allentown	Union Hall And Training Center	New	Completed	Office	\$2.1			30
13	Merrill Lynch	Allentown	Securities And Investments	New	Completed	Office	<\$1	10		27.5
14	Nestle Purina	South Whitehall	Pet Food Mfg.	Expansion	Construction	Distribution		35		53
15	Primo Produce	Hanover Twp.	Grocery Wholesale	Expansion	Construction	Distribution	\$12	30		49
16	Royal Industries	Allentown	Vinyl Products Mfg.	New	Construction	MFG	\$4.7	80		85
17	RSC Solutions	Upper Macungie	Computer Services	New	Completed	Office	\$2	30		10
18	Silgan Containers	Upper Macungie	Metal Food Containers	New	Completed	MFG	\$15	29		188
Northampton County										
19	AblePay Health	Bethlehem	Financial Transaction Processing	New	Completed	Office			10	
20	Access Networks	Easton	Computer Systems Design	New	Completed	Office	\$1	12		10
21	Air Liquide	Upper Mt Bethel	Industrial Gases	New	Completed	MFG	\$45	198		105
22	Alpla	Bethlehem	Plastics Packaging Mfg.	New	Completed	MFG	\$15	99		160
23	FedEx Ground	Allen Twp.	Express Delivery Services	New	Completed	Distribution	\$336			800
24	Freshpet	Hanover Twp.	Pet Food Mfg.	Expansion	Announced	MFG	\$100	200		140
25	Gateway at Greenway Park	Bethlehem	Multi-Tenant Office Building	New	Completed	Office	\$24			128
26	Hearst Publishing	Easton	Publishing	New	Construction	Office		75		29
27	Innovative Control Projects	Lower Nazareth	Commercial & Service Machinery	New	Announced	MFG		65		183
28	Norac	Forks Twp.	Food Mfg.	New	Completed	MFG	\$25	50		79
29	PAC Worldwide	Lower Nazareth	Protective Packaging	New	Completed	MFG	\$28	132		420
30	Qurate Retail Group (QVC)	Bethlehem	Nonstore Retail	New	Announced	Distribution		1,200		1,000
31	Sillitico Corp.	Forks Twp.	Non-Metallic Mineral Products	New	Construction	MFG	\$13	35		30
32	The Factory LLC	Bethlehem	Food And Beverage Mfg.	New	Completed	MFG	\$2			40
33	UPS	Palmer Twp.	Express Delivery Services	New	Completed	Distribution		900		1,000

*For privacy reasons, some companies declined to provide data for its development project. These job figures are projections.

9. Market Overview (continued)

Company Locations (reference previous slide)



9. Market Overview (continued)

Lehigh Valley Ranks Among Top Five in Site Selection Magazine

The Lehigh Valley has been ranked one of the top five regions of its size in the United States in terms of economic development, and for the third consecutive year is the highest-ranked region of its population size in the Northeast, according to Site Selection. Each year the magazine announces the best-performing metropolitan areas in the country as part of its prestigious Governor's Cup Awards. Site Selection boasts a readership of power brokers who make major economic development decisions, and for the magazine to once again recognize the Lehigh Valley's growth is a remarkable accomplishment.

2018 Top Metros Population Range Between 200,000 & 1 Million

(Total Projects by Region)

1. Omaha, NE	46	5T. Tulsa, OK	25
2. Des Moines, IA	34	7. Greensboro, NC	24
3. Toledo, OH	30	8T. Lexington, KY	23
4. Lincoln, NE	29	8T. Reno, NV	23
5T. Lehigh Valley, PA	25	8.T Savannah, GA	23

9. Market Overview (continued)

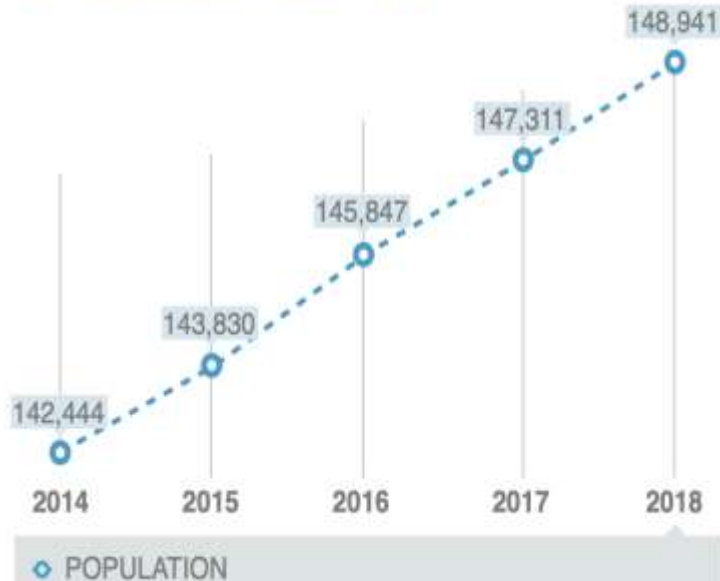
UNEMPLOYMENT RATE Seasonally Adjusted



Over the last 24 months, Lehigh Valley unemployment has dropped from 4.8% to 4.1%.

Population among the 18-to-34 age group has increased by 5% in the last five years; this age group is now the largest segment of the region's population.

POPULATION AGE 18-34



9. Market Overview (continued)

Top 5: The Lehigh Valley last year joined the top five fastest growing-regions in the United States with a population of less than 1 million people, according to Site Selection magazine. For the third straight year, the Lehigh Valley was the fastest-growing region of its size in the Northeast.

22.4 percent: That's the percentage of Pennsylvanians ages 18 to 34. Allentown, Bethlehem and Easton all have a higher percentage of their population in that age demographic, at 28.2, 31.1 and 30.5 percent, respectively.

669,899: Total population, which has increased by 16,821 residents in Lehigh County and 5,709 residents in Northampton County from 2010 to 2017. Statewide, only 18 of Pennsylvania's 67 counties have seen their populations grow since 2010.

\$18.61: According to Colliers International data for the third quarter of 2018, the region's asking rent per square foot for Class A office space, compared to Philadelphia's rate of \$32.85 and the \$77.63 charged in the New York City metro area.

More than \$714.3 million: That's how much companies invested in 33 projects announced, completed or under construction in 2018 in Lehigh and Northampton counties. Spanning nearly 7 million square feet, these projects are creating 4,419 new jobs and retaining 3,006 more.

Source: Lehigh Valley Economic Development Corporation 2018 annual report

Forbes Article discussing rebirth of manufacturing in Lehigh Valley:

<https://www.forbes.com/sites/jimvinoski/2019/07/16/pennsylvanias-lehigh-valley-bounces-back-from-big-steels-departure/#4fe0563a3209>

9. Market Overview (continued)

Allentown - Lehigh Valley Economic Development Annual Report 2018

Downtown Allentown has experienced a remarkable transformation over the past six years, and that continued in 2018. In addition to ADP's plans to occupy the top 10 floors of Five City Center this year saw the opening of Tower 6, a 12-story office and retail building by City Center Investment Corp that embodies the best in modern design. Tenants already include Bank of America, Merrill Lynch, Avantor, CAPTRUST, CrossAmerica Partners, ESSA Bank & Trust, and more. City Center also began accepting deposits for the 68-unit 520 Lofts residential building, began construction on the 61-unit Walnut Street Commons, and announced plans for SVN Square, which will include another 217 premier apartments. Elsewhere in the city, brothers Alex and Al Ruoizzi continued their \$2.3 million renovation of the former Klein Building at West Hamilton and Front streets, which sits across the street from the America on Wheels Museum



9. Market Overview (continued)

Lehigh Valley Multi-Family

12 Mo. Delivered Units

402

12 Mo. Absorption Units

334

Vacancy Rate

4.0%

12 Mo. Asking Rent Growth

2.6%

Employment growth in the trade/transportation and healthcare sectors, combined with state and local tax incentives to spur downtown Allentown's development, has helped support healthy apartment leasing. Newly

delivered projects lease at a healthy pace, and investors from New York and across the mid-Atlantic chase mid-sized and large apartment communities which are trading at cap rates well above the national average.

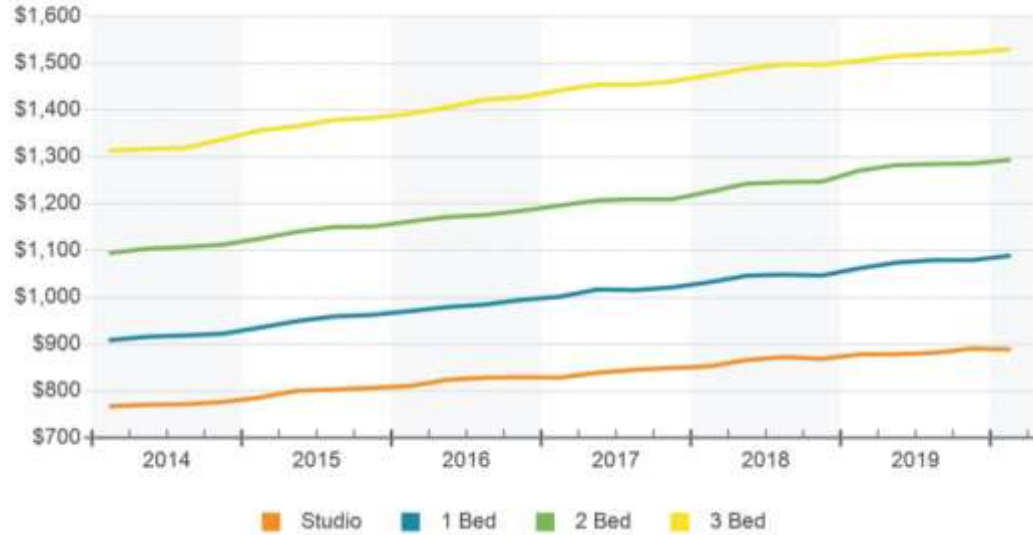
KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	6,765	4.5%	\$1,509	\$1,504	8	0	761
3 Star	11,414	4.2%	\$1,170	\$1,166	2	0	95
1 & 2 Star	12,210	3.6%	\$1,031	\$1,028	(38)	0	0
Market	30,389	4.0%	\$1,209	\$1,205	(28)	0	856

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.2%	5.0%	3.6%	6.4%	2015 Q3	3.7%	2018 Q1
Absorption Units	334	334	413	1,012	2016 Q1	(74)	2012 Q2
Delivered Units	402	336	388	1,309	2016 Q2	0	2014 Q4
Demolished Units	0	2	10	48	2013 Q1	0	2019 Q4
Asking Rent Growth (YOY)	2.6%	1.9%	1.4%	4.9%	2001 Q1	-3.0%	2009 Q4
Effective Rent Growth (YOY)	3.2%	1.9%	1.5%	4.3%	2001 Q1	-2.9%	2009 Q4
Sales Volume	\$252 M	\$61.1M	N/A	\$261.1M	2019 Q3	\$0	2006 Q4

9. Market Overview (continued)

MARKET RENT PER UNIT BY BEDROOM



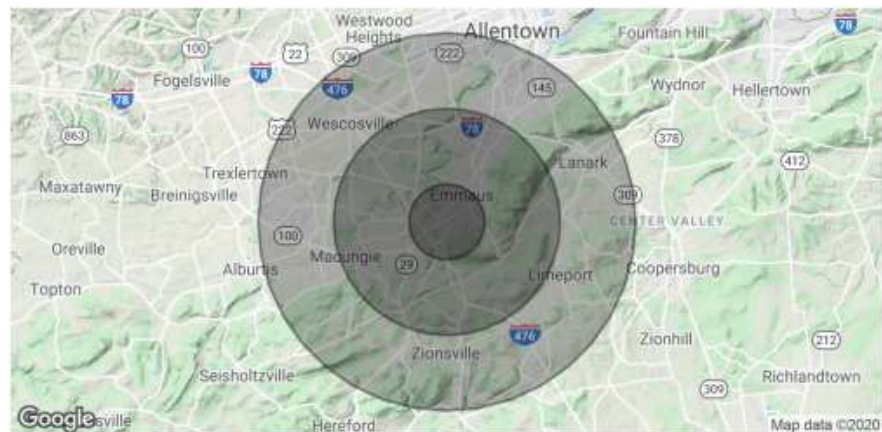
1 & 2 STAR VACANCY & RENT

Year	Units	Vacancy		Market Rent				Effective Rent	
		Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2024	305	2.5%	(0.1)	\$1,098	\$1.35	0.6%	(0.2)	\$1,094	\$1.35
2023	317	2.6%	(0.2)	\$1,091	\$1.34	0.8%	(0.3)	\$1,087	\$1.34
2022	334	2.8%	(0.4)	\$1,082	\$1.33	1.2%	(0.6)	\$1,078	\$1.33
2021	387	3.2%	(0.4)	\$1,069	\$1.32	1.7%	(0.9)	\$1,065	\$1.31
2020	431	3.5%	0.2	\$1,051	\$1.29	2.6%	(0.6)	\$1,047	\$1.29
YTD	441	3.6%	0.3	\$1,031	\$1.27	0.6%	(2.6)	\$1,028	\$1.26
2019	403	3.3%	0.3	\$1,025	\$1.26	3.2%	0.2	\$1,020	\$1.25

10. Emmaus Submarket Info

Chestnut Commons | 16 South 10th Street | Emmaus, PA 18049

DEMOGRAPHICS MAP & REPORT



POPULATION	1 MILE	3 MILES	5 MILES
Total Population	8,849	39,662	119,743
Median age	38.4	42.0	40.4
Median age (Male)	37.7	40.5	38.6
Median age (Female)	38.4	42.7	41.3

HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
Total households	3,616	15,904	47,281
# of persons per HH	2.4	2.5	2.5
Average HH income	\$65,682	\$83,394	\$74,701
Average house value	\$324,263	\$286,117	\$265,921

* Demographic data derived from 2010 US Census

12. New Construction

Under Construction Properties

Lehigh Valley Multi-Family

Properties	Units	Percent of Inventory	Avg. No. Units
6	856	2.8%	143

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Units	Stories	Start	Complete	Developer/Owner
1 Lehigh Hills Apartments Nursery St	★★★★★	273	-	Dec-2019	Nov-2021	The KRE Group Ray Ziegler
2 SVN Square Residences 700 Walnut St	★★★★★	200	9	Jan-2020	Oct-2020	City Center Allentown City Center Allentown
3 Autumn Ridge at Lopets... 71 Route 57	★★★★★	198	3	Apr-2019	Apr-2020	Larken Associates Larken Associates
4 Spring View Apartments... 311 Robert Morris Blvd	★★★★★	90	4	Nov-2018	Apr-2020	The KRE Group The KRE Group
5 Sycamore Landing - Pha... 1017 US Highway 22	★★★★★	64	3	Sep-2017	May-2020	Peron Development Edgewood Properties
6 Brinker Lofts 321 Adams St	★★★★★	31	-	Sep-2018	Apr-2020	- Lehigh University

12. New Construction (Continued)

New Construction Projects - Multifamily - Allentown 50+ units



Spring View Apartments

311 Robert Morris Boulevard | Allentown, PA 18104

Rents - 1 Bed - \$1,400 - \$1,800



SVN Square Residences - Coming 2020

700 Walnut St, Allentown, PA 18101

Proposed Rent - 1 Bed - \$1,600 - \$1,800

13. Rent Comps

The average rent currently that the sellers are getting for the 48 units combined is **\$840/mo for 1BD/1BA, averaging 680/SF**. For our underwriting, we assumed the base case scenario rents as depicted below.

The highest rental comp for a garden style-brick building 1BD/1BA unit in Emmaus is 1BD is \$1,220/mo.

The lowest rental comp for a garden style-brick building 1BD/1BA is \$925

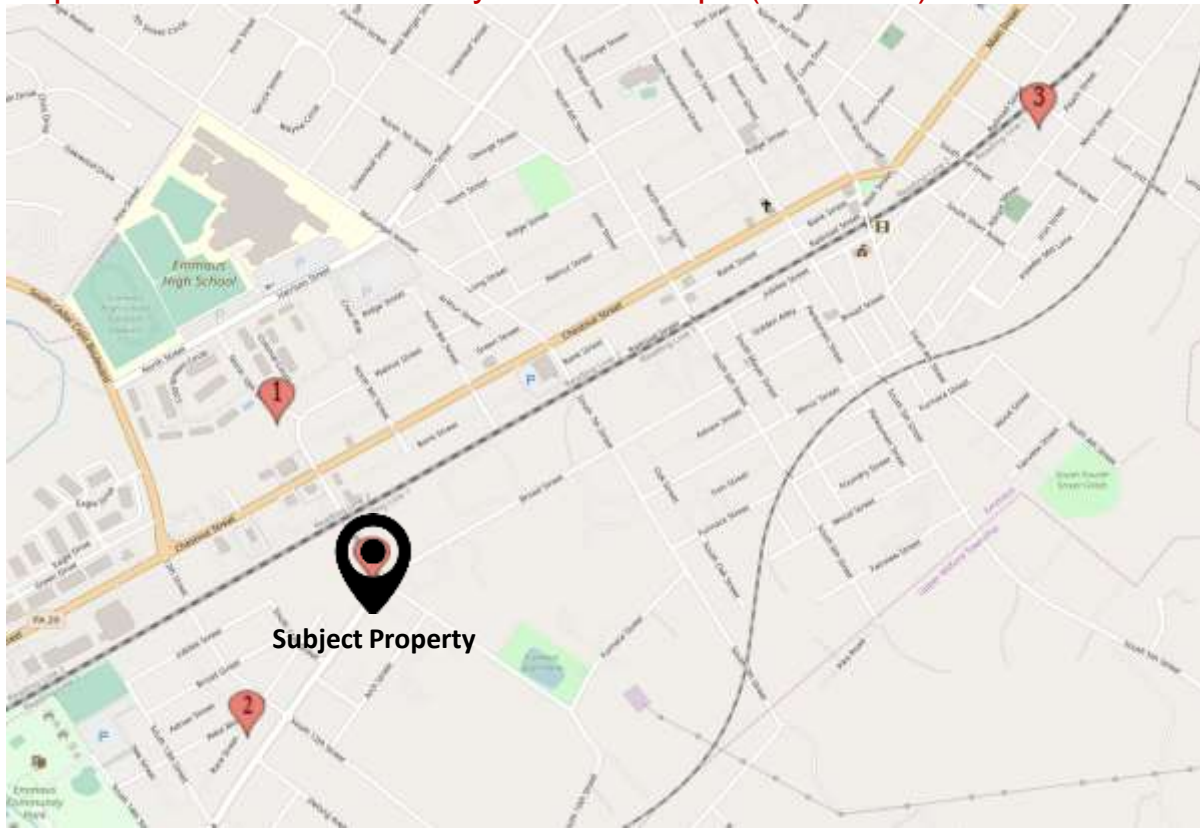
The average days on the market is less than 30 days.

Red Knight & Yarusi Holdings also posted a "test" Ad on Facebook Marketplace with the current pictures at \$1,000/mo, and received 10 leads in only one day.

*** Base Case apartment rents are transposed into the financial analysis**

Base Case Apartment Target Rent Analysis						Unit SF
Type	# Units	Current Rent		Target Rent		
		Average	Total	Average (Yr 2 + Post Reno)	Total	
1Bedroom	48	\$840	\$40,320	\$1,000	\$48,000	680
Total	48	\$840	\$40,320	\$1,000	\$48,000	

13. Rent Comps - Class B/C Garden Style Rent Comps (24+ Units)



1. Colonial Crest Apartments
2. Walnut Grove Apartments
3. The Nestings Apartments

redknightproperties.com & www.yarusiholdings.com

13. Rent Comps (Colonial Crest Apartments, Emmaus PA)

98%
occupied



Expenses Recurring:

Cat Rent-\$35

Dog Rent-\$50

One-Time Fees:

Cat Fee - \$350

Dog Fee - \$350

Utilities Included:

Heat Included



1 Bedroom	1 Bathroom	\$1,070-1,220	686 Sq Ft
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2 Bedroom	1 Bathroom	\$1,210-\$1,360	847 Sq Ft
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13. Rent Comps (Walnut Grove Apartments, Emmaus PA)

100% occupied



NO PETS ALLOWED

Utilities Included:
Water, Sewer



1
Bedroom

1
Bathroom

\$950

700 Sq Ft

13. Rent Comps (The Nestings, Emmaus PA)

100%
occupied



Expenses Recurring:
Cat Rent-\$20

Utilities Included:
Water & Sewer Included

NO DOGS ALLOWED



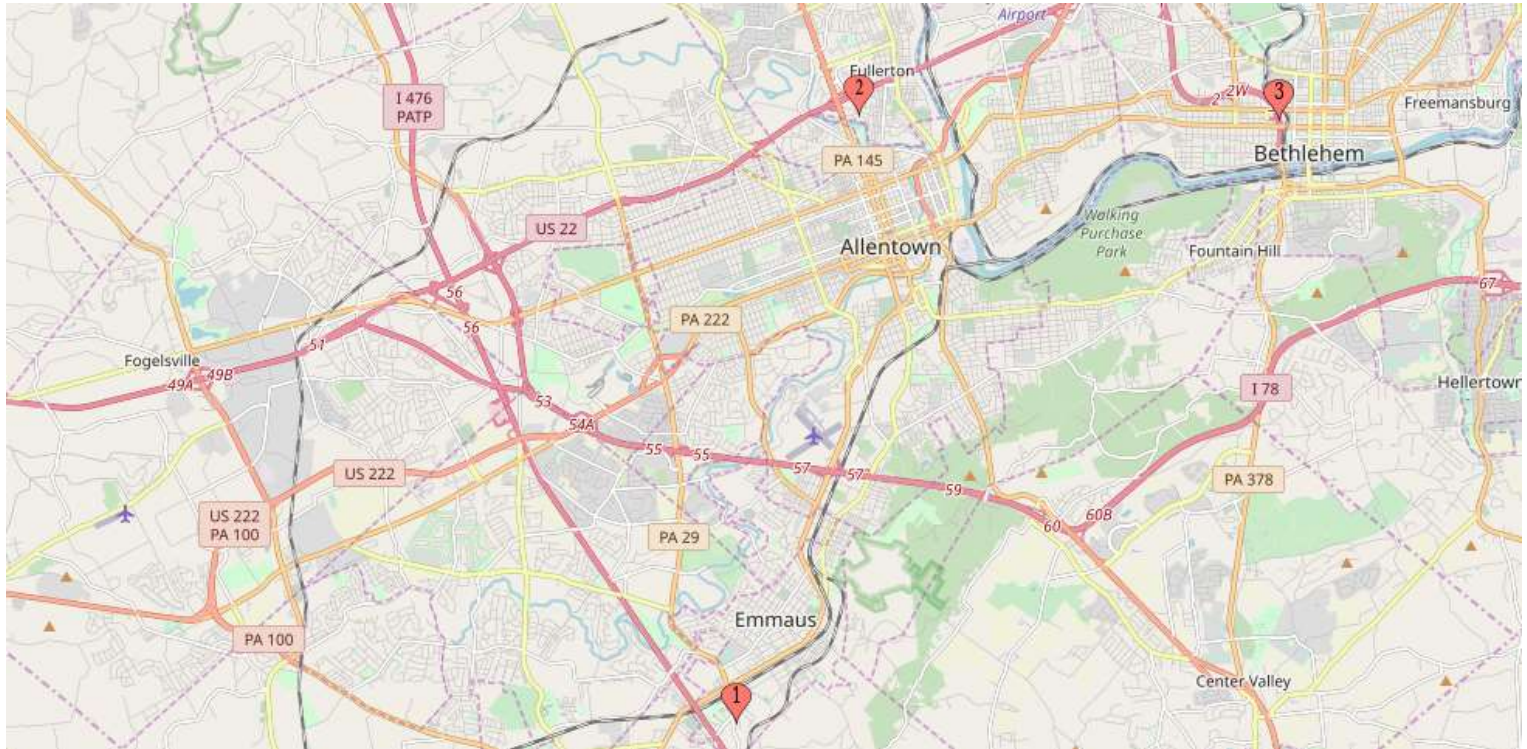
1 Bedroom

1 Bathroom

\$925

650 Sq Ft

14. Sales Comps



- 1) Walnut Grove Apartments, Emmaus, PA
- 2) Aspen, Whitehall, PA
- 3) Silk Mill Apartments, Bethlehem, PA

Sale Comparables

16 S 10th St - Chestnut Commons



Walnut Grove Apartments - 372-390 W Minor St

Emmaus, PA 18049 - Outer Southern Lehigh County Neighborhood



SALE

Sale Date:	9/23/2019
Sale Price:	\$2,600,000
Price Per Unit:	\$108,333
Price Per SF:	\$123
Cap Rate:	6.25%

PROPERTY

Property Size:	24 Units, 2 Floors
Average Unit Size:	800 SF
Year Built:	1973
Vacancy At Sale:	4.2%
Parking Spaces:	20 Spaces; 0.8 per Unit

CONTACTS

Buyer:	City Center Allentown
Seller:	Borko Milosev
Listing Broker:	Emerald Realty Group - Bobby Papageorgiou

FINANCING

\$1,932,000 from Greystone Servicing Corporation, Inc.

14. Sale Comps (Continued)



Aspen - 3 Maryland Cir

Whitehall, PA 18052 - Outer East Lehigh County Neighborhood



SALE

Sale Date:	8/21/2019
Sale Price:	\$10,150,000
Price Per Unit:	\$125,308
Price Per SF:	\$96
Cap Rate:	-5.5%

PROPERTY

Property Size:	80 Units, 3 Floors
Average Unit Size:	1,353 SF
Year Built:	1971
Vacancy At Sale:	6.3%
Parking Spaces:	100 Spaces; 1.3 per Unit

CONTACTS

Buyer:	RRG Management
Seller:	Post Road Management
Listing Broker:	JLL - Carl Fiebig, Francis Coyne, Mark Thomson

where preparation meets opportunity

14. Sale Comps (Continued)



Silk Mill Apartments - 238 W Goepp St

Bethlehem, PA 18018 - Downtown Bethlehem Neighborhood



SALE

Sale Date:	7/11/2019
Sale Price:	\$7,050,000
Price Per Unit:	\$115,573
Price Per SF:	\$65
Cap Rate:	5.7%

PROPERTY

Property Size:	61 Units, 4 Floors
Average Unit Size:	808 SF
Year Built:	1915
Vacancy At Sale:	4.9%
Parking Spaces:	250 Spaces; 4.1 per Unit

CONTACTS

Buyer:	Michael Devine
Seller:	Andover Properties
Buyer Broker:	The Kislak Company, Inc. - Matthew Wolf
Listing Broker:	The Kislak Company, Inc. - Justin Lupo, Robert Holland

FINANCING

\$4,935,000 from Northfield Bank

15. Asset & Property Management Team

Jason Yarusi, Managing Member

Jason is an active Real Estate Syndicator and acts as a General Partner across Multifamily 800 units. The core focus is repositioning properties through operational efficiencies, moderate to extensive renovations and complete rebranding. Jason also hosts The Jason and Pili Project Podcast, founded the New Jersey Multifamily Foundation Club with over 2,000 members and trains other on the success formula to buying apartment buildings at www.multifamilyfoundation.com.

Anthony Scandariato, Managing Member

Prior to forming Red Knight Properties, Anthony Scandariato who graduated from Cornell University with a Bachelor's degree in Applied Economics and Management, was a Co-Founder in Ridgeview Partners. He specialized in the retail space with a vertical model that provided flexibility to serve multiple customer segments with similar product lines through retail, wholesale, and production contracting channels. He acquired and developed growth of 110+ retailers within first-year operations.

He later moved on to an Acquisitions & Asset Manager Vice President for Vision Properties, where he was directly involved and responsible for sourcing, negotiation, and managing the acquisition of \$500+MM of Class A office asset before co-forming Red Knight Properties.

Brian Leonard, Managing Member

Brian Leonard graduated from Rutgers University with a bachelors degree from the School of Management and Labor Relations. He also played football for the Scarlet Knights, where he managed to win two national football awards in 2006. The ARA Sportsmanship Award and the William V. Campbell Trophy. The Campbell trophy is awarded by the National Football Foundation to the American college football player with the best combination of academics, community service, and on-field performance. It's considered by many to be the "Academic Heisman".

He was later drafted by the St. Louis Rams in the second round and went on to play 8 years in the NFL. Football has been a great catalyst into the real estate world for Brian. It has taught him countless lessons including leadership, work ethic, organization, flexibility, and passion to carry over into commercial real estate investing.

Christian Joest, Managing Member

Prior to working with Red Knight, Christian specialized in metal CNC machining and 3D printing. In 2018, Christian sold his business to Kaiser Aluminum Corporation for a 18x EBITDA exit. Upon acquisition, Christian was promoted to VP & General Manager, reporting directly to the President of Kaiser Aluminum. After working in this role for over a year, Christian realized that his passion for manufacturing had fizzled and decided to focus on Real Estate. Christian is also very familiar with the Lehigh Valley area after attending and playing college baseball in Bethlehem, PA. He also was a member of the tech BRIDGE Board of Directors which has a focus on growing manufacturing in Lehigh and Northampton County.



Yarusi Holdings Case Study: Norbrook Arms, Louisville KY (Managed & Owned by Red Knight Properties)



A 94 Unit Multifamily Property in
Louisville, KY.

Position: **Asset Manager, Sponsor and
General Partner.**

Holding Period: **32 Months**

Increase in Valuation: **73%**

IRR: 35.32%

Red Knight Properties Case Study: The Centennial Building, Chester NJ (Managed & Owned by Red Knight Properties)



1. Acquired 10,000sqft mixed-use building in the most visible and foot-trafficked area of affluent downtown Chester, NJ from long-term private ownership and motivated seller
2. Purchase Price: \$1,285,000, Capital Improvements: \$25,000. All-In-Cost: \$1,310,000
3. Restructured short-term retail leases to long-term upon acquisition
4. Successfully raised apartment rent average from by ~61.4% with minimal capital improvements (<\$20K) within 3 months upon acquisition and minimal turnover/vacancy
5. Leased vacant storefront unit within two (2) weeks upon acquisition. * Lease-up of this unit was not included in initial analysis *
6. Created an on-site laundry room to enhance amenity base while also adding an additional income stream
7. Increased in-place net operating income upon purchase from ~\$95,000 (~7.5% cap) to ~\$155,000 (~12% cap) within a 6-month investment period.
8. Achieved cash-out refinance with new appraised value of \$2,110,000 within a year post acquisition; returning over 140% of initial investor equity contributions

Red Knight Properties Case Study: The Downtown, Butler NJ (Managed & Owned by Red Knight Properties)



1. Acquired 10 Units (1 retail 9 apartments) in the most visible and foot-trafficked area of historic downtown Butler, NJ from long-term private ownership and motivated seller for \$1,060,000
2. Successfully raised apartment rent average by ~15% with minimal capital improvements (<\$25K) within 4 months upon acquisition and minimal turnover/vacancy
3. Increased in-place net operating income upon Purchase from ~\$106,000 (~9% cap) to ~\$117,000 (~11% cap) within a 6-month investment period
4. Obtained a cash-out refinance at a value of \$1,500,000 within 12 months of ownership, returning ~100% of investor capital contributions



Before



After

The Sussex @ Dover, Dover NJ - Case Study

Formerly Managed by Red Knight Properties



Acquired historical charming victorian apartment building within 3-blocks walking distance to midtown direct New York City train in transit-oriented historical downtown Dover, NJ



Leased-up vacant unit(s) within two-weeks post acquisition with minimal capital improvements (carpet & paint/minor deferred maintenance) at market rents



Achieved a levered 11% cash-on-cash return within the first year and a 40% levered IRR post disposition in month 16 of the investment period

Red Knight Properties Case Study: Dr. John Taylor Apartments, Boonton NJ (Managed & Owned by Red Knight Properties)



1. *Acquired vacant historical charming apartment building within two blocks of historic transit-oriented downtown Boonton, NJ and four blocks from New York City transit from long-term private ownership and motivated seller*
2. *Leased up vacant unit(s) within two (2) weeks post-acquisition with minimum improvements (paint, oil to gas conversion, new skylight, various deferred maintenance items)*
3. *Achieved a ~12% levered-cash-on-cash within twelve (12) months of the investment period*
4. *Obtained a cash-out refinance, returning 107% of initial investor equity contributions within twelve (12) months of ownership*

Additional Photos – Chestnut Commons



Additional Photos – Chestnut Commons



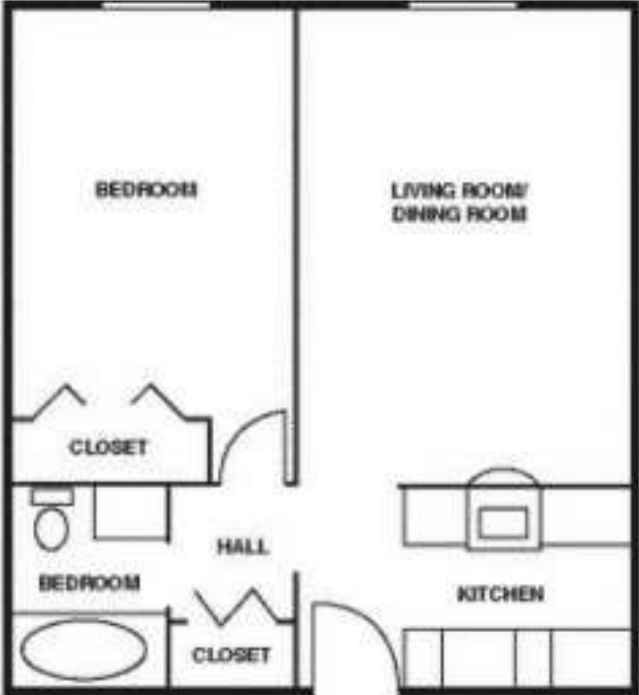
Additional Photos - Chestnut Commons



Additional Photos - Chestnut Commons



Additional Photos - Chestnut Commons



6.

Appendix

Real Estate Terms & Definitions

Accredited Investor - A person who meets the individual net worth requirements and/or income requirements set forth by the SEC, and has knowledge and/or experience in financing and business matters and are capable of evaluating the merits and risks of the prospective investments.

Capitalization Rate (Cap Rate) - A rate of return on a real estate investment property based on the expected income that the property will generate. Capitalization rate is used to estimate the investor's potential return on his or her investment. This is done by dividing the income the property will generate (after fixed costs and variable costs) by the total value of the property.

- When acquiring income property, the higher the capitalization rate ("Cap Rate") the better;
- When selling income property, the lower the Cap Rate the better.
- A higher cap rate implies a lower price, a lower cap rate implies a higher price.

Cash Flow – Cash generated from the operations of a company, generally defined as revenues less all operating expenses.

Cash on Cash - A rate of return often used in real estate transactions. The calculation determines the cash income on the cash invested. Calculated:

Cash on Annual Dollar
Cash Income / Total
Return = Dollar Investment

Debt Service Coverage Ratio (DSCR) - It is the multiples of cash flow available to meet annual interest and principal payments on debt. This ratio should ideally be over 1. That would mean the property is generating enough income to pay its debt obligations.

Internal Rate of Return (IRR) - The rate of return that would make the present value of future cash flows plus the final market value of an investment opportunity equal the current market price of the investment or opportunity. The higher a project's internal rate of return, the more desirable it is to undertake the project.

Return on Equity (ROE) - The amount of net income returned as a percentage of shareholders equity. ROE is expressed as a percentage and calculated as:
Return on Equity = Net Income/Shareholder's Equity

Sophisticated Investor - A person that does not meet accredited investor requirements however has knowledge and experience in financing and business matters and is capable of evaluating the merits and risks of the prospective investments.



~ Emmaus, PA ~

Lehigh Valley - "#5 in Top 5 Best Performing
Regions in the Northeast - 2019**"

Value-Add Multi-Family

48 Apartment Units (1BD/1BA)

Confidential Investment Summary

Red Knight Properties &
Yarusi Holdings

*Site Selection Magazine

redknightproperties.com & yarusiholdings.com