Multi-Family Development at the prime location in Los Angeles

INVESTMENT SUMMARY

8market rated 1affordable Lot size 6,000sf ~ 7,000sf (170py – 200py)	Property Price $1,200,000 ~ $1,400,000	Three Story Building On Ground Surface Parking (10-12stakks)	Traditional Rental Income

DISCLAIMER

The summary information presented in this confidential offering memorandum (the “Memorandum”) has been prepared by La Haus Company, LLC and its affiliates (the “Sponsor” or “Managing Member”) to provide eligible potential investors (individually, “Member” and collectively, “Members”) with the opportunity to determine their preliminary interest regarding investing in the prime location in Los Angeles. This summary information may not be used or reproduced for any other purpose. An offer or solicitation can be made only through a subscription agreement (the “Subscription Agreement”) for the Property and will be subject to the terms and conditions contained in therein and in an operating agreement (the “Operating Agreement”) for the Property. This Memorandum does not constitute an offer to sell or buy any securities and may not be used or relied upon about any offer or sale of securities or other interest. The information set forth herein does not purport to be complete. The Sponsor/Managing Member is not responsible for errors in or omission of any information contained in this Memorandum.

This summary is qualified by the Subscription Agreement and the Operating Agreement, which should be obtained and read thoroughly before making an investment in the Property. An investment in the Property has certain speculative assumptions and financial risks. Potential investors should understand these risks and have the financial ability and willingness to accept such risks for an extended period.

Certain information contained in this Memorandum constitutes so-called “forward-looking statements” that can be identified by the use of forward-looking terms such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “continue,” or “believe,” or the negatives thereof, or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this Memorandum, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, including those set forth under “Risk Factors” actual events or results or the actual performance of the Sponsor may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, events are difficult to project and often depend upon factors that are beyond the control of the Sponsor and its affiliates. Neither the delivery of this Memorandum at any time nor any sale hereunder shall under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein or the date of this Memorandum.

In considering the target performance information contained herein, prospective investors should bear in mind that past or targeted performance is not a guarantee, projection or prediction and is not necessarily indicative of future results. There can be no assurance that the Sponsor will achieve comparable results, which targeted returns will be met, or that Sponsor will be able to implement its investment strategy and investment approach or achieve its investment objectives. Actual investment-level and net returns for the Sponsor may vary significantly from the targeted returns set forth herein. The Sponsor's target returns are expected to be realized from current income and capital appreciation, using leverage where the Sponsor believes it is appropriate. The target returns stated herein are based on the Sponsor's belief about what returns may be achievable on investments that the Sponsor intends to pursue in light of the Sponsor's experience with similar transactions. Further, the target returns stated herein are based, in whole or in part, on the assumption that economic, market and other conditions will not deteriorate, and, in some cases, improve. The target returns are also based on models, estimates, and assumptions about performance believed to be reasonable under the circumstances, but actual realized returns on the Sponsor's investments will depend on, among other factors, the ability to consummate attractive investments, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the target returns are based.

Past performance is not indicative of future results.

The Designated Location

Los Feliz / Silverlake / Palms / Mid City / Prime area in K.Town / West LA / Hollywood

Los Feliz and Silverlake are both known for their hip and trendy vibe, with plenty of local shops, restaurants, and nightlife options. Palms is a more diverse neighborhood that offers a convenient location for commuters and easy access to nearby beaches. Mid-City is a bustling and culturally rich area with a vibrant art scene and several major museums. West LA is a large and varied neighborhood with several smaller communities, each with a unique character. Finally, Culver City is a thriving cultural hub with a rich history and plenty of local businesses and attractions.

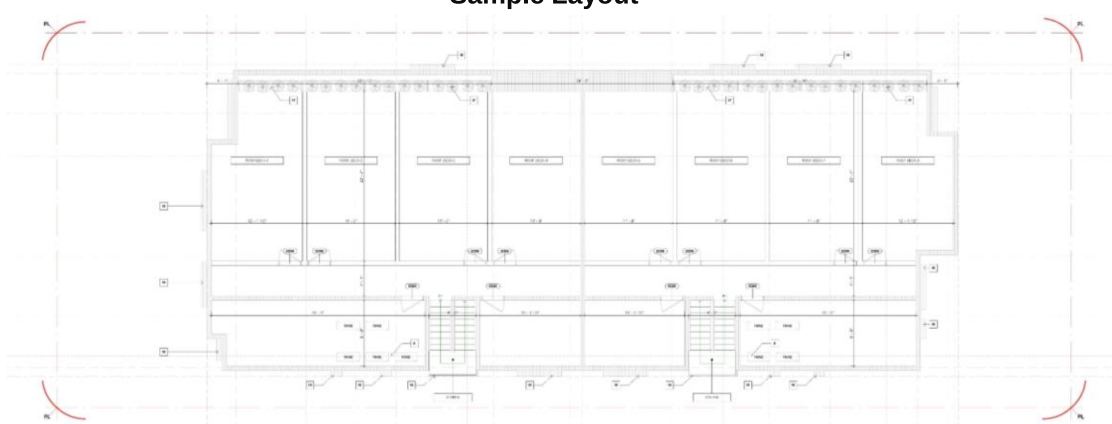
Friday Night Wince Tastings at Barnsdall Park in Los Feliz

Silverlake Flea Market

Description

- **Property Size : 6,000sf ~ 7,000sf (170PY – 200PY)**
- **Unit Mix : 8 Market Rated + 1 Affordable Unit**
- **Land Price : $1,250,000 ~ $1,500,000**
- **Rentable Area : 6,500sf ~ 7,500sf (180 - 210PY)**
- **Building Story : 3Stories Building**
- **Amenity : Individual Private Balcony**
- **Parking : 10~12 Stalls**

-Sample Layout-



All Market Rated Unit Has Their Own Private Roof Deck

Typical Floor Plan

Financial Overview

- Assumption -

- The business plan assumes a 12-16 month of permit and 12-16month timeline to construct, lease and exit or refinance a property.

- The Soft cost will be a fixed fee of $200,000 including Permit, Entitlement, Housing Covenant, Demolition of Existing Unit, and Construction Administration which goes to the Architect. The Soft will also cover other consultation fees such as Survey, Soil Testing, Tree report, Environmental report(if required), Structure, Grading, Low Impact Development, Landscape, Irrigation, Mechanical, Electrical, Plumbing, and Dry Utilities. The city fee, taxes and, the print fee are not included.

- Assumes approximately $2,200,000 for construction including company overhead and margin. The construction figures are based on preliminary investigations and are therefore approximate. They are not based on destructive or invasive testing and diligence, which could provide alternative results and assumptions.

Development Costs	
A.Land cost	$1,350,000
B.Hard Cost	$2,200,000
C.Soft Cost	$200,000
D.Permit Fees	$100,000
E.Interest During Permit(9.5%)	$112,000
F.Cash reserve for the construction(25%)	$550,000
G.Tax and Others	$150,000
Total Cash Invested(A+C+D+E+F+G)	$2,462,000

Required Cash Investment Per Phase		
Phase 1 - Open an Escrow	+3Day	$40,500
Phase 2 - Loan Processing	+7Day	$432,000
Phase 3 - Closing Escrow / Start a permit process	+45Day	$221,000
Phase 4 - Permit Process at 50%	+6M	$221,000
Phase 5 - Obtain Permit / Payoff the property	+14M	$877,500
Phase 6 - Construction Loan Preparation	+16M	$670,000
		$2,462,000

Residual Values	
Terminal Cap-Rate for Newly Built Apartment	
Los Feliz / Silverlake / Mid City	4.25%
Palms, West LA	3.85%
Prime area in K.Town / Hollywood	4.50%

Rental Analysis

Unit	Beds	Baths	Type	SF	Monthly Income
101	3	1	ELI	500(14PY)	$600.00
201	2	2	MV	750(21PY)	$4,600.00
202	3	2	MV	970(27PY)	$5,500.00
203	3	2	MV	950(26.7PY)	$5,500.00
204	2	2	MV	710(20PY)	$4,500.00
301	2	2	MV	750(21PY)	$4,700.00
302	2	2	MV	780(22PY)	$5,000.00
303	2	2	MV	780(22PY)	$5,000.00
304	2	2	MV	710(20PY)	$4,600.00
Total	**21**	**17**		**6900(193.7)**	**$40,000.00**
Monthly Parking Standard	$175.00	3			$525.00
Monthly Parking Compact	$125.00	8			$1,000.00
Monthly Parking EV	$250.00	1			$250.00
Total Monthly Income					$41,775.00
Annual Gross Income					$501,300.00

Neighbor's Rental Comps

Rental Comps 2 Bedroom - Apartments.com			
Property Address	Beds	Bath	Rent
4826 Franklin	2	2	$5,100.00
4531 Hollywood Blvd	2	2	$4,500.00
4900 Hollywood Blvd	2	2	$4,800.00
		Average	**$4,800.00**

Rental Comps 3 Bedroom - Apartments.com			
Property Address	Beds	Bath	Rent
4826 Franklin	3	2	$6,300.00
4531 Hollywood Blvd	3	2	$5,300.00
4900 Hollywood Blvd	2	2	$6,000.00
		Average	**$5,866.00**

Earning and Cash Flow

	Factor	Year 2	Year 3	Year 4	Year 5	Year 6
Gross Income	3%	$501,300	$516,339	$531,829	$547,784	$564,218
Operating Expense	35%	$175,455	$180,718.65	$186,140.15	$191,724.4	$197,476.3
Debt	6.5%	$117,975	$117,975	$117,975	$117,975	$117,975
Net Cash Flow		$207,870	$217,645.35	$227,718.85	$238,084.6	$248,766.7
NOI		$318,455	$323,718.65	$329,140.15	$334,724.4	$340,476.3
ROI		12.9%	13.1%	13.3%	13.6%	13.8%

Equity Analysis

	Cap Rate	Year 2	Year 3	Year 4	Year 5	Year 6
Market Value	4.25%	$7,493,055.1	$7,616,905.6	$7,744,470.2	$7,875,864.3	$8,011,203.1
Less Loan Balance		$1,815,000	$1,815,000	$1,815,000	$1,815,000	$1,815,000
Net Equity		$5,678,055.1	$5,801,905.6	$5,929,470.2	$6,060,864.3	$6,196,203.1

Exit Plan

- **Cash Out Sale**

  2-3 year investment of $2.5 million, followed by operation of the completed building for 1 year to fulfill tenants and sell it at market value. At this point, we project a net margin of approximately $3.2 million, and a total investment return of about 128% with an annual return of 36.5%.

- **Long-Term Investment**

  Investing approximately $2.5 million over two years in the project, which we estimate will generate a net cash flow allowing full recovery of this investment within 10 years. At that point, the building is projected to have a valuation of $9.6 million, providing an opportunity for continued solid income as a permanent property.

Why Los Angeles Multi-Family Investment?

- **Strong demand**: Los Angeles is a growing city with a population of over 10 million people, and the demand for housing is high. This makes multi-family properties a valuable investment, as they can provide a stable and consistent source of income.

- **Diverse population**: Los Angeles is a diverse and multicultural city, with a wide range of ethnicities and cultures represented. This diversity contributes to a strong rental market and makes it easier to find tenants for multi-family properties.

- **High occupancy rates**: Multi-family properties in Los Angeles tend to have high occupancy rates, which means that investors can count on a consistent stream of rental income. This can make multi-family properties a more stable investment compared to other types of real estate.

- **Strong appreciation potential**: Los Angeles real estate has historically appreciated over time, and multi-family properties can offer strong appreciation potential. As the city continues to grow and develop, the value of multi-family properties is likely to increase over time.

- **Favorable market conditions**: Despite the challenges of the COVID-19 pandemic, the Los Angeles real estate market has remained strong. Low-interest rates and high demand for rental properties have created favorable market conditions for investors interested in multi-family properties.

- **Hedge Against Inflation**: Real estate is a hedge against inflation, and investing in prime location real estate in Los Angeles can provide protection against inflation. As property values increase, rental income can also increase, providing investors with a hedge against inflation.

Why invest in the designated area?

- **Potential for Appreciation**: Investing in prime location real estate in Los Angeles can provide a high potential for long-term appreciation. Properties located in prime areas tend to appreciate in value faster and have a higher resale value compared to those located in less desirable areas.

- **Rental Income**: Prime location real estate in Los Angeles can provide a significant rental income due to the high demand from renters. Properties in prime locations typically command higher rents and have lower vacancy rates, making them a more attractive investment for landlords.

- **Limited Supply**: Prime locations in Los Angeles are limited, and it can be challenging to find available properties for sale. Investing in these prime locations can be a wise decision as the limited supply of properties means that demand will remain high, resulting in higher property values.

- **Stable Investment**: Investing in prime location real estate in Los Angeles is a stable investment due to the city's strong economy and growing population. The city's diverse economy and thriving job market make it an attractive location for businesses and residents, ensuring a steady demand for real estate.

- **Tenant Pool**: Tenants in a designated area tend to have higher incomes and credit scores, making them more financially stable and reliable for rent payments.

The house supply shortage in Los Angeles

- **High demand**: There is a high demand for housing in Los Angeles due to factors such as population growth, low interest rates, and changing lifestyle preferences. This increased demand has put pressure on the housing market and made it difficult to find available homes.

- **Limited construction**: Despite the high demand for housing, construction activity has been limited in Los Angeles due to factors such as a shortage of skilled labor, rising construction costs, and supply chain disruptions. This has slowed down the pace of new home construction and made it more difficult to meet the growing demand for housing.

- **Zoning restrictions**: Zoning restrictions in some areas of Los Angeles can make it difficult to build new homes or add onto existing properties. This can limit the supply of available housing and make it more difficult for homebuyers to find a home that meets their needs.

- **Low inventory**: There is also a low inventory of homes on the market in Los Angeles, which means that there are fewer homes available for purchase. This can make it more difficult for buyers to find a home that meets their needs, and can also drive up prices due to increased competition.

- **Home affordability**: The high cost of housing in Los Angeles can also contribute to the supply shortage, as many potential buyers are priced out of the market. This can limit the pool of potential buyers and make it more difficult to sell existing homes, which can further contribute to the supply shortage.

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General Risk of Investment in Real Estate Development

The risks of an investment in real estate include, among others: (a) possible declines in the value of the real estate; (b) risks related to general and local economic conditions, including changes in supply and demand for similar or competing properties; © possible lack of availability of financing; (d) overbuilding; € extended vacancies of properties and fluctuations in occupancy rates; (f) increases in competition, property taxes, and operating expenses; (g) changes in environmental, land use, zoning laws; (h) costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; (i) casualty or condemnation losses; (j) uninsured damages from floods, earthquakes or other natural disasters; (k) limitations on and variations in rents; (l) fluctuations in interest rates; and the illiquid nature of real estate investments. The only
real estate asset of the Sponsor/Managing Member will be in Los Angeles, California and any such risks that affect this area, even if not affecting any other area, may adversely affect the Sponsor/Managing Member.

Investment in real estate is not an exact science and involves risk. There can be no assurance that the Sponsor/Managing Member will generate sufficient cash from its investment to pay its debt service or enable the Members to recoup any of his, her or its investment. Increases in interest rates may also adversely affect the value of the apartment units. There can be no assurance that the Sponsor/Managing Member will be able to refinance the apartment units in whole or in part on terms and conditions that are acceptable.

The Sponsor/Managing Member has been formed for the sole purpose of indirectly acquiring and renovating the apartment units, until eventual sale. The Sponsor/Managing Member may:

- improve the apartment units;
- mortgage or otherwise refinance the apartment units in whole or in part,
- sell the apartment units in whole or in part,
- expend funds to cause tenants to relocate or voluntarily vacate units,
- repurpose the apartment units as a short-term rental property, or
- lease the apartment units in whole or in part.

If the apartment units are leased, the investment by the Member is subject to the credit and other risks of the lessee, including potential liability for bad acts or violations by the lessee. Such risks and other risks may prevent or frustrate the renovation of the Premises as currently planned or the eventual sale of the apartment units by the Sponsor/Managing Member.

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