



# Lowcountry Turnkey Properties, LLC

Our Turnkey Rental Properties are packaged to go.

Pitch Deck and Private Placement  
Memorandum (dated January 1, 2013) Summary

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# Disclosures

THIS OFFERING INVOLVES CERTAIN RISKS. IN MAKING AN INVESTMENT DECISION REGARDING THE FUND, EACH PROSPECTIVE INVESTOR MUST RELY ON ITS OWN EXAMINATION OF THE FUND AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. SEE “RISK FACTORS”. THESE ARE SPECULATIVE SECURITIES WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THE FUND.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), THE SECURITIES LAWS OF THE STATE OF SOUTH CAROLINA, OR UNDER THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION IN RELIANCE UPON THE EXEMPTIONS FROM REGISTRATION PROVIDED BY THE ACT AND REGULATION D RULE 506 PROMULGATED THEREUNDER, AND THE COMPARABLE EXEMPTIONS FROM REGISTRATION PROVIDED BY OTHER APPLICABLE SECURITIES LAWS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY TO ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL OR IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO.

See PPM for complete disclosures.



# Company Snapshot

- What we do: Buy, remodel, rent with property management and sell single family homes as investment properties
- Target Market: Passive Real Estate Investors
- Team: Founders, Aaron and Valerie. Professional advisors and other external support and contractors.
- Founded: December 2012
- Headquarters: Charleston, SC



# Our Team

## Founders

Aaron Silverman

- Director of Investments (investor and property)
- Co-founder of S&S Investments, LLC (active real estate investing company since 2006)
- Licensed Property Manager-in-Charge and founder of Bluewater Property Management LLC
- BS, Newberry College / MS, Florida Institute of Technology

Valerie Singley

- Director of Operations
- Co-founder of S&S Investments, LLC
- 1<sup>st</sup> Rental Property in 1999
- 35 years management and production control experience

## Advisors

Richard Bush

- Attorney, Legal and Finance

Byron Waldman

- Business and Finance

Mike Cassidy

- Preferred Realtor



# Investment Sought

- Seeking \$100,000-\$750,000 in debt financing to capitalize a Turnkey Property Fund.
- Minimum level of investment from subscribers of \$25,000.
- Invested capital paid quarterly with initial forbearance period of two quarters.
- 16% for capital up to Minimum Fund Capital Investment amount (\$100,000), and 11% for capital up to the Maximum Fund Capital Investment amount (\$750,000) (annual blended interest rate of 11.7%)
- 5 year term with early exit option after 1 year.
- See PPM and Subscription Agreement for full Offering details.



# Use of Proceeds

- The Turnkey Property Fund will essentially function as an in-house purchase and remodeling fund to implement the Turnkey Rental Property acquisition and Sales Process. 80% of property ARV will be used to complete the process.
- Up to six month's of start-up and launch expenses:
  - Office/Communications
  - Legal and Insurance
  - Marketing
  - Financing Commissions (if applicable)

# Real Estate Investing

Investment in residential property has been, and still is, an attractive option for many individuals and firms and can produce both short-term and long-term financial gains.



# The Problem

Potential real estate investors want to own rental properties; however, they do not necessarily have the experience, time, resources or interest in acquiring, remodeling, renting or managing a property.





# The Solution

## Turnkey Rental Properties

A Turnkey Rental Property is a property that has been purchased and remodeled by our company and has a tenant and property management company in place. This enables our potential buyers to analyze the rental property to calculate a realistic cash-on-cash return projection before they purchase a property from us.

Our Turnkey Rental Properties are designed to provide a holistic and relationship based approach to real estate investing which produces investment opportunities in residential properties that reduce or overcome many of the challenges that confront individuals or firms considering investments in real estate.



# Turnkey Rental Property Acquisition and Sales Process

We essentially handle all the heavy lifting aspects of operating and managing a real estate investing business.



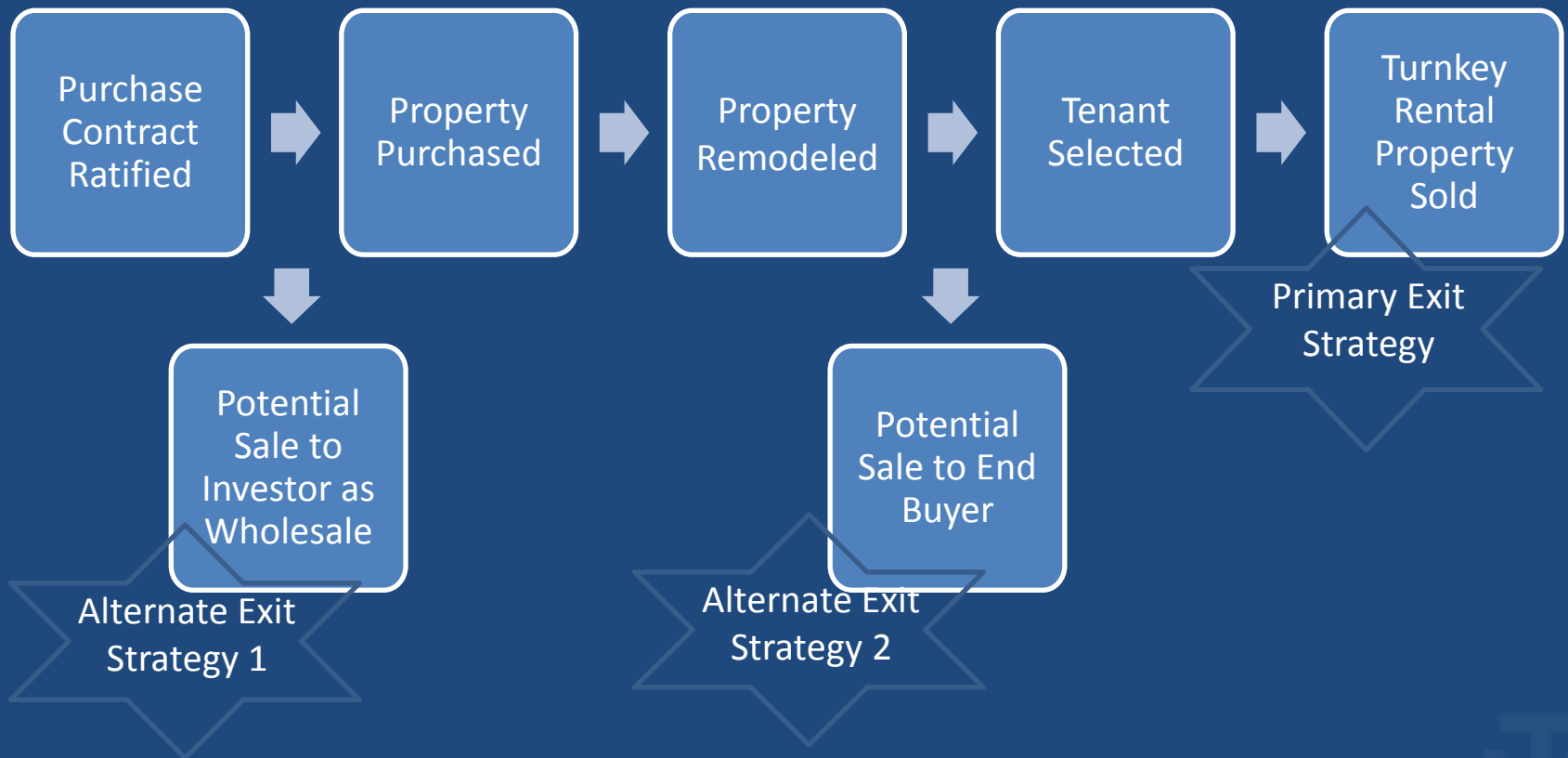
- First, we identify and acquire a property based on our established buying criteria.
- Next, we remodel the property to current market and neighborhood standards.
- Then, we hire Bluewater Property Management LLC (Founded by LTP co-founder Aaron Silverman) who selects a tenant and manages the property.
- Finally, we sell the property as a Turnkey Rental Property to another Real Estate Investor.

# Locating Buyers

- General Marketing/Advertising
  - Turnkey Rental Property Presentations
- Direct marketing to individuals based on income and investment history.
- Real Estate Investment Associations
- Networking with Real Estate Investors
- Networking with professionals with trusted access to high net worth individuals (financial planners, CPAs, etc.).
- Crowdfunding real estate companies (according to Forbes.com, this is an emerging sector)

# Maximizing Exit Opportunities

Other property exit opportunities are presented during the Turnkey Rental Property Acquisition and Sales Process



# Typical Property Characteristics

- Single Family Home
- B and C type established neighborhoods
- Located in a specific target market
- Minimum of three bedrooms and one full bathroom
- After Repaired Value (ARV) of \$100,000-\$175,000
- Projected rental price of \$800-\$1,500 per month

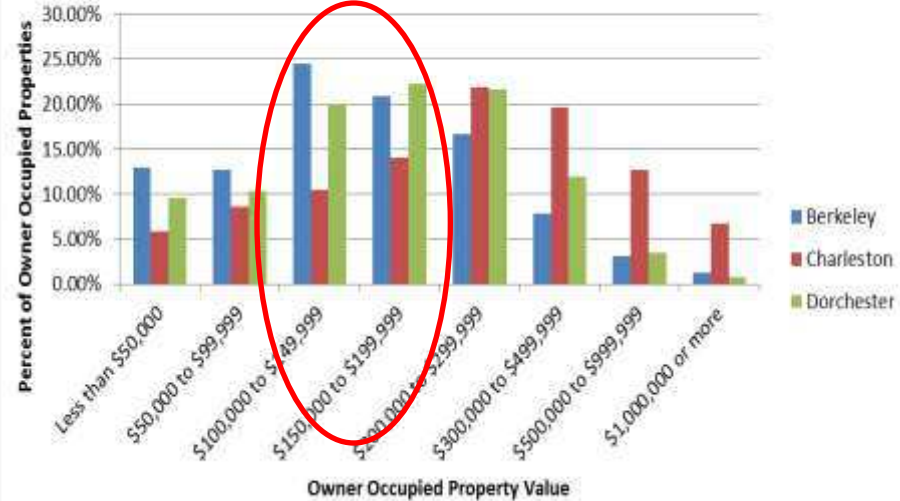
Our goal is to maximize the overlap of potential renters and end homebuyers in our target market and enable competitive investment returns for Turnkey Rental Property buyers in order to provide multiple sales (exit) strategies for us and our Turnkey Rental Properties buyers.

# Overlap of Target Rental Price and Property Value

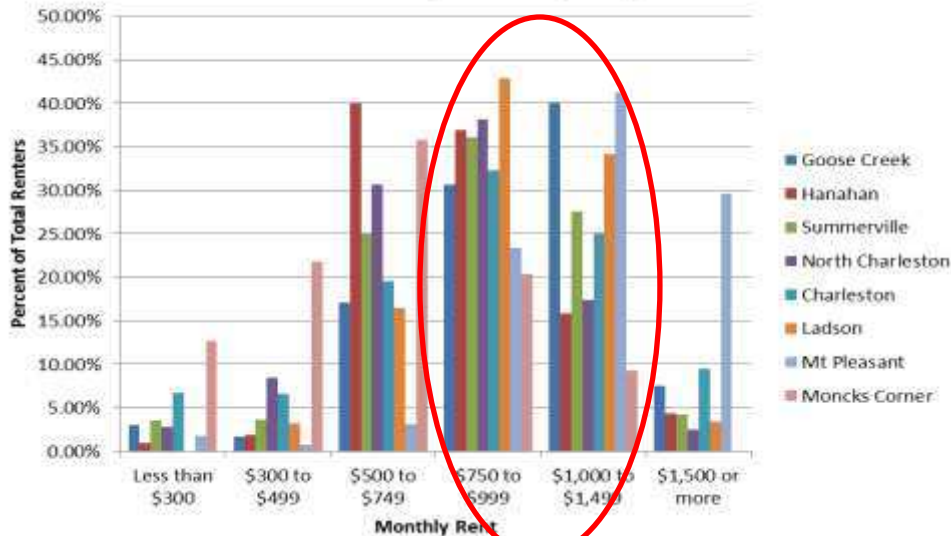
## Monthly Rent by County



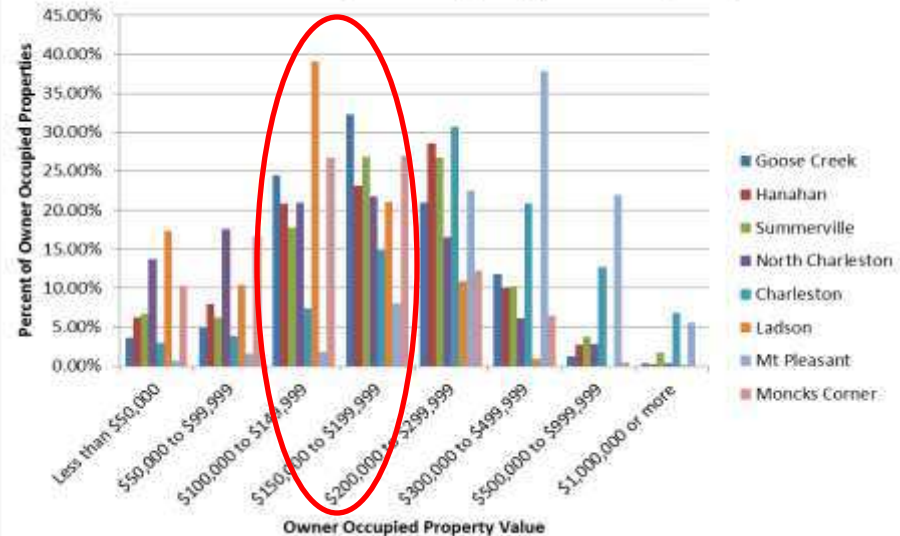
## Owner Occupied Property Value by County



## Monthly Rent by City



## Owner Occupied Property Value by City



# Target Property For Sale Market

Berkeley, Charleston and Dorchester Tri-County Area of South Carolina, specifically targeting in green outline



Properties for Sale	
County	Amount
Berkeley	2215
Charleston	6744
Dorchester	1758
<b>Total</b>	<b>10717</b>

Properties for Sale	
City	Amount
Goose Creek	399
Hanahan	184
Summerville	1484
North Charleston	846
Charleston	3478
Ladson	278
Mt Pleasant	1347
Moncks Corner	558
<b>Total</b>	<b>8574</b>



# Property Acquisition Calculation

## Equations

1. Multiply ARV by 70 percent to account for fixed costs and profit
2. Subtract estimated remodeling costs
3. Resulting value = Maximum Purchase Price

## Sample Numbers

1. \$150,000 (ARV) multiplied by 70% (deducting fixed costs/profit) = \$105,000
2. \$105,000 minus \$30,000 (remodeling costs) = \$75,000
3. \$75,000 = Maximum Purchase Price





# Fixed Costs and Profit per Property

## 30% Removed during Property Acquisition Calculation

Costs based on a 6 month Property Acquisition and Sales Process

- 2% for Acquisition Fees
- 3% for Holding Expenses
- 2% for Contingency Expenses
- 1% for Sales Expenses
- 6% for Real Estate Commissions
- 5.85% for Interest on Money
- 2% for Reserve
- 8.15% for Profit



# Competition

Two potential types of competition:

- (1) Competition within the real estate industry from investors and others engaged in the buying and selling of residential properties.
  - a) Typical homebuyers are not likely to be a direct competitor as our focus is on distressed properties.
  - b) There were 20 active real estate investors in Berkeley County from Oct 2011-Oct 2012 of which 9 bought 4+ properties of the 1,650 sold homes. With over 2,000 listings on MLS, 1,350 Lis Pendens filings (pre-foreclosure) and other distressed properties, we feel there is more than a sufficient inventory of properties in our target market.
  - c) Only company in Charleston area focused on selling Turnkey Rental Properties.
- (2) Competition from alternative investment opportunities outside of the real estate industry; however, it is unlikely as we seek individuals and firms who already want to allocate funds to and own rental properties.

# Risks

This Offering involves a high degree of risk. In addition to the other information set forth in the Memorandum, the General and Industry Risk Factors should be considered carefully in evaluating the Company and its business before purchasing any securities. The Memorandum contains certain forward looking statements that involve risks and uncertainties, such as statements of the Company's plans, objectives, expectations and intentions. When used in the Memorandum, the words "expects," "anticipates," "intends" and "plans" and similar expressions are intended to identify certain of these forward looking statements. The cautionary statements made in this Memorandum should be read as being applicable to all related forward looking statements wherever they appear in this Memorandum. The Company's actual results could differ materially from those discussed in the Memorandum. Factors that could cause or contribute to such differences include those discussed in the Memorandum.



# Moderating Risks

- LTP Insurance
  - General Liability Insurance
  - Property Insurance
  - Workers Compensation Insurance (when necessary)
  - Key Man Insurance
- Contractor Requirements
  - Licensed
  - Bonded
  - General Liability Insurance
  - Workers Compensation Insurance
- Tenant Insurance
  - Through Bluewater Property Management, renter's insurance is required
- Standardized Processes and Documents
- Turnkey Property Fund held in account separate from Operating Account
  - In each instance of a withdrawal of funds from the Turnkey Property Fund, Management shall prepare and maintain standard documents setting forth the detailed and itemized uses of proceeds involved including interest and repayment to the Fund. These documents will be available for review upon reasonable written notice.

# Turnkey Property Fund Projections

## Assumptions

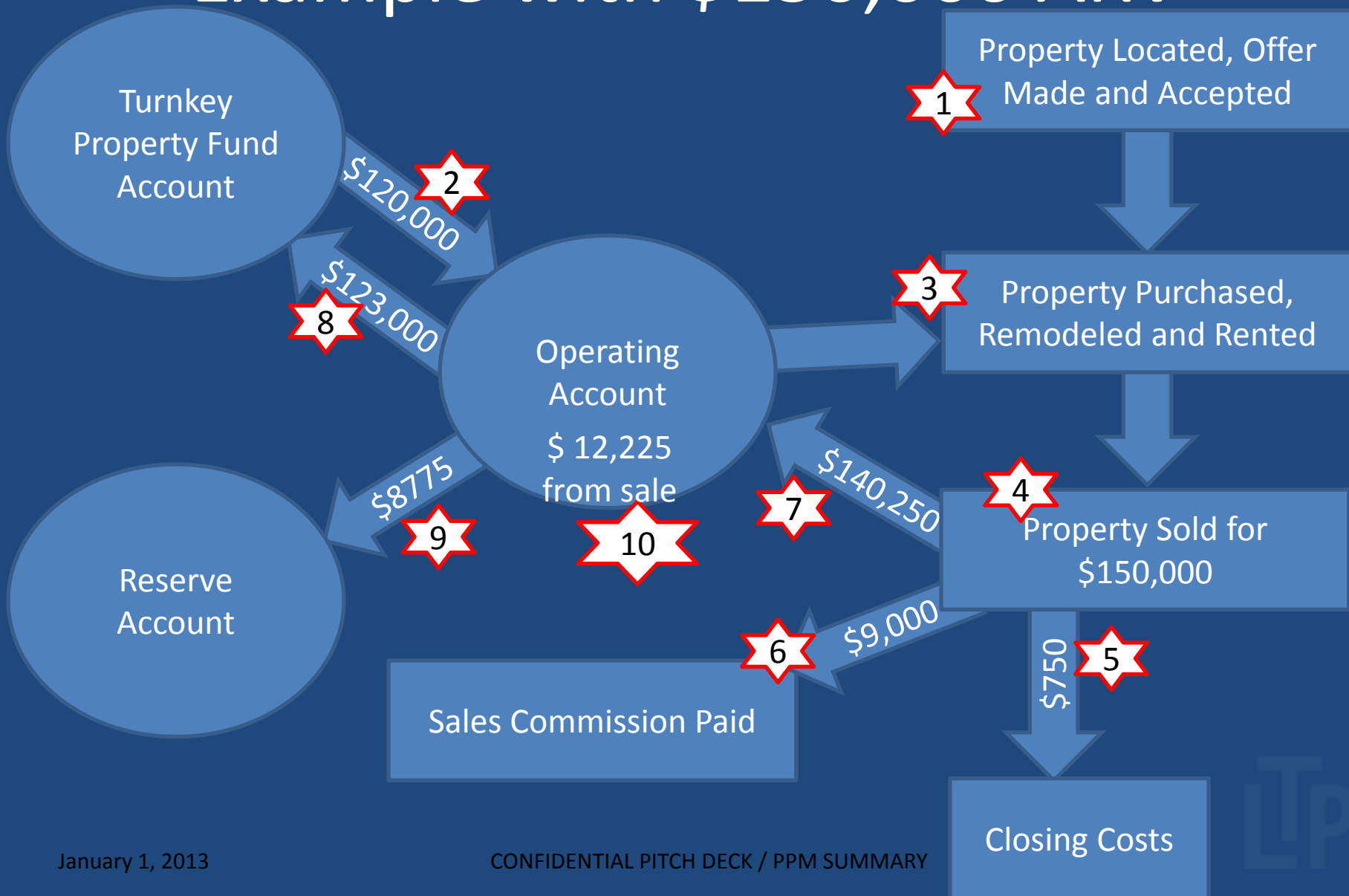
- The Fund is fully capitalized at a level of \$750,000 (annual blended interest rate of 11.7%);
- The Company initial, start-up expenses previously itemized up to \$57,500 are fully utilized (see Use of Proceeds);
- All properties acquired are assumed to have an ARV of \$150,000; and
- Turnkey Rental Property Acquisition and Sales Process is 6 months, which enables us to utilize the full Fund amount twice per year.
- Each property is rented for two months at \$1,300 per month before it is sold.
- Property management fees are 10% per month rented with a \$100 setup fee.



# Turnkey Property Fund Example

1. A property is located, offer is made and accepted;
2. 80% of the After Repaired Value (ARV) is transferred from the Turnkey Property Fund to the operating account;  
The 80% amount includes the following items:
  - Maximum Offer Amount (70% of ARV when combined with Remodeling Cost)
  - Remodeling Cost (70% of ARV when combined with Maximum Offer Amount)
  - Acquisition Fees (2% of ARV)
  - Holding Expenses (3% of ARV)
  - Contingency Expenses (2% of ARV)
  - Sales Expenses (1% of ARV)
  - Partial Profit (2% of ARV)Budgeted expenses paid at closing not included above total 20% of ARV and are listed below:
  - Sales Commission Fees (6% of ARV)
  - Interest Payment (5.85% of ARV)
  - Reserve Funds (2% of ARV)
  - Partial Profit (6.15% of ARV)
3. The property is purchased, remodeled and rented using Bluewater Property Management;
4. Property is sold as a Turnkey Rental Property;
5. 0.5% of the ARV is paid for closing costs (part of sales expenses);
6. 6% of the ARV is payable as sales commission, if applicable;
7. Funds from closing deposited into Company Operating Account;
8. 82% of sale proceeds are transferred from Operating Account to Turnkey Property Fund;
  - 80% is the original Turnkey Property Fund principal used for the purchase and remodel
  - 2% is reserve money added to the Turnkey Property Fund principal balance if necessary
9. 5.85% of the ARV is transferred into the Reserve Account for interest payments;
10. The balance of the sale proceeds remain in the Operating Account as profit.

# Example with \$150,000 ARV



# Financial Projection per Property

Proceeds from Sale		\$150,000
Expenses		
Cost per Property (78%)	\$117,000	
Real Estate Fees (6%)	\$9,000	
Reserve Funds(2%)	\$3,000	
Sub-total	\$129,000	
Gross Proceeds from Sale		\$21,000
Interest on Money (5.85%)	\$8,775	
Profit from Sale(8.15%)		\$12,225
Gross Rental Income	\$2,600	
Property Management Fees	\$360	
Net Income from Rental	\$2,240	
Profit Total for Property		\$14,465



# LTP Financial Projections – Year 1

## Income

Proceeds from Sales	\$1,500,000
Gross Rental Income	\$26,000
<u>Initial Funds for Expenses</u>	<u>\$12,750</u>
Gross Income Total	\$1,538,750

10 properties purchased and sold in Year 1.

## Expense

Property Sales Expenses	
Cost per Property	\$1,170,000
Real Estate Fees	\$90,000
<u>Reserve Money</u>	<u>\$30,000</u>
Sub-total	\$1,290,000

## Property Rental Expenses

Property Management Setup	\$1,000
<u>Property Management Fees</u>	<u>\$2,600</u>
Sub-total	\$3,600

## Fixed Expenses

Investor Interest Payments	\$87,500
<u>Business Expenses</u>	<u>\$25,500</u>
Sub-total	\$113,000

Gross Income Total	\$1,538,750
<u>Expense Total</u>	<u>\$1,406,600</u>
Net Profit (before salaries and taxes)	\$132,150

Expense Total	\$1,406,600
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Breakeven point is 5 properties.

# LTP Financial Projections – Year 2

## Income

Proceeds from Sales	\$1,800,000
<u>Gross Rental Income</u>	<u>\$31,200</u>
Gross Income Total	\$1,831,200

12 properties purchased and sold in Year 2.

## Expense

Property Sales Expenses	
Cost per Property	\$1,404,000
Real Estate Fees	\$108,000
<u>Reserve Money</u>	<u>\$36,000</u>
Sub-total	\$1,548,000

## Property Rental Expenses

Property Management Setup	\$1,200
<u>Property Management Fees</u>	<u>\$3,120</u>
Sub-total	\$4,320

## Fixed Expenses

Investor Interest Payments	\$87,500
<u>Business Expenses</u>	<u>\$25,500</u>
Sub-total	\$113,000

Gross Income Total	\$1,831,200
<u>Expense Total</u>	<u>\$1,665,320</u>
Net Profit (before salaries and taxes)	\$165,880

Expense Total	\$1,665,320
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Breakeven point is 5 properties.

Years 3-5 same as Year 2

# Revenue Sources

- Sale Income when properties are sold.
  - Primary or Alternate Exit Strategies
- Rental Income while properties are rented before sale.
- Purchase property for less than maximum purchase price.
- Sell property for more than calculated ARV.
- Increased profits by reducing costs and expenses through efficient property remodeling and property sales.
  - No Realtor fee could add up to 6% of profit.
  - Unused contingency funds could add up to 2% of profit.
  - Unused reserve funds could add up to 2% of profit.
  - Unused holding funds if property sold quicker than 6 months.
  - Every property beyond the 10<sup>th</sup> property has no cost of money associated with it, so could add up to 5.85% of profit.

# S&S Investments, LLC Previous Project

Before

After

Before

After



# S&S Investments, LLC Previous Project

Before

After

Before

After



# Contact Information

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