



**VOLCAN CAPITAL**



**MK Residential Partners**



**EDEN CAPITAL**  
REAL ESTATE INVESTING

Creating a Better Future Through Apartment Investing

# DISCLAIMER

This is a sample deal package being shared for illustration purposes only. This is not an offer to buy or sell, or a solicitation of an offer to buy or sell any security or fund interest or any financial instrument and is not to be considered investment advice. This presentation is for institutional use only and is not to be distributed to any party other than its intended recipient.

This is a fictitious property, based on an actual deal we explored and is representative of the types of deals and properties we seek to acquire. If you would like to learn more about our process and investing approach, please reach out to us by using this link .

# EXECUTIVE SUMMARY

SouthStone is a 55-unit apartment community in SouthVillage. The property was built in 1987 and features all two-bedroom units.

**This is a true off-market opportunity with no broker involvement.** Our property manager met the owners through another rental property and the team negotiated the deal. We will upgrade the property, investing \$1 million in renovations and **increase rents from \$625 to \$1100.**

- **Units: 55**
- **Square Feet: 44,500**
- **Purchase Price: \$3,270,000**
- **Price Per Door: \$62,640**
- **Renovation Budget: \$1,007,000**

## Loan Details

Loan type: **Fixed Rate: 5.67%**

Term: **7 Year, 30 YR AM**

Proceeds: **\$1,850,000 (58%) LTV**

## Investor Return Projections

Total Equity: **\$2,600,000**

Preferred Equity: **7%**

Hold Period: **5-6 Years**

Average Annual Return: **17-18%**

IRR: **15-16%**

Equity Multiple: **2.0 – 2.1**



TABLE OF  
CONTENTS

---

The Deal

---

Market and Comps

---

Meet Our Team

---

Our Portfolio

---

FAQ





**THE DEAL**



# PROPERTY SPECIFICS

## SouthStone Apartments Southvillage, NC 27030 55 Units

53 2 Bd/ 2 Ba  
2 2Bd / 1.5 Ba

- **Built in 1987**
- **92% Occupied**
- **~ 43,200 rentable sq/ft**
  - **~ 800 sq/ft ea**
- **Direct Vent Heat + Central A/C**



# THE PLAN

- Increase current rents as-is (~\$625 to \$850) since they are extremely below market.
- Modernize apartments with renovations to increase rents further (\$850 to \$1100)
  - Paint Cabinets + New Handles
  - Granite Countertops
  - Updated Fixtures
  - New Appliances
  - LVP Flooring
  - Renovate Bathrooms





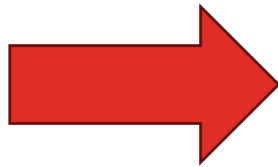


# EXAMPLE RENOVATIONS





# EXAMPLE RENOVATIONS



# EXAMPLE RENOVATIONS



# EXIT STRATEGIES

## Exit Option 1

### Plan

- Hold for 6 Years
- Renovate all units
- Improve exterior
- Increase all rents
- Long term debt
  - 60% LTV 30yr Am 6.5% Int

### Returns

- AAR: 17 % to 18 %
- EM: 2.05 to 2.10
- IRR: 14 to 16 %

## Exit Option 2

### Plan

- Hold for 5 Years
- Renovate all units
- Improve exterior
- Increase all rents
- Long term debt
  - 60% LTV 30yr Am 6.5% Int

### Returns

- AAR: 17 to 18%
- EM: 1.9 to 2.0
- IRR: 15 to 16 %

## Exit Option 3 Plan

- Hold for 3 Years
- Renovate all units
- Improve exterior
- Increase all rents
- Long term debt
  - 60% LTV 30yr Am 6.5% Int

### Returns

- AAR: 17 to 18 %
- EM: 1.53 to 1.6
- IRR: 16 to 17 %



# FINANCIAL ANALYSIS

## Partnership Structure

Tier 1 Perferred Return Hurdle	7%
Equity Split after Tier 1 Return Hurdle	
Members (Equity) 70%	
Members (Equity) 30%	

## Investor Yield Projection

Equity Multiple	2.06
Average Annual Return (Including Sale)	17 - 18%
Internal Rate of Return (IRR)	14 - 16%

## Sensitivity Analysis Disposition Value to Cap Rate

Value	Cap Rate
\$ 8,227,350.00	6.00%
\$ 7,898,256.00	6.25%
\$ 7,594,476.92	6.50%
\$ 7,313,200.00	6.75%
\$ 7,052,014.29	7.00%
\$ 6,808,841.38	7.25%

## Investment Snapshot

Purchase Price	\$ 3,270,000.00
Capital Improvement Budget	\$ 1,007,000.00
Closing Costs and Operating Capital	\$ 1,605,000.00
Total Equity Needed	\$ 2,612,000.00
Current Occupancy	92%
Hold Time	5 - 6 Years

# FINANCIAL ANALYSIS

Income at Purchase			Income Stabalized			Income at Sale		
Rent Other Late	\$ 550,800.00		Rent Other Late	\$ 660,938.00		Rent	\$ 799,885.00	
Fees/ NSF RUBS	\$ 4,050.00		Fees/ NSF RUBS	\$ 4,050.00		Other	\$ 4,558.00	
Loss to Lease	\$ -		Loss to Lease	\$ -		Late Fees/ NSF	\$ -	
Vacancy Loss	\$ -		Vacancy Loss	\$ -		RUBS	\$ -	
Concessions	\$ (176,256.00)	-32%	Concessions Bad	\$ (6,609.00)		-1%Loss to Lease	\$ (7,999.00)	-1%
Bad Debt	\$ (18,727.00)	-5%	Debt Stablization	\$ (32,716.00)		-5%Vacancy Loss	\$ (39,594.00)	-5%
Stablization Loss	\$ (5,508.00)	-1%	Loss <b>Effective</b>	\$ (6,609.00)		-1%Concessions	\$ (7,999.00)	-1%
<b>Effective Income</b>	\$ (3,746.00)	-1%	<b>Income</b>	\$ (6,609.00)		-1%Bad Debt	\$ (7,999.00)	-1%
	<b>350,613.00</b>	0%		\$ -		0%Stablization Loss	\$ -	0%
				<b>\$ 612,445.00</b>		<b>Effective Income</b>	<b>\$ 740,852.00</b>	



# FINANCIAL ANALYSIS

Expenses at Purchase		
Real Estate Taxes	\$	31,833.00
Insurance	\$	32,400.00
Gas & Electric (all utilities)	\$	2,400.00
Water and Sewer	\$	2,500.00
Trash Removal	\$	6,232.00
Payroll & Benefits	\$	-
Contract Services	\$	10,800.00
Repairs and Maintenance	\$	27,000.00
Marketing/Advertising/Legal	\$	2,700.00
Unit Turn Over	\$	14,000.00
General and Administrative	\$	8,100.00
Leasing Fees	\$	2,700.00
Misc	\$	5,400.00
<b>Replacement and Reserves</b>	\$	13,500.00
Management	\$	24,543.00 7%
Asset Manager fee	\$	7,012.00 2%
<b>Total Expenses</b>	\$	191,120.00
Expense as % of Effective Income		51%
<b>NOI</b>	\$	<b>159,493.00</b>
Debt Service (1Yr Int Only)	\$	127,725.00
DSCR		1.25
<b>Total Cash Flow</b>	\$	<b>31,768.00</b>

Expenses Stabilized		
Real Estate Taxes	\$	37,728.00
Insurance	\$	32,400.00
Gas & Electric (all utilities)	\$	2,400.00
Water and Sewer	\$	2,500.00
Trash Removal	\$	7,448.00
Payroll & Benefits	\$	-
Contract Services	\$	10,800.00
Repairs and Maintenance	\$	27,000.00
Marketing/Advertising/Legal	\$	2,700.00
Unit Turn Over	\$	14,000.00
General and Administrative	\$	8,100.00
Leasing Fees	\$	2,700.00
Misc	\$	5,400.00
<b>Replacement and Reserves</b>	\$	13,500.00
Management	\$	40,943.00 7%
Asset Manager fee	\$	11,698.00 2%
<b>Total Expenses</b>	\$	219,317.00
Expense as % of Effective Income		36%
<b>NOI</b>	\$	<b>393,128.00</b>
Debt Service (1Yr Int Only)	\$	149,042.00
DSCR		2.64
<b>Total Cash Flow</b>	\$	<b>244,086.00</b>
<b>Investor Distributions</b>	\$	225,460.20 8.67%

Expenses at Sale		
Real Estate Taxes	\$	40,707.00
Insurance	\$	34,985.00
Gas & Electric (all utilities)	\$	2,591.00
Water and Sewer	\$	2,699.00
Trash Removal	\$	8,635.00
Payroll & Benefits	\$	-
Contract Services	\$	11,662.00
Repairs and Maintenance	\$	29,154.00
Marketing/Advertising/Legal	\$	2,915.00
Unit Turn Over	\$	15,117.00
General and Administrative	\$	8,746.00
Leasing Fees	\$	2,915.00
Misc	\$	5,831.00
<b>Replacement and Reserves</b>	\$	14,577.00
Management	\$	51,860.00 7%
Asset Manager fee	\$	14,817.00 2%
<b>Total Expenses</b>	\$	247,211.00
Expense as % of Effective Income		34%
<b>NOI</b>	\$	<b>493,641.00</b>
Debt Service (1Yr Int Only)	\$	149,042.00
DSCR		3.31
<b>Total Cash Flow</b>	\$	<b>344,599.00</b>
<b>Investor Distributions</b>	\$	309,400.00 11.9%





# THE MARKET AND RENTAL COMPS



# THE MARKET



“MSA” Population: **1,700,000**

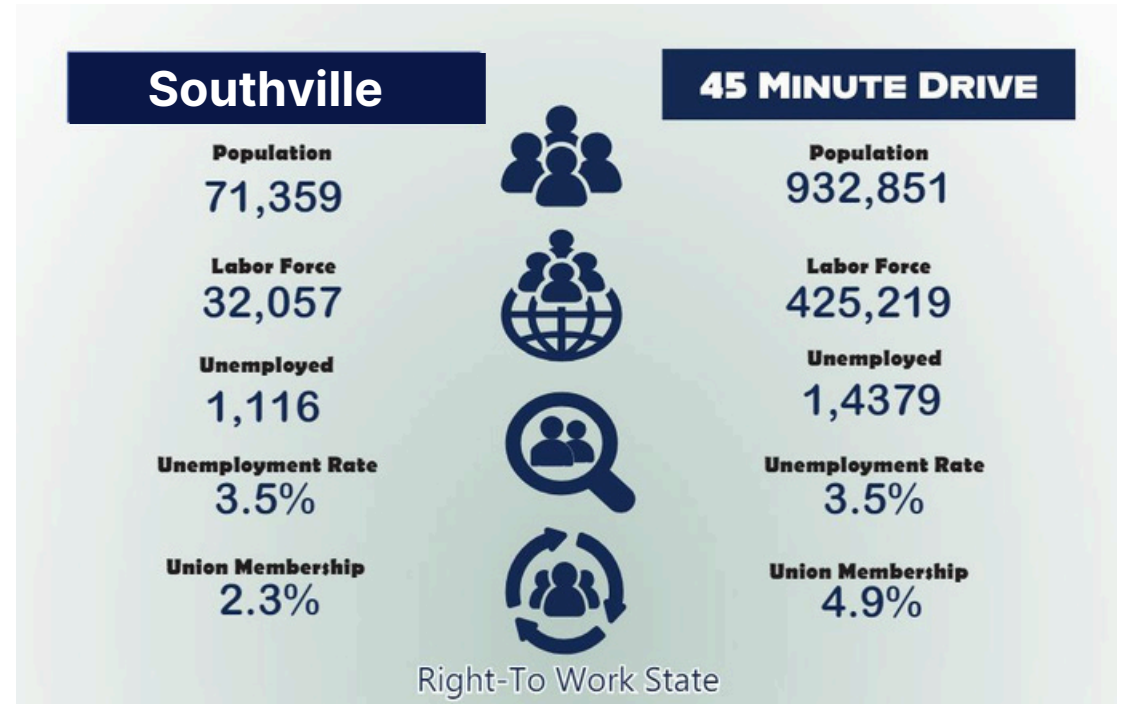
Unemployment Rate: **3.4%**

Cost of Living Index: **93%**

Key Industries: Manufacturing, Healthcare, Retail

Population Increase YoY (21-22) **0.4%**

Renter population **47%**

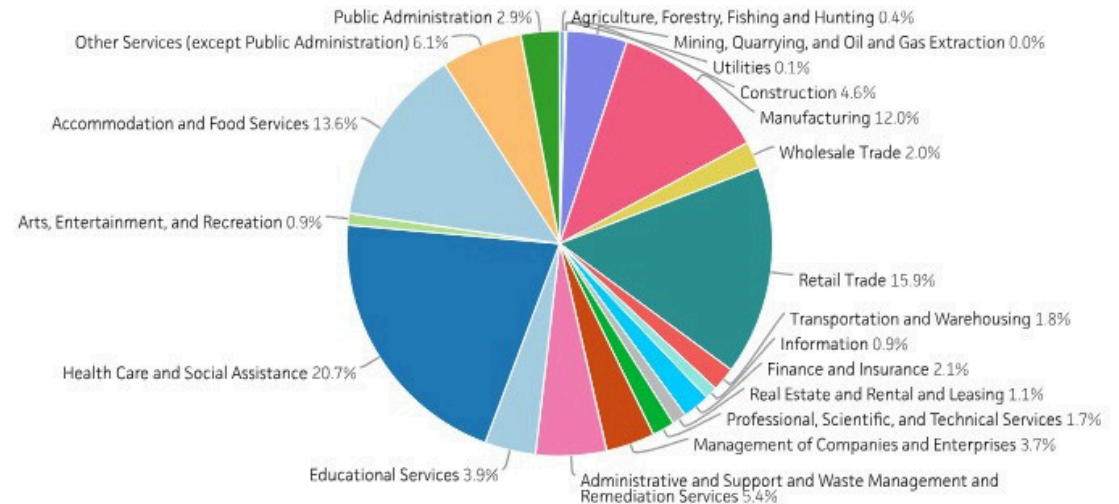


# THE MARKET – SouthVillage

SouthVillage won the All America City Award in 1994 and was the first city in the nation to win the STAR award for its superb safety program. It is also proud to be the home of a favorite son, Andy Griffith.

**Population:** 9,713 (City) 68,000 (County)  
**Average Household Income:** \$64,248 5,521  
**Total housing units**  
**Avg home value (+6.4%)** \$197,000

Total Workers for City of Southvillage by Industry



Source:

“SouthVillage City Schools are recognized as one of the TOP 10 schools in the state!”

“Its state has designated a **growth zone** in the southern part of SouthVillage which is eligible for enhanced economic incentives to stimulate new investment and job creation.”

# THE MARKET

The Winston-Salem market continues to expand as residents are attracted to the area's **low cost of living, expanding lifestyle amenities, job growth, and education**. The Downtown area has over **27K employees** and over 37K Residents. The Triad is flourishing with industry growth, including **Winston-Salem's Wake Forest Innovation Quarter**, which is one of the fastest growing mixed-use urban districts in the region. Companies are drawn to Winston-Salem for its **low cost of doing business and strategic location** in the **Triad along the I- 85/I-40 corridor that makes the city a natural hub for distribution**. In addition, the area's higher education and medical institutions have given Winston-Salem a **reputation as a center for research and innovation**. As a hub of research, the 337-acre Wake Forest Innovation Quarter in downtown continues to expand its current make-up of more than **3,700 employees across 95 companies focusing on biomedical science, information technology, and digital media**.





# WINSTON-SALEM GROWTH

## WINSTON-SALEM NORTHERN BELTWAY

The city is preparing for economic growth as plans for the beltline have finally come to fruition. The Winston-Salem Northern Beltway is a 34-mile freeway from US-158 southwest of the city to US-311 in the southeast. The loop will create connectivity throughout Winston-Salem as the city continues to grow and current and future residents will have easy access to the remaining Triad region. **The project is funded for \$1.74 billion.**

## TOYOTA COMING TO THE TRIAD

Toyota Motor Co. has announced recently plans to bring its battery plant to Greensboro-Randolph. The **total investment will be over \$6B and will create 2,100 jobs**, set to be the biggest deal in state history.

## Wake Forest University

Wake Forest is ranked **28th best educational institution in the nation**, and serves as a **top employer in the area**. WFU attracts students from all over the world (~8,800 enrolled), as 2022 undergraduates came from 47 states and 45 foreign countries. With 98% of the 2021 class securing employment or graduate school within 6 months of graduation, Winston-Salem has the opportunity to have a highly educated workforce while the city to expands.

# PIEDMONT TRIAD

## “Piedmont Triad” - Greensboro/Winston-Salem/High Point, NC

The Piedmont Triad's location on the East Coast makes it a desirable location for businesses that need easy access to suppliers. It's also **within 650 miles of more than half of the US population**, and is accessible to major markets across the country by Interstates 85, 40, 77, 74, and 73.

**Strategically located** along the commerce-rich Interstate 85/40 corridor, North Carolina's north-central Piedmont Triad region is a **natural distribution center** and one of the country's Top 40 export-producing markets.

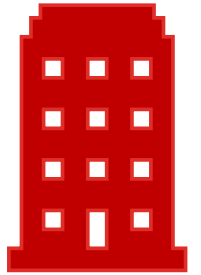
Historically dominated by textile manufacturing industries, this region's economy has **diversified** with an influx of **banking, financial, and high-tech industries**, predominately due to its location and strong educational foundation.

The Piedmont Triad is **anchored** by The University of North Carolina at Greensboro, North Carolina Agricultural Technical State University (NC A&T) in Greensboro, and Wake Forest University in Winston-Salem.



**Prime Location:** More than half the U.S. population is within 650 miles; Interstates 85, 40, 77, 74 and 73 provide access to major markets all over the country. **Labor Force:** In the Piedmont Triad, 958K people are available to work and over 25K degrees are awarded each year.

# RENTAL COMPS



Two Bedroom Unit Types					
<u>Property Name</u>	<u>Unit Type</u>	<u>Sq. Ft.</u>	<u>Rent per Unit</u>	<u>Rent PSF</u>	
Property 1	2bd/ 1ba Reno	800	\$1,250	\$1.56	
Property 2	2bd/ 1ba Reno	1100	\$1,395	\$1.27	
Property 3	2bd/ 1ba Reno	700	\$915	\$1.31	
Property 4	2bd/ 2ba AVG	800	\$1,250	\$1.56	
Property 5	2bd/ 1.5ba Reno	948	\$1,800	\$1.90	
Averages		870	\$1,322	\$1.52	
<b>Average in current condition (2bd/2Ba)</b>		<b>800</b>	<b>\$850</b>	<b>\$1.06</b>	
<b>Subject Property- Renovated (2bd/2Ba)</b>		800	\$1,100	\$1.38	
<b>Average in current condition (2bd/1Ba)</b>		<b>750</b>	<b>\$825</b>	<b>\$1.10</b>	
<b>Subject Property- Renovated (2bd/1Ba)</b>		750	\$1,050	\$1.40	





**THE TEAM**



# MEET THE SPONSORS



## •Cole Farrell, Volcan Capital

- Founder and CEO of Volcan Capital
- Founder and host of MMM (Multifamily Master Meetup) with 3 live chapters and podcast
- Prof. Property Mngr for 2 years
- Lead partner in \$4M+ of apartments
- Raised \$1M+ in private capital
- \$2M+ in small apartment flip experience
- Bachelors in Finance and MBA in Admin

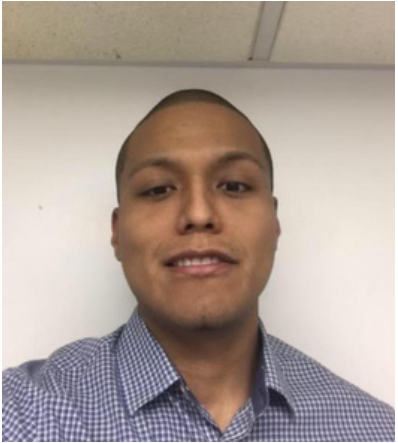


## Nate Pharmed-Eden, Eden Capital

- Lead Partner in \$2M+ apartments
- Co-founder and Host of MMM VEWS Podcast
- Operational Manager to over 1,000 residents
- 10 years in the industry
- GC License in Wisconsin
- Bachelors in Social Work and Masters in Organization Leadership and Admin



# MEET THE SPONSORS



## •Joao Macavilca, Start to Finish Construction

- Successfully renovated over 40 apartments for value-add business plays
- Over 30 single-family flips and BRRRRs
- Multiple general contractor licenses in several states
- Mold, fire, and water damage certifications
- Vendor and professional relationships from 8 years in the industry
- Lead Partner in \$3M in assets
- 



## •Michelle Marion, MK Residential

- Founder and CEO of MK Residential Partners
- Improved over \$2B in assets with a value-add niche
- Overseen 2700+ units
- Led 50+ associates
- Proven YoY NOI growth of 200% and YoY GPR growth 15 - 87%
- 2014 Vice President, BoD, Western North Carolina Apartment Association
- Member National Apartment Association NextGen Committee





**PORTFOLIO**



# CHERRY APTS

## 12 Unit Apartment Complex

**Business plan:** Purchase and renovate all units, increase rents to market with additional fees, refinance and return 30%+ of investor capital, hold and cashflow for 3-5 additional years

**Exit:** This property is currently in progress and 50% Stabilized

**Stabilization Period:** 12-24 months

### • Purchase

• Average Annual Return	0%
•NOI	\$51,465
•Cashflow	\$-4,500/ month
• Value	\$1,200,000
• Purchase Price	\$1,050,000

### • Projected Results

•NOI	\$131,198
•Cashflow	\$3,676/month
• Value	\$2,100,000
• Equity Created	<b>\$865,000</b>
•Avg Annual Return	<b>15-18%</b>

*In Progress*  
*66% Stabalized*



# NEWPORT APTS

## 8 Unit Apartment Buildings with Commercial Space

**Business plan:** Purchase and renovate all units, renovate laundry room, implement utility bill-back and add pet fees

**Exit:** This property is currently held and is 100% Stabilized

**Stabilization Period:** 12 months

- **Purchase**

- Average Annual Return 3.85%
- NOI \$71,604
- Cashflow \$1,494/month
- Value \$1,120,000
- Cap Rate 6.25%

- **Current Results**

- NOI \$100,596
- Cashflow \$3,640/month
- Value \$1,437,000
- Equity Created Yr 1 **\$293,885**

**Stabilized April 2024**





# 7 UNIT APT PORTFOLIO

## 5 Single Family Homes and 1 Duplex

**Business plan:** Purchase and renovate all units, one by one with the overall goal to increase NOI while also increasing resident quality and retention.

**Exit:** These properties were successfully refinanced, and are still held.

**Stabilization Period:** 15 Months

### • Purchase

- Cash on Cash 11%
- NOI \$50,980
- Cashflow \$1,698/month
- Value \$645,000
- Cap Rate 8%

### • Results

- Cash on Cash 26%
- NOI \$77,438
- Cashflow \$3,253/month
- Value \$875,000
- Cap Rate 10%

**COMPLETED Spring 2021**



# 668 NORTHAMPTON ST

## •3 Unit Mixed-Use Apartment Building

- **Business plan:** Renovate all units to increase NOI while increasing resident quality and retention.
- **Exit:** Refinance after holding for 5 years to recoup all invested capital and hold long-term
- **Stabilization Period:** 8 Months

### • Purchase

- Cash on Cash 4.2%
- NOI \$19,634
- Cashflow \$440/month
- Value \$285,000
- Cap Rate 6.9%

### • Results

- Cash on Cash 17.4%
- NOI \$35,426
- Cashflow \$1,756/month
- Value \$472,346
- Cap Rate 12.4%

*Completed July 2022*





# 11 N WASHINGTON

## Duplex BRRRR

**Business plan:** Purchase and renovate units (low rent and fire damage), stabilize, refinance and hold long term.

**Exit:** This property was successfully refinanced, and is still held.

**Stabilization Period:** 9 months until refinance

- **Purchase**

- Price \$53,10
- Renovation Budget 0

\$90,00

- **Results**

- Appraisal 0
- **Equity Created \$54,900**

**COMPLETED 2023**



# NC SHELBY BRRRR

## Single Family BRRRR

**Business plan:** Purchase and renovate the house, upgrading all aspects and refinance out to hold long term

**Exit:** This property was successfully renovated and refinanced.

**Hold Period:** 4.5 months until refinance

- **Purchase**

- Price \$240,00
- Renovation Budget 0

\$100,00

- **Results**

- Appraisal 0
- **Equity Created** \$280,00

0

0

**COMPLETED 2023**







# FREQUENTLY ASKED QUESTIONS

## Is the underwriting conservative?

Absolutely. We underwrite less income than we think we'll actually receive as well as higher expenses than we think we'll actually incur. Our projections also account for a lower sale price than we think is realistic.



## What is my liability?

Investors' only liability is limited to their invested capital. Investors are not liable for debt or other liability. If we died tomorrow, you would have equity and there are systems in place to take care of the property.



## Who Owns the Property?

Our LLC will own the property. You will have a share of the LLC that owns it.



## Who Manages the Property?

MK Residential Partners, operated by lead partner Michelle Marion will manage the property. Michelle has managed over 2700+ units in various positions throughout her career as well as her own portfolio.

## How do taxes work?

At the end of each year, investors will be given a K-1. Due to depreciation and bonus depreciation, investors will likely be able to show a “paper loss”, even with distributions. This helps offset other investments or active income.



## What am I responsible for as an investor?

Investors' only responsibility is to invest capital into the deal and have a great attitude.



## **Am I guaranteed a specific return on my investment?**

No, but paying you is our first priority.

By law, we can't guarantee any type of return. The best thing we can offer is a "preferred return". A preferred return is a promise to pay you, the investor, before any money comes to us. If there is no profit remaining for us after you are paid, so be it.



## **What happens if you can't make the quarterly cash flow payment as planned? Will I get paid double next time?**

We would do everything we can to get caught up. If we can't get caught up, the money accrues and you will be paid later, the latest being when the property is sold. We directly track for the life of the project.

## **Will there be ongoing reports?**

Yes, we will be sending out monthly emails which will recap highlights from the previous month. Each quarter, we will send out the quarter's financials and YTD performance.



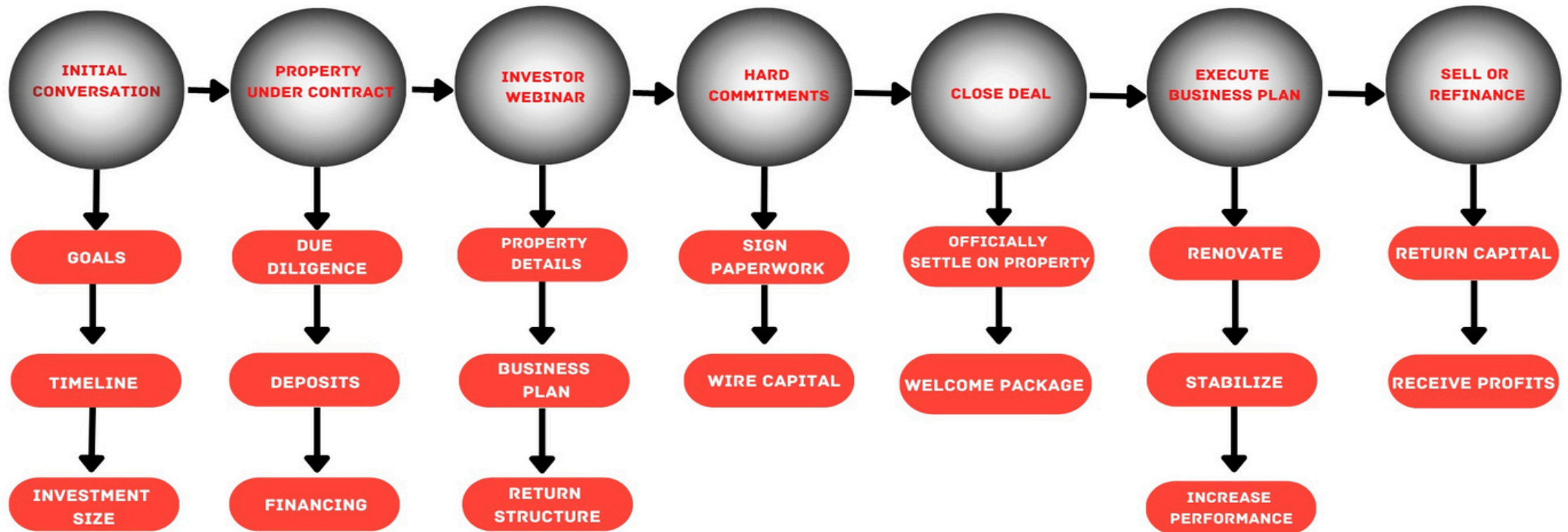
## **When will distributions be given?**

Distributions will be sent out quarterly and will be sent through your investor portal.



# THE VOLCAN VANTAGE

## THE VOLCAN VANTAGE



# CONTACT



COLE FARRELL

215 - 962 - 6715

[Cole@VolcanCapital.com](mailto:Cole@VolcanCapital.com)