

# OFFERING MEMORANDUM

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## 5-Units Apartment Investment Property

140 N Pass Ave, Burbank, CA 91505

### INVESTMENT HIGHLIGHTS

<b>Purchase Price</b> <b>\$2,100,000</b>	<b>Down Payment</b> <b>\$525,000</b>	<b>Capitalization Rate</b> <b>4.51%</b> <small>NOI \$94,674 / \$2,100,000</small>	<b>10-Year IRR</b> <b>14.94%</b> <small>After-Tax</small>	<b>Est. Sale Price</b> <b>\$3,674,940</b>
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Prepared: March 2026

**SECTION I — PROPERTY & INVESTMENT OVERVIEW****Property Information**

<b>Property Type</b>	5-Unit Multifamily Apartment
<b>Location</b>	Los Angeles, California
<b>Holding Period</b>	10 Years
<b>Purchase Price</b>	<b>\$2,100,000</b>
<b>Gross Rental Income (Year 1)</b>	\$145,778 (rental) + \$480 (laundry) = \$146,258
<b>Year 1 NOI</b>	\$94,674
<b>Exit Cap Rate</b>	5.50%
<b>Estimated Sale Price (Year 10)</b>	<b>\$3,674,940</b>

**Financing Structure**

<b>Down Payment</b>	\$525,000 (25%)
<b>Loan Amount</b>	\$1,575,000 (75%)
<b>Interest Rate — Phase 1 (Months 1–60)</b>	5.00% Fixed   Monthly Payment: \$8,454.94
<b>Interest Rate — Phase 2 (Months 61–120)</b>	6.00% Fixed   Monthly Payment: \$9,773.82
<b>Amortization</b>	30-Year Amortization
<b>Buyer's Closing Costs</b>	\$21,000 (1.00% of purchase price)
<b>Total Equity Investment</b>	<b>\$546,000 (down payment + closing costs)</b>

**Depreciation & Tax Structure**

<b>Land / Improvement Split</b>	50% Land / 50% Improvement
<b>Depreciable Basis</b>	\$1,050,000 (50% of purchase price)
<b>Depreciation Method</b>	Straight-Line over 27.5 Years (Residential)
<b>Annual Depreciation</b>	<b>\$38,181.82</b>
<b>Investor Tax Bracket</b>	25.00%
<b>Depreciation Recapture Rate</b>	25.00%
<b>Long-Term Capital Gains Rate</b>	20.00%

**SECTION II — ANNUAL INCOME & EXPENSE PROJECTIONS**

All figures in USD. Rent growth: 7.00%/yr | Expense growth (excl. property tax): 3.00%/yr | Property tax growth: 2.00%/yr

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Gross Income	\$146,258	\$156,496	\$167,451	\$179,172	\$191,714	\$205,134	\$219,494	\$234,858	\$251,298	\$268,889
Vacancy (3%)	(4,388)	(4,695)	(5,024)	(5,375)	(5,751)	(6,154)	(6,585)	(7,046)	(7,539)	(8,067)
<b>Eff. Gross Income</b>	<b>\$141,870</b>	<b>\$151,801</b>	<b>\$162,427</b>	<b>\$173,797</b>	<b>\$185,963</b>	<b>\$198,980</b>	<b>\$212,909</b>	<b>\$227,813</b>	<b>\$243,760</b>	<b>\$260,823</b>
Property Tax	(26,250)	(26,775)	(27,311)	(27,857)	(28,414)	(28,982)	(29,562)	(30,153)	(30,756)	(31,371)
Operating Expenses	(20,946)	(21,574)	(22,222)	(22,888)	(23,575)	(24,282)	(25,011)	(25,761)	(26,534)	(27,330)
<b>Total Expenses</b>	<b>(47,196)</b>	<b>(48,349)</b>	<b>(49,532)</b>	<b>(50,745)</b>	<b>(51,989)</b>	<b>(53,264)</b>	<b>(54,572)</b>	<b>(55,914)</b>	<b>(57,290)</b>	<b>(58,701)</b>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>NET OPER. INCOME</b>	<b>\$94,674</b>	<b>\$103,452</b>	<b>\$112,895</b>	<b>\$123,052</b>	<b>\$133,974</b>	<b>\$145,716</b>	<b>\$158,337</b>	<b>\$171,899</b>	<b>\$186,470</b>	<b>\$202,122</b>
Debt Service	(101,459)	(101,459)	(101,459)	(101,459)	(101,459)	(117,286)	(117,286)	(117,286)	(117,286)	(117,286)
<b>CASH FLOW (BEF. TAX)</b>	<b>\$(6,785)</b>	<b>\$1,993</b>	<b>\$11,436</b>	<b>\$21,593</b>	<b>\$32,515</b>	<b>\$28,430</b>	<b>\$41,051</b>	<b>\$54,613</b>	<b>\$69,184</b>	<b>\$84,836</b>
Interest Expense	(78,222)	(77,033)	(75,784)	(74,470)	(73,089)	(85,925)	(83,991)	(81,937)	(79,757)	(77,442)
Depreciation	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)	(38,182)
Taxable Income	\$(21,730)	\$(11,763)	\$(1,070)	\$10,400	\$22,703	\$21,609	\$36,164	\$51,780	\$68,531	\$86,498
Income Tax (25%)	\$5,432	\$2,941	\$268	(2,600)	(5,676)	(5,402)	(9,041)	(12,945)	(17,133)	(21,624)
<b>CASH FLOW (AFT. TAX)</b>	<b>\$(1,353)</b>	<b>\$4,933</b>	<b>\$11,703</b>	<b>\$18,993</b>	<b>\$26,839</b>	<b>\$23,028</b>	<b>\$32,010</b>	<b>\$41,668</b>	<b>\$52,051</b>	<b>\$63,212</b>

### SECTION III — LOAN AMORTIZATION SUMMARY

The loan transitions from a 5.00% fixed rate for Years 1–5 to a 6.00% fixed rate for Years 6–10, with a 30-year amortization schedule. The new monthly payment is recalculated at the rate reset on the outstanding balance.

Year	Rate	Monthly Pmt	Ann. Interest	Ann. Principal	Annual Pmt	Loan Balance
1	5.00%	\$8,454.94	\$78,222	\$23,237	\$101,459	\$1,551,763
2	5.00%	\$8,454.94	\$77,033	\$24,426	\$101,459	\$1,527,337

Year	Rate	Monthly Pmt	Ann. Interest	Ann. Principal	Annual Pmt	Loan Balance
3	5.00%	\$8,454.94	\$75,784	\$25,676	\$101,459	\$1,501,662
4	5.00%	\$8,454.94	\$74,470	\$26,989	\$101,459	\$1,474,672
5	5.00%	\$8,454.94	\$73,089	\$28,370	\$101,459	\$1,446,303
6	6.00%	\$9,773.82	\$85,925	\$31,361	\$117,286	\$1,414,942
7	6.00%	\$9,773.82	\$83,991	\$33,295	\$117,286	\$1,381,647
8	6.00%	\$9,773.82	\$81,937	\$35,349	\$117,286	\$1,346,298
9	6.00%	\$9,773.82	\$79,757	\$37,529	\$117,286	\$1,308,769
10	6.00%	\$9,773.82	\$77,442	\$39,843	\$117,286	\$1,268,926
<b>Total</b>			<b>\$787,651</b>	<b>\$306,074</b>	<b>\$1,093,725</b>	

## SECTION IV — RETURN METRICS

**Total Equity Investment: \$546,000 (Down Payment: \$525,000 + Closing Costs: \$21,000)**

Capitalization Rate <b>4.51%</b> <small>NOI \$94,674 / \$2,100,000</small>	Year 1 Cash-on-Cash Return <b>-1.24%</b> <small>(Before Tax)</small>	Year 10 Cash-on-Cash Return <b>15.54%</b> <small>(Before Tax)</small>	10-Year IRR (After-Tax) <b>14.94%</b> <small>(Including Sale Proceeds)</small>
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### Annual Return Summary

*Cash-on-Cash Return = Annual Cash Flow Before Tax ÷ Total Equity Investment | ROI = Annual Cash Flow After Tax ÷ Total Equity Investment*

Year	CFBT	CFAT	CoC Return	ROI (After-Tax)	Loan Balance	Equity
1	\$(6,785)	\$(1,353)	<b>-1.24%</b>	<b>-0.25%</b>	\$1,551,763	\$548,237
2	\$1,993	\$4,933	<b>0.36%</b>	<b>0.90%</b>	\$1,527,337	\$572,663
3	\$11,436	\$11,703	<b>2.09%</b>	<b>2.14%</b>	\$1,501,662	\$598,338
4	\$21,593	\$18,993	<b>3.95%</b>	<b>3.48%</b>	\$1,474,672	\$625,328
5	\$32,515	\$26,839	<b>5.96%</b>	<b>4.92%</b>	\$1,446,303	\$653,697
6	\$28,430	\$23,028	<b>5.21%</b>	<b>4.22%</b>	\$1,414,942	\$685,058
7	\$41,051	\$32,010	<b>7.52%</b>	<b>5.86%</b>	\$1,381,647	\$718,353
8	\$54,613	\$41,668	<b>10.00%</b>	<b>7.63%</b>	\$1,346,298	\$753,702
9	\$69,184	\$52,051	<b>12.67%</b>	<b>9.53%</b>	\$1,308,769	\$791,231
10	\$84,836	\$63,212	<b>15.54%</b>	<b>11.58%</b>	\$1,268,926	\$831,074

**SECTION V — SALE ANALYSIS & IRR****Disposition Summary (Year 10)**

Year 10 NOI	\$202,122
Exit Cap Rate	5.50%
Estimated Sale Price (NOI ÷ Cap Rate)	<b>\$3,674,940</b>
Selling Costs (4.50%)	(165,372)
Net Sale Proceeds (before loan payoff & taxes)	\$3,509,568
Loan Payoff (Balance at End of Year 10)	(1,268,926)
Total Accumulated Depreciation	\$381,818
Depreciation Recapture Tax (25%)	(95,455)
Adjusted Cost Basis	\$1,739,182
Capital Gain on Sale	\$1,770,386
Long-Term Capital Gains Tax (20%)	(354,077)
<b>NET PROCEEDS TO INVESTOR</b>	<b>\$1,791,110</b>

**IRR Cash Flow Schedule**

The 10-year Internal Rate of Return (IRR) is computed on after-tax cash flows, including the net sale proceeds in Year 10.

Year	Annual CFAT	Cumul. CFAT	Net Sale Proceeds	Total Return
1	\$(1,353)	\$(1,353)	—	\$(1,353)
2	\$4,933	\$3,581	—	\$3,581
3	\$11,703	\$15,284	—	\$15,284
4	\$18,993	\$34,277	—	\$34,277

Year	Annual CFAT	Cumul. CFAT	Net Sale Proceeds	Total Return
5	\$26,839	\$61,116	—	\$61,116
6	\$23,028	\$84,144	—	\$84,144
7	\$32,010	\$116,154	—	\$116,154
8	\$41,668	\$157,822	—	\$157,822
9	\$52,051	\$209,873	—	\$209,873
10	\$63,212	\$273,085	<b>\$1,791,110</b>	<b>\$2,064,195</b>

10-Year IRR (After-Tax) <b>14.94%</b> Total Equity Investment: \$546,000	Net Investor Profit (10 Years) <b>\$1,518,195</b> (CFAT + Sale Proceeds – Initial Investment)
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## SECTION VI — OPERATING EXPENSE DETAIL

Operating expenses (excluding property tax) grow at 3.00% per year. Property taxes increase at 2.00% per year. Vacancy is applied at 3.00% of gross income each year.

Expense Category	Year 1	Year 3	Year 5	Year 10
Professional Fee	\$2,000	\$2,122	\$2,251	\$2,610
Hazard Insurance	\$12,748	\$13,524	\$14,348	\$16,633
License & Permit	\$300	\$318	\$338	\$391
Gardening	\$1,200	\$1,273	\$1,351	\$1,566
Pest Control	\$300	\$318	\$338	\$391
Water – Common Area	\$2,130	\$2,260	\$2,397	\$2,779
Trash	\$1,080	\$1,146	\$1,216	\$1,409

Expense Category	Year 1	Year 3	Year 5	Year 10
Gas	\$338	\$359	\$380	\$441
State Tax	\$800	\$849	\$900	\$1,044
Miscellaneous	\$50	\$53	\$56	\$65
Property Tax (1.25% × \$2.1M, +2%/yr)	\$26,250	\$27,311	\$28,414	\$31,371
Vacancy (3% of Gross Income)	\$4,388	\$5,024	\$5,751	\$8,067
<b>TOTAL EXPENSES</b>	<b>\$51,584</b>	<b>\$54,556</b>	<b>\$57,740</b>	<b>\$66,768</b>

## SECTION VII — IMPORTANT DISCLOSURES

### CONFIDENTIAL INVESTMENT INFORMATION

This Offering Memorandum ("OM") has been prepared solely for informational purposes and is intended only for the prospective investor to whom it is addressed. It may not be reproduced, distributed, or used for any other purpose without the express prior written consent of the issuer.

### FORWARD-LOOKING STATEMENTS

This OM contains forward-looking statements and projections based on assumptions that may not materialize. Actual results may differ materially from those projected. Past performance is not indicative of future results.

### NO GUARANTEE OF RETURNS

Real estate investments are subject to market risk, liquidity risk, and other factors beyond the control of the sponsor. Cash flow projections, IRR, and other financial metrics presented herein are estimates only and are not guaranteed. Investors should consult with their own legal, tax, and financial advisors before making any investment decision.

### TAX CONSIDERATIONS

Tax projections are based on the investor tax bracket of 25.00%, depreciation recapture rate of 25.00%, and long-term capital gains rate of 20.00% as specified. Actual tax consequences will vary based on individual circumstances. Consult a qualified tax professional.

## **ASSUMPTIONS**

Rental income growth of 7.00% per year, vacancy rate of 3.00%, operating expense growth of 3.00% per year, and property tax growth of 2.00% per year are assumptions based on market projections. These assumptions are not guaranteed.

**This report is based on certain assumptions. The projections are estimates only.**

**Anyone using or relying on this report is advised to seek competent legal, financial, or tax advice.**

*This document was prepared in March 2026.*