

Adrian Apartments II

1212 Main St
Atlanta GA 30304

Newly Renovated
14 units in the Heart of Atlanta
11% Cash on Cash Return
Pool & Recreation Area
Gated Community

Presented by

Sandford Realty Group

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190 Peachtree St NW
Suite 1700
Atlanta GA 30303



Executive Summary



Adrian Apartments II

1212 Main St
Atlanta GA 30304



Property Information

Type	Apartments	No. of Units	14
Purchase Price	\$ 1,775,000	Price Per Unit	\$ 126,786
Cap Rate (Cost)	8.79%	Total Square Feet	12,920
		Price Per Sq. Ft.	\$ 137

Financial Information

Down Payment: \$	562,250	<u>% of Asking</u>	32.13%	<u>% of Cost</u>	31.68%
Initial Loan Balance: \$	1,225,000		70.00%		69.01%
<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Payment</u>		
\$ 1,225,000	6.75%	20	\$9,314		

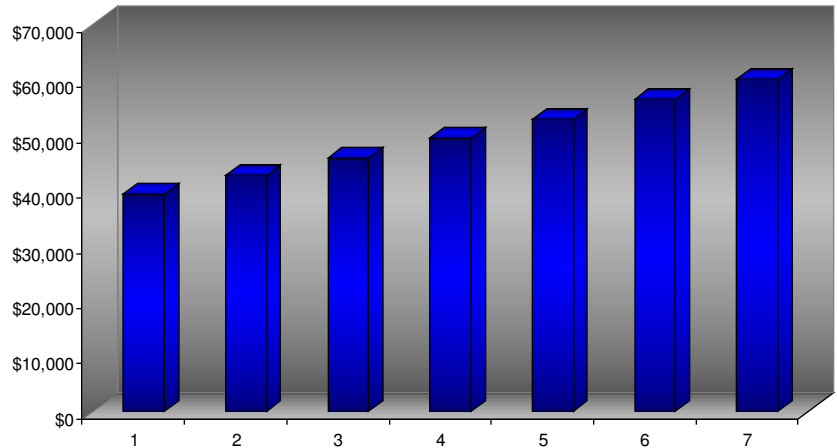
Income & Expenses

Monthly Rents:	\$ 15,400
Annual Rents:	\$ 184,800
Other Annual Income:	\$ 1,800
Annual Vacancy:	\$ (9,240)
Annual Expenses:	\$ (21,250)
Annual Reserves:	\$ (5,000)
Annual Debt Service:	\$ (111,774)
Net Operating Income (NOI)	\$ 156,110

Assumptions:

Rental Growth Rate:	2.00%
Expense Growth Rate:	1.00%
Capitalization Rate (Resale):	8.00%
Marginal Tax Rate:	34.00%
Capital Gain Tax Rate:	21.00%

Projected Cash Flow Before Taxes



Financial Measurements

	Year 1	Year 3	Year 7	Summary Description & Notes	
Debt Coverage Ratio (DCR)	1.40	1.46	1.59	Adrian Apartments II is a one, two and three bedroom garden style apartment complex with a total of 14 units. The property is comprised of studio unit types. Complex amenities consist of laundry facilities and controlled vehicular access. An November 1, 2009 appraisal places the value of this property at \$2.5 million.	
Loan-to-Value Ratio (LVR)	61.2%	55.4%	43.6%		
Capitalization Rate Based on Cost	8.79%	9.17%	9.98%		
Capitalization Rate Based on Resale Price	8.00%	8.00%	8.00%		
Net Present Value (NPV) - B/ Taxe	13.50%	35,664	73,746		105,974
Net Present Value (NPV) - A/Taxe:	10.00%	23,324	54,888		98,318
Cash on Cash Return - Before Taxes	7.00%	8.18%	10.69%		
Cash on Cash Return - After Taxes	5.29%	6.37%	7.40%		
Internal Rate of Return - Before Taxes		18.55%	16.85%		
Internal Rate of Return - After Taxes		13.64%	12.94%		
Modified Internal Rate of Return - Before Taxes		17.53%	14.64%		
Modified Internal Rate of Return - After Taxes		13.02%	11.47%		

Disclaimer: All information presented is believed to be accurate.

The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.

Confidential Offering Summary

The Issuer

Sandford Real Estate Investments LLC
1421 Peachtree Ste Suite 1200
Atlanta GA 30303

The Property**Adrian Apartments II**

1212 Main St
Atlanta GA 30304

The Offering

The offering is for a 65% interest with an 5% preferred return on invested capital.

The Amount

\$562,250

The Manager

Jeffrey Sanford will be the primary manager of the property. Jeffrey has fourteen years of experience as a landlord and real estate investor with over 32 properties currently under management.

The Risks

Investment in real estate can be highly speculative due to the nature of the partnership's business. These include risks inherent in the business of real estate investment generally, conflicts, reliance upon manager of the property, the lack of a formal market for the units, no exit mechanism and the resale restrictions and hold periods prescribed by the applicable securities laws or in the operating agreement.

These reports are limited descriptive material regarding an investment in the property Adrian Apartments II, 1212 Main St, Atlanta GA 30304. This summary is not complete and needs to be supplemented with additional information. This additional information is available upon request. The use of this material is authorized only for those to whom it is originally provided.

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This is not an offer to sale a security. An offer can only be made through a complete Private Placement Memorandum. You should not consider any information in these reports to be legal, business or tax advice. You should consult your own attorney, financial advisor and tax advisor about this investment.

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Prospective Partner Investment

Adrian Apartments II

1212 Main St
Atlanta GA 30304

Dan Johnson

**65.00% Equity Interest
5.00% Preferred Return
\$562,250 Investment**



Jeffrey Sandford
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Annual Cash Flow Projection	Year 1	Year 2	Year 3	Year 4	Year 5
Property's Cash Flow Before Taxes	\$ 39,336	\$ 42,621	\$ 45,974	\$ 49,397	\$ 52,891
Dan Johnson's 5% Preferred Return	(28,113)	(28,113)	(28,113)	(28,113)	(28,113)
Managing Partner's 35% Share	(3,928)	(5,078)	(6,252)	(7,450)	(8,672)
Dan Johnson's 65% of Before Tax Cash Flow	<u>\$ 7,296</u>	<u>\$ 9,431</u>	<u>\$ 11,610</u>	<u>\$ 13,835</u>	<u>\$ 16,106</u>
Dan Johnson's Share with Preferred Return	<u>\$ 35,408</u>	<u>\$ 37,543</u>	<u>\$ 39,723</u>	<u>\$ 41,947</u>	<u>\$ 44,218</u>

Property Resale Proceeds					
Resale Proceeds Before Taxes	\$ 639,295	\$ 710,570	\$ 784,888	\$ 862,421	\$ 943,352
All Partner's Return of Investment Capital	(562,250)	(562,250)	(562,250)	(562,250)	(562,250)
Remaining Funds from Sale to be Distributed	<u>\$ 77,045</u>	<u>\$ 148,320</u>	<u>\$ 222,638</u>	<u>\$ 300,171</u>	<u>\$ 381,102</u>
Managing Partner's 35% Share	(26,966)	(51,912)	(77,923)	(105,060)	(133,386)
Dan Johnson's 65% Share of Resale Proceeds	<u>\$ 50,080</u>	<u>\$ 96,408</u>	<u>\$ 144,715</u>	<u>\$ 195,111</u>	<u>\$ 247,716</u>

Dan Johnson's Equity Interest Summary					
Dan Johnson's 65% of Before Tax Cash Flow	\$ 35,408	\$ 37,543	\$ 39,723	\$ 41,947	\$ 44,218
Previous Year's Cumulative Share of Cash Flow	n/a	35,408	72,951	112,674	154,621
Dan Johnson's 65% Share of Resale Proceeds	<u>50,080</u>	<u>96,408</u>	<u>144,715</u>	<u>195,111</u>	<u>247,716</u>
Dan Johnson's Share of Profit	<u>\$ 85,488</u>	<u>\$ 169,359</u>	<u>\$ 257,389</u>	<u>\$ 349,732</u>	<u>\$ 446,556</u>
Dan Johnson's Return of Investment Capital	562,250	562,250	562,250	562,250	562,250
Dan Johnson's Share of Resale & Liquidation	<u>\$ 647,738</u>	<u>\$ 731,609</u>	<u>\$ 819,639</u>	<u>\$ 911,982</u>	<u>\$ 1,008,806</u>
Percentage of Available Cash	95.45%	92.31%	89.79%	87.71%	85.96%

Return on Investment

Cash on Cash Return - Before Taxes	6.30%	6.68%	7.06%	7.46%	7.86%
Internal Rate of Return - Before Taxes	15.20%	14.47%	14.12%	13.88%	13.68%
Modified Internal Rate of Return - Before Taxes	15.20%	14.07%	13.39%	12.85%	12.40%

Prospective Partner Investment

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Dan Johnson

**65.00% Equity Interest
5.00% Preferred Return
\$562,250 Investment**



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Managing Partner's Equity Interest Summary	Year 1	Year 2	Year 3	Year 4	Year 5
Managing Partner's 35% of Before Tax Cash Flow	\$ 3,928	\$ 5,078	\$ 6,252	\$ 7,450	\$ 8,672
Previous Year's Cumulative Share of Cash Flow	n/a	3,928	9,006	15,258	22,708
Managing Partner's 35% Share of Resale Proceeds	26,966	51,912	77,923	105,060	133,386
Managing Partner's Share of Profit	<u>\$ 30,894</u>	<u>\$ 60,918</u>	<u>\$ 93,181</u>	<u>\$ 127,767</u>	<u>\$ 164,766</u>
Managing Partner's Return of Investment Capital	-	-	-	-	-
Managing Partner's Share of Total Cash	<u>\$ 30,894</u>	<u>\$ 60,918</u>	<u>\$ 93,181</u>	<u>\$ 127,767</u>	<u>\$ 164,766</u>
Percentage of Available Cash	4.55%	7.69%	10.21%	12.29%	14.04%