

BRIARCLIFF I & II AND RIVER HILL TOWNHOMES**KNOXVILLE, TENNESSEE**

Legacy Capital Partners (“Legacy”) has created LAC Knoxville Holdings LLC (“Company”) to provide accredited investors the opportunity to invest in Briarcliff I & II, a 377-unit apartment complex and River Hill, an 80-unit townhome complex in Knoxville, Tennessee (“Briarcliff” and “River Hill” and collectively “Knoxville Holdings”). Knoxville Holdings represents an opportunity to invest in a well-located and well-occupied (95%) middle market rental housing portfolio that will provide stable in-place cash flow and value appreciation through increased rental rates tied to select interior renovations, operational improvements and minor common area renovations.

Legacy entered into a joint venture with MACC Realty Partners (“MACC”) to acquire Briarcliff and River Hill. This represents the second joint venture between Legacy and MACC. The purchase price was \$32,225,000 and the total cost, including \$3,544,000 for renovations, contingencies and closing costs, is \$35,768,000. This represents a purchase price of \$70,514 /unit and a total cost of \$78,270 /unit which is well below reproduction cost. The acquisition and renovation were capitalized with two loans in the total amount of \$24,893,000 and equity in the amount of \$10,875,000. Legacy invested \$8,700,000 and MACC and its affiliates invested the remaining \$2,175,000.

The Seller had implemented a three-tiered renovation program and the units are currently categorized as follows: Deluxe (unrenovated), Premium (partially renovated), and Select (completely renovated). The investment strategy is to renovate the Deluxe units to the Select and standardize the finishes within the Premium units to provide a more consistent product offering. The planned physical and operational improvements should allow the rental rates to be increased to rates already being achieved at the properties for the renovated units. Furthermore, with an upgraded and more consistent product offering, and hands-on management, the rental rates at the portfolio should begin to approach the higher rental rates being achieved today at comparable properties in the market. These rental rate increases should further strengthen the cash flows and generate the desired capital appreciation during the investment period.

The Company is offering 75.48 membership units (“Membership Units”) for an aggregate purchase price of \$3,774,000, or \$50,000 per Membership Unit (“Offering”). The minimum investment will be two (2) Membership Units for an aggregate purchase price of \$100,000 and the maximum investment will be seven (7) Membership Units for an aggregate purchase price of \$350,000. However, the Manager may, in its sole discretion, accept investments for less than two (2) or greater than seven (7) Membership Units. The Investor Members will receive an 8.0% preferred return on their invested capital paid from net cash flow, refinance proceeds and/or sale proceeds. After the preferred return is paid current, Investor Members will receive 80% of excess net cash flow. Once the preferred return is paid current and 100% of the Investor Members capital has been returned, the Investor Members will receive 80% of excess refinance and/or sale proceeds.

To request a Private Placement Memorandum please contact us at legacy@LCP1.com or 216-381-2303.

RETURNS

The returns below assume a 5 year investment period and a sale at \$89,954 per unit.

- The average annual cash yield is projected to be approximately 9.4%
- An initial investment of \$100,000 is projected to generate a total return of \$176,000
- 62% of the return on investment is projected to be derived from cash flow

**HIGHLIGHTS**

- Off-market transaction with attractive purchase price and total cost
- Middle market apartment communities with below market rents
- Both properties are well located within their respective submarkets, each with desirable school systems
- Strong in-place cash flows with renovation and management upside
- Experienced Joint Venture partner with in-house property management company