

12M

THE POWER
of Multifamily Investing

12M Investment Properties, LLC
A Commercial Multifamily Real Estate Investment Firm

BENEFITS TO INVESTING IN COMMERCIAL *Multifamily Real Estate*

- 1 Principal Safety:**
Investing in a hard asset you can touch and feel.

- 2 Quarterly Cash Flow:**
Receive quarterly cash flow from operations.

- 3 Growing Equity:**
With strategic improvements to the property, you will increase revenue, decrease expenses and grow your equity, regardless of market conditions.

- 4 Accelerated Returns:**
By unlocking cash from refinancing events every four to six years, you can reinvest in other properties and increase your cash flow and/or equity.

- 5 Tax Advantaged Income:**
Commercial real estate investing offers unparalleled tax advantages, providing investors with unique, multi-generation wealth protection.

We built our company to share a stable and safe investment opportunity with family, friends and private investors looking for proven inflation-resistant investments based in hard assets.

This opportunity to invest in commercial multifamily apartment buildings can generate consistent cash yield and increased equity over the long-term.

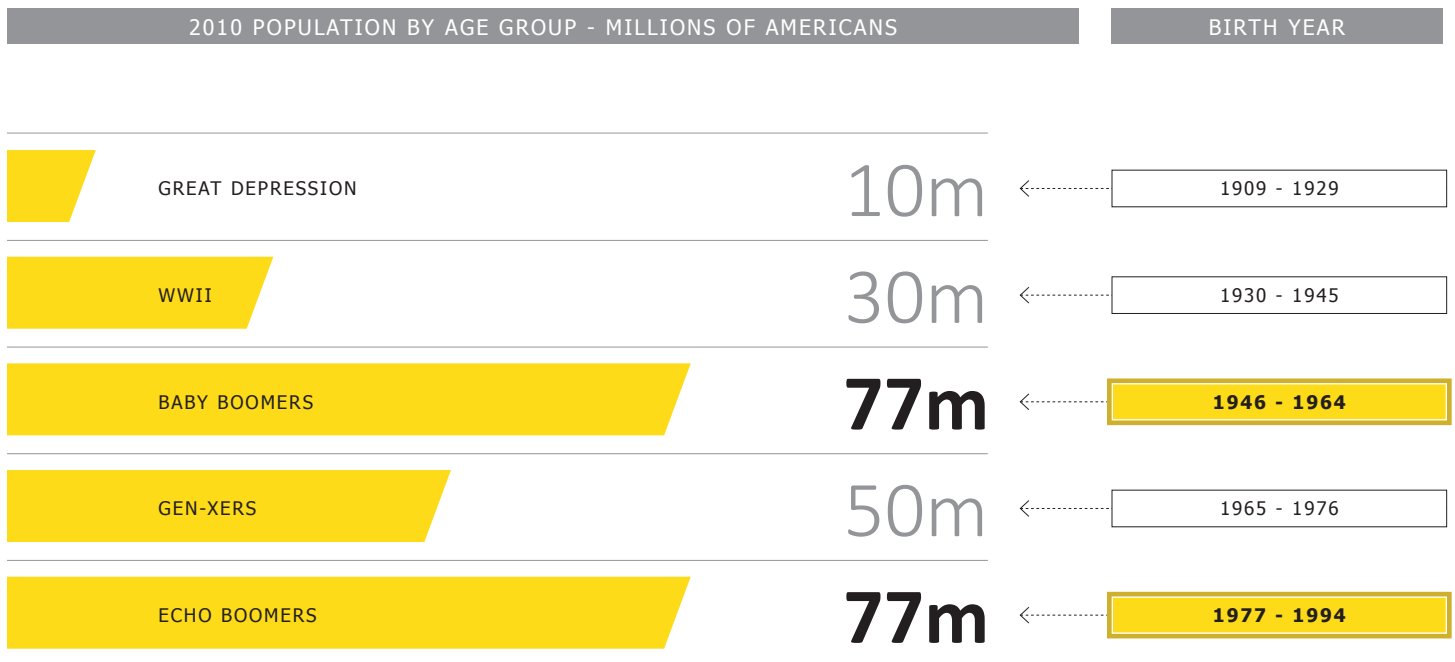
SIDE BY SIDE COMPARISON OF REAL ESTATE VS STOCKS, BONDS OR CDS

	STOCK/BOND/CD PASSIVE - 2% Increase	REAL ESTATE PASSIVE - 2% Increase
INITIAL INVESTMENT	\$100,000	\$100,000
LEVERAGE	\$100,000	\$400,000
TOTAL RETURN	\$102,000	\$408,000
NET RETURN	\$2,000	\$8,000

Based on a \$100,000 investment, one-year hold with 2% increase in value. Real estate leverage includes a 75% LTV loan.

WHY COMMERCIAL *Multifamily Apartments?*

There are undeniable demographic trends causing a historic supply and demand imbalance.



Source: www.cnllifestylereit.com

1 **The Echo Boomers**

New households aged 18–30 are being driven by the second largest demographic wave in US history: the Echo Boomers, the 76 million children and grandchildren of the Baby Boomers. In addition to this demographic group’s sheer size, Echo Boomers are saddled with record unemployment, historic student loan debt and are disenfranchised with the concept of home ownership, with 75% of them more likely to rent than own.

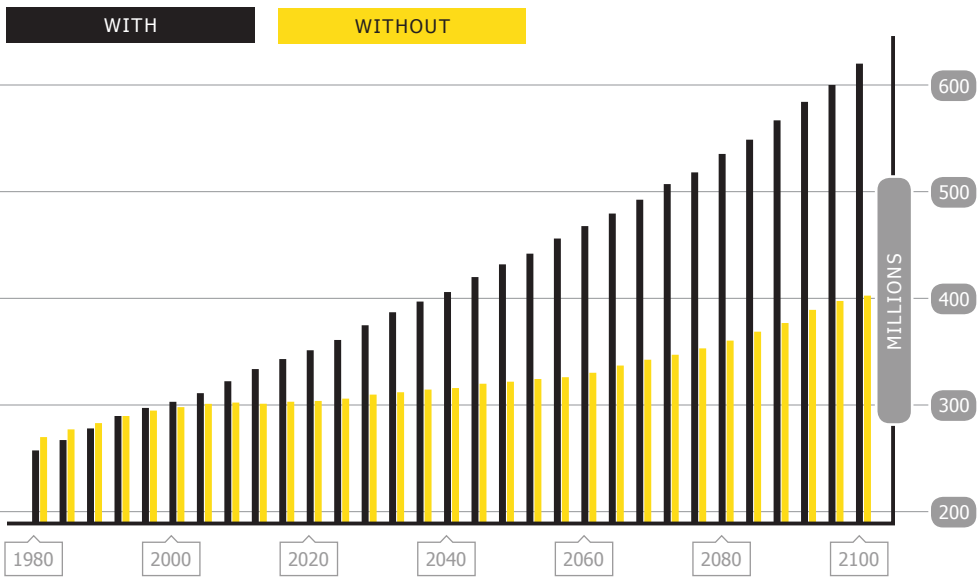
2 **The Baby Boomers**

The largest demographic group in U.S. history: the Baby Boomers, are 77 million strong. As this group transitions from homeownership to renting, they are likely to never own again. Additionally, the average lifespan continues to increase, extending this generation’s rental demands. This is the fastest growing renter group.

*“We always live in an uncertain world. What is certain is that the **United States will go forward over time.**”*

– WARREN BUFFETT

U.S. POPULATION PROJECTIONS WITH & WITHOUT IMMIGRATION



Data: U.S. Census Bureau, Population Projections Division

3 **U.S. Immigration**

As a group, U.S. immigrants (regardless of source locations or socioeconomics) rent more often than they own and rent for longer periods of time.

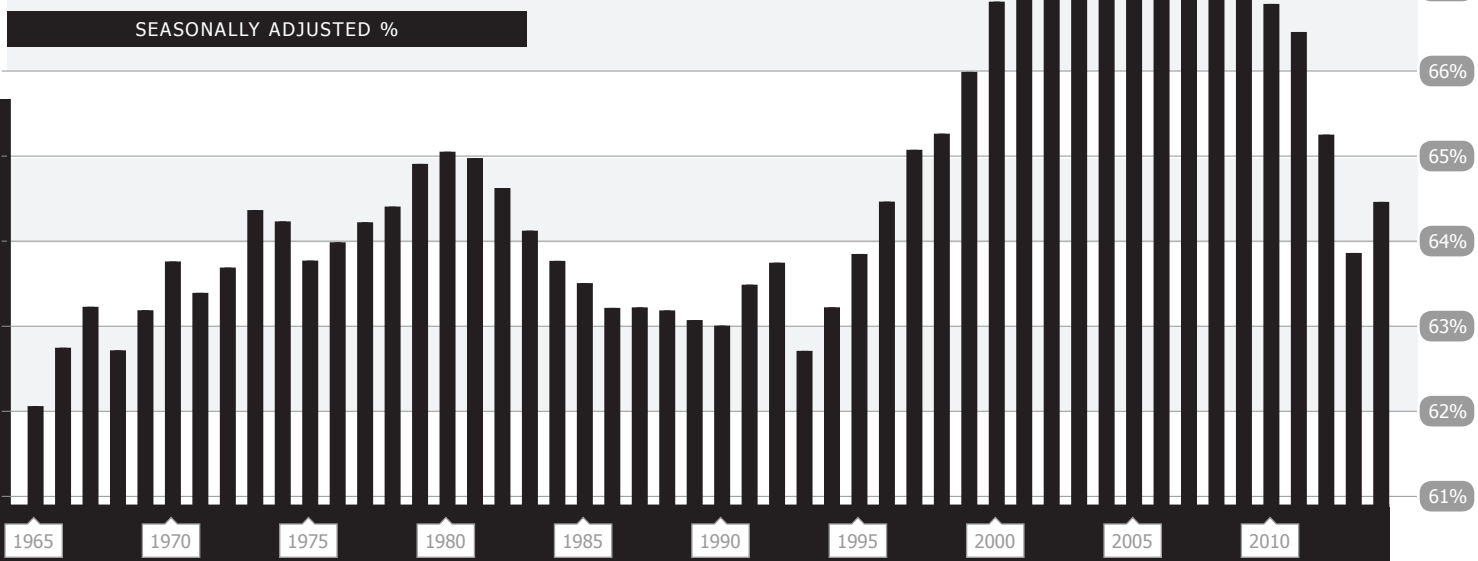
4 **The Shift**

The national homeownership rate has rapidly declined from its peak of 69.2% in 2004 toward the mean of approximately 64% today. This homeowner displacement has driven, and will continue to drive households out of residential owner-occupied property to renter occupied-apartments. As a rule of thumb, every 1% of American households becoming renters increases demand by 1,000,000 multifamily dwellings.

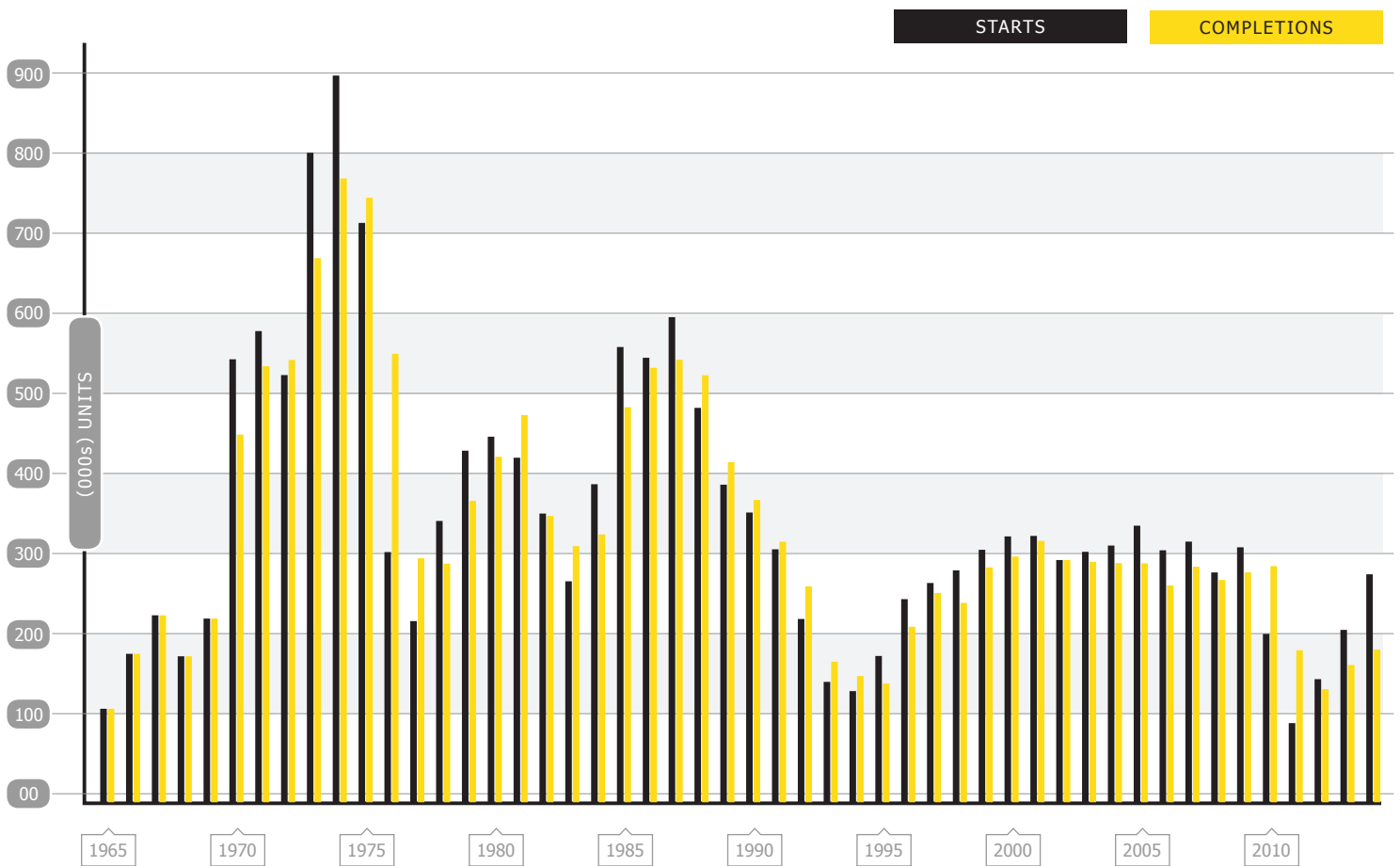
Increase in Households
+
Decrease in Homeownership

Investment Opportunity

AMERICAN HOMEOWNERSHIP RATE %



HOUSING STARTS AND COMPLETIONS, 5+ UNIT STRUCTURES, ROLLING 12 MONTHS



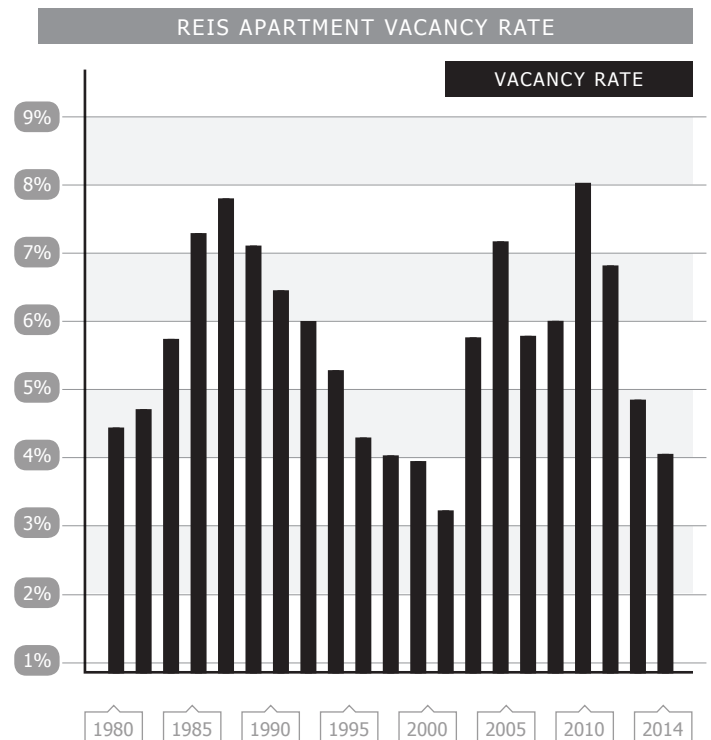
Source: www.calculatedriskblog.com

5 Multifamily Starts

Despite the historical need for multifamily housing and the significant shift away from homeownership, multifamily starts have not kept up with demand. While multifamily construction is finally beginning to recover, it is still not keeping pace with the generational trends driving the multifamily sector.

6 Vacancy at Historic Lows

As a result of the two largest generations in U.S. history entering their prime years for renting, and the multifamily industry not creating enough inventory to meet demand, vacancy rates have hit lows not seen in the last 30 years. Given the demographic trends driving demand, we foresee low vacancy rates to continue for the next decade or more, and in some markets we expect to see low vacancy for several decades.



Source: Reis

NATIONAL OCCUPANCY RATE %

TIME PERIOD



Source: Axiometrics Inc.

ACQUISITION APPROACH

12M will leverage private capital and well-structured non-recourse debt financing to acquire stable commercial multifamily apartments in select markets. Each project is a separate investment, and each investor is a direct fractional owner of the sole-purpose entity (LLC) that has title to the property.

ACQUISITION ROAD MAP

Investing only in markets that will support our business model is key. We analyze population and employment trends along with 25 other metrics within a Metropolitan Statistical Area (MSA) and submarket before determining if it will fit our strict investment model. We only invest in markets that are proven to increase cash flow and provide consistent equity growth throughout the life of the investment.

*“The ability to manage well doesn’t make much difference if you’re not even in the **right jungle.**”*

– STEPHEN R. COVEY

Once a market has been vetted we then build a relationship with a professional property management firm that understands our model and is multifamily focused. After thorough analysis and extensive due diligence on an asset, we will use investor equity and well-structured debt financing to purchase. We will then consistently improve the asset by driving occupancy, increasing incomes and decreasing expenses, which will steadily improve the value of the asset.

OPERATIONS MODEL

We believe well-operated multifamily assets in the right markets can provide 10-15 years or more of solid returns for our investors. We are partnering with 37th Parallel Properties to co-manage 12M Investment Properties acquired assets. Founded in 2007, 37th Parallel Properties is a total return, multifamily-focused real estate investment firm specializing in superior asset management techniques that protect, stabilize and then grow investors’ equity.

37th Parallel Properties has a proven model that 12M Investment Properties has studied in depth and is confident will best serve our investors and their financial goals. The Principals of 12M have worked side by side with 37th Parallel Properties for over a year. We have talked with investors, their team and viewed their properties on multiple occasions. The Principals of 37th Parallel Properties are not only our asset management partners, but also trusted mentors and friends.

If a market does not meet our strict criteria for predicting long-term stability and growth, we will not invest there.

ASSET MANAGEMENT STRATEGY

12M believes stable markets and solid assets allow investors to buy and hold quality investments and enjoy predictable returns. While we do employ a buy and hold strategy, we look to unlock unleveraged equity on our assets every four to six years. We believe this provides our investors the best of both worlds, the ability to remain in an excellent yield-producing investment while leveraging untapped equity to increase the number of holdings in their portfolio.

EXPONENTIAL GROWTH MATRIX



MEET THE PARTNERS



JOHN JONES

John has been involved in real estate for the past 12 years as both an owner/operator and investor on a large number of projects. A former general contractor and proud fourth generation west Texas rancher, John's industry experience and affable style have both played a major role in 12M's success.

John, along with Josh Burnham, spearheads the acquisition and asset management efforts at 12M. John currently resides in Sonora, TX with his wife Jennifer and their two sons.



JOSH BURNHAM

Josh brings a wide array of business and operations management experience to the firm. For 15 years, he owned and operated a sizable oilfield services company while managing an inventory of over \$30M. Since selling his company in 2013, Josh has been involved in a number of \$10M+ multifamily projects and is a key driver behind 12M's ambitious acquisition and asset management strategy.

A sixth generation Texan, Josh currently lives outside of Austin with his wife Erin and their two daughters.

CONTACT US ***12MInvest.com*** | ***800-731-7904***

To learn more about how multifamily apartment investing can accelerate your wealth for multiple generations, call us today to schedule a no-obligation consultation.