# Empire Capital Management, LLC

*Presents*

# Empire Capital Fund I, LLC

EMPIRE
CAPITAL FUND

## Executive Overview and Information Package

April 10, 2020

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*This is not an offer to sell or a solicitation of an offer to buy any security listed herein. Past performance is no indication of future performance. Nothing herein shall be construed as tax, legal or accounting advice; you should contact your own advisor for such advice.*

# EXECUTIVE OVERVIEW

## OUR MISSION

We will capitalize on market opportunities by targeting distressed properties in B and C class neighborhoods, in the Lehigh Valley that show consistent population and economic growth. We will utilize existing resources to purchase properties at favorable prices and add value through strong management improvements to properties to drive appreciation, generate profit, and manage risk. We intend to invest the capital and hold the investment for approximately five years. We are targeting an annual 8% preferred return. At the conclusion of the five-year investment period, we will liquidate the fund and distribute the assets.

## OUR OPPORTUNITY

We target distressed properties in B and C class neighborhoods where we can quickly and substantially appreciate the value of the properties by utilizing the fund's resources and time-tested strategies.

We target two types of distressed properties. First, we target distressed properties that either exhibit poor management or have a history of vacancy problems. These properties are exemplified by deferred maintenance, neglected capital improvements and/or need cosmetic upgrades. Second, we target owner distressed properties. Owner distress can happen from a loss of job, foreclosure proceedings, death, divorce, serious health conditions and other life changing events.

## OUR TARGET ASSET CLASSES

Single family homes (buy, fix, and flip), small multi-family (2-10 units), medium to large multifamily (10-50 units), and small Mixed-Use properties.

## THE REAL ESTATE STRATEGY

Our deployment strategy will have two phases. Our goal is to raise capital until we reach a minimum of $300,000, when we have our first closing. We then will implement our buy, fix-flip, or hold strategy on single family and small multi-unit properties of 2-10 units in size until we reach the $1,000,000 mark between raised capital and profit from buy-fix-flip or hold properties. At that point we will look to deploy capital for buy and hold strategies that meet our long-term goals listed below.

In the short term the fund will leverage the liquid capital for quick acquisitions primarily single family and small multi-family properties by utilizing an "all cash, quick close" purchase strategy. Our internal resources allow us to flip properties (buy, fix and sell) at a faster pace than any individual investor can do on their own. We provide all the services necessary to acquire the property, rehab the property and re-sell the property. By cutting out the vendor/subcontractor and employing all the



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people necessary to complete the process from start to finish, we can cut out the mark-up fees or profit that a typical vendor would charge. We can keep costs in line and worry less about overruns and we have greater control over timeline to completion. We will maximize profits by seeking out the optimal combination of purchase price and post rehab selling price. We will then sell the property at the highest price the market will allow. We can run several sets of flips at a time and increase the velocity of the use of the invested capital.

The long-term goals of the fund are to create a stable, diverse portfolio including distressed single-family homes, multi-family, and mixed use that can be stabilized in three to twelve months then held for the subsequent 2-5 years and sold at a substantial profit. We will focus on holding our multifamily and mixed-use property for future capital gains and we will flip single family homes unless it makes sense to hold based on return.

## GEOGRAPHY TARGETED BY THE FUND

Our desired marketplace is the Lehigh Valley, PA. We have dedicated 10 years to developing, streamlining and capitalizing on our favorable geographic location with steady and projected job and population growth to provide housing for the ever-increasing demand in the area.

With a GDP of $41.2 billion, larger than that of the entire states of Wyoming and Vermont, the Lehigh Valley is home to more than 15,000 businesses, including three Fortune 500 companies and many nationally recognized brands.

Lehigh Valley is located 90 minutes west of New York City and one hour north of Philadelphia. The Lehigh Valley has a diverse manufacturing base. With 700 manufacturers employing nearly 34,000 workers, manufacturing is the region's third-largest sector in terms of jobs, and the second largest in terms of economic output. Manufacturing makes up 18.4% of the Lehigh Valley's $41.2 billion GDP, a larger portion even than in the days of Bethlehem Steel. Health care and social assistance is the Lehigh Valley's top industry by employment. It is also one of Lehigh Valley's greatest quality-of-life assets, providing residents and companies immediate access to quality hospitals and health networks.

The rise of e-commerce has increased the importance of transportation, warehousing and logistics, which is the fastest-growing sector in the Lehigh Valley economy. With a 9.5% year-over-year growth in economic output, this sector has added 10,000 jobs in the region within the last five years. Lehigh Valley's central location makes it a prime location for transportation and logistics companies.

## THE PROBLEM WE WILL ADDRESS IN THE MARKET

Our marketplace has limited inventory, which creates competition for desirable properties. We believe with our industry connections and resources we will have access to properties before they


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hit the broader market. We intend to source deals through our network and resources and only buy the best on-market deals available if they fit into our financial strategies outlined in the Private Placement Memorandum.

Many out of state investors have looked to invest in the Lehigh Valley due to the stability of the job market and the increasing population growth. Many out-of-state investors struggle to be successful due to a lack of time and resources needed to find the best opportunities and make their acquisitions profitable. These assets tend to become the "mis-managed/distressed" properties that we seek to acquire.

Banks hesitate to lend to out of state investors. The lack of available leverage means the acquisitions never truly match the goals that these investors have for passive income.

## OUR SOLUTION TO THIS PROBLEM

We solve these problems for out-of-market investors and for local investors who desire to tap into our expertise. The profit formula is simple. We target distressed properties that have a problem we can fix using our assets and resources.

Jennifer de Jesus, our chief executive officer, owns a real estate brokerage, a property management company, a construction company and a title company. Accordingly, we have the ability and experience to capitalize on these market opportunities.

Our inside sales team works daily to source properties "off market". We will contract with our affiliated companies owned by Jennifer and her husband, Emanuel. Jennifer is the sole owner of Empire Property Management Group and Empire Construction. Jennifer is co-owner with Emanuel in Steel City Realty and Steel Abstract. The real estate brokerage, Steel City Realty will provide real estate related services to identify, acquire and sell the properties during the contemplated five-year investment term. Steel City Realty's fee is 6% of the sale price for property acquisition, inclusive of other real estate commissions. We will contract with Steel City Realty to list and sell our properties at a 6% commission and a 1% marketing fee. Steel Abstract, the affiliated title and abstract company, will provide closing services for properties that we acquire. These fees for services are typical and customary to our marketplace for title and abstract services. We will engage Empire Property Management Group for property management and leasing services as well as general repairs and maintenance on the properties. We will pay 10% of the gross income for management services, a fee equal to one months rent for leasing services for rentals, 6% of revenue for the initial term for commercial spaces and $50 per hour/ per person plus materials for any general maintenance or repairs. For rehabilitation services or major remodeling projects exceeding $7500, we will contract with Empire Property Construction. For initial construction and rehabbing, we will bid each job to unrelated third-party contractors. The Director will charge, for construction management the greater of $2,500 per month during construction or 10% of the actual construction costs plus the cost of


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associated consultants and vendors such as architects, engineers, electricians, roofers and plumbers. We generally source our own deals rather than relying on opportunities sourced through other brokers. We offer a cash and quick closing sale to distressed property owners without the hassle of putting their property on the market. We purchase homes from foreclosure sales, auctions, tax sales, blighted city lists and direct from the consumer in the distressed state. While foreclosure sales, tax sales and auctions are public knowledge many of our investors do not buy properties in these arenas due to the risk associated with it. We have expertise that allows us to move quickly when a property becomes available to assess and bid if the property meets our criteria. Our affiliated title company can run title searches and gather information for us to quickly assess the property for viability. Investors in general do not have the understanding of the local municipal requirements. For example, after a buyer purchases the property, the buyer must make sure the building meets all municipal requirements including obtaining a clear certificate of occupancy should it not have been obtained during the purchase transaction. A buyer might face uncleared permits from the past, a circumstance that most buyers do not consider. Our local municipalities take the same approach as a tax sale, once you buy, it is now your responsibility to bring the property into compliance. The frustration can be so great these buyers look to sell quickly just to relieve the risk and uncertainty of municipal regulations and requirements. By offering quick cash and close options, we can find deals that make sense even if we did not purchase the property initially. The blighted city lists are a restricted source that only developers have access to. A developer must submit an application and prove that the developer has the financial ability to rehab these blighted properties. Because most developers here seek undeveloped land or land that can be cleared, the developed properties needing rehabilitation are left for us. Empire Property Management Group and Empire Property Construction do such a high volume of property rehabs, we have been approved for access to these restricted lists. This is not something that any investor could have access to, and it provides us with a steady stream of opportunities for the fund.

In Pennsylvania, there is no redemption period after the foreclosure sale. Prior to purchasing at a tax sale or foreclosure sale, our affiliate title company will run a title search. We will know prior to bidding what tax obligations or other financial obligations to expect which would also include municipal or utility liens. Most buyers at auction take the risk based on information disclosed upfront and information they find on the web. Most buyers do not have means of running rush searches or have underwriters and attorneys only a phone call away to answer any debt or tax questions. The research we obtain prior to the sale is invaluable to us in evaluating properties. Generally casual buyers do not have the time or the desire to invest money for additional due diligence prior to a tax or foreclosure sale. This gives us a very distinct competitive edge as we quickly know what our risk is prior to bidding. At a foreclosure or tax sale there are different types of deeds offered. These include a special warranty deed, bargain and sale deed or a quit claim deed. All of which do not guarantee



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the title prior to ownership and once ownership transfer is made, the grantor has no further obligation. Our due diligence allows us to be certain we do not get caught with a deed subject to liens and title defects that cannot be insured without exceptions that make the property virtually unmarketable. We analyze each property so that the title can be insured for future sales.

There are many risks for the typical out of state investor for which we provide solutions. Because we are local, we have experience knowing if location and area are generally good for rental properties or not. Many investors that own property in other states assume the same would apply in the Lehigh Valley, but that is not always the case. For example, most investors over improve properties and then try to inflate the rent to compensate for the improvements. They price themselves out of being able to rent and sustain good tenancy. We have also witnessed the extreme opposite where the investor does not get adequate rent for the area due to condition or lack of knowing the market. Our affiliates currently manage over 900 apartments throughout the Lehigh Valley. We have data and metrics to tell us what the max rent would be for a location. This helps us determine the extent of rehab necessary to achieve market rates. We categorize them into A, B & C levels and each level represents the amenities and the fit and finish that will be used for that class of property. This keeps us from over-improving or under-improving for our marketplace. When a casual investor buys for a specific income projection, the investor might not see these risks. For example, any seller can place undesirable tenants just to make the financial projections look good. However, if undesirable tenants thereafter must be evicted, the amount of risk and loss of revenue can be so great that a property is not profitable for an entire year. We assess the condition of the property, the financial performance, and tenants in place. We conduct a thorough investigation and in-depth analysis of every property. We assess whether we can rehab a property within the appropriate budget to obtain the desired valuation of the property. We analyze facts to determine what the market will bear for that type of property.

As soon as the acquisition is complete our management team takes the wheel. We employ a team of individuals to coordinate the work, provide routine inspections and keep each project moving. We will lease up the property with our affiliate Real Estate Brokerage and Property Management Company. We use detailed and extensive screening services to achieve a low eviction rate. Our screening services include additional items that are not available to the public or hard for an investor to access such as rent payment history, an eviction check, and background check with criminal history. Our leases provide procedures that we believe expedites evictions when necessary. We have learned how to quickly move on a problem tenant and remove them from the property if needed. Our management team fully understands the PA Landlord Tenant Act and knows how to use it to our advantage when a problem tenant surfaces. We have services to protect the property



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from further damage in the event of an emergency. We believe the quick response to tenant issues help maintain good relationships and contributes to a greater length of tenancy. While our property management company oversees the day to day management of each property, we evaluate and set to action a plan to optimize each property for potential profit with a combination of improvements and strategies to increase the overall income.

## HOW THE FUND WILL MAKE ITS MONEY

We will use our flip strategy to generate immediate equity which will be used to grow the fund. We will look for distressed properties where we can add significant value and fix the problems. We will manage the day to day operations with property management to realize each property's value. The fund will reinvest the profit from the buy, fix, and flip strategy as well as leverage the equity for larger purchases. Our strategy is to deploy capital as quickly as we raise it so as to increase the profitability of the fund over the five-year term. After five years we will liquidate all properties and distribute the profits to the investors.

## THE CAPITAL STRATEGY

We intend to raise a minimum of $300,000 with a maximum of $5,000,000 in a private placement. With our initial minimum $300,000 capital raise, we will make the initial purchase of one or more assets and lay the groundwork for future growth. Once we complete this initial purchase and the real estate is acquired and rehabilitation work begins, we will continue raising capital as long as our utilization and capital raising are approximately matched. This multi-step approach will allow us to start small and grow as necessary as we ramp up our team. We believe this capital strategy will help us deploy our capital in an optimal fashion and support the long-term growth of the fund.

## THE PRINCIPLES OF THE FUND

### *Jennifer de Jesus*

Jennifer is a lifetime resident of the Lehigh Valley. She graduated from Easton Area High School in 1994. She received her cosmetology license in Pennsylvania and worked as a hair stylist from 1994-2004. She pursued additional licensure in the State of New Jersey and took further schooling to obtain her Cosmetology Education license. After 10 successful years behind a chair running her own service-based business she desired more and sought out opportunities to use her education and experience in a larger setting. From 2004-2006 she worked as a regional educator for Ulta and Goldwell Mid-Atlantic. She traveled all over the east coast and performed on stage at trade shows and facilitated education events for the beauty industry. In 2006, she decided to do less travel and took a position as a District Manager for a New Jersey based chain salon. Her responsibilities


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included locating and analyzing new locations for expansion. In early 2009, she was "downsized" as the highest paid individual in the company. Although this might have been a negative time in her life, it prepared her for her life's true purpose. Vowing to herself and her family to never be a vulnerable corporate employee again, she received her real estate license in 2009, and went on to pursue her broker's license by 2011. During her second year in the business she had the opportunity to start managing properties for a client that she had helped in acquiring a rental property. Determined to learn something new, she immersed herself in education and took a hands-on approach to learning all the subtleties of the trade. Simultaneously, she held a Real Estate license with Century 21 Pinnacle. She worked as an Agent from 2009-2015 and became the highest producing agent in the Century 21 Franchise, ranked in the top 2% of all Century 21 Agents worldwide and worked her way to the 6th highest producing agent in the Lehigh Valley before making her next move.

In 2015 she moved her license to Coldwell Banker Hearthside and Founded Empire Property Management Group with about 200 doors. At the Coldwell Banker Franchise, she developed a team structure for agents to work together compared to the single agent model followed by the majority of the real estate industry. She ran the number #2 ranked team in the franchise with nine agents. Her team closed 180 transactions that year brokering $20 Million in sales volume by 2016 and $27 Million by 2017. Her team was ranked #1 in production in 2017 by Real Trends, America's Best Real Estate Teams.

Empire Property Management Group currently manages 900 doors, employs 30 people, maintains less than a 2% vacancy rate, successfully manages a portfolio of properties returning more than a 20% net cap rate and has achieved returns as high as 60% cash on cash over a five-year period. In 2016 Jennifer formed a maintenance division to support the investors she represents and aid in reducing the overall cost of repairs for their buildings.

In 2018 Jennifer and her husband formed Steel City Realty and Steel Abstract. Steel Abstract has one Title Agent that averages 15+ transactions a month, maintains a 5-star customer service rating and has 22 years of experience in the title industry. Jennifer is also licensed as a Title Agent and Notary. Steel City Realty has 20 licensed agents. In 2018 The Jennifer de Jesus Team at Steel City Realty closed over $30 Million in sales and received numerous accolades such as the cover of Top Agent Magazine and an article in the Lehigh Valley Business Journal. Jennifer de Jesus was named best of Zillow and maintains a 5-star rating.

In 2019, Jennifer formed Empire Property Construction and set out to perform large scale rehab or renovations for her clients. Jennifer has spent the last decade immersing herself into Real Estate Investing, Property Management and services that support investment properties.



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### *Ronald Bowser*

Born and raised in the Lehigh Valley, Ronald has always been a resident of Bethlehem. He began investing 16 years ago when buying his first home at a Sheriff Sale.

While spending well over a decade in the corporate world working his way up the ladder for a living, he never forgot how rewarding it was to turn that neglected house into a home. The years spent in tech support and business analysis were never as gratifying as completing that initial renovation. Leading a project and supervising a team to upgrade a piece of software or implement a new efficient process, did not produce the satisfaction that he found by engaging in that initial home rehab project. While completing an addition to his home during the summer of 2010, he learned to identify the right contractors, attend multiple regulatory hearings for the necessary zoning variances, historical board approvals, solve other regulatory obstacles, and supervise the entire process. He also learned the economic possibilities in developing real property.

In the fall of 2013 while raising his children and continuing on his corporate journey, he began investing in residential homes in the Lehigh Valley. Self-Managing these properties gave Ronald a new perspective on the investing process. He began investing with the intent to create passive income, but quickly realized how much he enjoyed the hands-on and personal components the process entails. Today, he invests in mixed-use and residential properties. He has flipped a home and owns another single-family on Bethlehem's West Side that required a major renovation and approvals from the historic board.

In the summer of 2018, Ronald joined Jennifer's team. He made the life-changing decision to leave his corporate job and join her team, and an industry he had grown passionate about, full-time. Working with Jennifer and focusing on the growth of the companies and the success of her network of investors has proven to be a most rewarding and gratifying experience so far.

### *Emanuel de Jesus*

Born on the Island of Puerto Rico, the youngest of three, he lived there only a couple of years until his parents sought a better life in the continental United States. He arrived in Pennsylvania in 1981 and has remained a resident of the Lehigh Valley ever since. Emanuel predominantly worked in industrial warehousing positions and was able to work his way up to a management role with a large medical distribution company due to his ability to speak fluent Spanish and English.



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After demonstrating a strong work ethic and an understanding of best practices while helping teach other new hires to do the same, he was promoted to trainer/coordinator. In 2001 the company asked him to relocate as they were closing the Lehigh Valley location, but he declined. From 2001 to 2006 he worked for a large hardware distribution center. From 2006 to 2011 he worked for one of America's largest candy manufacturers.

Emanuel's ability to operate with a high level of patience and understanding, combined with an inherent skill to be able to connect with people and gain trust allowed him to realize his mission was to help others on their journey.

When he began his real estate career in 2011, he focused on helping people who spoke Spanish get the help they needed that they otherwise were not finding. As time went on, he went from showing rentals and listing rental properties to showing and listing homes for sale. As a product of working with Jennifer, by December 2013 he was connecting with investor clients that were buying single family homes and multifamily apartment buildings helping them expand their investment portfolios. In October 2016 as an agent for the Jennifer de Jesus Team, he began to help investors buy, fix and flip properties for profit. During this time his duties were to oversee all phases of demolition and construction, keep the project moving forward and ultimately marketing the property for sale. From October 2016 through March 2020 he helped clients perform 10 flips and successfully sold all of them allowing each investor to realize a substantial profit.

Emanuel and Jennifer went from working for other brokers to owning their own and being one of the top real estate teams in the Lehigh Valley. The real estate team, combined with the property management company, construction company and title company, make their business a one-stop shop for investors looking to expand their investment portfolio. They help investors locate, assess, acquire, renovate, sell, hold, flip properties and work to achieve their investment objectives.

## HOW WE WILL MANAGE AND OVERSEE OUR PROJECTS

Empire Capital Management is a newly formed LLC by Jennifer that will partner with the affiliate Empire Property Management Group to facilitate the day the day operations of the fund. We will utilize the existing resource companies; Steel City Realty, Empire Property Management Group, Empire Property Construction and Steel Abstract.



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**Case Story #1**

*- Flip Strategy.* In March of 2017, working for a flip investor, Emanuel found a bank owned property with great potential. He identified this three bedroom, two bath home in a highly desired school district that he believed would sell quickly once renovated. The investor put only a $1,000 deposit down to fund the deal. The acquisition and rehab was funded with a hard money loan. The investor acquired the property for $77,000. Emanuel supervised the renovations that included mold remediation, new heating and central air conditioning system, new septic system, new vinyl siding and cosmetic updates throughout. The renovations took approximately six months and the sale process took one month. The total hold time was seven months. The property was listed and contracted for in only eight days for $228,500. The total all in costs including acquisition, renovations, holding costs, lender fees, closing fees, and permits was just under $170,000 and the profit was just over $58,000. This example did not require the help of Empire Property Management.

**Case Story #2**

*- 4 Unit -Rehab, Rent & Refinance.* Jennifer identified this foreclosure property that had been abandoned for several years. The property consisted of four residential units. Jennifer helped her investor purchase the property at the end of June of 2017 for $118,000 cash. Jennifer facilitated the bidding process on behalf of the owner and selected the vendors to perform the work. During renovations Jennifer and Emanuel performed project management services until completion. Jennifer's company Empire Property Management provided leasing services and rented all 4 units in under 30 days. The renovations took six months. This renovation included all new electrical, plumbing, roof, structural work, siding, and a full rehab of the interior including all new kitchens, baths and flooring. The total costs to complete the project, including carrying costs, was $185,000 provided by the investor. The all-in costs were $303,000. The property was fully rented prior to completion of renovations and produces over $50,000 a year in net cash flow. The investor then did a cash out refinance with an ARV of $485,000, taking out $85,000 of equity to fund another acquisition.

**Case Story #3**

*- 8 Unit - Full Scale Rehabilitation.* This project was listed on the open market for 84 days at $247,500. Jennifer found this property for an investor client and negotiated the purchase price of $190,000 at the end of March 2019. At the time of purchase the property had 3 tenants who were not paying rent and 2 additional occupants not named on any lease. Upon purchase Empire Property Management Group stepped in to help with evictions. This took approximately 60 days. Once Empire turned the property over as an empty building, Jennifer and her construction company, Empire Property Construction, started the rehabilitation. The project was a full gut rehab including new roof, all new plumbing and electrical work, fire protection, all new kitchens, baths, flooring, new balconies and structural work. All in costs were $420,000. This was an all-cash deal. Empire Property Construction completed renovations within 9 months. Empire Property Management



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Group commenced lease-up and reached 100% occupancy in under 60 days, during the onset of COVID-19 and achieved a monthly gross income of $170/mth more than the projected income. The projected yearly income is $78,840. Net yearly profit will be $63,276 including a vacancy and reserve calculation. This is a 14.7% cash on cash return. The investor will be able to sell this building at an 8% Cap post rehab should he choose equaling $790,000. After closing costs and reimbursing himself the $430,000 cash invested, he will net $305,580 profit. If the investor chooses to hold it and refinance it, he will get his $430,000 out as well as additional cash of $202,000 for future purchases.

## HIGHLIGHTS OF THE FINANCIAL MODEL

| Cash Flow | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| Cumulative Investment | $4,000,000 | $4,000,000 | $4,000,000 | $4,000,000 | $4,000,000 |
| Net Income from LLC Activities | $639,946 | $820,794 | $814,247 | $812,095 | $1,004,328 |
| Total Preferred Return to Investors | $320,000 | $320,000 | $320,000 | $320,000 | $320,000 |
| Profit Sharing to Investors | $63,968 | $172,476 | $168,548 | $167,257 | $282,597 |
| Total Distribution to Investors from all sources | $383,968 | $492,476 | $488,548 | $487,257 | $602,597 |
| Annual Cash-on-Cash Return to Investors | 9.60% | 12.30% | 12.20% | 12.20% | 15.10% |

## FINANCIAL CONSIDERATIONS OF THE INVESTORS

We will acquire properties with the goal of long-term returns to the investors. Investors will receive 60% of all profits; however, investors will obtain a preferred return of 8% on invested capital on a cumulative but not compounded basis. Investors will receive this amount before we receive shares in the profits or gains from the sale of property. Our goal is for the investors to consistently and predictably receive returns of 12% or more per year, with steady growth as our portfolio ages and grows. We will make distributions annually with at least 45% of all taxable income distributed to investors annually. Investors may find the full description of revenue sharing and distribution policies in the Private Placement Memorandum.



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## REPRESENTATIVE QUESTIONS FROM SOME OF OUR INVESTORS

We at Empire Capital Management, LLC have been involved in many projects and opportunities, some of which have involved investor capital, and we are therefore sensitive to the concerns and questions that prospective investors have before they become involved with us. To help address these issues, we are publishing the answers to the most frequently asked questions we receive so that prospective investors will have all of the information they need to be able to make an informed decision about moving forward with Empire Capital Fund I, LLC. If you have other questions that are not satisfactorily addressed here, please contact us.

- **Is the Manager putting any "skin in the game"?** Yes, as a promoter and sponsor of the investment, we will be making a cash investment and each of our principal executives will also make a capital contribution to the project. The principals will make a combined investment of $50,000 equal to two shares.
- **What will we do to protect the investment?** We will closely evaluate each acquisition for the potential to improve the value of the property and achieve cash flow. Our understanding of the particular markets will allow us to maximize the opportunity to purchase intelligently. We will closely manage the property and the maintenance of the property to forestall problems with the real property itself and to maintain value.
- **Why should investors rely on our strategy for income protection and investment returns?** We thoroughly analyze our investments to increase the accuracy of our prediction of cash flow stream during the period of the investment and the likely challenges that we will encounter. By carefully selecting acquisitions and evaluating the underlying properties and purchasing them at favorable prices, we have a higher probability of achieving our investment goals.
- **How does the economy impact this strategy?** The turbulence in the economy, whether the economy is good or bad, affects some consumers more harshly than others. Accordingly, some real property owners/borrowers may be placed in a position of constrained income. These factors create irregularities and anomalies in the real estate market. However, these irregularities and anomalies create favorable opportunities for us. We analyze the level of distress that the property or owner is suffering so that we may make investment decisions on real property that we think have high potential upside.
- **How much money can we make?** Investors have an 8% per annum preferred return on their investment before we receive any return from our ownership of shares in the Fund. If we have available cash, we will pay the preferred return quarterly. That means that before we share in the profits, the investors are first paid the 8% preferred return for the use of their capital. In addition, at the end of the life of the Fund, when the Fund is closed, we will pay the investors their share of capital gains, appreciation or other items that have resulted in increased value to the Fund. Although we cannot predict the total return with certainty, we hope that investors will average


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over 15% in total annual return on investment for the duration of the investment. Please bear in mind that this is our hope, not our guarantee or prediction.

- **How much cash will we get along the way?** In addition to the preferred return of 8% described above, we intend to distribute at least 45% of all annual profits which are allocable to the investors, in cash to the investors each year. We will either distribute the remaining profits or reinvest the profits at our discretion.
- **How will we get our money back when the investment is over?** We will liquidate and distribute the Fund's assets that have not previously been distributed in approximately five years when we sell the properties of the Fund.
- **If the deal doesn't work out, what is the most likely reason that this would happen?** If the deal doesn't work out, the most likely reason is that we did not achieve our target liquidation value on a majority of the assets, or the income projections were too high. Reasons could be cost of rehab was more than expected because of a defect not seen on any project assessments or there was a change in the market that impacted market value. See Risk Factors in the Private Placement Memorandum.
- **What is the hardest part of executing this strategy?** Our most difficult task is identifying when the asset can be liquidated with the highest return and the lowest risk. In particular, we must be able to identify the amount of capital investment to restore and upgrade the real property and the increased value that will result from the rehabilitation. Furthermore, once we have identified the real property, we must act quickly to acquire the assets before other buyers recognize the same opportunity and compete with us on price.
- **What is the minimum investment?** We are offering each share at $25,000 (US). The minimum investment is two shares or $50,000 (US) and the maximum investment is 40 shares or $1,000,000 (US). The total amount of the offering is 200 shares, or $5,000,000 (US).
- **What if we do not raise the necessary capital to launch the fund?** We will deposit all funds received in this offering into an escrow account until we have received the minimum amount required by the offering. Once we have received the minimum amount, the escrow holder will release the fund to us. If we do not raise the minimum amount, then the escrow holder will return all funds to the investors.
- **How can I verify that the Fund is real and not a hoax?** The company is chartered as a Serial LLC and domiciled in the state of Pennsylvania. In order to verify the legitimacy of the company, please review the following information. The full name of the company is: "Empire Capital Fund I, LLC" and interested readers may review the Company's status by going to: https://www.corporations.pa.gov/search/corpsearch.



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- **Do we have relationships with any affiliates of the Director?** We will have business relationships with affiliates who may have conflicts of interest with the Fund. These affiliates will receive fees and other compensation from the Fund for services rendered. We have fully documented these relationships and the fees payable to them in the Private Placement Memorandum. We will provide the Private Placement Memorandum to you if you have further interest.
- **May we request a return of our capital investment before the investment is completed?** You should consider your investment as a long-term investment and you should not go into this investment planning to ask for your capital back before the five-year hold period has expired. However, we understand that unforeseen situations can occur making such requests necessary. To protect the United States securities exemption and the United States tax status for all of our investors, we must retain the unilateral right to deny or grant requests for early withdrawal from the investment. If we do allow an early withdrawal, you will receive a final payout. However, the payout amount will not include participation in the upside capital appreciation of the Fund's investments since the Fund will not make distributions of capital appreciation until such appreciation has actually been realized through the sale of the real property. A full description of the early withdrawal provision is described in the Private Placement Memorandum and the Operating Agreement.
- **What could go wrong?** Risk exists in all real estate investments and our strategy is intended to mitigate risk. We discuss the risks in the Private Placement Memorandum. However, some of those risks include: (1) Other competitors might follow the same strategy and bid up the price on desirable properties. (2) We might underestimate rehabilitation expenses. (3) We might be unable to resell the property at a high enough price to generate the expected profits. (4) We might encounter delays related to building permits and regulatory issues. (5) We might over-estimate deal flow. (6) We might be unable to find competent contractors to perform the rehabilitation. (7) We might encounter time delays in acquisition, rehabilitation and resale of the properties. (8) We might experience deterioration of the economy that might negate the value added through rehabilitation. (9) We will engage in related party transactions which generate conflicts of interest. (10) The investors do not have independent representation. (11) We determined the terms of the deals that are the basis for the projections, and we did not engage in arms-length negotiation with any other person. So, the actual terms might not be as favorable as the terms that independent parties might negotiate.

## *Summary*

If this material makes you interested in learning more about the Fund, please contact us by **Phone: 610-217-6330** or **email: Jen@EmpireCapitalFund.com** so that we can provide you with all of the materials needed to participate with us.



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## *Disclaimer*

*The information provided in this Executive Summary contains statements related to our future business and financial performance and future events or developments involving Empire Capital Fund I, LLC that constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of our management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond our control, affect our operations, performance, business strategy and results and could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in under "Risk Factors".*

*If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. We neither intend, nor assume any obligation, to update or revise these forward-looking statements in light of developments which differ from those we anticipated.*

*Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

***Accordingly, you should treat all forward-looking statements with caution since such forward looking statements might very well prove to be inaccurate.***



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