Yoakum Property Investors, LLC

Quarterly & Annual Summary Report

For the Quarter & Year Ending December 31, 2007

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January 15, 2007

Dear YPI Investors and Friends,

This report marks the end of the first year of operations for Yoakum Property Investors, LLC, and the beginning of a second year that we anticipate will be marked by significant growth and expansion amidst a market that provides once-in-a-lifetime opportunities for savvy, well-capitalized investors. With this report I will attempt to recap YPI's first year, discussing our successes and failures, and I will highlight our plans moving forward into 2008. Also included is a detailed market analysis describing Philadelphia's current real estate market, the specific neighborhood markets within which YPI operates, and the drivers affecting the future of these markets.

During the fourth quarter of 2007 YPI moved forward with the renovation of the Oakford St. property, which is discussed more fully below. Efforts focused on raising additional equity capital continued throughout the quarter resulting in our fifth investor coming onboard in October. However, during the quarter I also shifted gears in regards to capital raising, viewing the Oakford St. renovation as a 'pilot' project to prove and refine the business model. I feel that upon completion of this project we will be able to better present the YPI value-proposition to potential investors and capital raising will become much easier, allowing for rapid growth in the third through fourth quarters of 2008. I still encourage you to consider investing in YPI yourself as there is no easier way to invest in Philadelphia's unique real estate market, and the timing has never been better from both a specific company and overall market standpoint. Our acquisition pipeline remains full and we are ready to expand rapidly as more capital is raised.

Again thank you for your support of YPI, and as always feel free to contact me with your questions, comments, or suggestions.

Sincerely,

James E. Yoakum
Managing Member

2007 YEAR IN REVIEW

At the beginning of 2007, Yoakum Property Investors was nothing more than a few good ideas and a 15 page business plan. The goal was to create a company that would allow a wide range of people to invest as little as $5,000 or as much as $500,000 in Philadelphia's unique real estate market, encouraging and participating in the rebirth and expansion of this amazing city while earning rates of return usually reserved for high-net-worth investors. Twelve months later the good ideas have been acted upon and the business plan has been tested, refined, and expanded to 20 pages. As with any start-up operation there have been unexpected difficulties, delays, and distractions during our first year, but these issues have allowed us to refine our business strategy and gain valuable knowledge early on in the life of the company. By all accounts YPI is very well-positioned for growth and success at the beginning of its second year of business.

In February of 2007 YPI acquired its first two properties. These properties, a fire-damaged rowhome in the Gray's Ferry section of South Philadelphia (2717 Oakford St.) and a vacant lot on the border of the Fishtown and Kensington neighborhoods in lower Northeast Philadelphia (2139 E. Albert St.), were purchased at a tax-lien auction, and in different ways both fit nicely into the YPI business model. Through the acquisition of these properties we proved that it is possible to acquire properties at below-market value via tax-lien auctions, although it is an unpredictable and time-consuming process. We also learned that this process must be approached with great caution as there is no practical way of knowing all the details of a given tax-lien property, and securing clear title from the city is often more difficult in fact than it appears on paper. We are hopeful that the tax-lien auction process, as well as the process for acquiring properties from PHA, RDA, and via foreclosure auctions, will become more streamlined and transparent in the near future as part of the new mayoral administration's efforts to simplify the city's overall governance.

After acquiring its first properties, YPI's top priority became the renovation of the 2717 Oakford St. property. The renovation process began in early April, and is still ongoing nine months later due to numerous unexpected setbacks. At the end of 2007 we have completed demolition and cleanout of the property, secured financing for the renovation, and are in the process of having architectural plans completed as required by the city for the issuance of building permits. Completion of the renovation is projected for early April, and we hope to have the property leased by the first of May.

The major difficulty with the Oakford St. project was securing the renovation financing. This process took over four months due to a number of factors. Perhaps the biggest mistake was selecting the financing based on the structure of the loan with little regard to the lending institution - we ended up using a Seattle, Washington based lender who did not understand the intricacies of the Philadelphia market. In the future YPI will strive to work with local lenders who can provide appropriate financing as well as timely and adequate service tailored to local needs. Once completed the Oakford Street property will have the competitive advantages of offering an oversized, fully-modern kitchen and bathroom, central heat and air-conditioning, all-new plumbing and electrical systems, and a very unique layout. Financial projections and preliminary architectural plans for the Oakford St. property are included at the end of this report.

The 2139 E. Albert St. property fits into the YPI business model as part of a two to three year time horizon. Given current market conditions and the property's low carrying costs we will continue to hold the property until we are able to profitably construct a new residential structure. The Albert Street lot could be used to build a new two-bedroom, 1.5 bath rowhome of approximately 800 square feet. Two comparable homes sold in the area earlier this year for $149,000 and $158,000, and a home constructed on the Albert St. lot would likely sell in this range or for slightly less. For comparison, we estimate that construction on our property would cost approximately $95,000 in addition to the $11,785 that we paid for the property. This means that construction would be marginally profitable now and will be highly profitable in a few years if current pricing trends continue. We feel that prices are likely to continue increasing gradually in the Fishtown area, especially the northwestern section in which our property is located, due to its continuing emergence as a new center for local arts and culture and its ease of access to transportation, shopping, and recreation amenities.

Throughout 2007 YPI developed key relationships with numerous advisors, collaborators, and service providers. We have established solid relationships with several general contractors and subcontractors making a renovation pipeline of five to ten properties an easily achievable capacity given enough capital. We have also established relationships with an architect who shares our vision for high-quality, profitable, but affordable housing; lenders with creative financing options for property acquisition and renovation; a title agency capable of securing clear title to tax-lien and other tainted properties; and other professionals, academics, and investors who have provided valuable insight into our strategies and operations.

As we enter 2008 YPI will continue to focus on raising additional investment capital to fund expansion. We predict that raising capital will become easier once the Oakford St. project is completed, proving our business model is achievable and allowing us to offer potential investors a glimpse into the before, during, and after stages of a YPI renovation. 2008 should also offer numerous opportunities for below-market-value property acquisitions and YPI will be actively scouring the market in order to take advantage of as many of these opportunities as possible. For more on how the current real estate market in Philadelphia affects YPI's strategy and operations see below.

PHILADELPHIA MARKET UPDATE

During all of 2007, but especially from early summer onward the national residential real estate market has experienced a marked slowdown relative to the record-setting years from 2003 through 2006. This slowdown, while indeed dramatic in some areas, was over-hyped, and likely perpetuated, by the media. Furthermore, while the entire nation was affected by lower enthusiasm among buyers and sellers, many local markets have been consistently outperforming the national averages. Hardest hit was residential real estate, especially in overbuilt condo markets and greenfield new construction developments. On the other hand commercial real estate sales and certain niche residential markets saw continued strong growth throughout 2007.

The urban Philadelphia market in which YPI operates maintained positive price growth during 2007, with the most recent statistics pointing to a median year-to-date sales price at the end of November 2.9% higher than the same measure in November of 2006. While prices continue to rise meagerly, Philadelphia has seen an 11% decrease in the number of homes sold compared to 2006, and the amount of time required to sell the median home has risen from 32 to 40 days. These numbers still represent a relatively healthy market, but one in which buyers can be more selective when choosing a home, and sellers may have to wait a bit longer for their home to sell, especially if it's not the best value in their neighborhood.

An even stronger picture of the Philadelphia market emerges when comparing average prices (as opposed to medians). In December 2007 the average sale price of a home in Philadelphia was $187,000 compared to $171,500 in December 2006 – a 9% increase. YPI believes that this significant jump in average prices is due to a 'flight to quality' in which fewer homes are selling, but those that are selling are higher-quality homes that command price premiums. In fact, the third quarter of 2007 set an all-time record for the number of million dollar homes sold in Philadelphia. At the other end of the market, tighter lending policies from banks may be putting the brakes on the sale of lower-end properties to homeowners who were formerly able to obtain easy subprime financing. This reduced demand at the lower end while the overall market remains strong is the ideal market situation for YPI. As long as these conditions continue we should be able to acquire distressed properties at excellent prices without sacrificing long-term market values across the board.

The fundamentals in the Philadelphia market remain strong, although mortgage rates below 6% and high inventory give qualified buyers a serious advantage over sellers. These buyer friendly conditions should continue through 2008 and swing back towards a balanced market as 2009 approaches and the excess inventory is gradually absorbed. Philadelphia also maintains its position as a value priced alternative to regional competitors New York City and Washington D.C. as well as to the nation as a whole. As of October, Philadelphia's average mortgage servicing cost was 15% of income compared to 22% nationwide making it a very affordable place to own a home. In addition to its affordability Philadelphia can point to continued job gains in 2007 as well as a very strong commercial real estate sector as proof of its strong market fundamentals.

In the coming year, YPI should benefit, along with other real estate investors, from several key forces in Philadelphia. The first is an extremely strong rental market, with one of the highest average rental rates in the nation and a multifamily vacancy rate of only 3.3%. This means that YPI should have no trouble renting our properties as they come online, and rental rates should easily keep pace with escalating expenses. The second major force driving the Philadelphia market in 2008 will be the incoming mayoral administration of Michael Nutter. This administration is expected to make major changes and bring a more efficient and business-like style of management to city hall. If the new mayor is able to deliver on his promises it will greatly increase Philadelphia's competitiveness among potential residents, employers, and investors. Finally, the construction of two casinos along Philadelphia's Delaware River waterfront continues to cast a shadow of uncertainty over the real estate markets in the neighborhoods of Pennsport, Fishtown, and Northern Liberties. No one is certain what the long-term effects of these casinos will be when and if they are built, but numerous developers are betting on the eventual emergence of the Delaware waterfront as a center for residential, commercial, and entertainment activity in Philadelphia.

In each of the two neighborhood markets in which YPI is currently invested there has been a negligible slowdown in sales volume over the past year, probably due to negative media coverage scaring away some first-time buyers and poorly-informed investors. Prices have moved more significantly than volumes, with average sales prices in the Gray's Ferry neighborhood (zip code 19146) jumping 38% from December 2006 to December 2007. In Fishtown (zip code 19125) the story is less exciting, with prices falling 5% in the same period. While this neighborhood data is based on relatively few sales and is quite erratic, it still highlights the fact that each neighborhood in Philadelphia must be considered as a separate entity, and that local market drivers can far outweigh the momentum of the larger metropolitan or national markets.

We see the key drivers of price increases in the Gray's Ferry neighborhood as the continuing renovation of older properties and construction of new homes, as well as expansion of the Center City and University City employment centers. As more middle-income singles and families are priced out of Center City they will continue to move south through Graduate Hospital and into Gray's Ferry, absorbing this new and renovated housing stock and eventually enticing more commercial tenants and retailers into the neighborhood. Toll Brothers' Naval Square development on the border between Graduate Hospital and Gray's Ferry plays a major role in the large price increase seen over the past year as its homes sell for prices more comparable to Center City than to the surrounding neighborhood outside the walls of Naval Square.

The slight average price drop in Fishtown is to be viewed with caution as it was abrupt and based on only 23 sales in December of 2007. It is likely that Fishtown has reached a short-term pricing peak as it pulls almost even with the competing neighborhoods of Northern Liberties and Fairmount. As excess inventory in all three areas is absorbed modest price increases should resume, with Fishtown still representing an excellent value in terms of location, accessibility, quality of life, and amenities.

Overall, we foresee a lethargic, but very buyer- and investor-friendly market through 2008 and into early 2009 for Philadelphia. YPI will remain an enthusiastic buyer of undervalued properties during this market and beyond.

RETURNS TO INVESTORS

YPI did not generate positive cash flow during the past quarter, and will therefore be deferring preferred dividends to investors. Deferred dividends for the quarter total $810 and these dividends will earn interest at a rate of 2.00% APR, compounded monthly, until they are paid. Cumulative deferred dividends, including those from past quarters total $2,622, including accrued interest. Due to continued permitting delays on the Oakford St. property YPI does not expect to pay out deferred dividends until the end of 2Q08 at which point the Oakford St. property should be fully capitalized and generating rental revenue.

YPI will be distributing passive activity losses to its investors to be used as tax offsets against current passive activity income, or carried forward to be used as tax offsets for future YPI payouts. These offsets total $8,189 for 2007, offering a value of $2,866 to our investors, assuming they are in the 35% tax bracket.

The company's complete balance sheet, income statement, and updated projections for the Oakford Street property are presented below for your information.

Thank you for your support of Yoakum Property Investors, LLC and please feel free to call or email with any questions or comments, or if you are interested in investing in the company.

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Balance Sheet for Quarter & Year Ending December 31, 2007

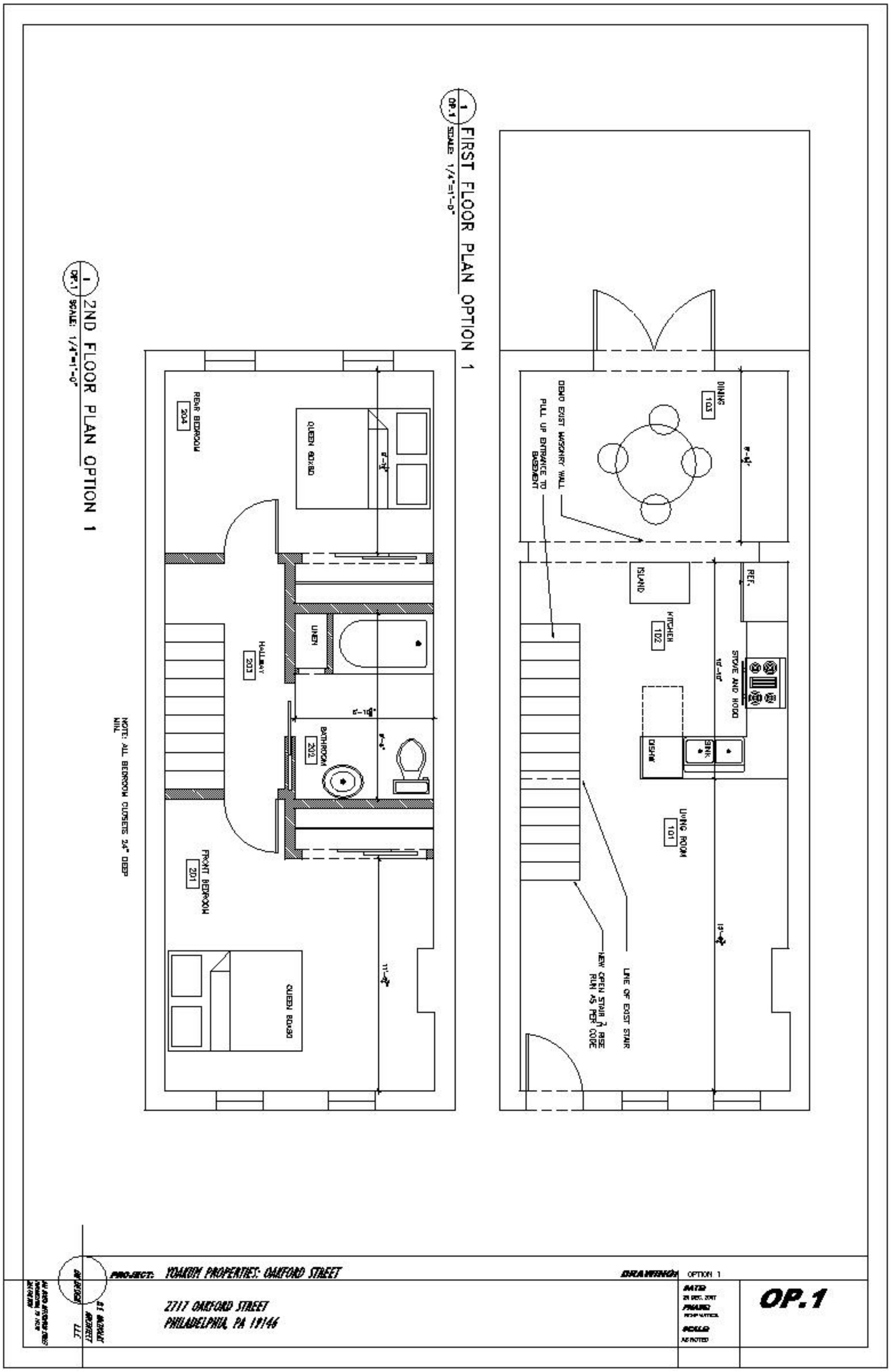
Assets	**Book Value**	**Market Value***
Cash	$ 675	$ 675
Real Property		
Oakford	33,081	20,000
Albert	11,185	15,000
Total Real Property	44,266	35,000
Vehicle	4,375	4,800
Other Tangible Assets	216	100
Intangible Assets		
Prepaid Expenses	1,309	-
Licenses & Permits	868	-
Undrawn Renovation Loan	66,000	-
Total Intangible Assets	68,176	-
Total Assets	117,709	40,575
Liabilities		
Accounts Payable	812	812
Credit Card Debt	1,119	1,119
Deferred Dividends Payable	2,622	2,622
Total Liabilities	4,554	4,554
ASSETS less LIABILITIES	113,155	36,022
Members' Equity		
Initial Equity Contributed	55,000	55,000
+Increase (Decrease) in Value	58,155	(18,978)
Total Members' Equity	113,155	36,022

*Market Value represents management's conservative estimate of the value that could be realized for each asset, in current condition, in a liquidation scenario

2007 Income Statement

Year	**2007**
Rental Revenue	-
Sale Revenue	-
Other Revenue	-
TOTAL REVENUE	**-**
Operating Expenses	5,224
SG&A Expenses	2,092
Depreciation Expense	873
TOTAL EXPENSES	**8,189**
Taxable Income (Loss)	(8,189)
Income Taxes Payable	-
Taxable Income Offsets to Members	**(8,189)**

OAKFORD STREET INTERIOR PLANS



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OAKFORD STREET FINANCIAL PROJECTIONS

Yoakum Property Investors, LLC
Pro-Forma - 2717 Oakford St.

Summary	
Total Equity Investment	$33,080
Stabilized Monthly Cash Flow	203
Annual Cash Flow	2,438
Annual Return to Equity	7.4%
Equity Take Out at Sale	66,532

Month	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Feb-10
OPERATIONS																	
Initial Costs																	
Property Purchase	(12,785)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Rehab Costs	-	-	-	(1,800)	(8,000)	-	-	(225)	(9,670)	-	(600)	(10,000)	(20,000)	(25,000)	(2,000)	-	-
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	15,000	40,000	11,000	-	-
Revenues																	
Rental Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	900	900
Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	140,000
Operating Expenses																	
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	(451)	(451)	(451)	(445)
Principal Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	(45)	(46)	(46)	(51)
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	(143)	-	-	-	(143)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	(200)
Mortgage Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(73,529)
Total Cash Flow	(12,785)	-	-	(1,800)	(8,000)	-	-	(225)	(9,670)	-	(600)	(10,000)	(5,143)	14,503	8,503	203	66,532
IRR	48.0%																