



San Jose Apartments

138 units | JAX

A Value Add Multifamily in the Southside Submarket of Jacksonville FL



Presented by

NEAL BAWA
Grocapitus

ANNA MYERS
Grocapitus

OMAR KHAN
Boardwalk Wealth

STONY STONEBRAKER

LENNON LEE



Our Goal for Today

The Agenda

- ✓ Who are we? – An introduction to the Management team
- ✓ Our Investing process
- ✓ Why Jacksonville? – Let's explore this exciting Metro
- ✓ Why this submarket in Jacksonville? – Let's explore the Neighborhood
- ✓ Why this property? – Let's understand the opportunity
- ✓ What are the Numbers? – Assumptions, Loans, Splits, Returns & more
- ✓ How long and How much? - Investment amount and Timeframe
- ✓ Time for your Questions

Before we start, some housekeeping

— — — — —
Let's get this out of the way

- ✓ Feel free to type questions in at any point. We will answer them during or at the end.
- ✓ This presentation is being recorded. You will get a copy.
- ✓ All numbers shown are preliminary (and are likely to change due to ongoing due diligence). We put the property in contract recently.

This material does not constitute an offer or a solicitation to purchase securities. An offer can only be made by the Private Placement Memorandum (PPM). This document is an informational summary of the prospective investment opportunity only. The PPM and its exhibits contain complete information about the Property and the investment opportunity. This presentation has been prepared to summarize such information for prospective investors in the Company. The information contained herein is not a substitute for an investor's complete review of all of the information attached to the PPM as part of their own due diligence regarding this investment opportunity and its suitability for their investment portfolio.

Meet the management team

President and CEO, Grocapitus



Neal Bawa

CEO & Founder
Grocapitus

About Neal

- ✓ Neal's companies have owned / managed a portfolio of over \$150 Million
- ✓ Over 1,600 units of Multifamily and Student housing, in 7 states
- ✓ Nationally known Multifamily mentor and speaker
- ✓ About 4,000 investors attend his Multifamily webinar series and hundreds attend Multifamily Boot camps
- ✓ Co-founder of the largest Multifamily Investing Meetup in the U.S. with 3000+ members.

Key Focus

Investor Management

Leasing and Tenant Marketing

Submarket and property selection

Operations and metrics

Meet the boots on the ground team

Operating Partners & Asset Managers



Omar Khan



Stony Stonebraker



Lennon Lee

Experienced Multifamily Operators

- ✓ Combined, they have held over 2,000 multifamily units in 9 properties in Dallas, Fort Worth, Austin and San Antonio, TX
- ✓ Investor Count: 60
- ✓ One property was taken through refinancing, returning capital to investors
- ✓ They have invested as Co-GP's and LP's

Meet the management team

The strength of the project is in the team



Anna Myers

Operating Partner &
Project Manager



Julianne Feliza

Transaction Coordinator &
Investor Relations



Jennifer Pineda

Tenant Leasing &
Marketing

Core Competencies

What we are really good at



FIND & VERIFY

We identify high quality properties with significant upside and a very favorable risk to reward ratio.

We employ a proprietary research-focused process to uncover the best metros, sub-markets, neighborhoods and target properties.



ACQUIRE & STABILIZE

After uncovering an investment property that meets our stringent criteria, our Asset Managers and Principals spring into action and work hand in hand with our property team to acquire the asset.

If the property is a turnaround property team members work relentlessly to stabilize the property.



ADD VALUE

With effective management and enhancement of the property we are able to improve occupancy rates and increase rent rates, resulting in increased property values and higher cash flow for happy investors.



3 to 5 YR EXIT

Our goal is to sell the property and return capital and profits to investors in a 3-5 year time period.

We take pride in communicating regularly with our investors on progress toward reaching the projected exit price.

How we select markets

Location, Location, Location



EMPLOYMENT

We look for metros and submarkets that are adding a significant number of high-paying jobs, resulting in a stable local economy



RENT GROWTH

The 5-year rent growth forecast is one of our key indicators. We use a powerful proprietary method to calculate this value.



SUPPLY & DEMAND

We monitor the supply of local units carefully to ensure it will not spike the vacancy rates and negatively impact rents.



SALES TRENDS

We continuously monitor local sales to compute cap rates and determine whether our cap rates are on target to reach our projections.

Grocapitus Portfolio & Track Record



Art City

Art City Center is a beautiful new construction mixed use project in Springville, UT. The iconic mid-rise secure access residential facility has 102 units. The project was completed in April 2018 and is halfway through lease-up.



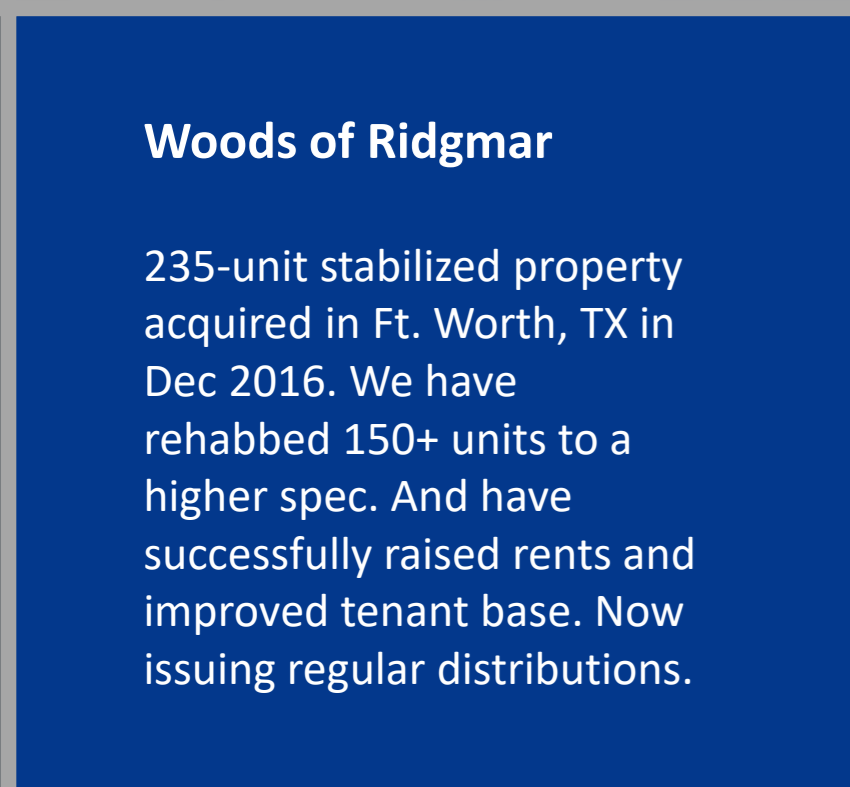
Love Cove Resort

Marina and RV park acquired in Charlotte, NC in 2016, and turned into high-end glamping resort. Installed 16 of 36 cabins. Daily rate and occupancy climbing continuously. The model works and we are looking to buy more resorts.



The Point on Flamingo

192-unit C class property in Las Vegas purchased in May 2017. Borders UNLV campus on two sides, and is now transformed into purpose built student housing. It is run as full-service, furnished housing, rented by the bed to individual students. First 100 students now in.



Woods of Ridgmar

235-unit stabilized property acquired in Ft. Worth, TX in Dec 2016. We have rehabbed 150+ units to a higher spec. And have successfully raised rents and improved tenant base. Now issuing regular distributions.



Chelsea Place

174 unit Class C property in East Atlanta, 95% occupied. Value Add project with under market rents, will undergo light rehab and rents pushed to market. Two miles from our other Atlanta property, so lots of efficiencies here.

Property purchased December 2018



Rails on Main

322 unit new construction purpose-built student housing project next to the university in Buffalo, NY. First raise of \$6.2MM used to buy land, demo, land remediation & rezoning. Project well timed as Buffalo economy surged in 2017. Starting construction 2018, for 2020 completion.



Windward Forest

216 unit Class C Property in East Atlanta. 94% occupied property, will undergo light rehab on all units.

Property purchased Sept 13, 2018



South Lake Side

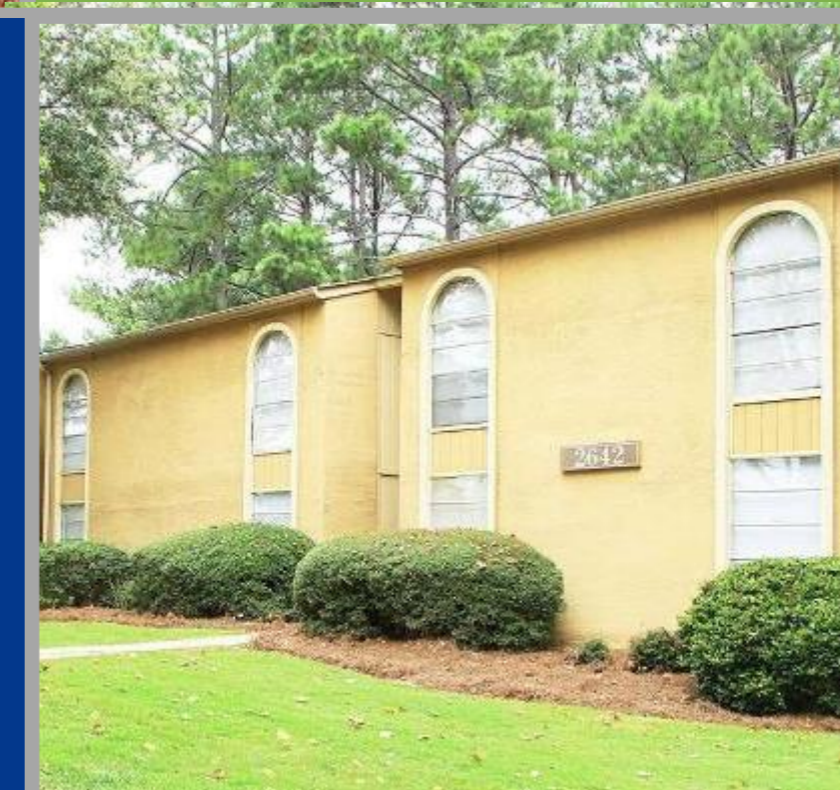
6 Building, 237 unit project in Chicago. Well behind schedule for turnaround. 1st property mgr hired not a good fit. We are back to 85% physical occupancy and 80% economic occupancy (up from 50%). Pushing hard to get to cash flow positive.



Park Canyon

151 unit Class B Property in Dalton GA, Chattanooga Metro. Under market rents and 20 down units from a fire gives us opportunity to add significant value in this project.

Property purchased November 2018



Windward Forest

216 unit Class C Property in East Atlanta. 94% occupied property, will undergo light rehab on all units.

Property purchased Sept 13, 2018



Let's take a look at the Metro

Why we love JAX



WELCOME TO JACKSONVILLE



JACKSONVILLE, FL



JAX MULTIFAMILY METRICS

17:1

Jobs : Apartments

19.5

Rents as % of total income

3.2%

Job Growth (double of national average)

1.7%

Population Growth (2x* National Avg)

4.9%

Effective Rent Growth

4.7%

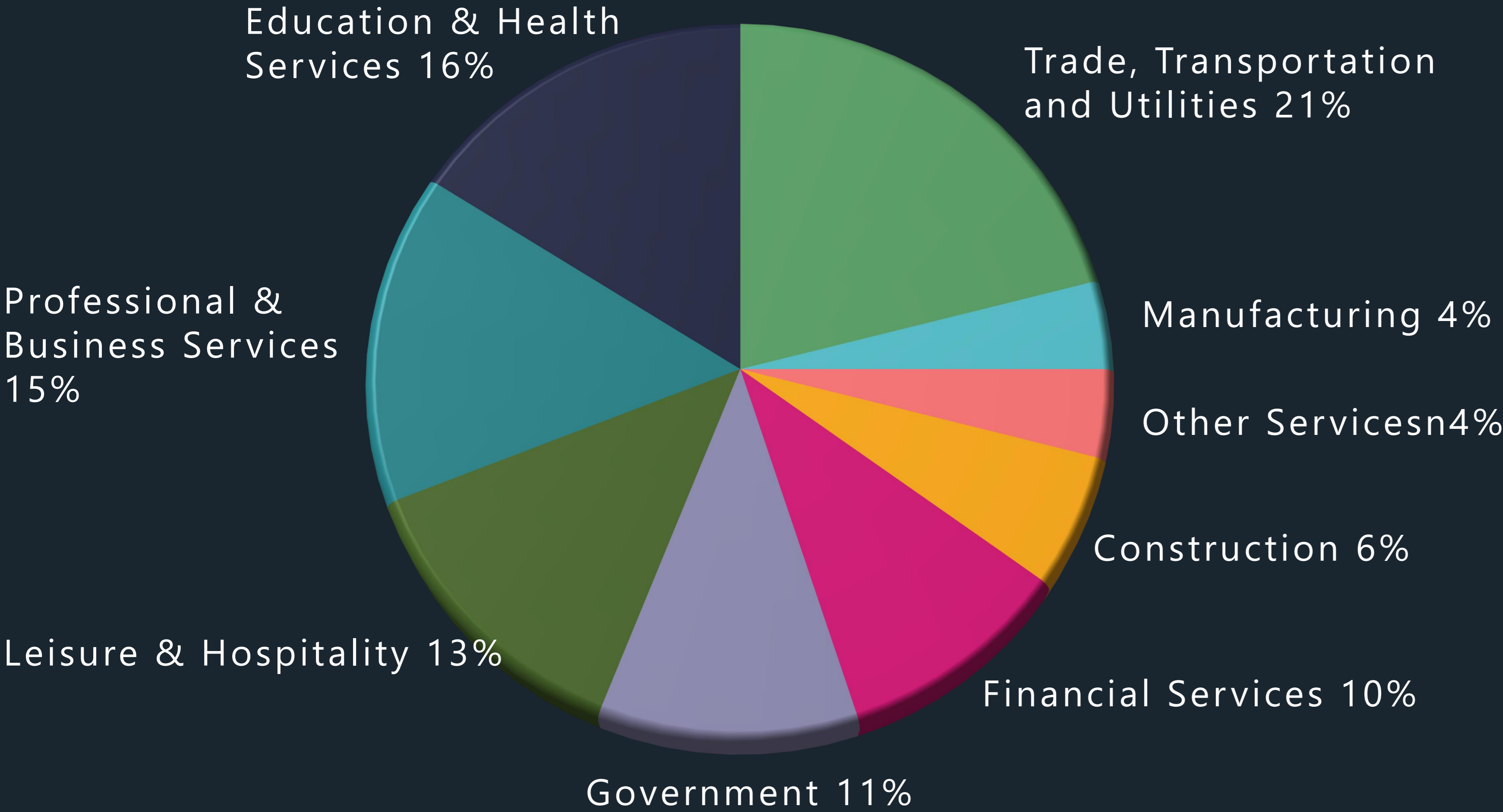
Avg. Vacancy

2,131 : 1,865

YoY Absorption vs New Supply

JAX OVERVIEW

EMPLOYMENT BY SECTOR



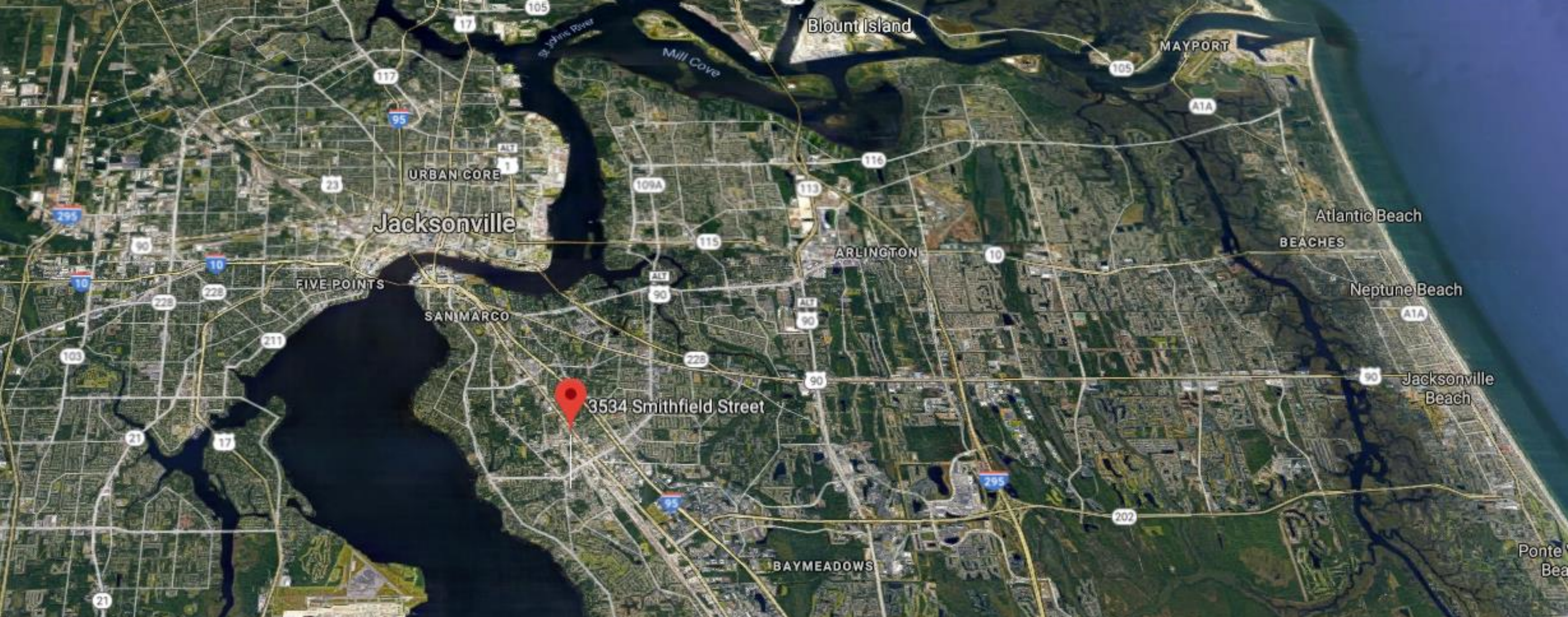
Fortune 500's headquartered in Jacksonville include



MAJOR LANDFALLING HURRICANES



**ONLY ONE HURRICANE IN
RECORDED HISTORY**



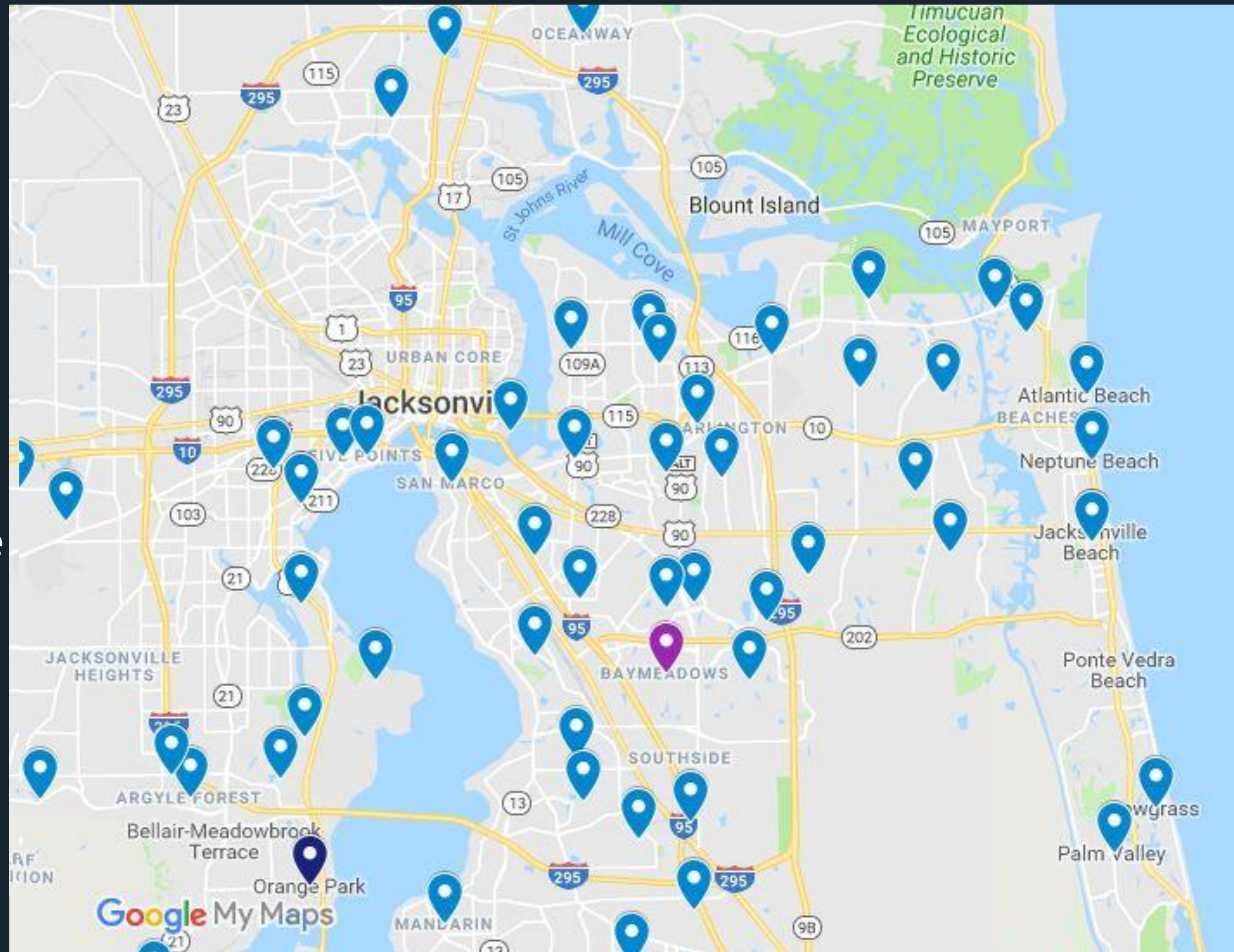
Great City! What about the Neighborhood?

The Southside Submarket



SOUTHSIDE SUBMARKET

- Best Schools
- Path of Progress
- Less desirable / Higher Crime
- Better Areas / Lower Crime



SOUTHSIDE SUBMARKET OVERVIEW

5.1%

Effective Rent
Increase (YoY)

\$1,165

Effective Rent

95.2%

Avg.
Occupancy

0%

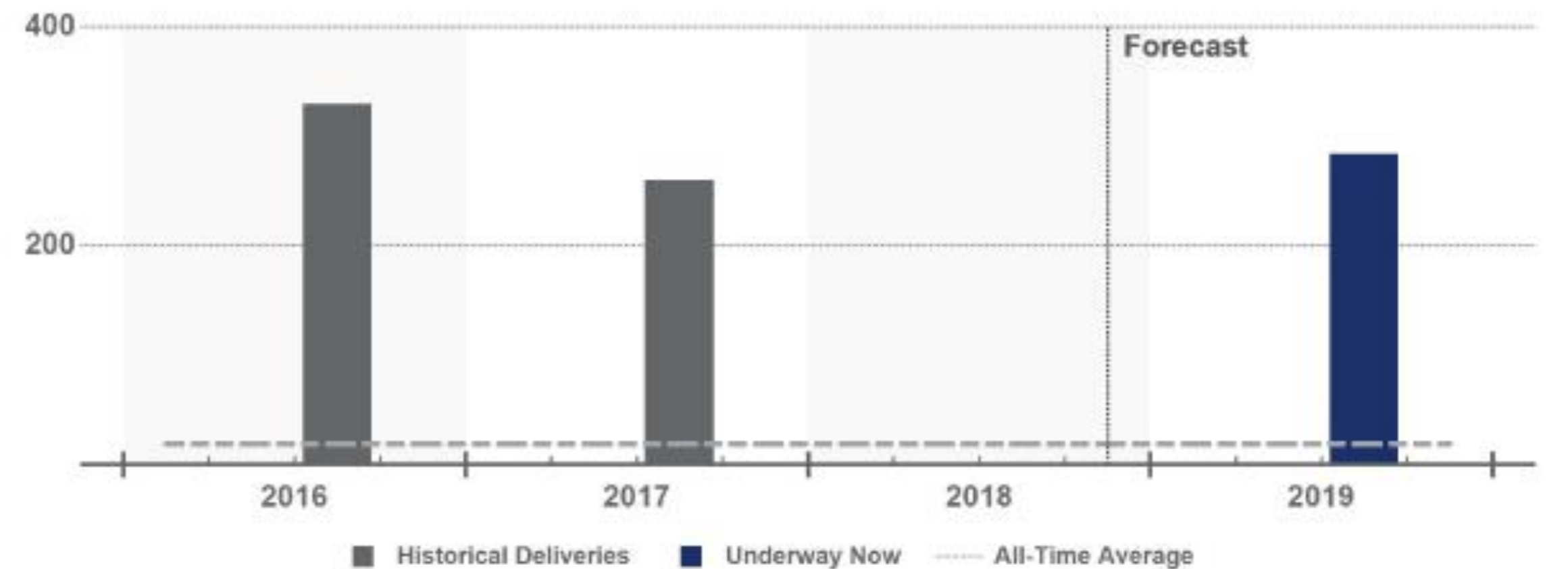
Rent
Concessions

All-Time Annual Average	Delivered Past 4 Quarters	Deliveries Next 4 Quarters	Proposed Next 4 Quarters
76	0	284	0

MAP OF 12 MONTH DELIVERIES, UNDER CONSTRUCTION, PROPOSED



PAST AND FUTURE DELIVERIES



FLOOD ZONE?



OUTSIDE OF
FLOOD
ZONE

Flood Zone Determination Report

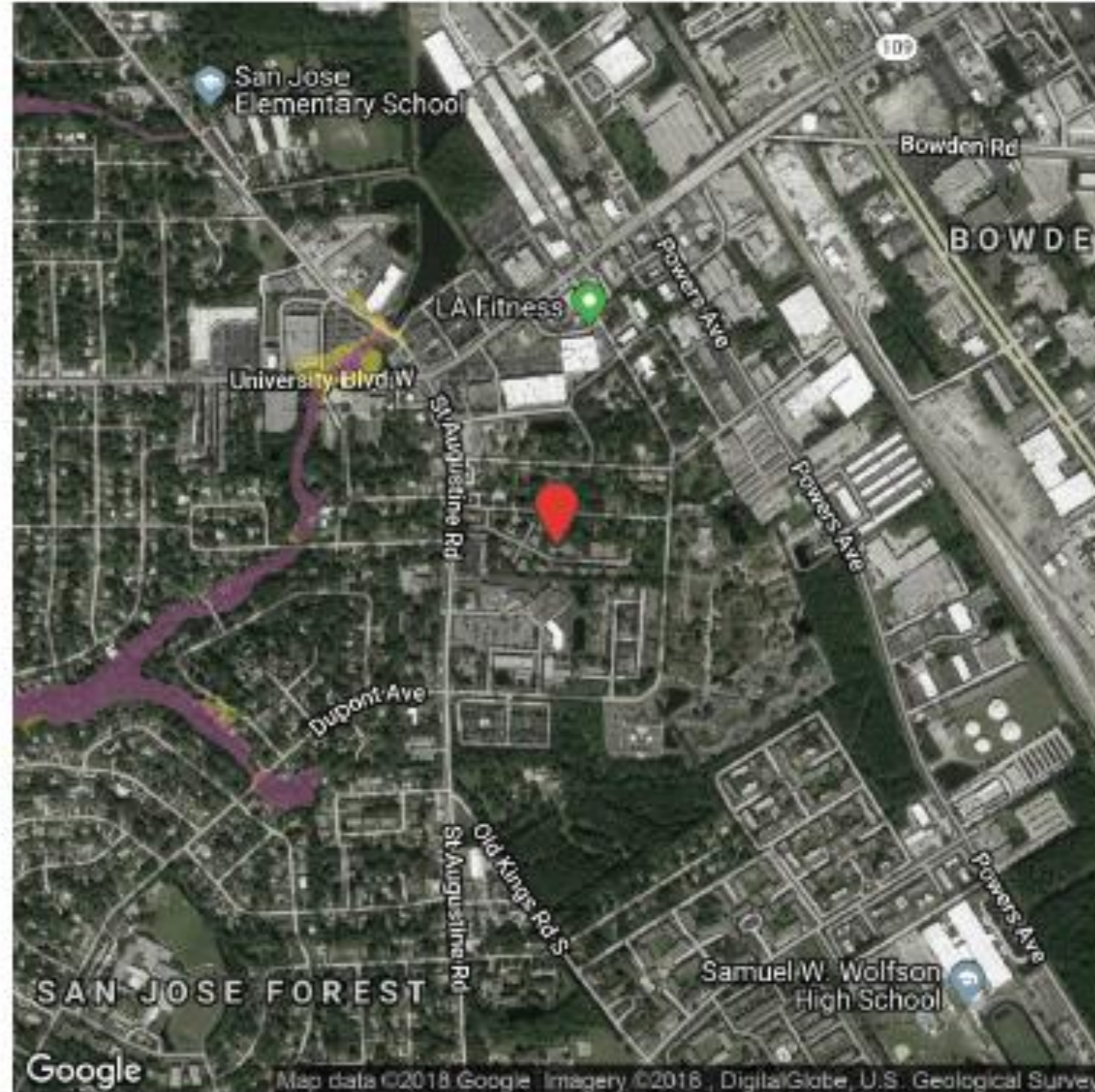
Flood Zone Determination: **OUT**

PANEL DATE

June 03, 2013

MAP NUMBER

120310388H



- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Floodway
- CBRA

LOCATION OVERVIEW



LOCATION OVERVIEW





Let's take a closer look at the Property

Why we think San Jose Apartments is a winner



The Property's Vital Stats

Price, Occupancy, Unit Count, Age

**HOUSEHOLD
INCOME**

\$45K

OCCUPANCY

94.2%

UNIT COUNT
138 Units

AGE

Built 1974

RENTS
Below Market

PRICE
**\$12.1M + \$1M
Improvements**

\$95K per door

**Zero Units are
recently renovated
A True Value Add
Opportunity**

COMMON AREA AMENITIES



Amazon Locker



Leasing Office



Dog Park (Future)



Business Center



Swimming Pool



Picnic Tables / Grills



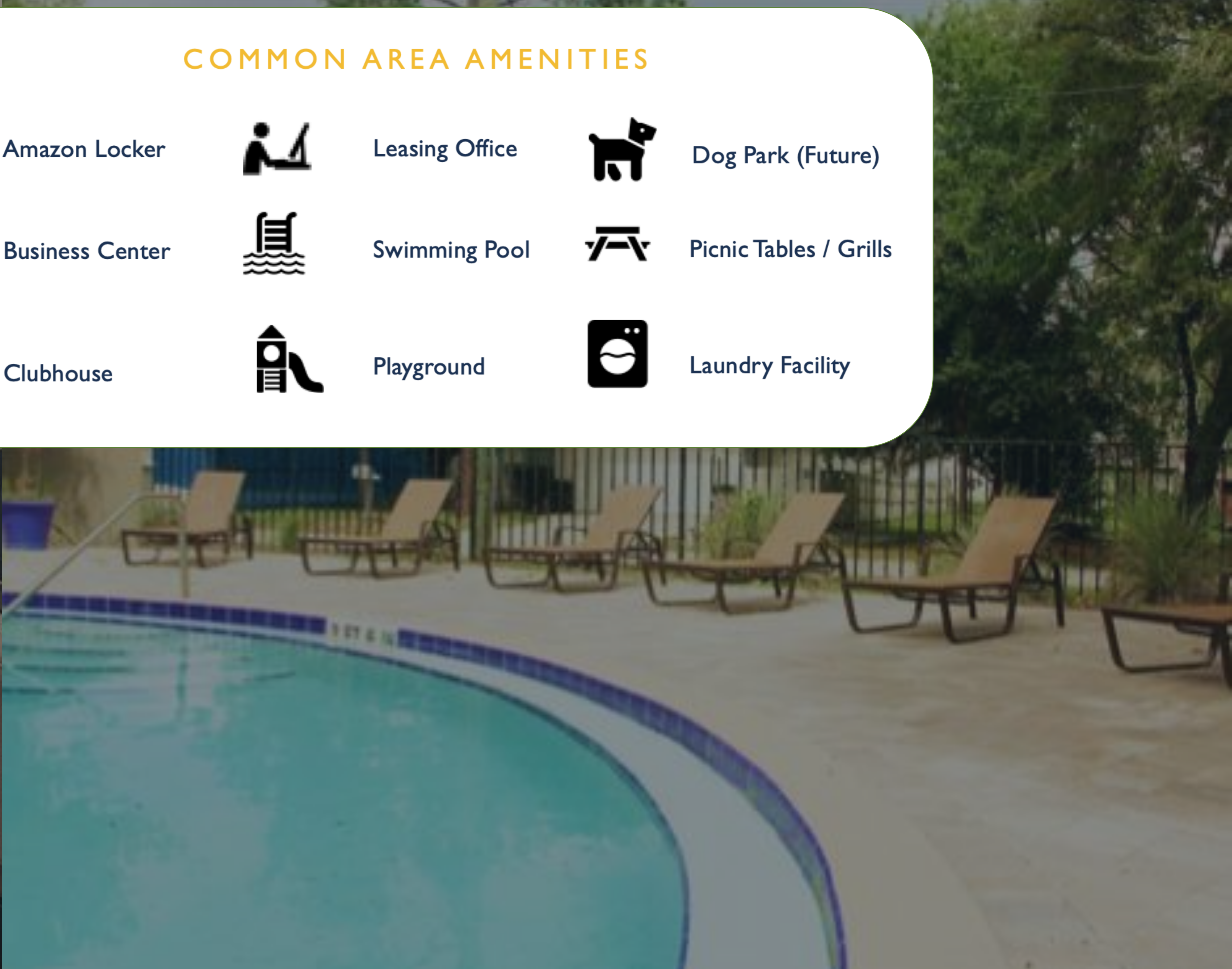
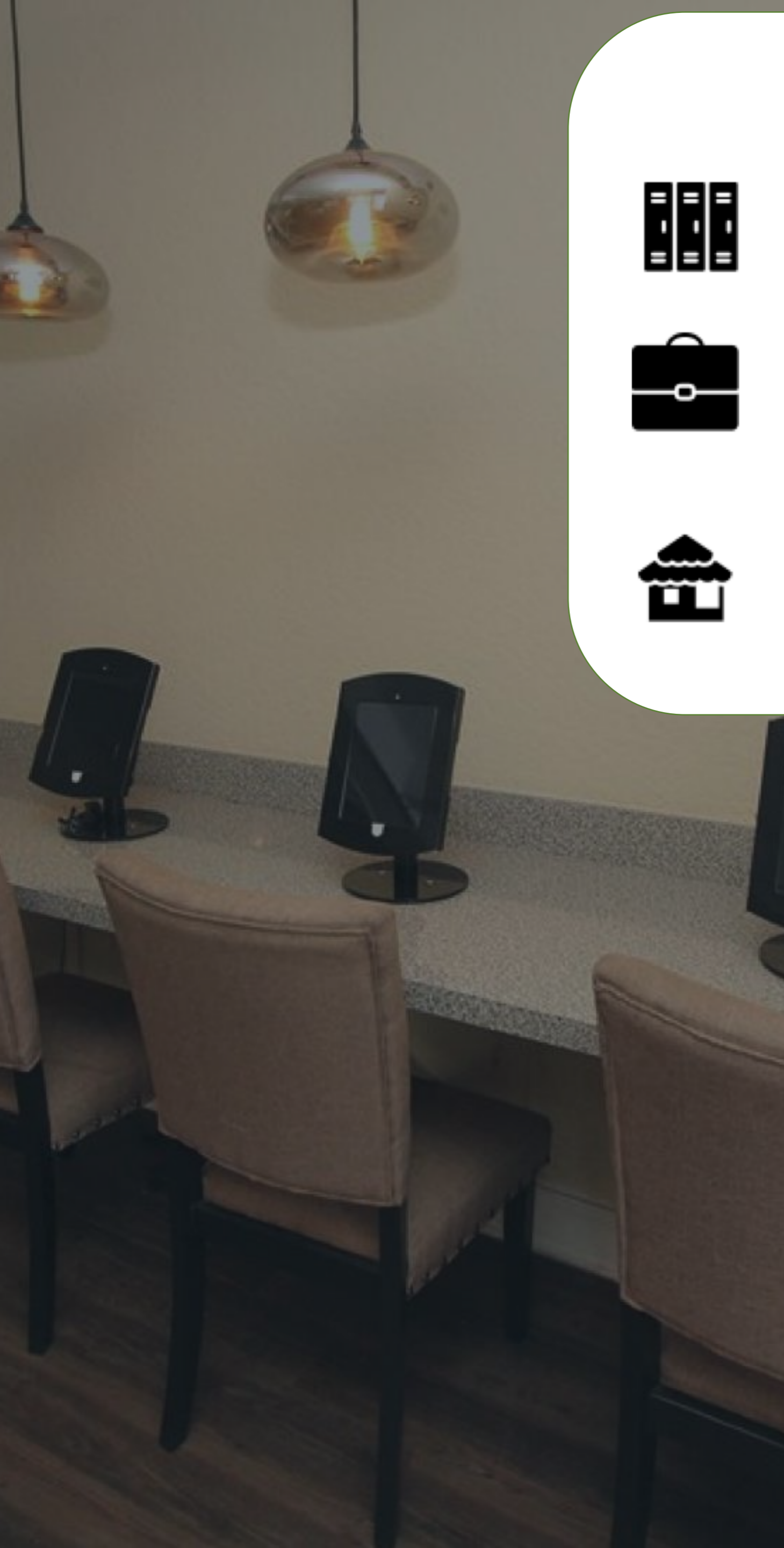
Clubhouse



Playground

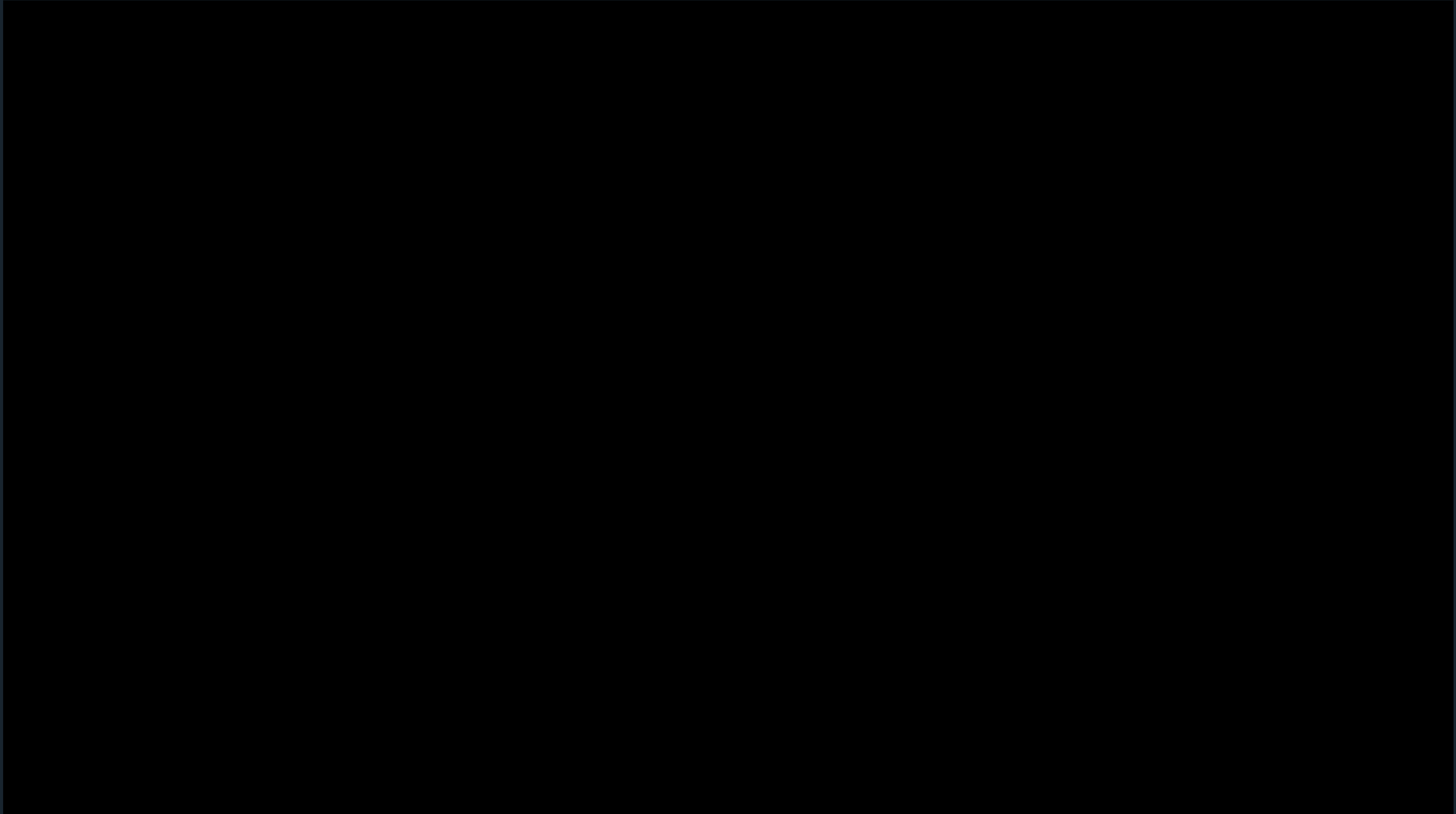


Laundry Facility



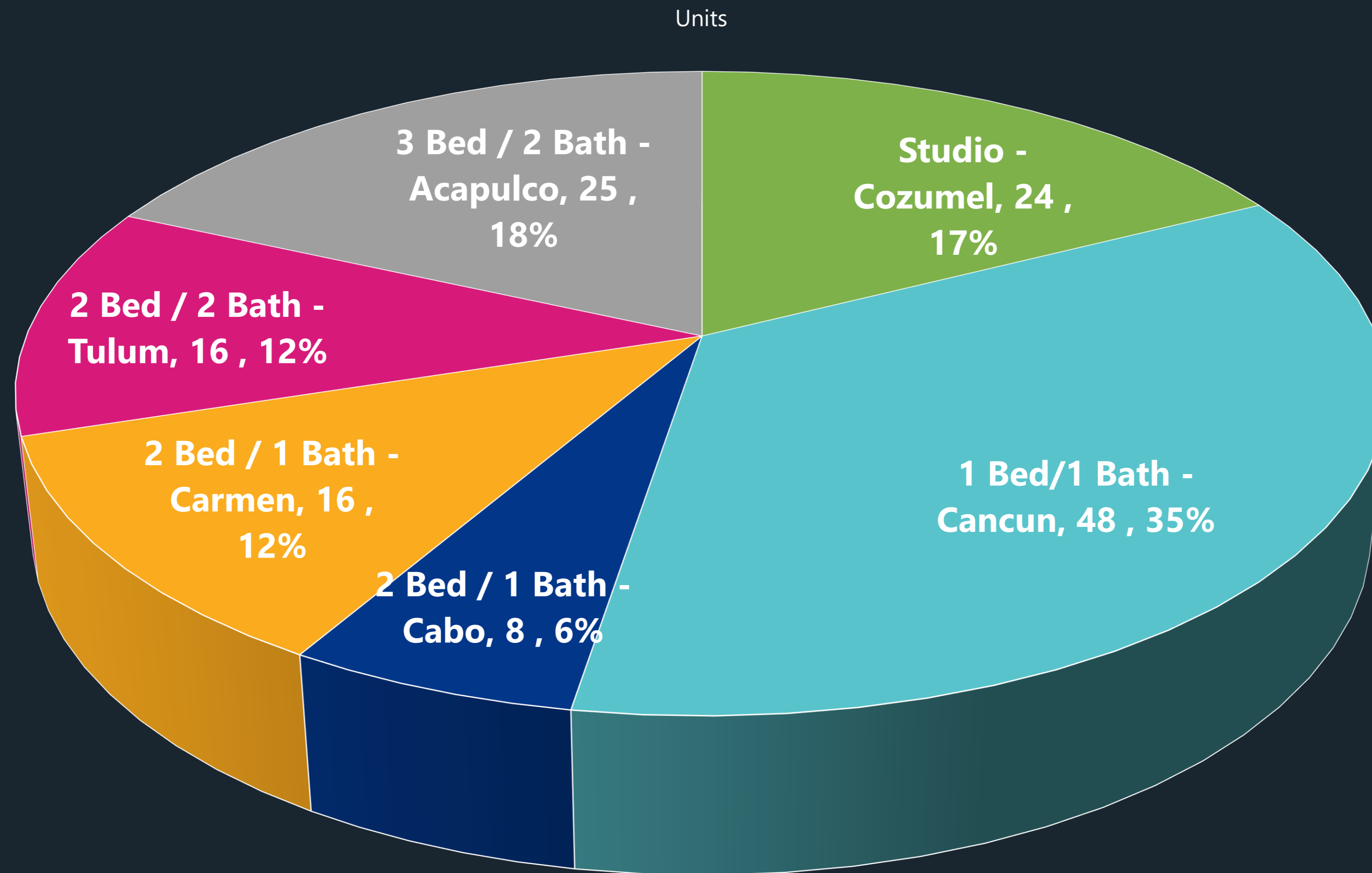


Property video tour

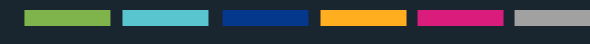


Excellent Unit mix makes leasing easier

A preferred mix of Studio, 1-Bed, 2-Bed & 3-bed, and one 4-bed



Interior Renovation Plan



STANDARD UNIT

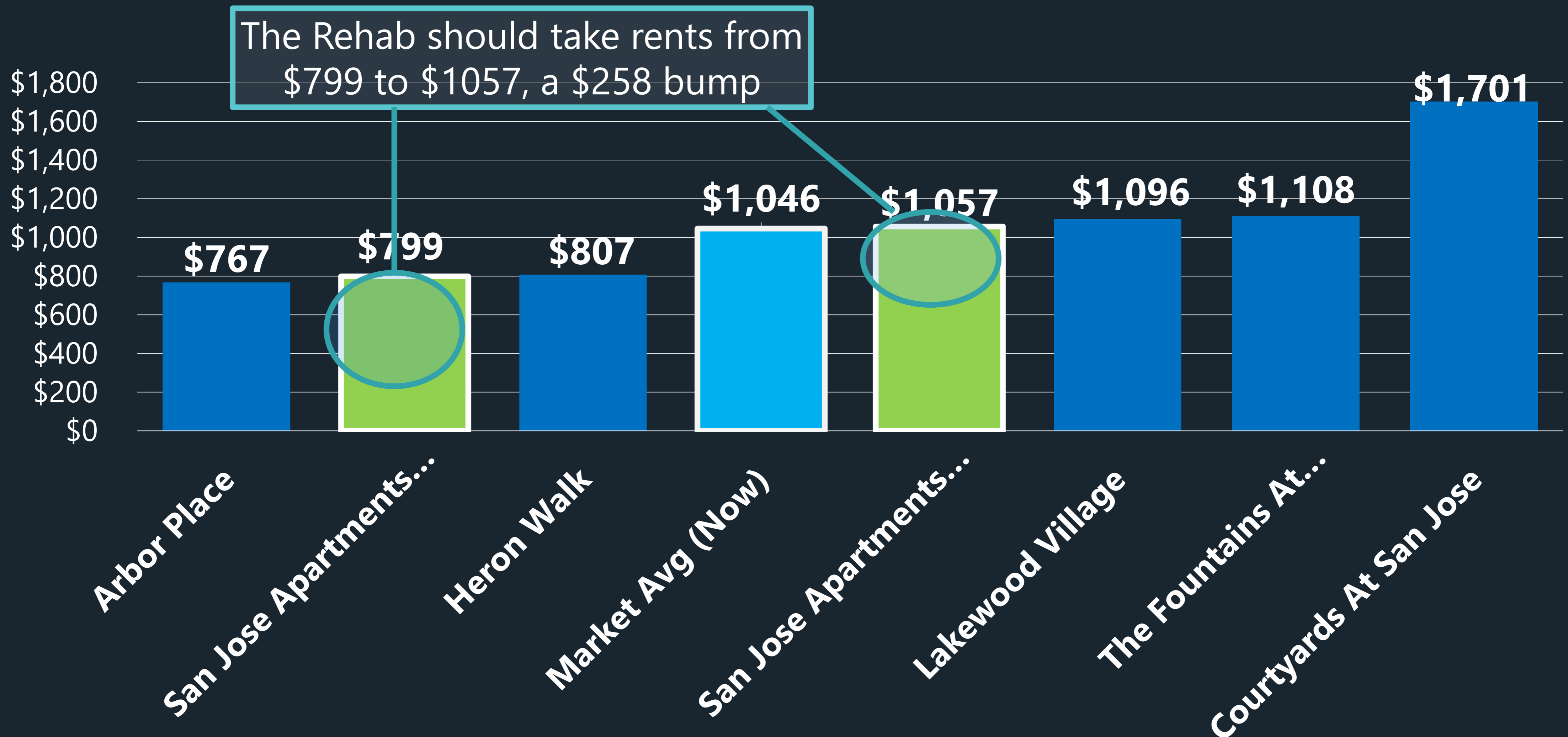


SAMPLE RENOVATED UNIT



Our Plan to increase rents

Rehab to increase rents \$258 per unit



Property Management

ResProp

STRATEGIC 3RD PARTY PM

\$1b+

ASSETS UNDER
MANAGEMENT

14k

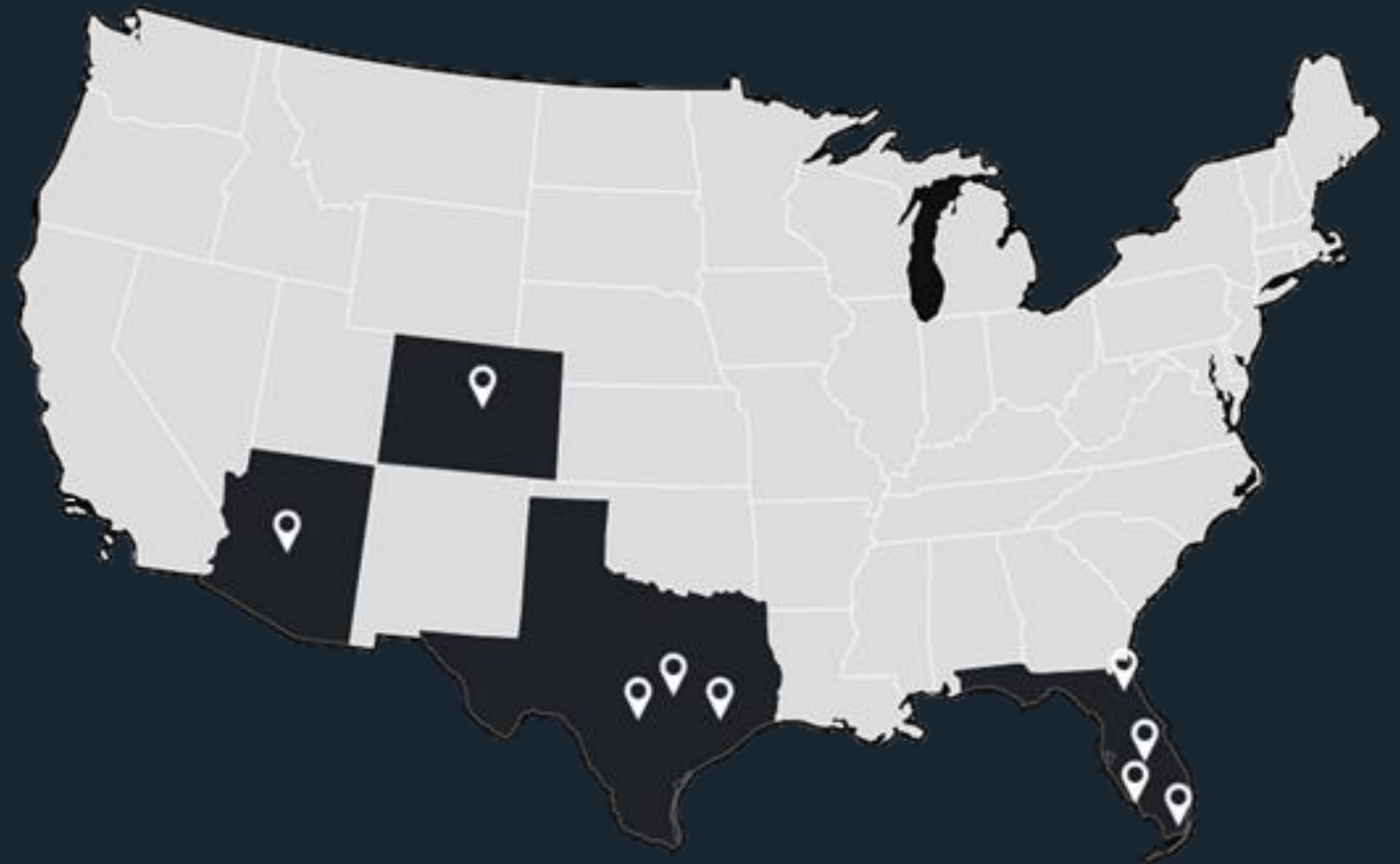
UNITS UNDER
MANAGEMENT

1,700

APARTMENTS
MANAGED IN JAX

400+

EMPLOYEES



Upside Potential



32

Units

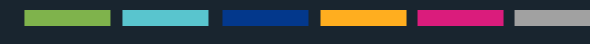
Upside potential to grow rental revenue through development of new apartments.

W/D

Hookups

Potential to instal washer & dryer connections on select units.

Financing



LOAN PROGRAM
**BRIDGE LOAN,
NON-RECOURSE**

SOURCE
**WALKER
&
DUNLOP**

AMORTIZATION
30
YEARS

INTEREST RATE
**LIBOR
+335**

INTEREST
ONLY PERIOD
3
YEARS

REPAYMENT TERMS
5
YEARS
(3+1+1)

LOAN AMOUNT
\$10,680,000
*Subject to change prior to closing
includes \$1M in Capex

Business Plan



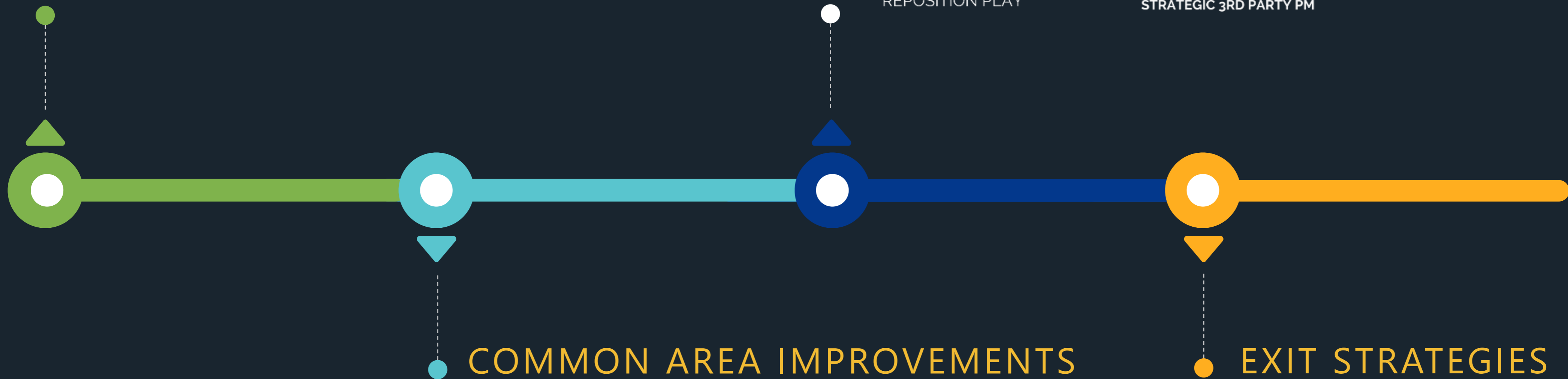
STRATEGIC INTERIOR RENOVATIONS

\$700k ON 75% OF UNITS
20Months RENOVATION TIMEFRAME
\$65 PROJECTED RENT PREMIUM

REBRAND & IMPROVE OPERATIONS

C B
REPOSITION PLAY

ResProp
STRATEGIC 3RD PARTY PM



ENHANCE LANDSCAPING



BUILD DOG PARK



INSTALL NEW MONUMENT SIGN

DISPOSITION:
3-5 Years

REFINANCE OPTION:
2-4 Years

Bottom line: Why we like this project

What makes the project so compelling



BELOW-MARKET RENTS



GREAT BONES



ONE OF THE FASTEST
GROWING SUB-MARKETS



DEFERRED AESTHETIC
MAINTENANCE





Now, let's end with a brief look at the Financials

What are the numbers telling us?



14.73%

Financial Highlights

The investment's vital statistics

PROJECTED RETURNS

9.8% CoC
19.9% AAR
over 5 years

INVESTOR PREF AND SPLIT

8% Pref,
70/30 split

CAP RATE

5.2% (Yr 1)
8.1% (Yr 2)

DEBT COVERAGE RATIO

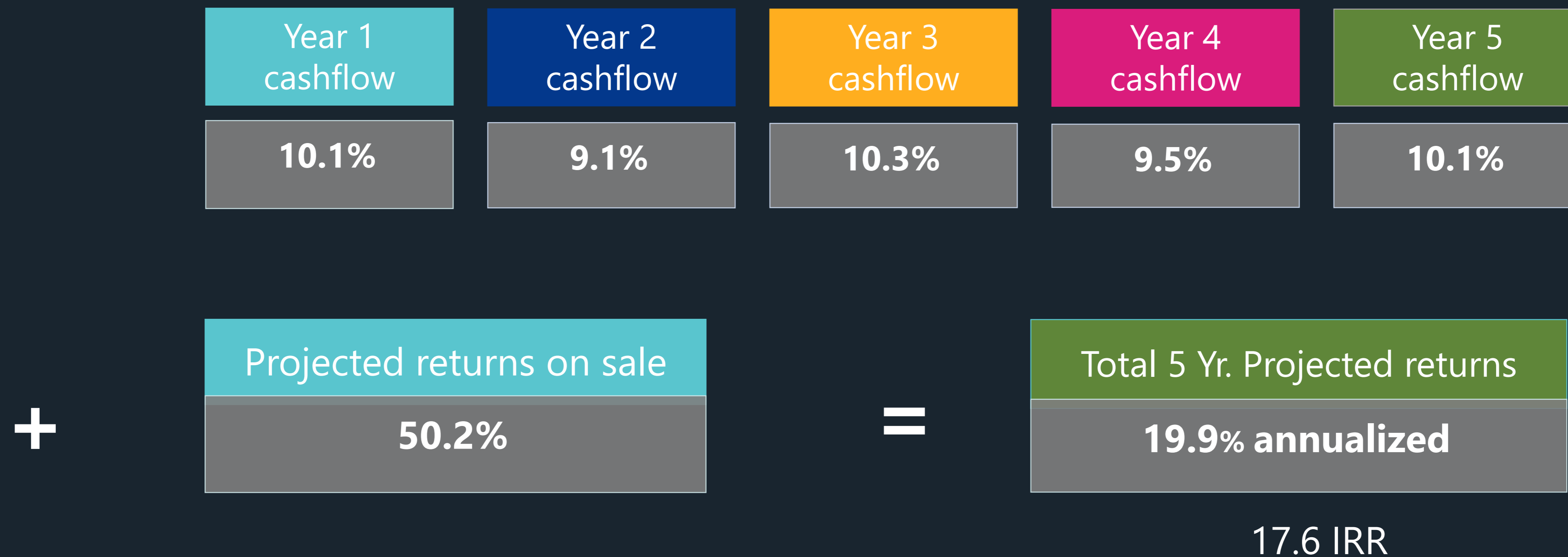
1.0 (YR 0)
1.5 (YR 1)

TOTAL EQUITY TO BE RAISED

\$3.795M

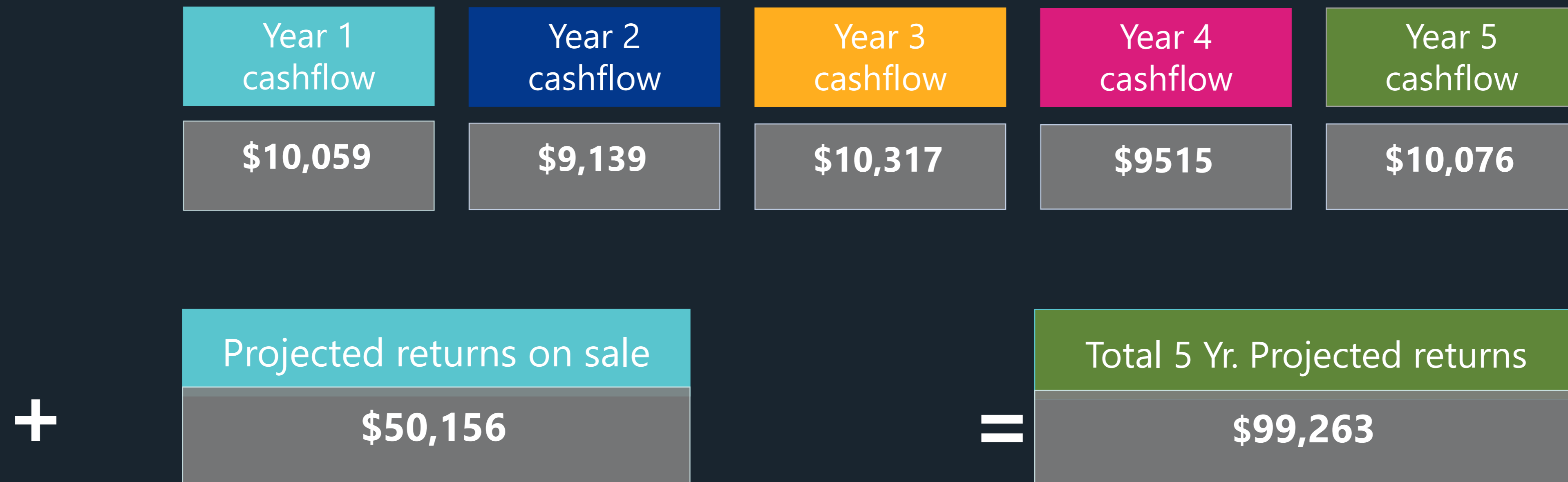
Projected Returns in percentages

Our cash flow and return projections over 10 years

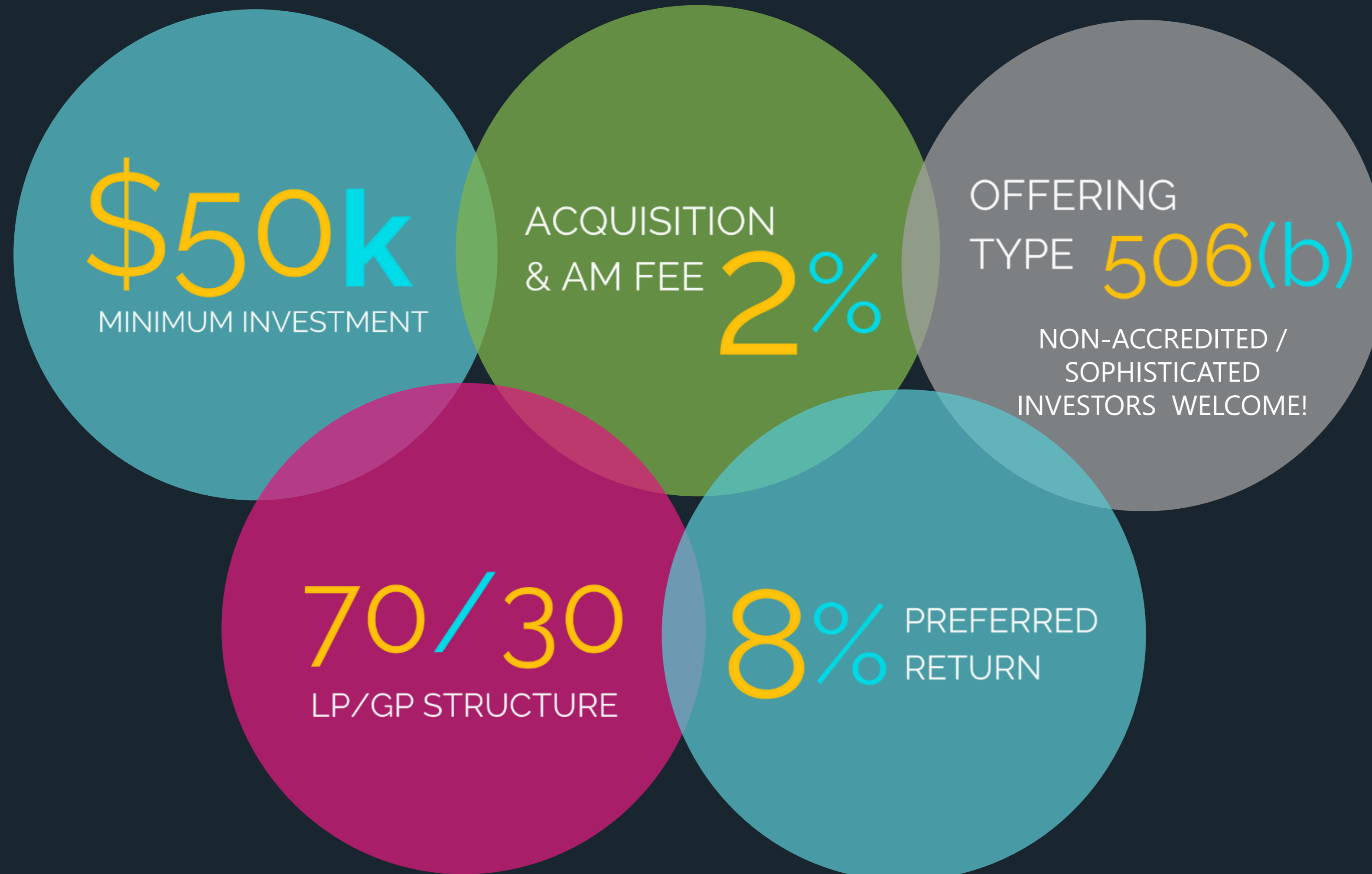


Projected Returns on \$100,000 invested

Our cash flow and return projections over 10 years



Investment Offering



Upside on sale At 30% of net profits go to promoters, 70% to investors. If final returns for the property are higher than 20% annually, then returns ABOVE that 20% threshold are shared in a 50% (Promoter) /50% (Investors) split.

Timeline



DEC 7th - 2018

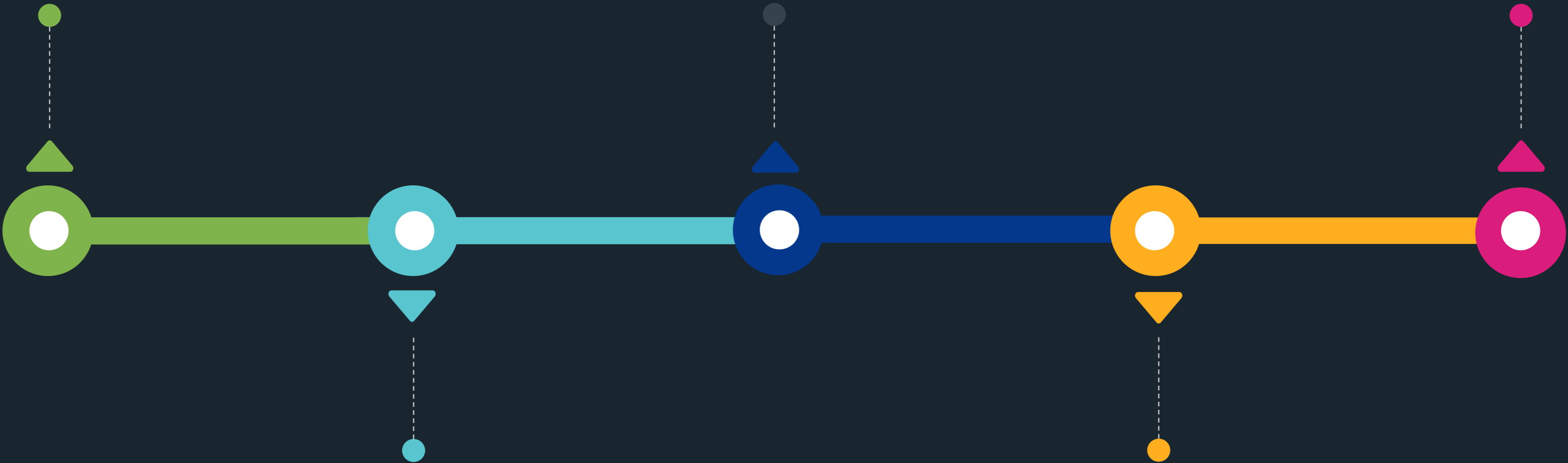
CONTRACT EFFECTIVE DATE

JANUARY 7th - 2019

DUE DILIGENCE COMPLETED

FEBRUARY 20th - 2019

PROJECT CLOSE DATE



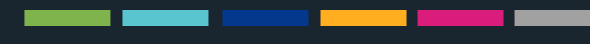
DEC 17th - 2018

LOAN APPLICATION SUBMITTED

JANUARY 24th - 2019

PPM SCHEDULED FOR
RELEASE

NEXT STEPS

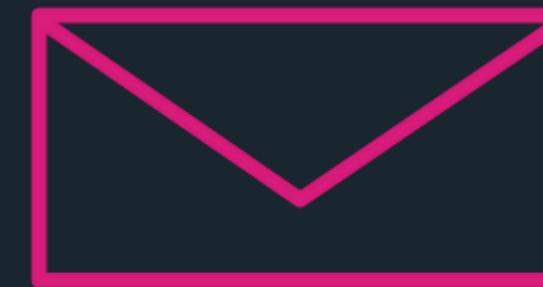


ANSWER
THE POLL



RESERVE YOUR SPOT!

QUESTIONS?



EMAIL QUESTIONS



SET UP A CALL

info@grocapitus.com

510-367-1510

Questions? You can type them
in if you are watching Online.
Please answer our Poll before you
go.

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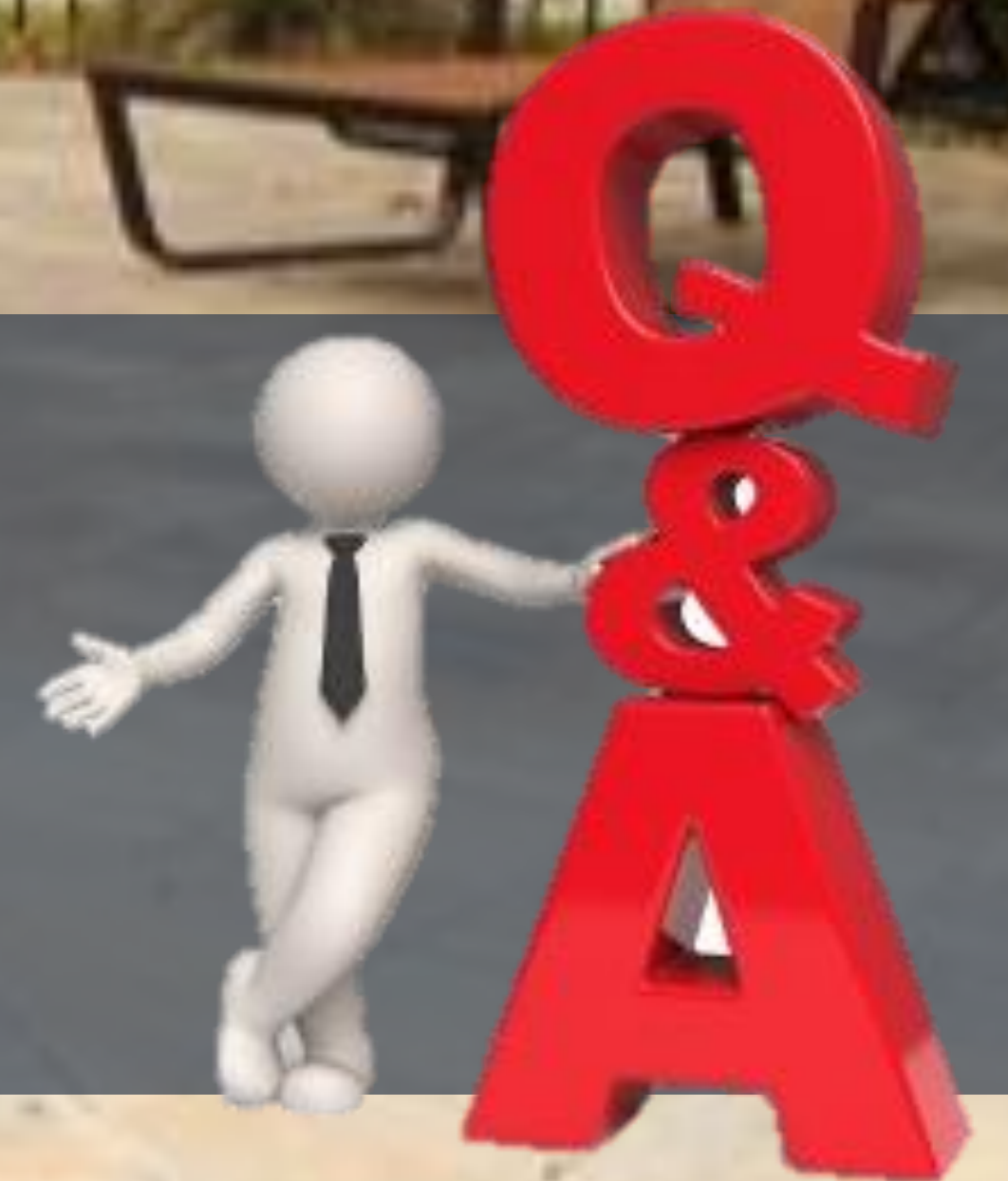


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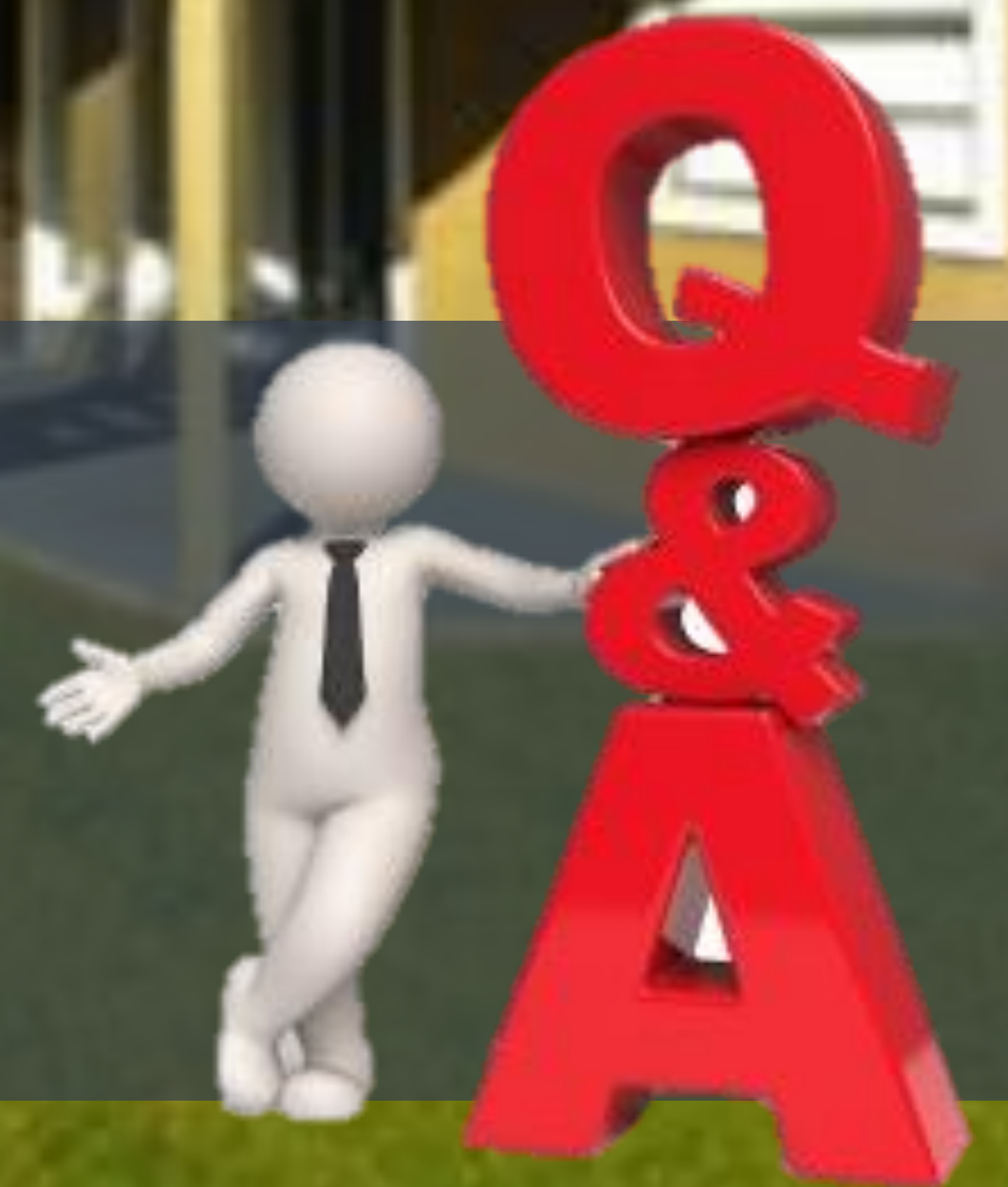


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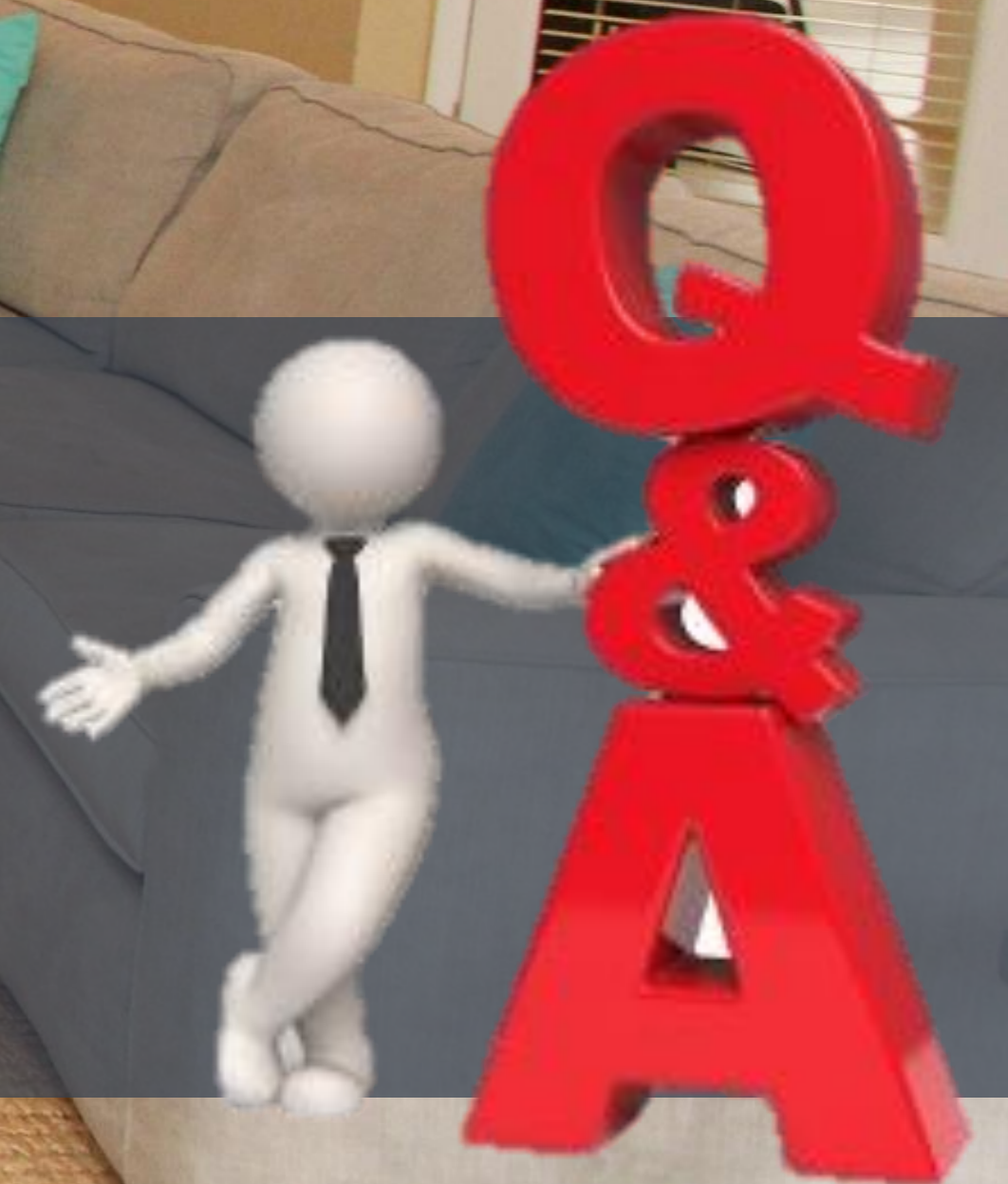


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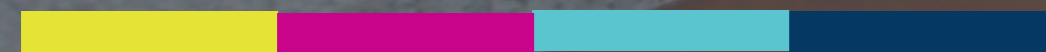
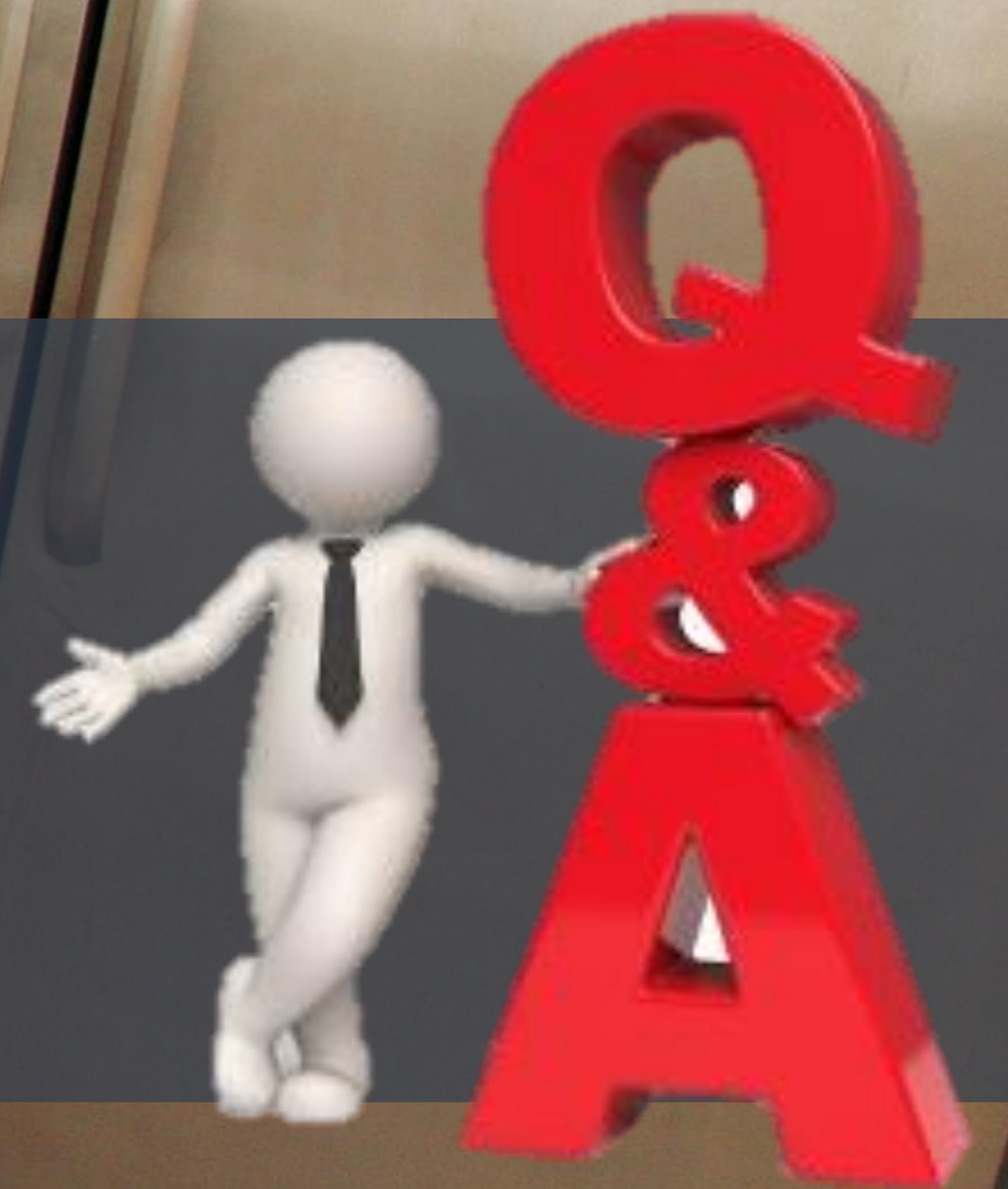


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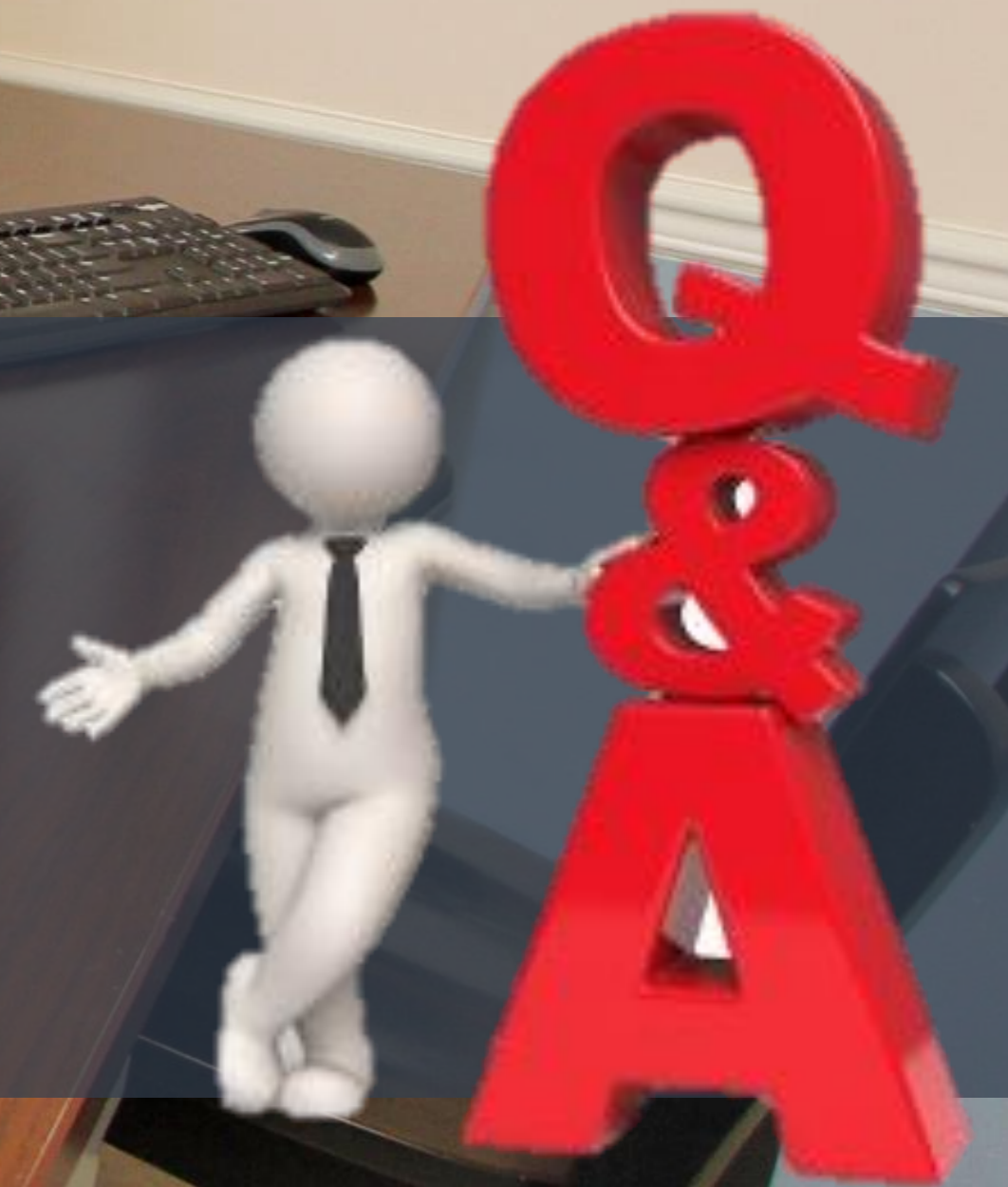
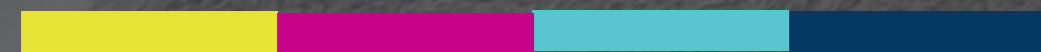


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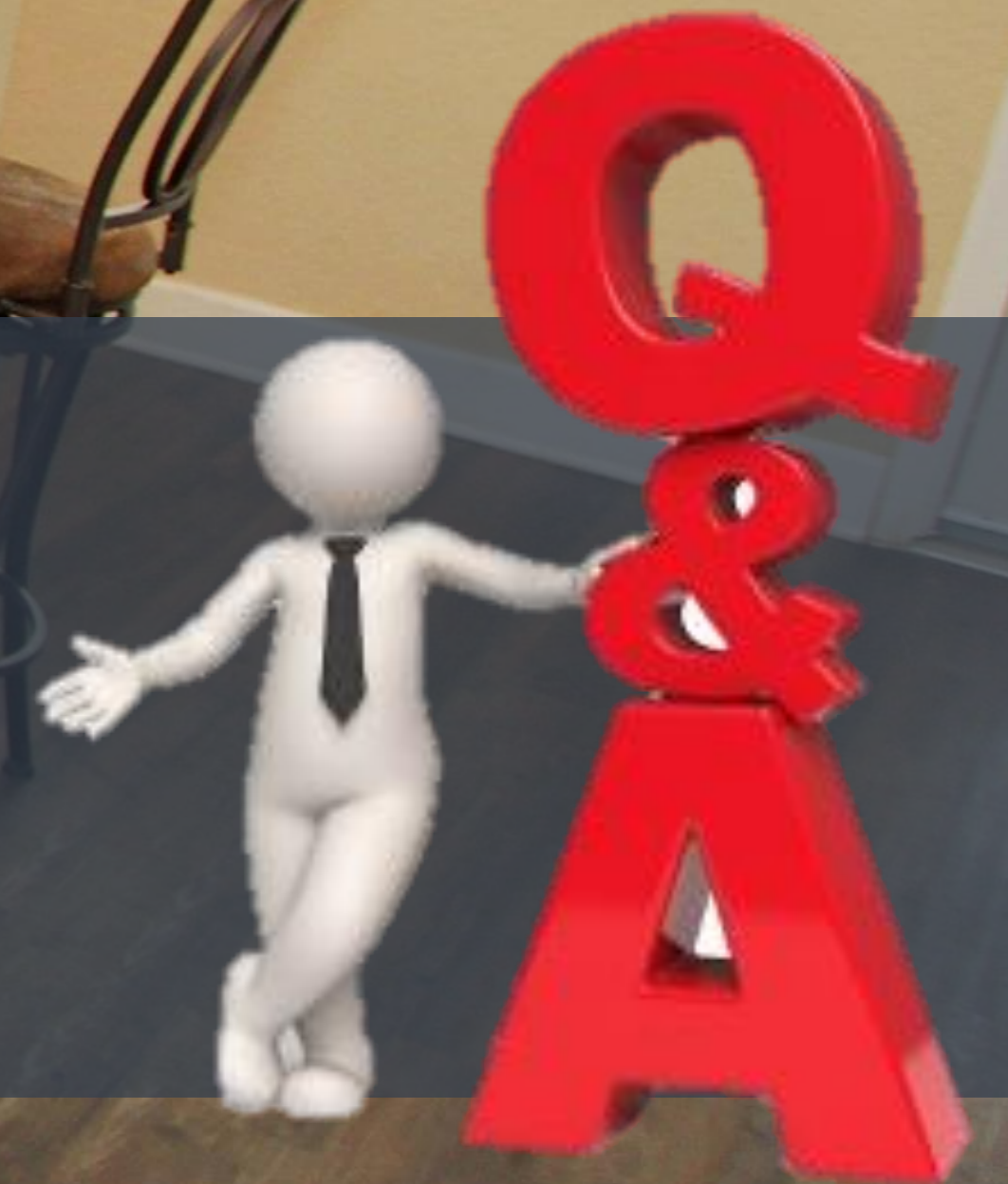


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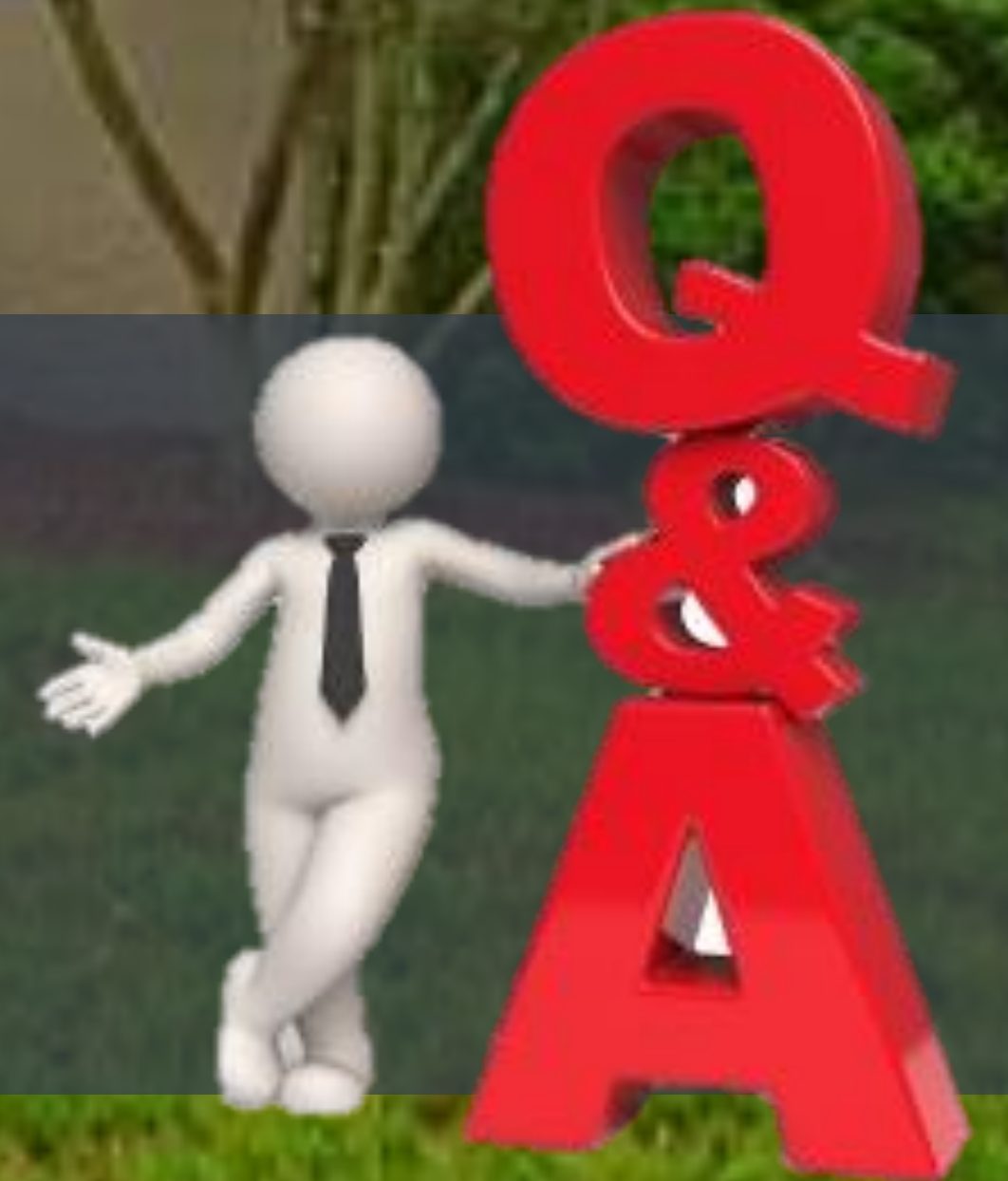


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San Jose

APARTMENTS

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SOUTHSIDE BUSINESS DISTRICT
65,000 jobs

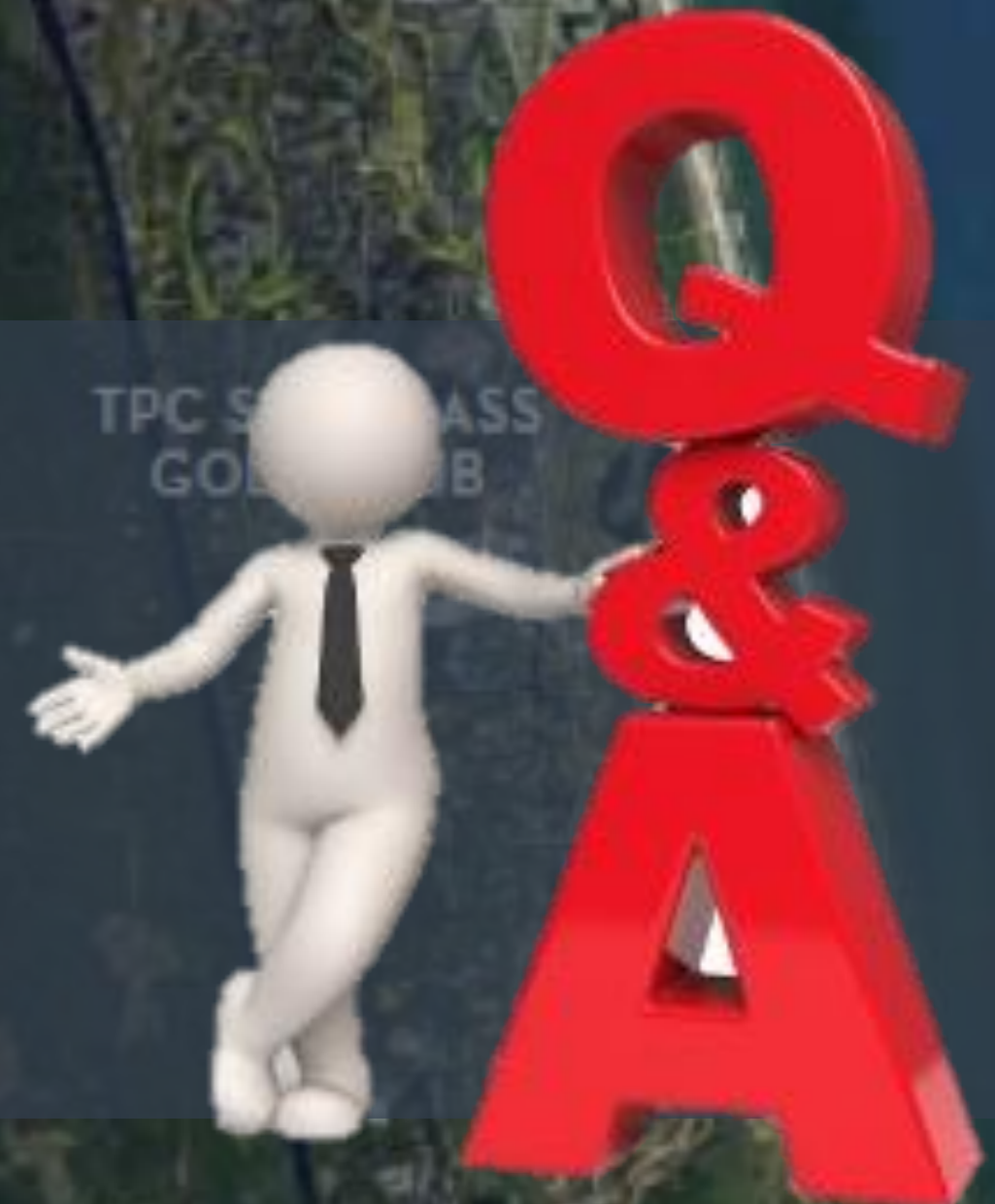
PROMINENCE CENTER

UNF
ST. JOHNS TOWN CENTER

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DOWNTOWN JACKSONVILLE
15 MINUTE DRIVE | 37,600 BUSINESSES
16.1M SF | 507,500 +/- EMPLOYEES



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Publix
SPORTS GRILL & BILLIARDS
Five Star
[Restaurant Logo]

Bank of America
Sprint
RED STOCK
[Other logos]

LA FITNESS
McDonald's
DOLLAR TREE
CVS pharmacy
TJ-MAXX
BEALLS
FIVE THIRD GROUP

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