

CHELSEA PLACE

174 units | Lithonia GA

A Value Add Portfolio in East Metro Atlanta

Presented by



NEAL BAWA
Grocapitus

ANNA MYERS
Grocapitus

CHRIS JACKSON
Sharpline Equity

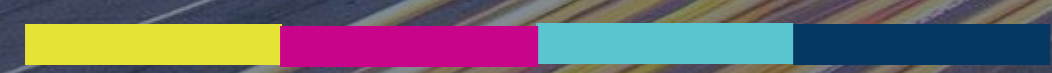
KRISTA TESTANI
Sharpline Equity



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5:00

We will start in



Our Goal for Today

The Agenda

- ✓ Who are we? – An introduction to the Management team
- ✓ Our Investing process
- ✓ Why Atlanta? – Let's explore this exciting Metro
- ✓ Why this submarket in Atlanta? – 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 \$120 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



Chris Jackson



Krista Testani



Sonya Rocvil

Experienced Multifamily Operators

- ✓ Combined, they have held 13 multifamily properties in 7 states
- ✓ 2 of the properties are in Atlanta, local market expertise
- ✓ Investor Count: 60
- ✓ Full Life Cycle experience on 3 multifamily projects. Purchase > Reposition > Stabilize > Sale

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.

Our 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.



Brandon Properties

Collection of 2005-built brick Triplexes in a gated community in Hegeswich, IL. Purchased in 2013, value of portfolio is now up 30%+. Cash flowing at over 16% annualized cash on cash.



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.



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.



Windsor Park

60 unit property, purchased in 2018 as a 1031 exchange in an up and coming area close to SLC airport, which is undergoing a \$3.6 Billion expansion. The plan is to rehab 50 of the 60 units during 2018 and 2019 to boost cash flow.



Windward Forest

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

Property purchased Sept 13, 2018



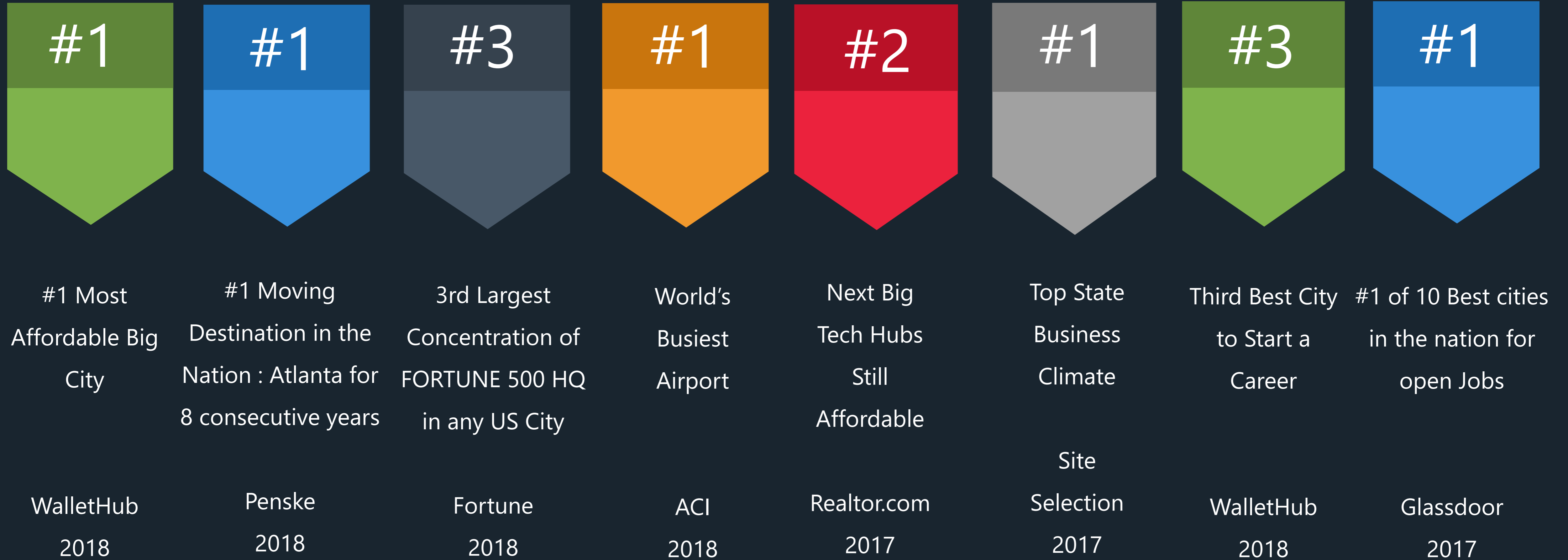
Let's take a look at the Metro

Why we really love Atlanta



Why we love Atlanta

This thriving metro continues to outperform most U.S. markets



Why we love Atlanta

This thriving metro continues to outperform most U.S. markets

Atlanta 3-year population grew by 4.9%, 2-year Job growth of 5.1%

1-year home price growth of 8%, 3-year price growth forecast of 24%

9th Largest MSA in the US, population of 5.5M+ people.

Projected to be 6th Most Populated metro by 2020

One of biggest hotspots for Millennials seeking jobs, affordable housing, great schools and vibrant culture

Homes are undervalued by 4% compared to historic ratio of price and local income

Fortune 500's headquartered in Atlanta include



Downtown Atlanta

Midtown

Buckhead

Perimeter Center

Snapwood Apts

WINDWARD FOREST
– 2 miles away

CHELSEA PLACE

DOWNTOWN ATLANTA IS 25 MINUTES DRIVING TIME

Chelsea Place Apartments

Terrace At Parkview

Lithonia Park

Lithonia Middle School

Great city, but what about the neighborhood?

The right neighborhood is the key to success





DOWNTOWN ATLANTA
(14.9M SF OFFICE,
100K JOBS)

MIDTOWN
(17.5M SF OFFICE,
100K JOBS)

BUCKHEAD
(17.4M SF OFFICE,
100K JOBS)

PERIMETER CENTER
(22.3M SF OFFICE,
125K JOBS)

7

3

4

8

15

10

Retail
including
Kroger &
Walgreens

6

14

Walmart
SuperCenter

12

CHELSEA PLACE

Dekalb
Medical
Center and
it's Medical
offices

5

LITHONIA INDUSTRIAL BOULEVARD

2

1

High School

13

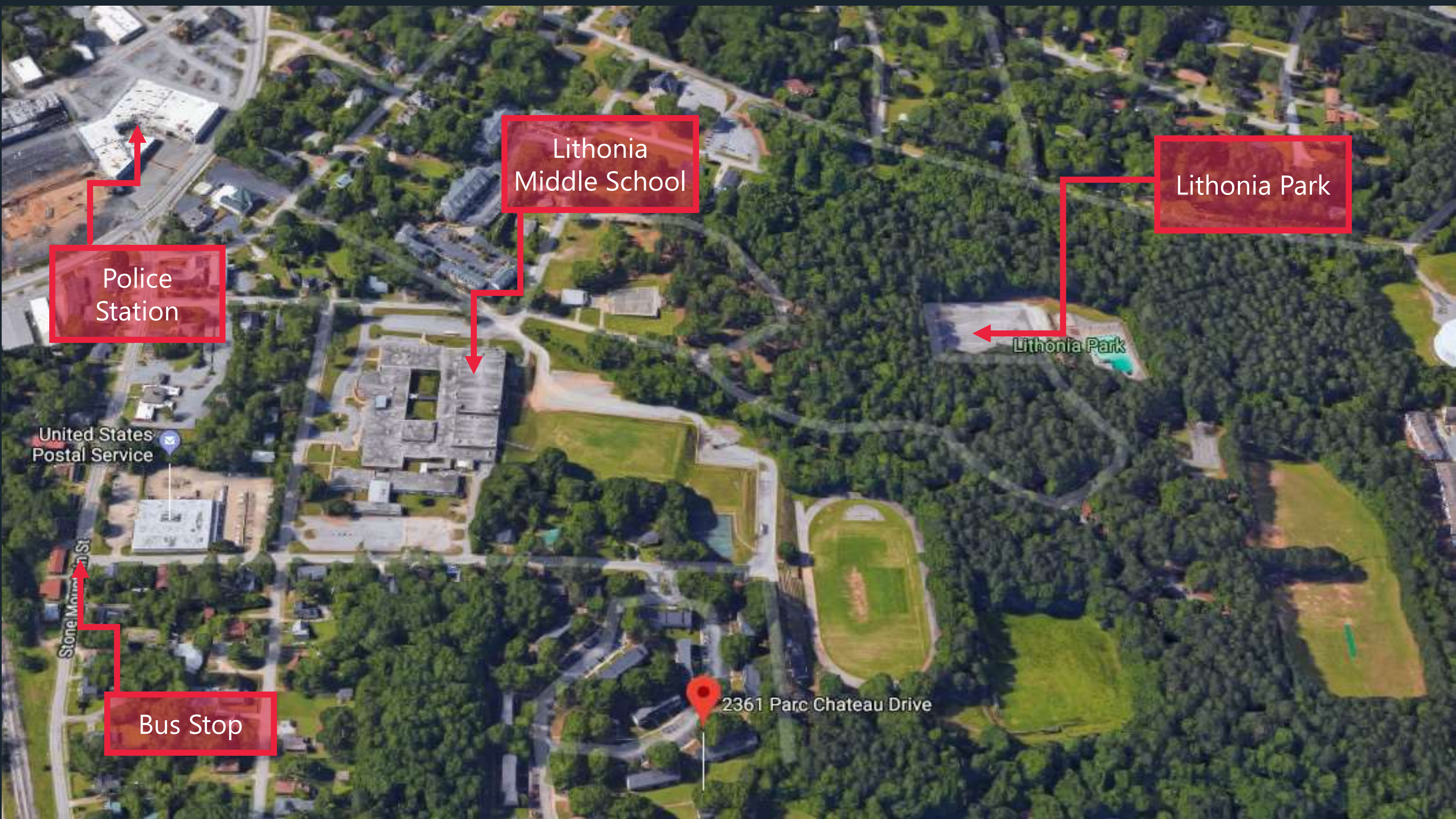
11

20

COVINGTON HIGHWAY / HIGHWAY 278

9

MAIN STREET / EVANS MILL ROAD



Police Station

Lithonia Middle School

Lithonia Park

Bus Stop

2361 Parc Chateau Drive

United States Postal Service

Stone Mountain St

Lithonia Park

Zero Units

Since 2006, Zero new units delivered

The I-20 East corridor is a high barrier market, and has had zero units delivered in the last 12 years in a 3 mile radius of property

5.8%

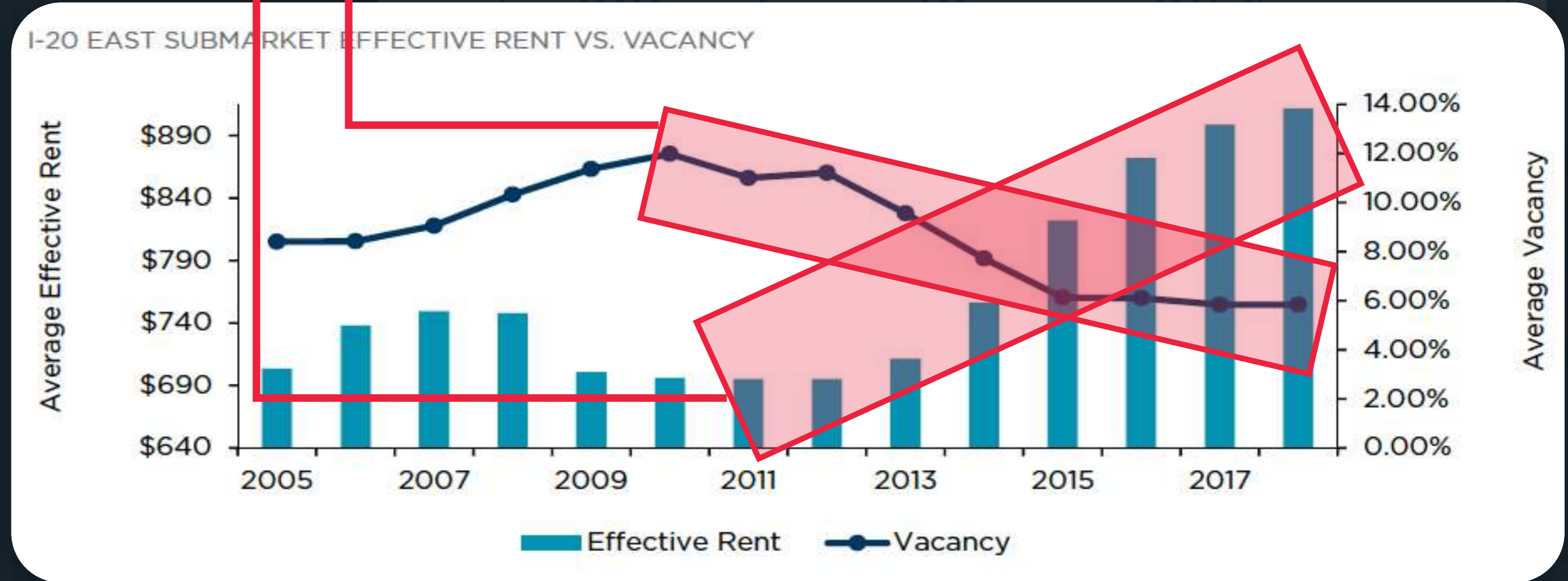
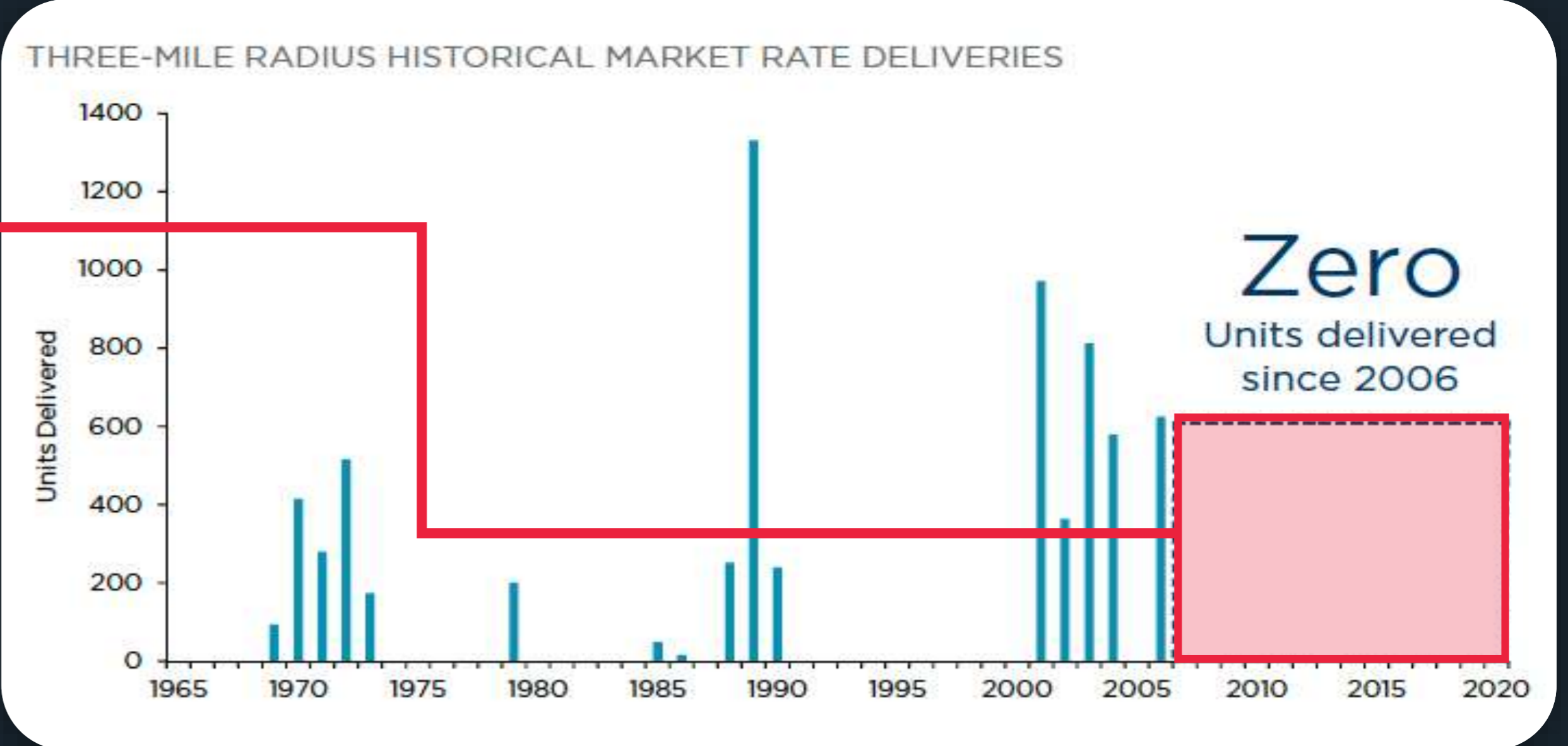
Submarket vacancy trending down

Before the great depression, vacancy was 8%, but it's now around 6%

31.2%

Stunning rent growth in 6 years

As vacancy declined, rent growth has been spectacular at 5% average over 5 years, and 6% last year



**\$300
MM**

\$300 Million sports facility

22 soccer fields, 7 sports diamonds, five indoor Basketball courts, 22 sports

**15,000
seats**

Massive soccer stadium

15,000 seat capacity

**3
million**

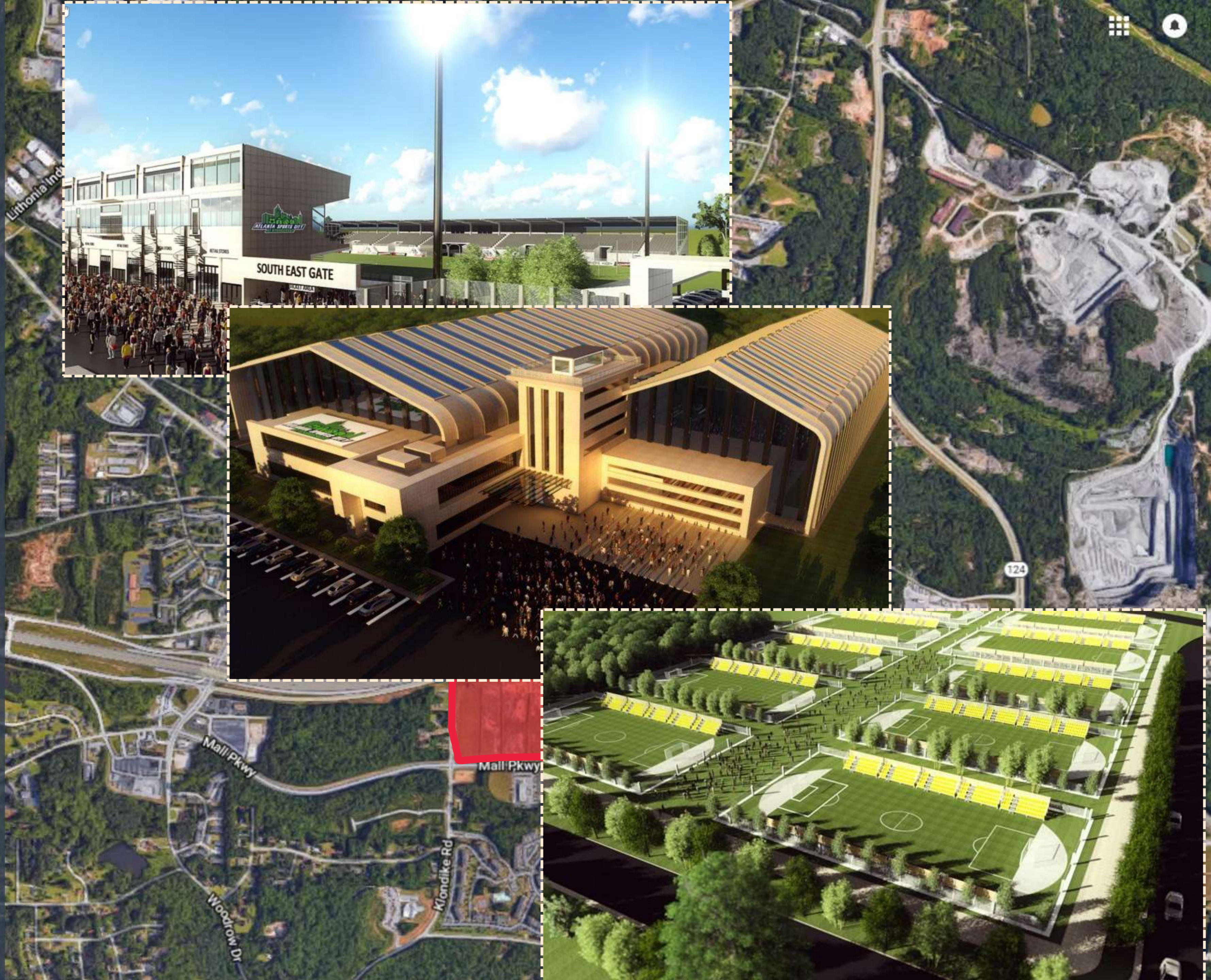
3 million visitors

\$105 Million pumped into local economy, plus \$80 Million for lodging, food, entertainment

**1,937
jobs**

1,937 new jobs

One of the largest sports facilities in the entire country. 300,000 SF of new hotels, retail and event space.



PROPERTY DETAILS



Let's take a closer look at the Property

Why we think Chelsea Place is a winner



The Property's Vital Stats

Price, Occupancy, Unit Count, Age

HOUSEHOLD
INCOME
\$40K

OCCUPANCY
96%

UNIT COUNT
174 Units

RENTS
Below Market

Low income housing
restrictions gone

PRICE
\$10.6MM + \$1M
Improvements
\$71.5K per door

Off Market Deal

AGE
Built 1973

Zero Units are
recently renovated
A True Value Add
Opportunity



COMMUNITY AMENITIES

- Fitness Center
- Private Courtyard
- All units have W/D connections
- 24 Hr. Emergency Maintenance
- Children's Playground
- Convenient Access to Retail and Education
- Plenty of Parking for tenants and guests







Excellent Unit mix makes leasing easier

A preferred mix of 1-Bed, 2-Bed & 3-bed



1 Bed 1 Bath



2 Bed 1.5 Bath



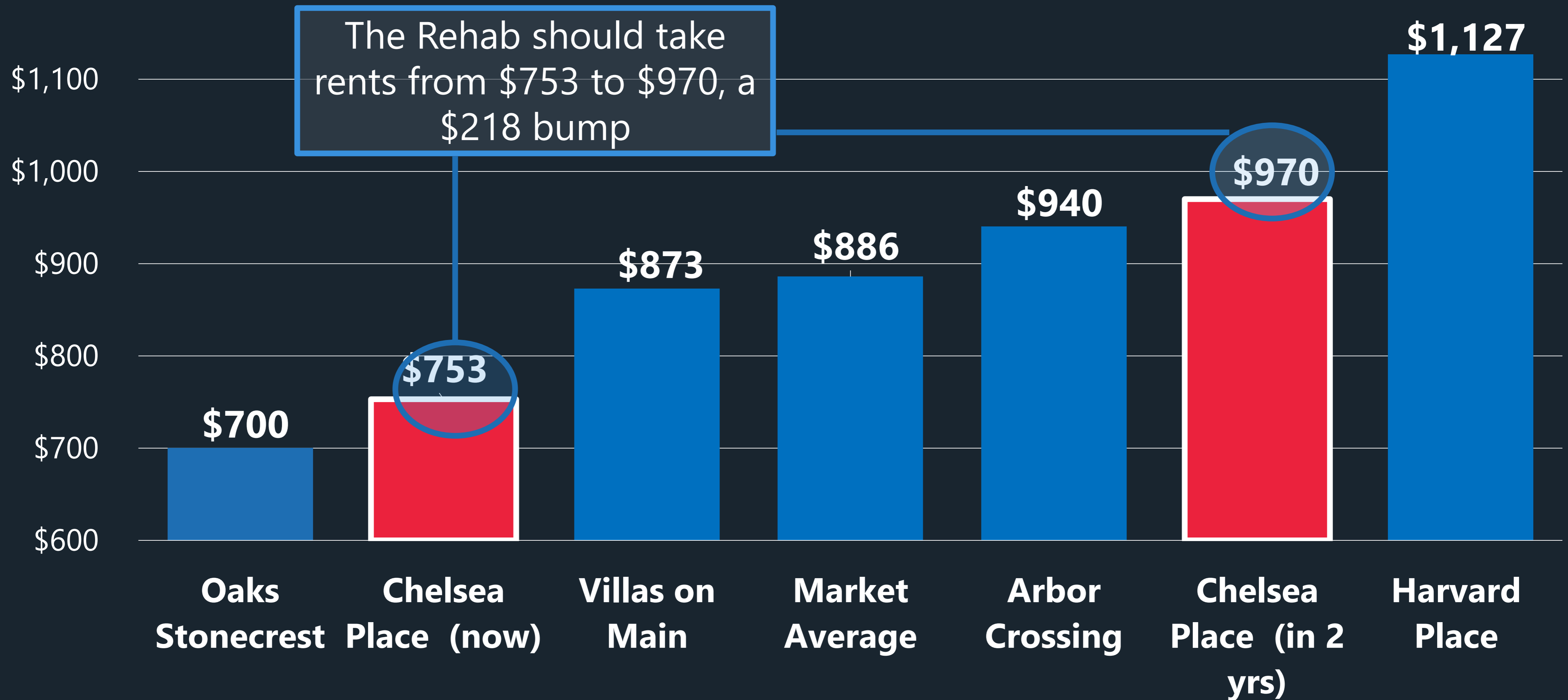
3 Bed 1.5 Bath





Our Plan to increase rents

Rehab to increase rents \$218 per unit



Our Property Manager

Our third party property management company in Atlanta



Kelly James

President, R. James Properties



Property management expertise

Pocus on Class B and Class C properties in the Atlanta Metro - manages thirty properties, over 4,171 units. Approximately 1,200 of the units are located in Dekalb County



Strong expertise in due diligence & budgeting

Partners closely with us in due diligence, proforma and budgeting process. They regularly shop the competition, and their rent comps are very reliable. They will also walk every unit in the property to determine repair costs.



Renovations

They have in-house expertise to manage the rehab and renovation process. They source manpower and material from local sources at excellent prices.

Bottom line: Why we like this project

What makes the project so compelling



Rents are significantly under market, and no interior renovations have been done

With previous owner focusing on stabilizing the tenant base as the low income housing restrictions expired, the property is ready to have the rents pushed, We will implement a renovation of 65% of the units (113) in the first two years to see significant upside on rents.



The team knows the area really, really well.

The project partners have 2 projects in Atlanta, and this project is less than 2 miles away. This gives us a great deal of confidence in our projections.



Submarket and market / metro has long term growth potential

As you saw before, Atlanta and Georgia are on a long term growth curve that seems almost unstoppable. In the last 12 months, this submarket had 6% rent growth.



Off Market Deal paired with safe, long term loan

Most projects need bridge loans to make the numbers work these days. Because this is a true off market deal, the numbers work with a 10 year fixed agency loan in place which will make this a safe long term investment. Intended hold is 10 years.



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

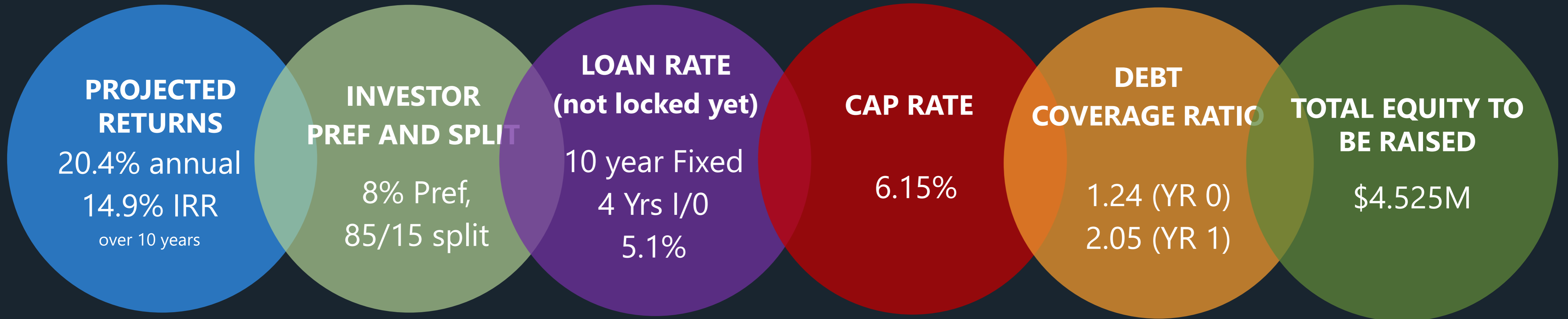
What are the numbers telling us?



14.73%

Financial Highlights

The investment's vital statistics



Projected Returns in percentages

Our cash flow and return projections over 10 years

Year 1 cashflow	Year 2 cashflow	Year 3 cashflow	Year 4 cashflow	Year 5 cashflow
7.6%	8.6%	10.4%	11.2%	9.8%
Year 6 cashflow	Year 7 cashflow	Year 8 cashflow	Year 9 cashflow	Year 10 cashflow
10.6%	11.4%	11.8%	12.3%	12.7%
+	Projected returns on sale	=	Total 10 Yr. Projected returns	
	97.9%		20.43% annualized	

14.9 IRR

Projected Returns on \$100,000 invested

Our cash flow and return projections over 10 years

	Year 1 cashflow	Year 2 cashflow	Year 3 cashflow	Year 4 cashflow	Year 5 cashflow	
	\$7597	\$8650	\$10,434	\$11,188	\$9802	
	Year 6 cashflow	Year 7 cashflow	Year 8 cashflow	Year 9 cashflow	Year 10 cashflow	
	\$10,555	\$11,373	\$11,815	\$12,266	\$12,725	
+	Projected returns on sale		=	Total 10 Yr. Projected returns		
	\$97,895			\$204,300		
				14.9 IRR		

Our Fees

The components of our fees structure



Acquisition and loan fees

Promoters are charging a 2.5% (of purchase price) acquisition fee for this property. This a common acquisition fee number in projects of this size.



Share of rent profits

Promoters receive 15% of the rent profits. Investors have an 8% Pref. (preferential return).



Asset management fee

A minimal fee of 2% of gross rents is charged annually to manage the asset on an ongoing basis. We estimate this fee will start at \$34K per year and grow to \$47K per year by year 10.



Upside on sale

15% of net profits go to promoters, 85% 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.

Minimums, Qualifications and Timelines

How much and when, and who qualifies



Minimum Investment

Our minimum investment is \$75K, with first priority given to \$100K or greater investments



Who can invest?

Both non-accredited and accredited investors can invest in this project. Investors will self verify their accredited status. Third party verification is not required. Non-accredited is limited to 35 total investors.



Investment timeline

Verbal indication of interest by Thursday, the 1st of November, docs go out Monday, the 5th, money needs to be in by November 20th. Our closing date is early December, and it cannot be pushed back.



Next steps

Email us your questions at info@grocapitus.com or ask for the subscription documents and PPM. If you want to talk further, call us at 415-634-7155

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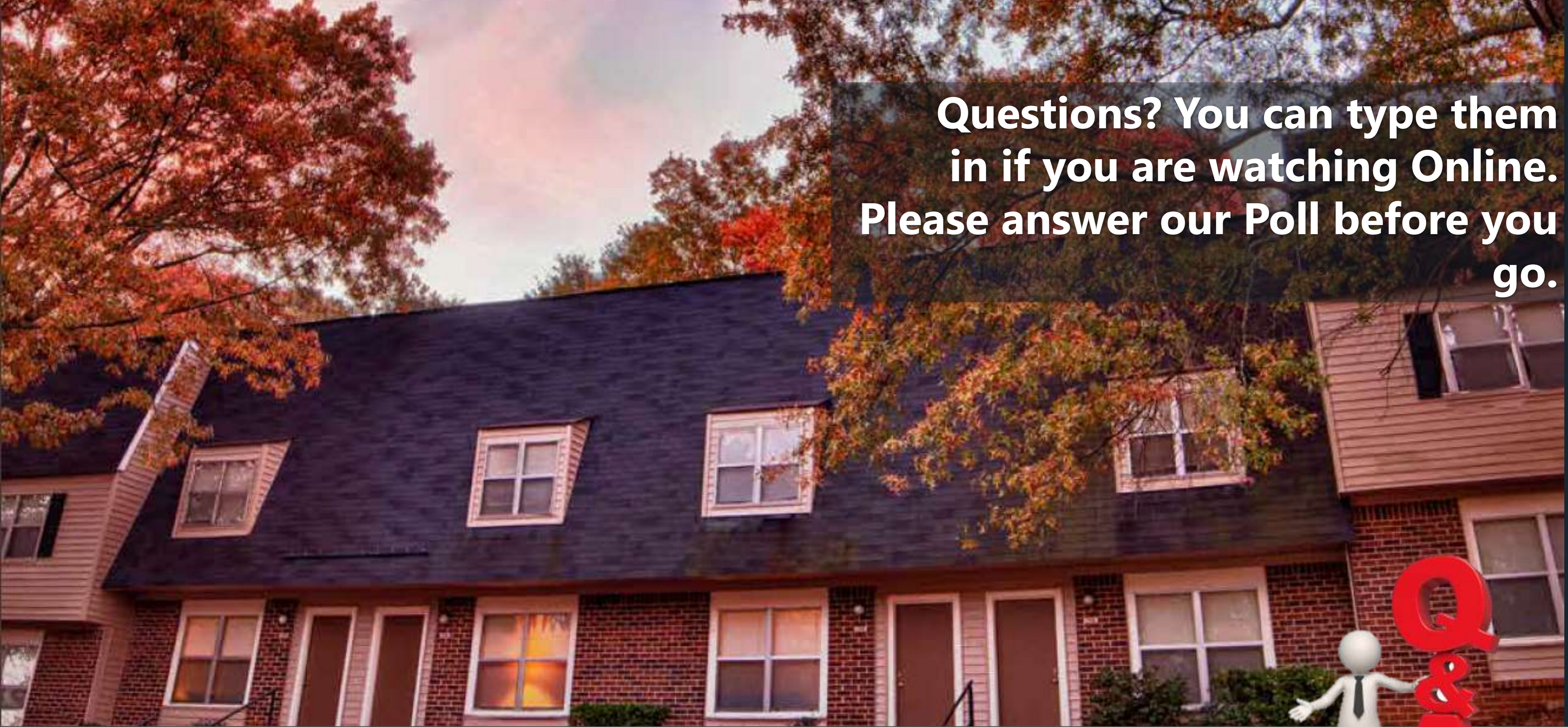
Chelsea Place

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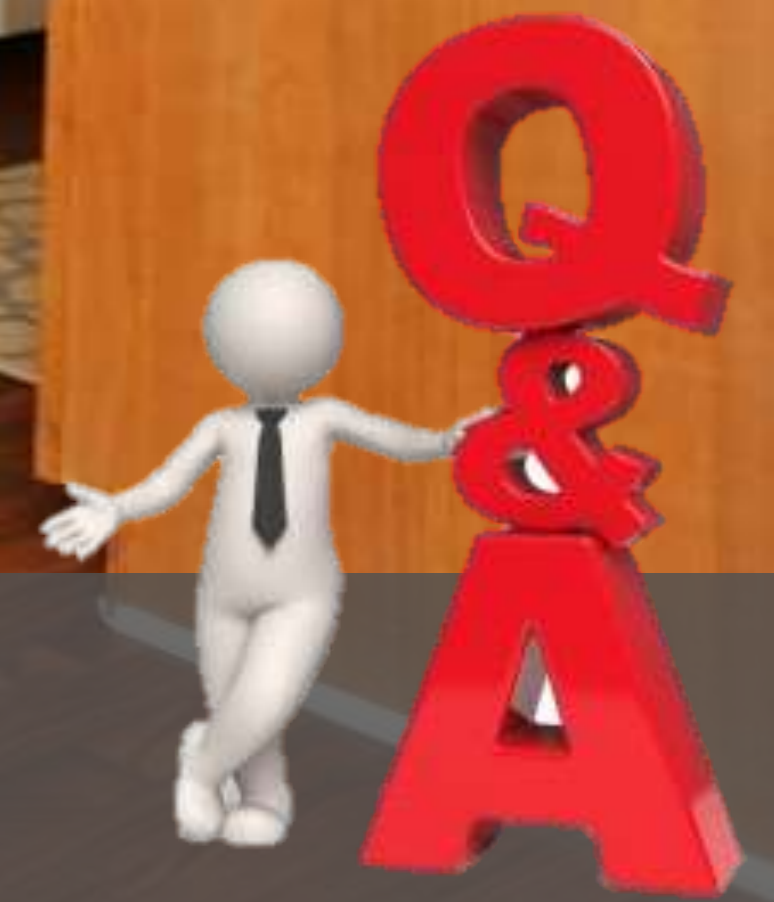
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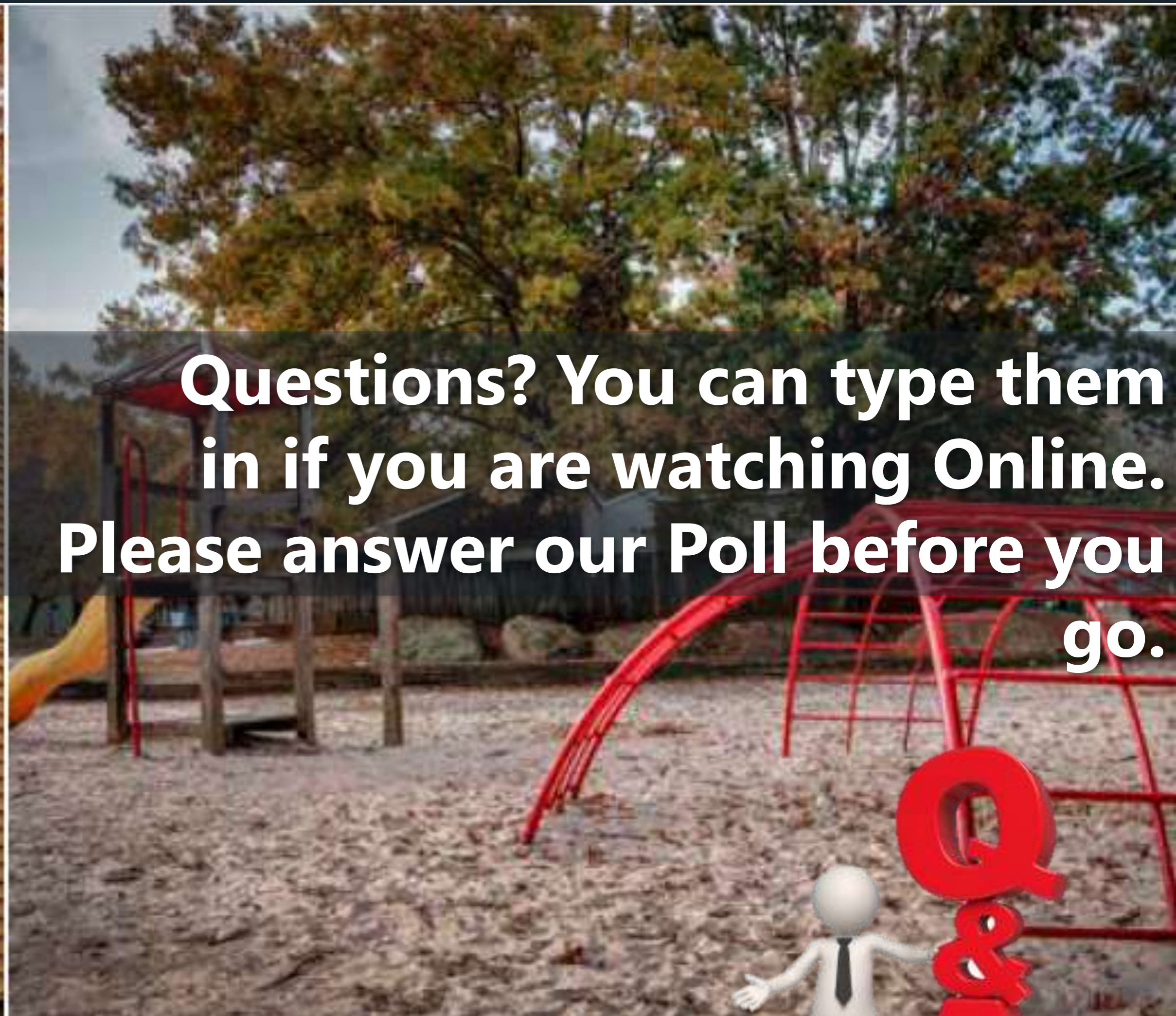
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Leasing
Center

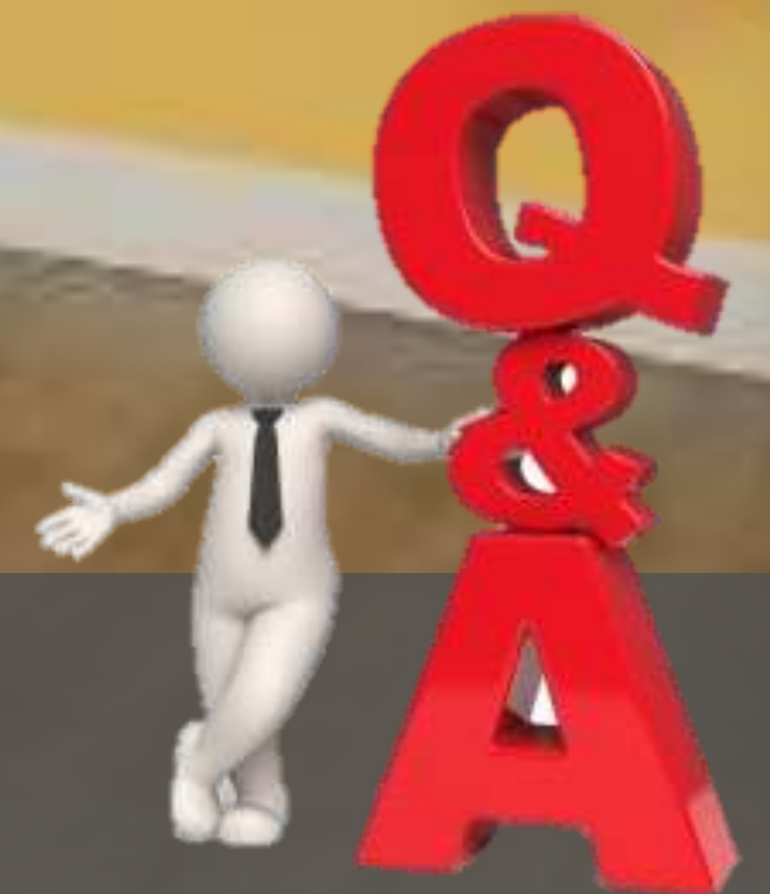
RESERVED
PARKING



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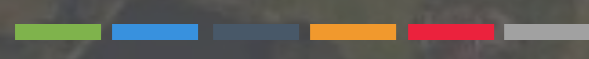
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2361 Parc Chateau Drive

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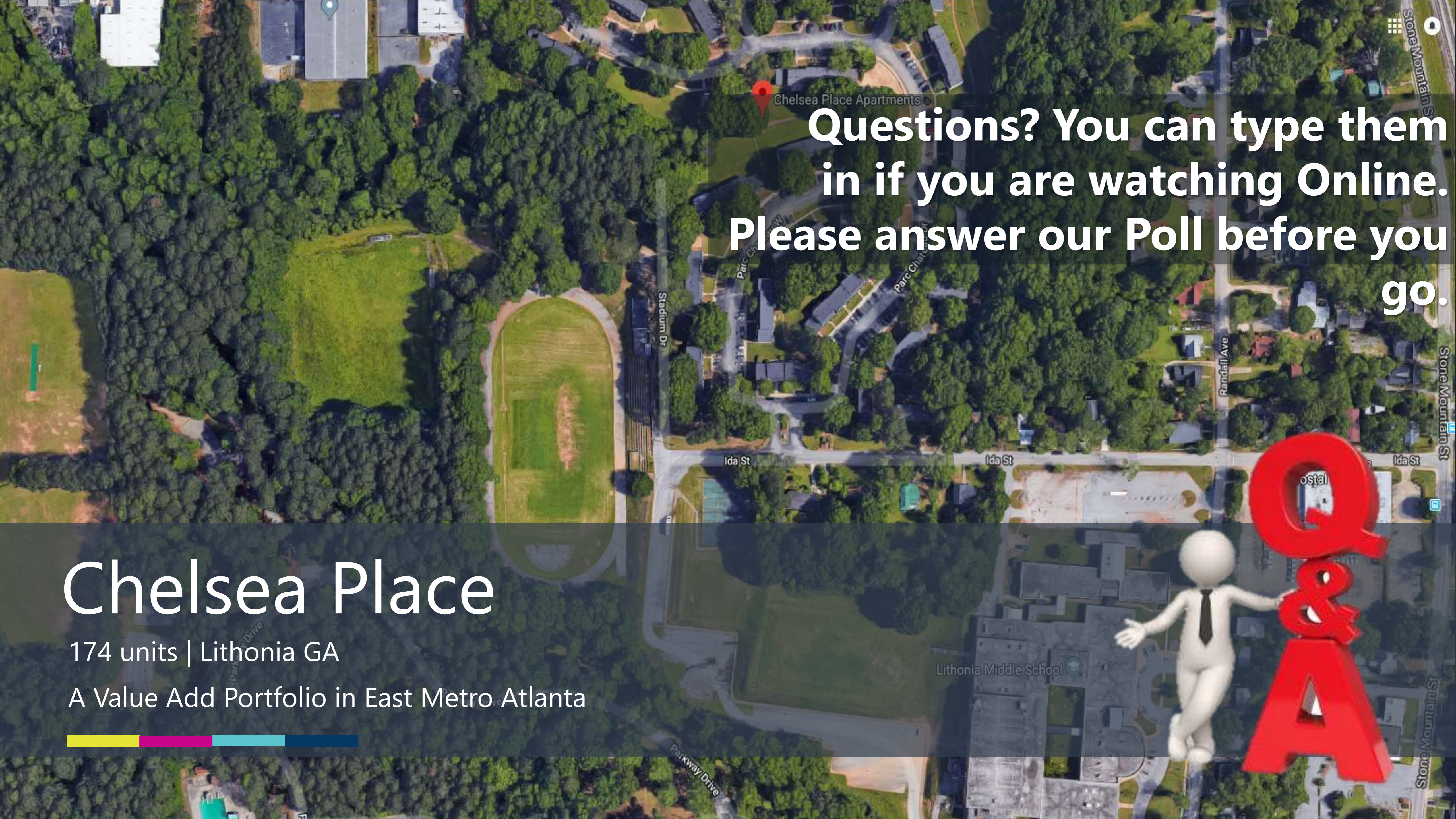
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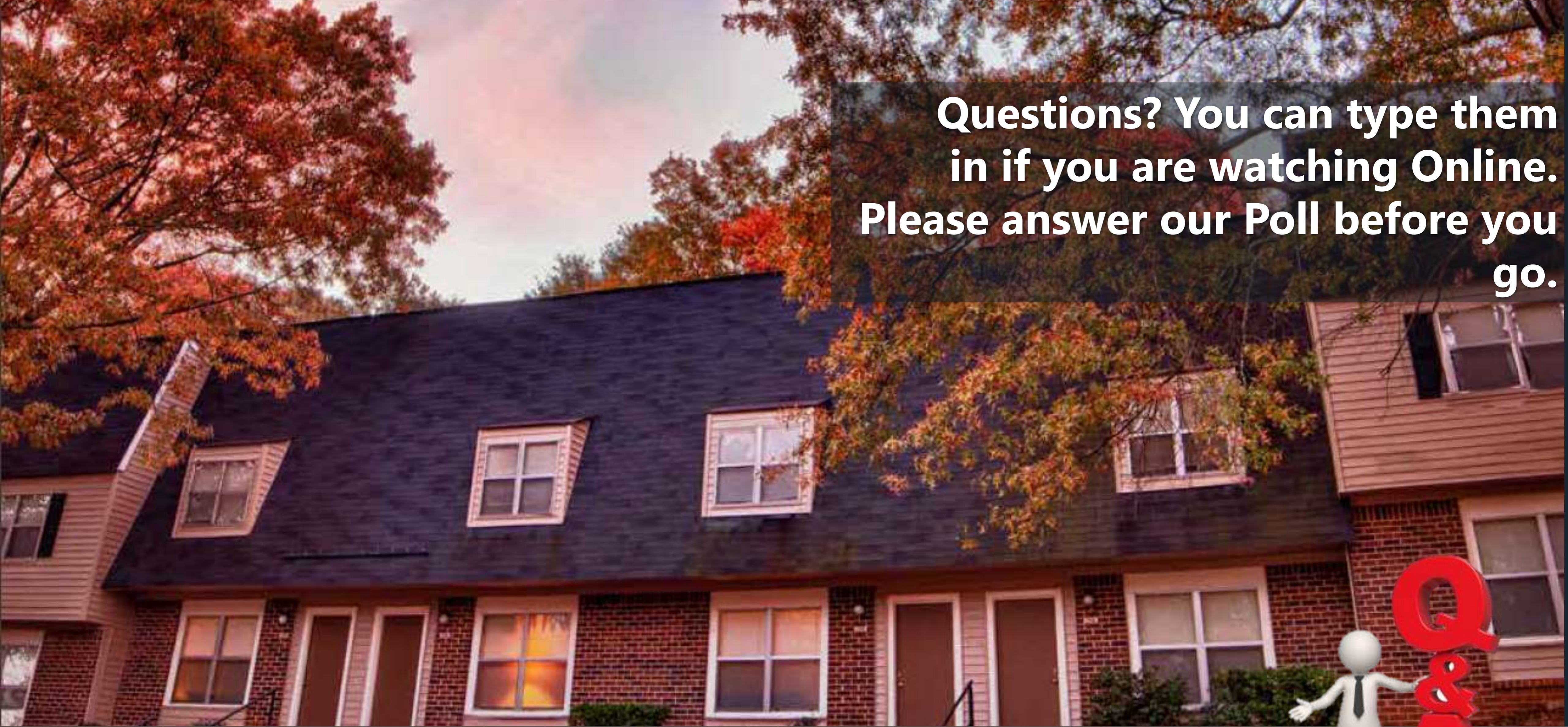
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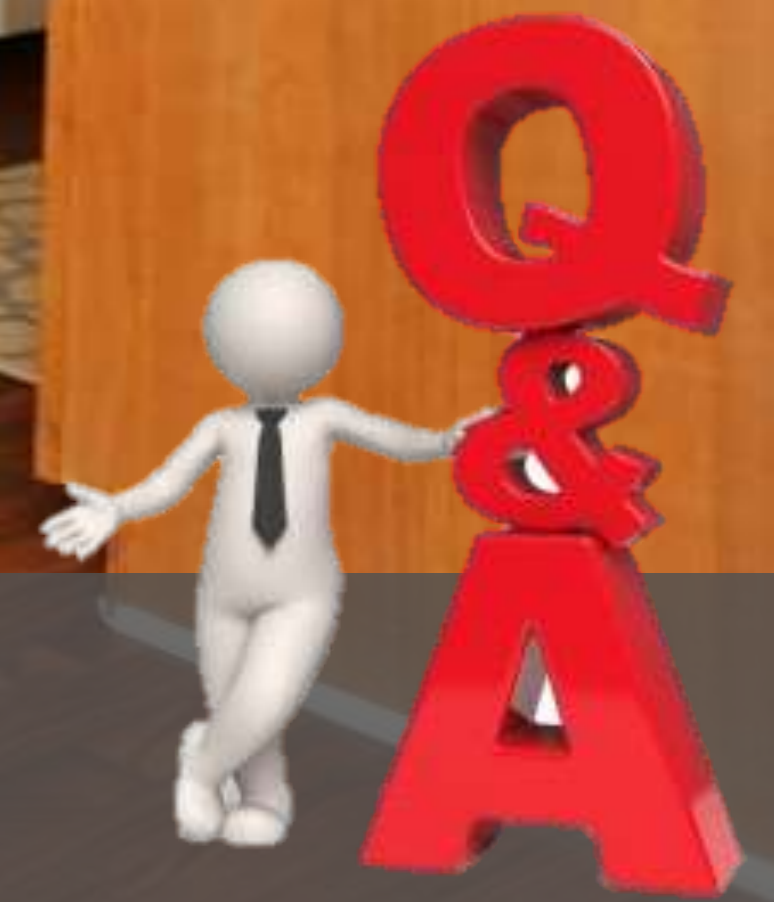
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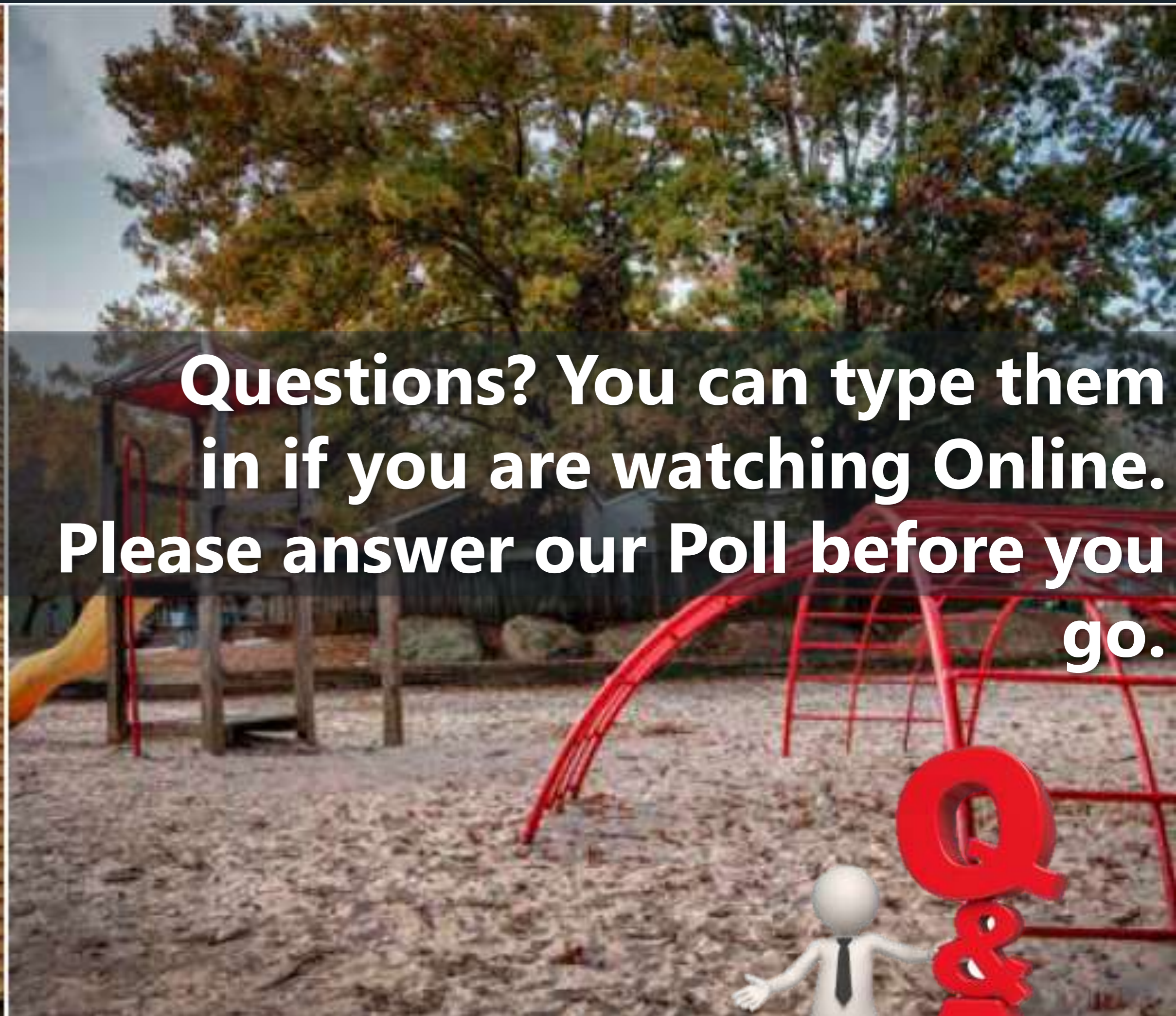
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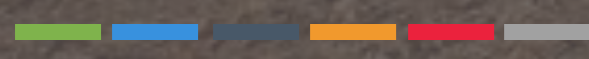
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Center

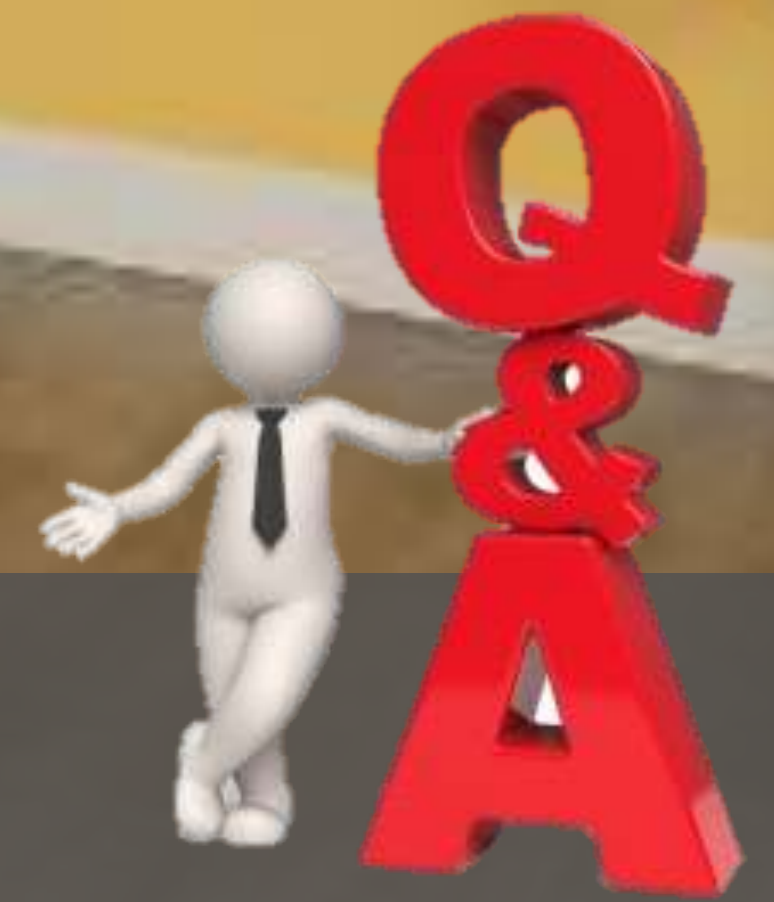
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PARKING



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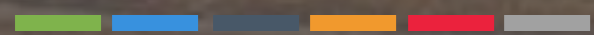


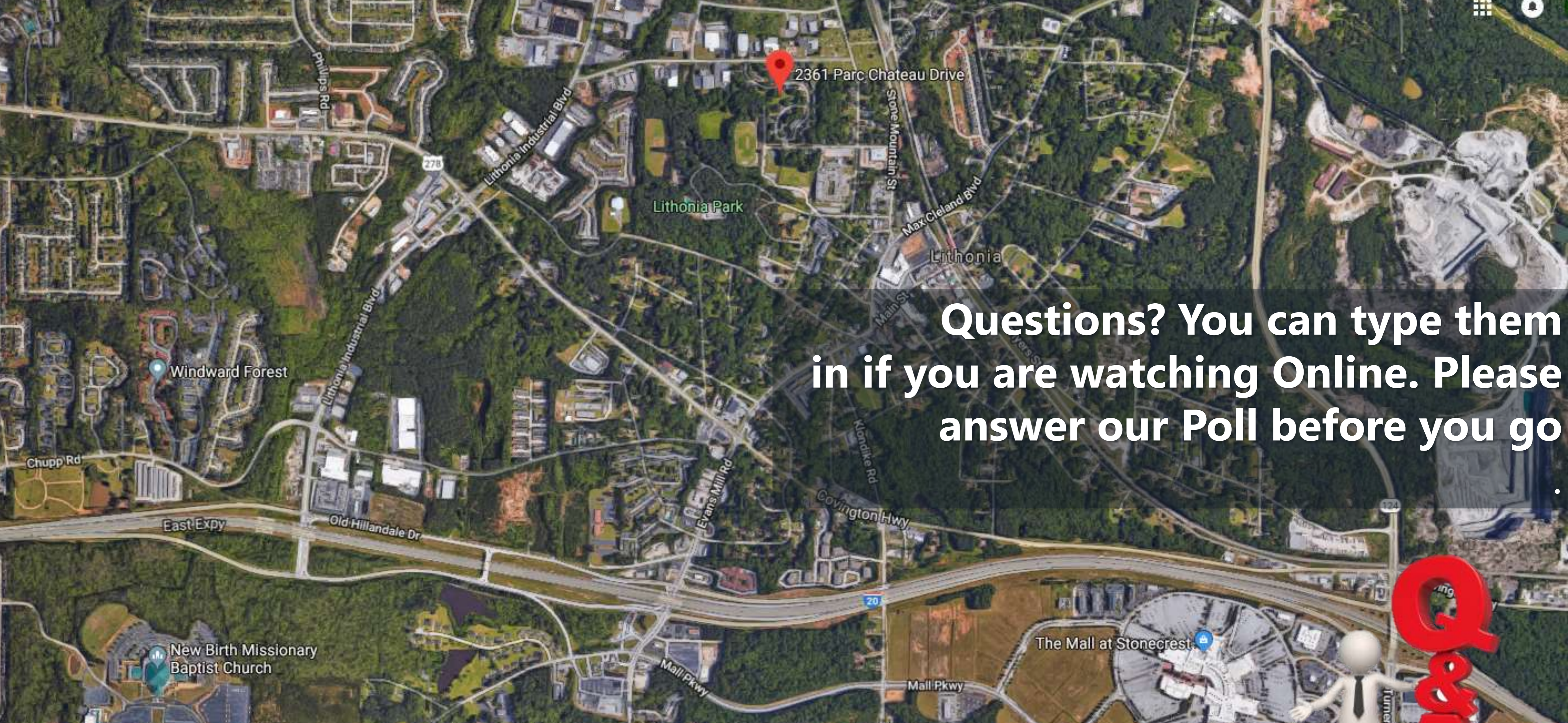
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