



**Innovative
Upsides,
Reliable
Cash Flow**

**Recession
Resistant**

**Tax-
Advantaged
Solar
Value-Add**

718 Unit ~ Value-Add Self-Storage Opportunity with Solar Upside
The STORAGE DEPOT ~ West Memphis AR

 **QRP, Solo 401k, SD-IRA**

Today's Agenda



1

Who are we?

An introduction to the Management Team

2

Why Self-Storage?

What's different and special about this market ?

3

Why this Project?

Let's understand the opportunity

4

What are the numbers?

Assumptions, loans, splits, returns and more

5

How long and how much?

Minimum investment amount and timeframe

6

What did we forget?

Q&A session

Housekeeping & Legal



- ▶ Feel free to type your questions in the text box. We will answer them at the end.
- ▶ This presentation is being recorded. You will automatically be sent a copy.
- ▶ All numbers shown are estimates and subject to change as we negotiate with contractors to reduce costs, the architect to add units, and make improvements where possible.
- ▶ 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 Neal

President and CEO, Grocapitus



Neal Bawa

CEO & Founder



About Neal

- ✓ Neal's companies have owned / managed a portfolio of over \$200 Million
- ✓ Over 2,500 units of Multifamily and Student housing, in 9 states
- ✓ Nationally known Multifamily mentor and speaker
- ✓ About 5,000 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 3,000+ members.

Key Focus

Investor Management

Leasing and Tenant Marketing

Submarket and Property Selection

Operations and Metrics

Sample of 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 the apartments are at 100% occupancy.



Equinox on Prince

Purchased March 2019, our first property in Tucson, AZ is an older 114 unit property in a growth area with new medical centers and malls nearby. Under market rents and tired units provide true value add opportunity. We've boosted occupancy by 10% in our 1st month of ownership as we re-brand and renovate to create a modern apt community.



The Falls at Crismon Commons

New 240-unit A class property in high-growth metro Mesa, AZ. Development includes allocation of 40 vacation rentals and 200 long-term rentals architected to maximize income and profits.

Ground-up construction commences Q2 2020 with completion expected by Q2 2022



The GRID

217 units ground up construction next to transit and BNMC medical university campus in Buffalo, NY.

Started construction July 2019, for Q1 2021 completion.



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.



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.



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.



Coyote Creek Apartments

116-unit new construction multifamily in St George UT, a city with 2% vacancy rate, and the property is zoned for vacation rentals as well.

Construction starts Sept 2019, for completion Q1 2021.



Lakewood Oaks

Our first project in Jacksonville FL is a 138-unit Class C (vintage 1974) in an emerging Class B area, acquired in Feb 2019. With under market rents, and no renovated units, this is a true value add. We will re-brand it, re-position it, then explore the possibilities to build 32 additional units.



Meet the Management Team

The strength of the project is in the team



Anna Myers

Vice President &
General Partner



Laretta Hayes

Financial Controller



Nadine Fortich

Efficiency Center
Manager

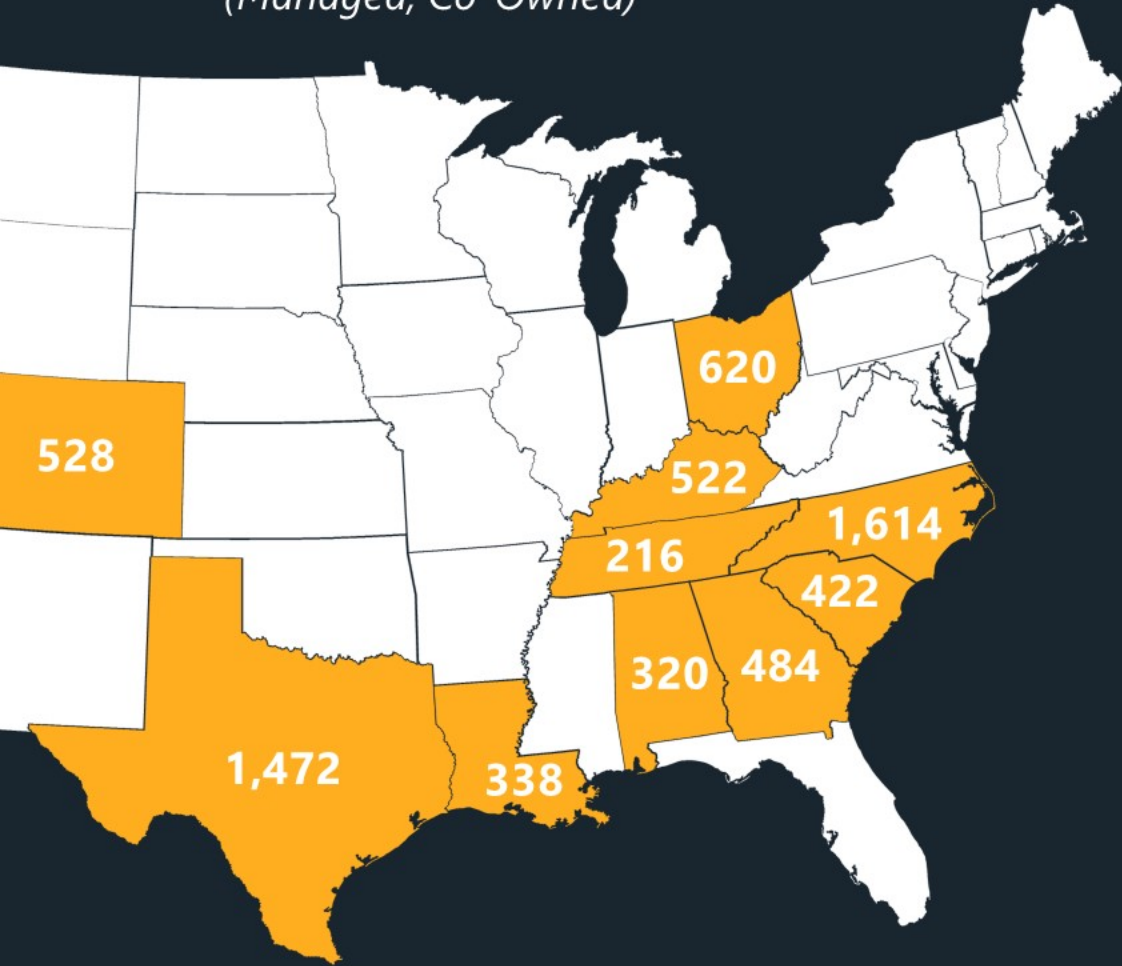


April Cajucom

Transaction
Coordinator &
Investor Relations

Our Partner | Michael Anderson

Multifamily Portfolio
(Managed, Co-Owned)



Michael Anderson
CCIM, CEO & Founder



AKA PARTNERS



6,500+ Units

\$1B+ transactions

47 Years of Experience

- ✓ Built a \$1 billion multi-family portfolio under self-management and private ownership at RealSource
- ✓ 47 years of experience in the real estate business – residential and commercial
- ✓ CCIM designee through National Association of Realtors, highest designation given to commercial real estate practitioners
- ✓ Served on multiple economic development & national real estate advisory boards / panels

Sample of RealSource Portfolio & Track Record



Alkire Glen

Class B 252-unit apartment community completed in 2000 with a value-add strategic opportunity. Conveniently located on the southwest side of Columbus and is close to Rt. 62, I-70, I-270 and downtown offering spacious 1 and 2-bedroom garden-style units and 2-bedroom townhomes.



Antero

The Antero Apartments is a serene 528-unit class B+ apartment community in Eastern Colorado Springs, Colorado. It is perfectly positioned between the two largest north-south thoroughfares, Academy Blvd. and Powers Blvd. providing immediate access to major city attractions.



Autumn Ridge

An attractively landscaped 398-unit class B+ garden style multifamily property built in 1986 in northwest Raleigh, NC. Features a pool, clubhouse, fitness, car care center as well as vaulted ceilings and fireplaces in select units. Proximity to I-70, I-540 and I-40, gives access to major employers, dining and shopping.

Boulder Creek

The property is a 272-unit community built in 1990 in the Dutch Fork submarket of Columbia, South Carolina, a RealSource prime target market. It is ideally located near I-126 with quick access to downtown. RealSource achieved a favorable off-market price of \$52,665/unit.



Creekside on the Green

Class B 296-unit community built in 1983 in the Garland submarket of Northeast Dallas, one of the top markets in the nation. 104 units are part of a Land Use Restriction Agreement. 60 Very Low-Income Housing. 44 Low Income Housing. The remaining are leased at market.



Lake St. James

LSJ is located in a prime northern Atlanta submarket with surging organic rent growth. While prior to acquisition rent growth was strong, rents were well below market with 89% of leases averaging 12.8% below market, leaving significant upside on rents.



Oak Ridge

Built in 1986, Oak Ridge offers 216 one and two-bedroom apartments and is located just off major thoroughfares Benjamin Pkwy and Bryan Blvd. Its ideal location leverages all the numerous demand drivers of Greensboro's largest employment node with 5,000 jobs.



Ninety-Six 90

A value-add 506-unit community with significant recent exterior interior improvements in a premier location. Upgrades provide significant value-add income and additional NOI improvement from terminating the Dallas Housing Authority Program (110 units) and renting these at market rates.



Timber Hollow Apartments

Timber Hollow Apts. is a 368-unit garden-style community built in substantially 1986 and is currently receiving many value-add unit interior and community amenity improvements.

Meet AKA Partners

Experienced Partners & Asset Managers



Kent Anderson

Senior Analyst & Client Advisor

Kent is responsible for researching, gathering and assembling materials and investor reporting on ongoing properties. He led the acquisition of \$1 billion in 66 multifamily properties purchased with \$287 million in equity. He has a B.A. in International Economics from University of Utah, and an M.I.B.A. from Monterey Institute of International Studies



Steven Cox

VP, Operations

Steve has 34 years of experience in governmental service in Colorado Springs. He is also a licensed commercial real estate broker. His unique governmental experience gives him insight into and the ability to assess the economic viability of a given region based on housing, employment, local government and impacts on commercial development



Adam Ibarra

CFO

Adam is responsible for identifying new property acquisitions, assessing renewable energy options and finding optimal debt alternatives. He has over 20 years of experience in finance ranging from credit analysis, debt placements, mergers & acquisitions and renewable energy development (30 projects)



Let's take a look at Self-Storage



Why we really love this robust asset class

Best Reasons to love Self-Storage!



Low Overhead Costs

Involves little capital outlay and upkeep. Operating expense ratio is typically lower than alternative commercial real estate, ranging from 30% to 40% of total revenue



Sticky Tenants

Due to lower rents, rent changes are less noticeable to tenants, thus reducing turnover and allows for more frequent rent adjustments



Inexpensive Value-Adds

Unique opportunity to upgrade by climatizing units and adding solar technology which currently enjoys significant tax benefits



Recession Resistant

Relatively resistant to recessions due to lower declines and default ratios versus other asset classes



Stable Cash Flow

Multiple uses: commercial storage clients, household downsizes, renovations, relocations, military posts



Fragmented Market

80% of market undermanaged by "mom and pop" operations presenting opportunity to selectively target assets at attractive cap rates & boosting NOI

Why Self-Storage Investing is Red Hot

High Yields, Reliable Cash Flow and Relative Resistance to Recessions

- Solid recent past performance and upward trending occupancies and rental rates
- Offers Diversification in your Multifamily Portfolio
- Low Capital Expenditure
- Produces excellent returns with appealing downside protection



\$37B

Annual Self-Storage
Revenue in 2017

50K

Number of U.S. Self-
Storage Facilities

5.4SF

Amount of Self-Storage
Space per Capita

9.5%

Percentage of U.S.
Households that Rent
Space (and Rising)

9M

Sq. Ft of Additional
Supply Required to
Maintain Demand

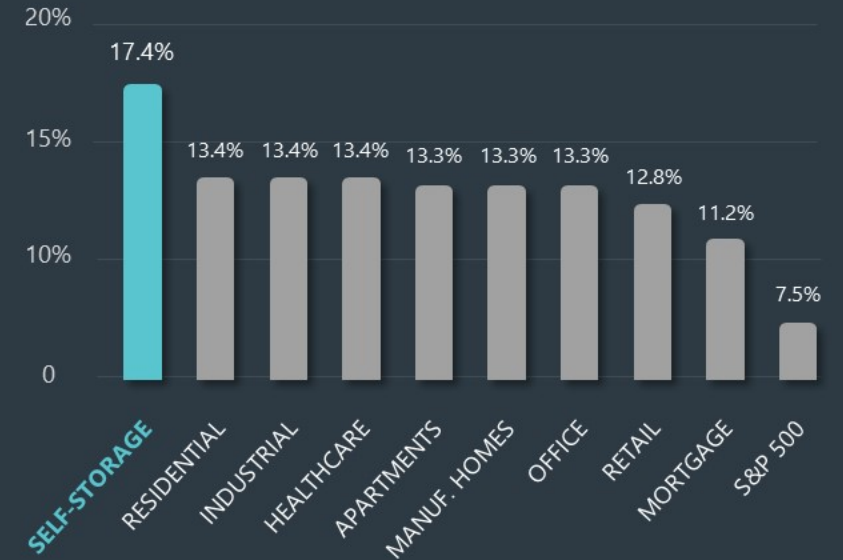
Self-Storage – Superior Returns

Low-Risk Profile and Outperformance in Returns

\$100,000 Invested in 1994 would be Worth How Much in 2017?



Average Annual Return by REIT Sector vs. S&P 500 from 1994-2017



Source: NAREIT, S&P 500 Return Calculator, 2017.

Self-Storage outperformed the next best performing asset class by **\$2.23M** and outperformed the S&P 500 by **\$3.5M!**

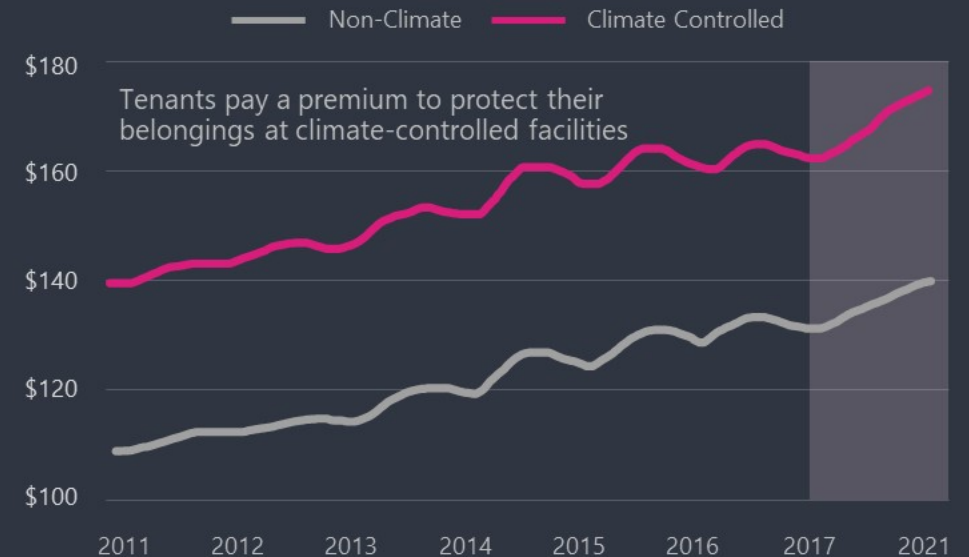
Self-Storage – Rent Growth & Positive NOI

Tenants Not Price-Sensitive Allowing Operators to Raise Rents Without Occupancy Impact

Higher Rate Adjustment Frequency and Growth

- Self-Storage Rental Fees constitute a very small portion of a tenant's monthly disposable income
= not price sensitive!
- For example, most tenants will not rent a moving truck to spend a Saturday moving to another facility for 6% increase in rent **= higher NOI growth!**
- Minimal communication between tenants, allowing operator to selectively adjust rental rates for individual tenants **= operators can increase rates by 5-12% annually!**

Asking Rents – National Yearly Avg. 10x10 Units



Sources: Newark Knight Frank Research, Real Capital Analytics, REIS.

What does this Rent Growth allow for?

Increase in NOI drives increased Property Value, offering Superior Investor Returns

Self-Storage – Inexpensive Value-Adds

Climate-Controlled Facilities, Solar Powered Carports, EV Charging and More

Boost Income via Upgrades and Incorporating Complementary Businesses:

- **Climate Controlled Storage Units** demand a higher premium and are becoming increasingly popular = **Boost NOI Growth!**
- **Solar-Panel System:** Facilities generate additional revenue by selling excess power while benefitting from government incentives and powering entire facility = **Reduce Utility Costs and Increase Public Appeal!**
- **Charging Stations for Electric Vehicles (EV):** Analysts expect electric boom to continue and for the EV market share to increase = **Additional Revenue!**





Let's take a closer look at the Project Location



West Memphis / Marion Arkansas

Location Overview



I-40/55 Interchange

Two of the most heavily travelled Interstate Highways in the US

Mississippi Intersection

Proximity to major cargo waterway and large rail-lines



Distance from Facility – 1/2 Mile

The Interchange is vital for tourists and national freight distribution, with Memphis serving as a major logistical hub in the nation's center

Marion, AR

The Storage Depot



West Memphis, AR

Memphis, TN

57,000 vehicles daily



\$40M
CONSTRUCTION



\$33M
EXPANSION



Prime Location for Major Players

Carvana and Coca Cola

- Carvana announced plans to open their new \$40M car sales facility and vehicle inspection center by Fall 2020 (+400 jobs)
- Revolutionary new way to buy used cars, on-site and online
- Site chosen thanks to busy highway network, easing car distribution across the nation
- Coca Cola will invest \$33M in a 200K foot square expansion in W. Memphis



WEST MEMPHIS I-40 MEGASITE

3.3 MILES TO



West Memphis I-40 Megasite Primed for Large Industrial Projects

- 1,800 acre industrial site fronting I-40 ready for construction
- Development potential attracting new business and encouraging further business expansions resulting in new jobs, investments and economic growth in the area

COMING SOON



School x 2



Library



Fire Station x 2



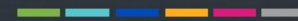
Police Substation



Courthouse



New West Memphis City Developments Spurs Further Growth



- \$22.5M funding approved for two new schools in West Memphis
- New \$4.1M library (14,400 square-foot facility) slated for completion and open in Fall 2020
- Centralized library site on Broadway will further boost development and revitalize business
- Coming Soon: Two new fire stations, Police Substation, Municipal Courthouse

Micro Neighborhood By The Numbers: West Memphis



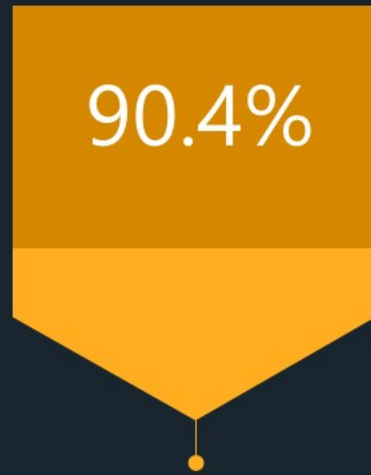
Median Real Estate price is \$163,759 which is more expensive than 76.9% of the neighborhoods in Arkansas



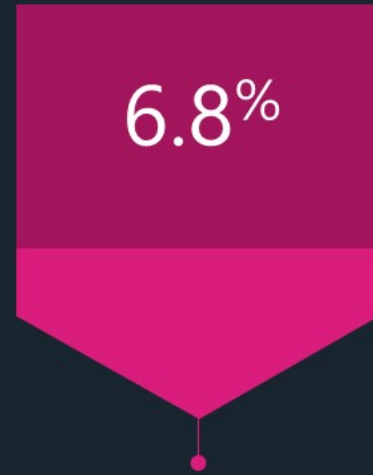
Vacancy is 2.5% which is lower than 89% of all of US. Housing Supply is very tight in this area. Rents are \$1388 which are amongst highest in state of AR



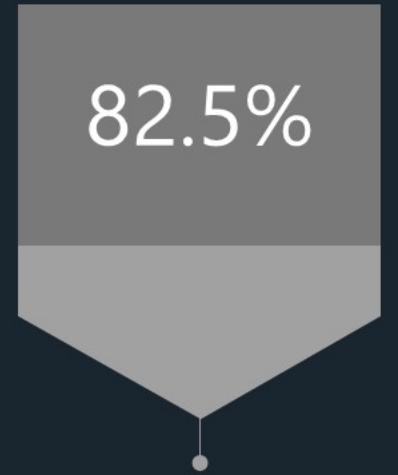
Median Household Income as per neighborhood scout. This is 77.4% higher than the rest of the neighborhoods in the US



Neighborhood Scout Ranks this area better than 90.4% of Arkansas for Executives to live based on the wealthy, educated professionals who live here



Change in per capita income over last 5 years – one of the highest rates in the nation over last 5 years



Home ownership rate vs renters, and the neighborhood has one of the highest percentages of homes built after 2000 in the nation at 26.6%



Let's take a closer look at the Project



Why we think [The Storage Depot](#) is a winner

The Property's Vital Stats

Price, Occupancy, Unit Count, Age

**SELF
MANAGED**

**"Mom & Pop"
Opportunity**

OCCUPANCY

95.5%

SF Per Capita

4 SF

**In West Memphis
(8 Sf per capita is avg)**

RENTS

**~18%
Below Market**

AGE

**Built 2004
Units added
2016**





Facility video tour

220 CLIMATIZED STORAGE UITS

THE STORAGE DEPOT
WEST MEMPHIS AR

Google Earth

EXISTING

+ NEW ADDITIONS

23



Open RV Parking

475



Drive-Up Storage

220



Climatized Self-Storage Units

+52



Solar Powered Covered RV Parking

-5



Open RV Parking

+108



Climatized Self-Storage Units



Truck Rental



Ancillary Sales



1,456 SF Office Space



EV Charging Station

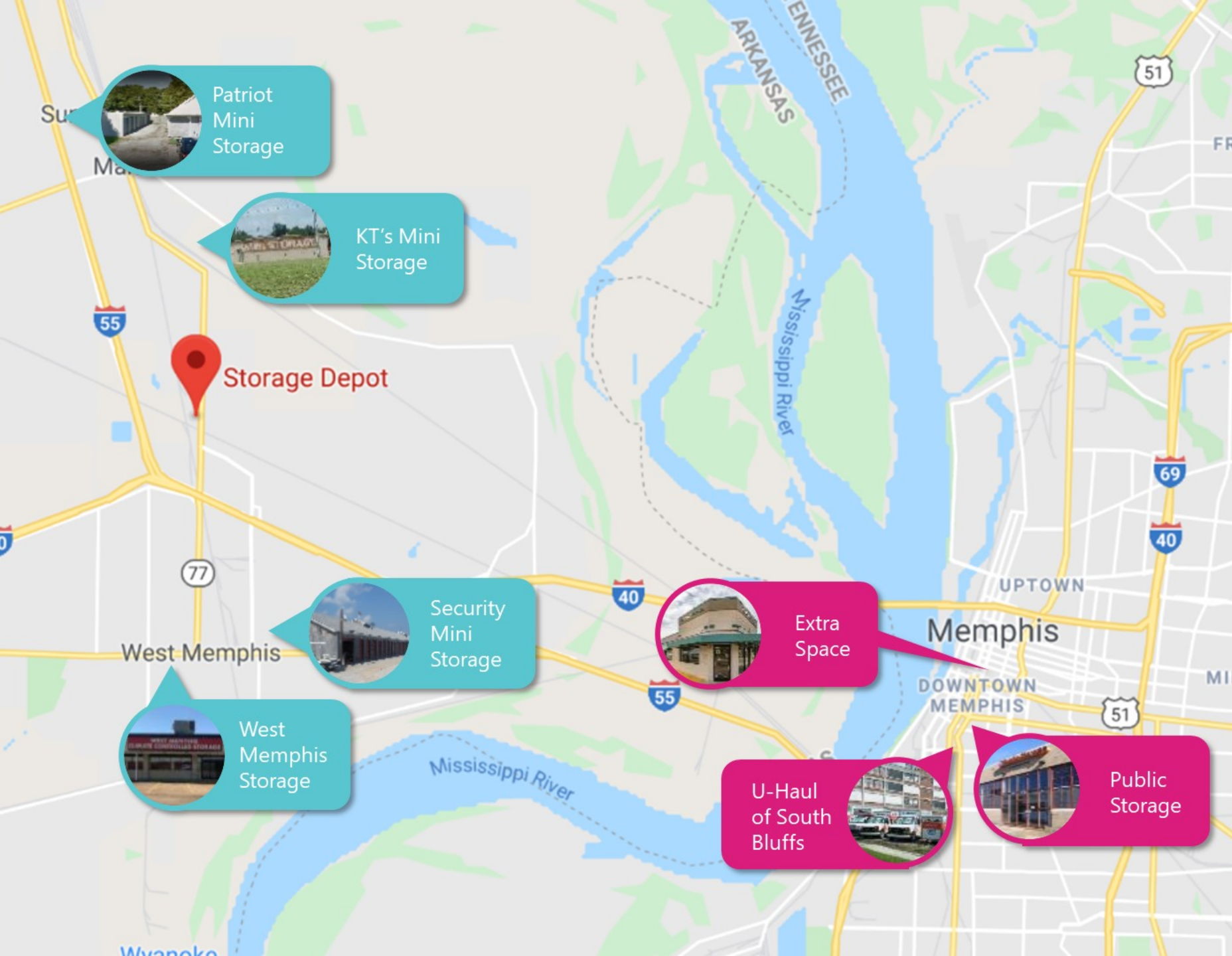


130kW Solar Power System

718 Units

= 873 Units

Value-Add Opportunity



7 Storage Facilities within 10 Miles



W. MEMPHIS, AR

- KT's Mini Storage
- W. Memphis Storage
- Security Mini Storage
- Patriot Mini Storage

MEMPHIS, TN

- U-Haul of South Bluffs
- Public Storage
- Extra Space

THE STORAGE DEPOT

701 Highway 77,
W. Memphis

718 Units (Existing)

KT's Mini Storage



750 Mendel Marconi Road, Marion AR

Proximity to Subject: 2.2 miles northwest



500 W. Broad Way, West Memphis AR

Proximity to Subject: 3.7 miles southwest

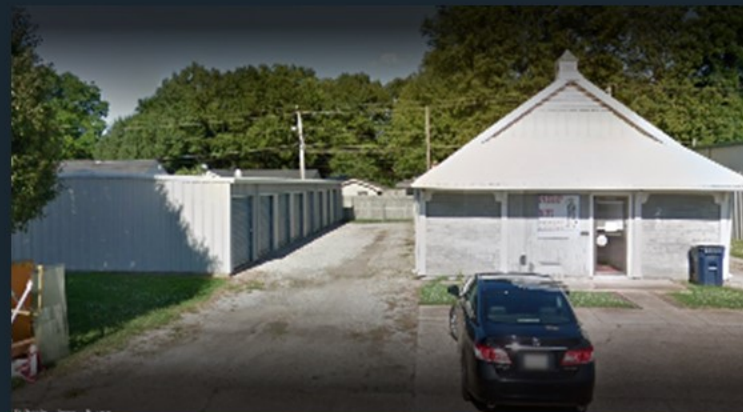
West Memphis Storage

Security Mini Storage



110 Polk Avenue, West Memphis AR

Proximity to Subject: 2.5 miles south



240 Manor Street, Marion AR

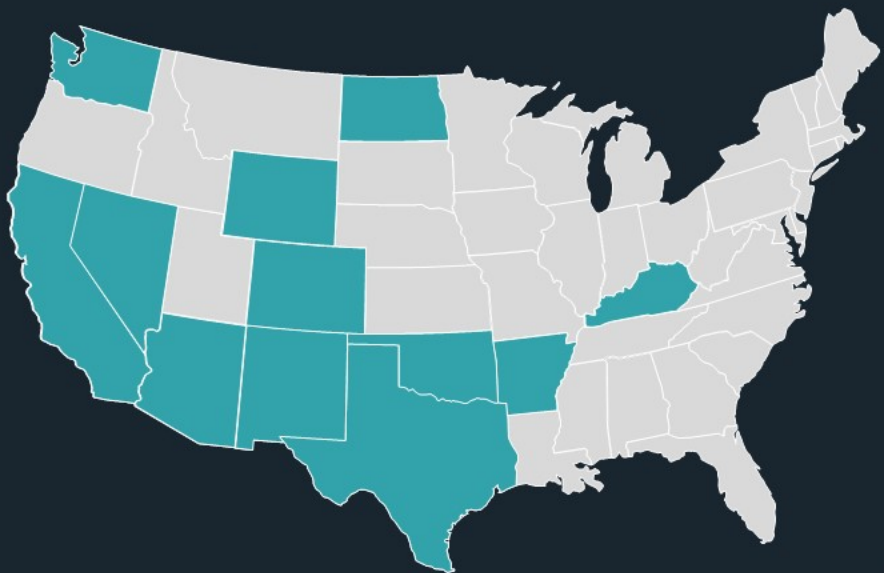
Proximity to Subject: 3.2 miles northwest

Patriot Mini Storage

Property Management



ARGUS PROFESSIONAL STORAGE MANAGEMENT (APSM)



- Currently manages 100+ self-storage properties in 11 states
- **Best in-class** property management and marketing services to the self-storage industry



PROFESSIONAL STORAGE MANAGEMENT



Years of Self-Storage Experience



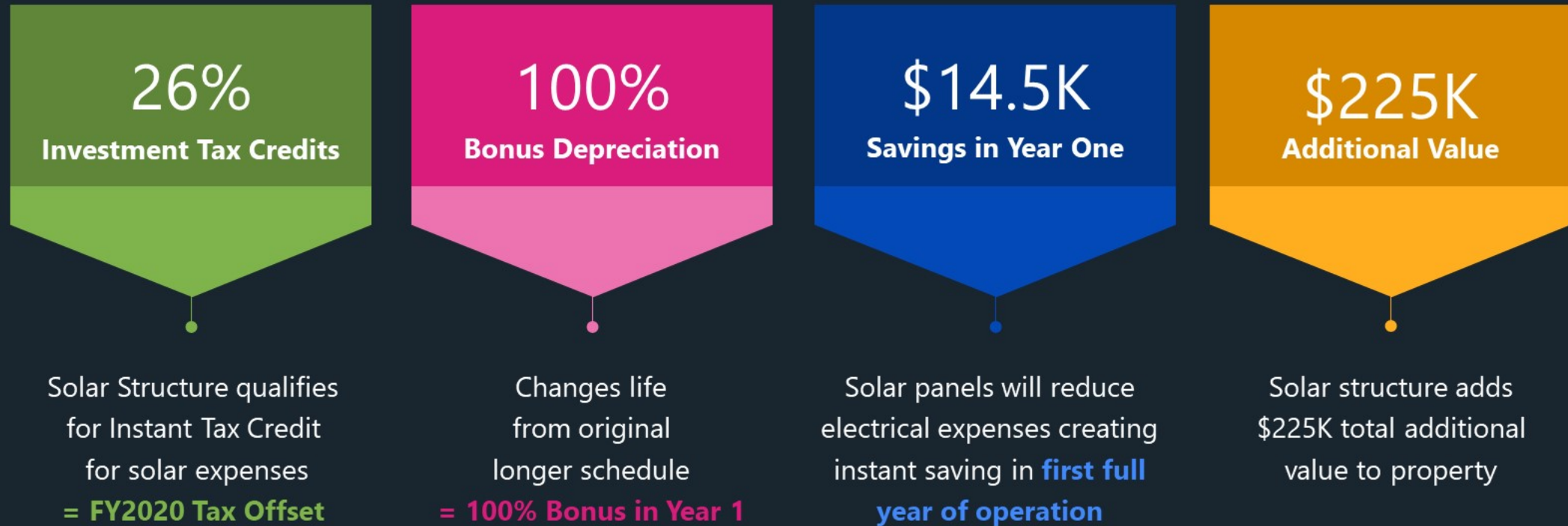
Independent Management Companies in U.S.



Locations managed across 11 states

Self-Storage – Solar Power System

Commercial 130kW System Offers 26% Federal Tax Credit and 100% Bonus Depreciation



Pure Dollar for Dollar Offset Against Any Taxable Liability

Reduced Electrical Expenses increase NOI, ultimately increasing Property Value

Self-Storage – EV Charging

High-Speed Commercial Solution Maximizes Net Rentable Space on Project

Explosive EV Demand Driven by Consumer Interest, Expanding Charging Infrastructure and Cities Enacting Regulations that Favor Electrification

\$35K

Average cost of EV models (after tax credits) will be made publicly available 2020 onwards

30%

Share of EVs sold in the U.S. will grow from 2% to 30% of sales by 2025
– JP Morgan, 2018

36%

of prospective car buyers would consider getting a plug-in electric vehicle for their next new car –
Consumer Reports 2019

Shade Tenant RVs providing additional source of value-add revenue to increase NOI

Tenants and Non-Tenants can fill their batteries with “green” sourced power near high traffic locations

Business Plan: Timeline

STRATEGIC ACQUISITION

\$650K

Solar Power System

\$1.4M

Capex on units

12 Months

Value-add development time frame (solar, EV, climatized units)

\$30

Projected average rent premium

RECAPITALIZATION TO INVESTOR

❖ Refinance : 25%+ of equity returned to investors



BUILD, LEASE UP & REBRAND

EXIT STRATEGIES

❖ Disposition **5 – 7** years



+108 Climatized Units



+52 Solar Covered RV Space



EV Charging Station ... and more

Bottom line: Why we like this project

What makes the project so compelling



100% Bonus Depreciation and
26% Tax Credits with Solar Install



Value-Adding Strategic Opportunity with
Minimal Capital Outlay and Upkeep
+36% Value Add Rent (post development)



Strong Occupancy and
Potential Annual Rent Growth : 5%+



Undermanaged and undercapitalized "Mom
& Pop" facility with rent and value add upside





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



What are the numbers telling us?

Financial Highlights



Project Returns

2X Equity Multiple | 20.6% IRR
8% CoC Yr 1 | 17.8% CoC Avgl

Loans

Acquisition: 75% LTV = ~6.7M
2 yr I/O, 4.65%, 10 year loan

Construction : 60% LTC = ~1.635M
1 yr I/O, 5.25%, 2 year note

Refi & Rebates

Refinance Yr 2

Rebates of 26% for Solar in 2020



SKIN in the GAME

\$250k from the sponsors
Equals 6.6% of raise

Project Size & Timing

873 units : ~10.8 M + 2M capex
Projected 5-year Hold

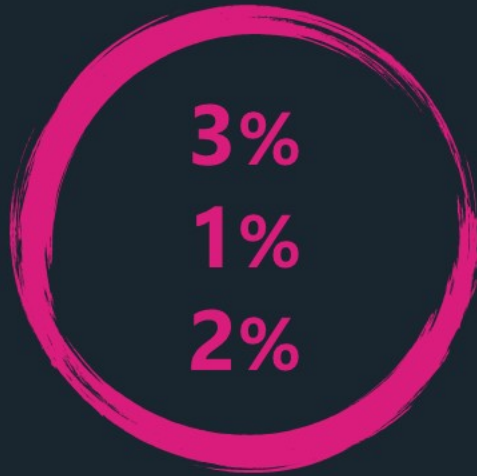
Total Equity to be Raised

~\$3,805,344

Investment Offering



Minimum investment



Acquisition Fee,
Developer Fee,
ongoing
Asset Mgmt Fee



Offering Type
Accredited Investors Only



Eight Percent
Preferred Return



70/30 Split between
LP/GP, goes to 50/50 if
project returns over 2x
Equity Multiple *

* If the overall project returns are above 2x Equity Multiple (Double Your Money), only the amount over the 2x EM would be split 50/50 between LP/GP. This would be determined on exit.

Projected Returns in %

Our **cash flow** and return projections over **5 years**

Year 1	Year 2	Year 3	Year 4	Year 5
8%	*49.86%	10.4%	9.83%	10.78%

* Refinance 25% of equity back to investor

+

Projected Returns on Sale
52.71%

=

Total 5 Yr Projected Returns
* 28.3% annualized

* 21.4% annualized based on \$100k

17.8%

Average
Cash on
Cash

2x

Equity
Multiple

20.6%

Internal Rate
of Return

Projected Returns on \$100,000 invested

Our **cash flow** and return projections over 5 years

Year 1	Year 2	Year 3	Year 4	Year 5
\$8,000	* \$37,059	\$7,735	\$7,308	\$8,012

* Refinance 25% of equity back to investor

+

\$35,682

Projected returns on sale

=

\$103,796

Total 5-year
Projected returns

(projected return DOES NOT INCLUDE the \$100,000 invested that is returned to you)

ANSWER *the* POLL

To reserve your spot



neal@grocapitus.com



510-367-1510

What is the General Partner Skin in the Game? How much money will the sponsors put into the deal?

The management team will be putting in \$250k of their own money into the deal.

The Storage Depot

70 Units
701 Highway 77

Questions?

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



How do taxes work with this investment? Will you be doing a cost segregation study for 2020?

Yes, Cost segregation will be implemented. We will conduct it in 2020 and it will count towards your 2020 taxes.


The Storage Depot

Units
701 Highway 77

Questions?

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





How frequently do I get paid, and when will it start?

Investors will be paid quarterly with the first payment coming in the 6th month.

For the first six months of a project it is our standard procedure to not pay out any monies, and focus our resources on getting the business plan going and stabilizing the property.

**The
Storage
Depot** Units
701 Highway 77

Questions?

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



Why is the owner selling?

Long-term owner is selling as they wish to invest in other development projects.

The Storage Depot

701 Units
701 Highway 77

Questions?

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



The Storage Depot

Units
701 Highway 77

What is the general breakdown of the capital expenditures budget?

There is no capital expenditures budget for this project. Instead, the construction budget goes purely towards property expansion and strategic upgrades such as solar and rapid EV chargers.

Questions?

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



Who is the older brother
– Kent or Mike?

Mike is the oldest, and thought
his parents should have been
done after that...

He still feels that way. Btw Kent is
a twin (Kevin is the other twin)
which may have been why Mike
was so unamused.

The Storage Depot

Units
701 Highway 77
West Memphis AR

Questions?

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



What's the status of the major systems, like the plumbing, roofs, siding, windows and HVAC?

The current owners spent \$72K over the last three years for repairs and maintenance. The existing property is clean and in very good condition with the latest renovation completed in 2016.

The Storage Depot

7 Units
701 Highway 77

Questions?

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



The Storage Depot

16 Units
701 Highway 77

Questions?

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



What is the debt structure?

Debt will be split into two loans:

- 1) Acquisition: CMBS fixed rate 5 year loan at 75% LTV and 4.65% rates, 2 year IO and 30 year amortizing on the existing property.
- 2) Construction loan is a floating 2 year note at 60% LTC and 5.25%, 1st year IO. The plan is to refinance to a fixed loan post stabilization.

The Storage Depot

70 Units
701 Highway 77

Questions?

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



The Storage Depot

701 Highway 77
701 Highway 77



Questions?

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

What is the going-in cap rate?

The purchase cap rate is 6.49% excluding additional 3.06 acres of land (appraisal not yet completed on this excess land).

The Storage Depot

70 Units
701 Highway 77



Questions?

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



The Storage Depot

700 Units
701 Highway 77



Questions?

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

What are the sales assumptions?

We are targeting to sell in 5 years, or when our projected business plan has been achieved of producing a 2x equity multiple for investors.

The Storage Depot

7,100 Units
701 Highway 77



Questions?

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

The Storage Depot

701 Units
701 Highway 77



Questions?

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

What is the total cost of strategic additions? Can you provide a breakdown for each upgrade?

The total construction budget is ~\$2 million:

- Solar carports & EV chargers: \$653,600
- New climatized units: \$1.394 million

The Storage Depot

Units
701 Highway 77

Questions?

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

