

Arbor Villas

114 Unit Value Add Multifamily Asset in TUCSON AZ



Presented by

NEAL BAWA
Grocapitus

ANNA MYERS
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VIKRAM BRAR
Waahe Capital

PRINCI GILL
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We will start in...

5:00

Our Goal for Today

The Agenda



- ✓ Who are we? – An introduction to the Management team
- ✓ Our Investing process
- ✓ Why Tucson? – Let's explore this exciting Metro (and btw is that how you spell Tucson?)
- ✓ Why this submarket in Tucson? – 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 1,800 units of Multifamily and Student housing, in 8 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



Vikram Brar



Princi Gill

Combined Multifamily Expertise

- ✓ Personally own 118 units in Tucson, AZ
- ✓ In-house property management
- ✓ In-house construction and renovation team of 8+ team members
- ✓ In-house design expertise for redevelopment projects
- ✓ Strategic sourcing and supply chain expertise

Meet the management team

The strength of the project is in the team



Anna Myers

Vice President &
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.



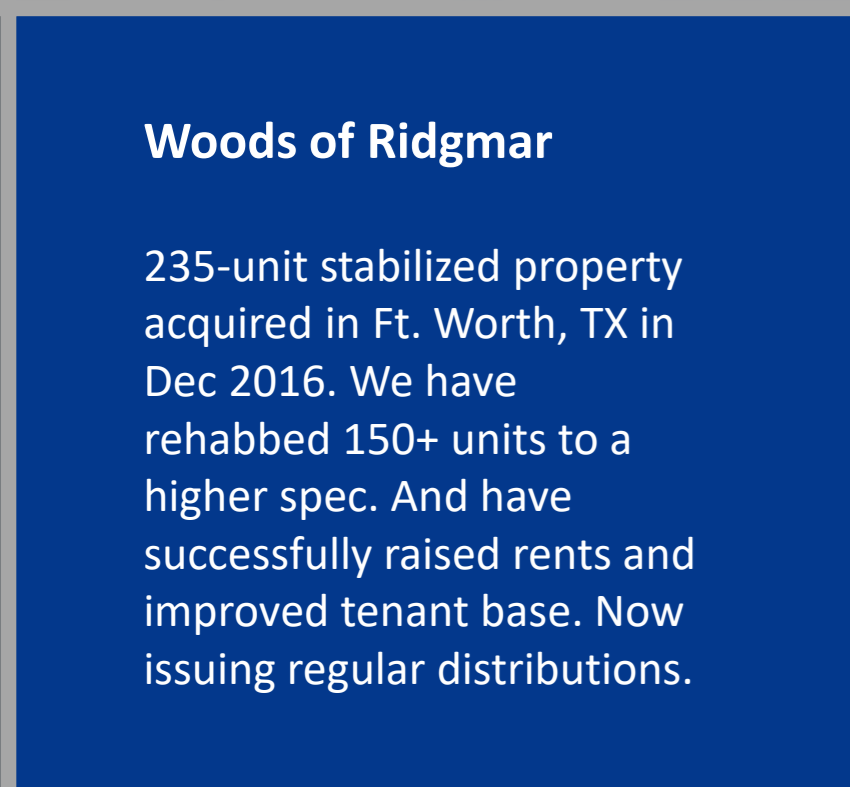
Love Cove Resort

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

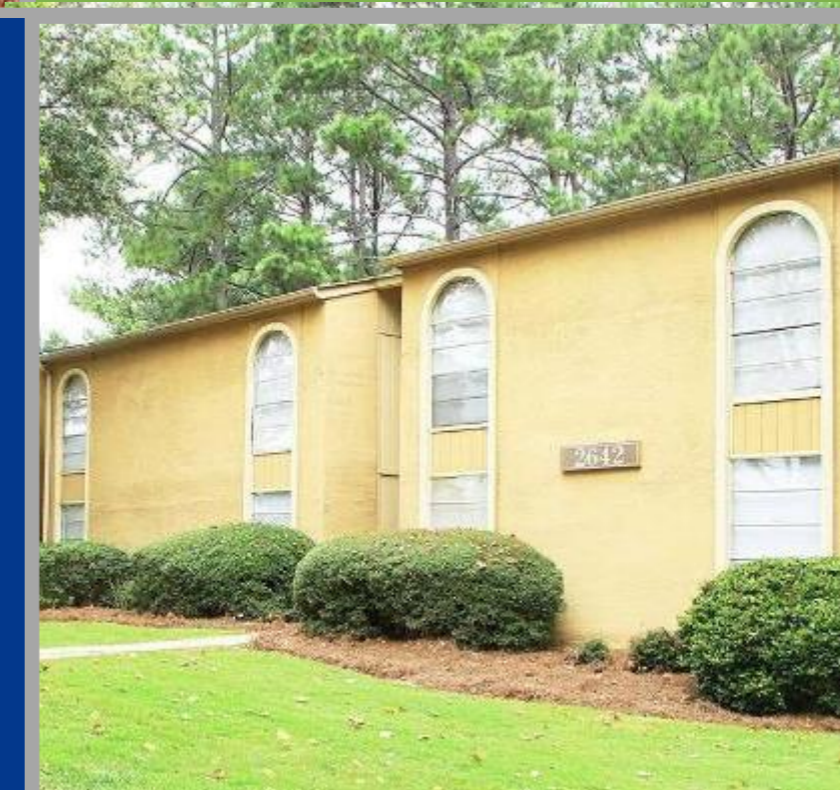
6 Building, 237 unit project in Chicago. Well behind schedule for turnaround. 1st property mgr hired not a good fit. We are back to 85% physical occupancy and 80% economic occupancy (up from 50%). Pushing hard to get to cash flow positive.



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 TUCSON



WELCOME TO TUCSON AZ

GREETINGS

FROM



@GREETINGSTOUR

LET'S GIVE A SHOUT OUT FOR TUCSON!

Expanding Local Economy with Low Unemployment

- Jobs in the last 12 months were added at almost twice the rate of the U.S. (1.6%)
- Greater Tucson's population is forecast to grow 7.1% over the next 5 years
- The metro area's median household income is projected to grow 7.1 % in the next by 2023

3.1%

Job Growth

4.1%

Unemployment Rate

SOME OF TUCSON'S RECENT ECONOMIC ACCOLADES

#2 of 10 Best Small American Cities (pop under 1M)
Resonance Consultancy

#1 Bike Town in the US—
Outside Magazine

#7 of 10 top destinations on the rise—
Trip Advisor

#1 Best City for Young Creatives
CreativeLive

One of the Five Best Cities for Millennials—
Time.com/Money

#1 of 10 Best Most Dog Friendly Cities in America 2018
Smart Asset.com

#3 of 10 Best Cities for Remote Workers—
MoveBuddha.com

TUCSON EMPLOYMENT



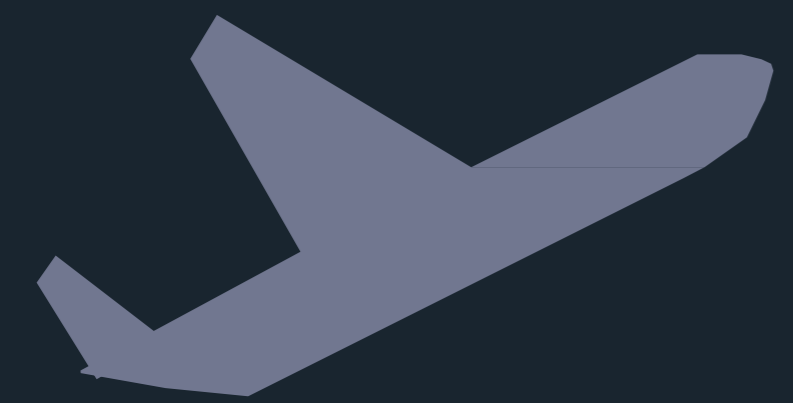
GOVERNMENT



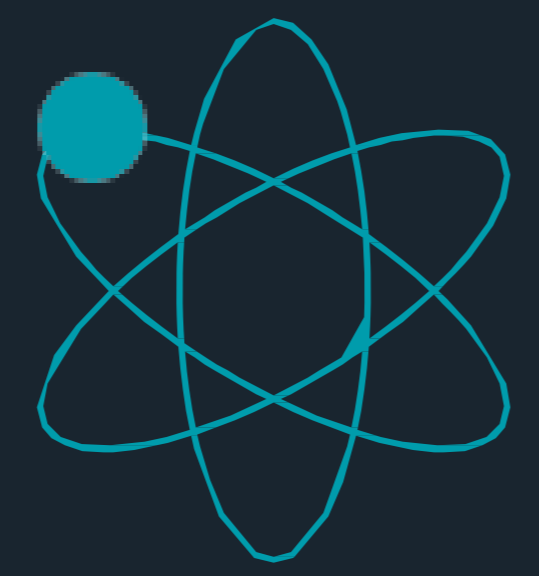
RESEARCH & DEVELOPMENT



EDUCATION



AEROSPACE & DEFENSE



HEALTHCARE & BIOMEDICAL



HOSPITALITY & TOURISM

Over 7000 INCOMING JOBS



WORLD VIEW



Banner Health



Vector Space

Innovate, Build, Fly

..and many more

TUCSON EDUCATION

University of Arizona



±44,831

STUDENT
ENROLLMENT



±15,623

FACULTY + STAFF



\$8.3B

ESTIMATED
ECONOMIC
IMPACT

#1

University for Physical Sciences Research
National Science Foundation, 2016

#4

Management Information Systems
Program in Nation
U.S. News and World Report, 2016

#7

Entrepreneurship Program in Nation
U.S. News and World Report, 2016

#6

Globally for Space Science
Princeton Review, 2015

#20

in the U.S. for Public Research Universities
U.S. News and World Report, 2016

Top 10

Producer for Fullbright Scholars in Nation
The University of Arizona, 2016

Banner – UMC Tucson

BANNER – UNIVERSITY MEDICAL CENTER



State-Of-The-Art Medical Center Undergoing Massive Expansion

- Joint venture between Banner Health and the University of Arizona
- Forward-thinking, patient-focused care
- Recognized as the No. 3 Hospital in Arizona by U.S. News and World Report.

\$98 Million expansion at the Banner University Medicine – North campus

- Less than one-mile northeast of Arbor Villas
- 208,000-square-foot outpatient clinic
- Over 180 healthcare professionals across 25 specialties.

ARIZONA CANCER CENTER



NATIONAL RENT TRENDS MULTIFAMILY REPORT

TOP 15 RENT GROWTH MARKETS

SUBMARKET	OCCUPANCY		AVG RENT INCREASE		AVG. RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q17	3Q18	3Q17	3Q18	3Q17	3Q18	3Q18	Annual	3Q18	Annual
Orlando	96.5%	96.4%	5.2%	6.9%	\$1,145	\$1,224	1,425	6,666	1,781	6,902
Las Vegas	94.8%	94.9%	7.2%	6.0%	\$937	\$993	557	3,490	787	3,338
Tucson	94.6%	94.1%	6.6%	5.8%	\$723	\$765	24	(202)	60	180
Knoxville	96.8%	96.9%	5.6%	5.7%	\$839	\$887	204	414	103	354
Jacksonville	95.4%	95.3%	6.2%	4.9%	\$972	\$1,020	614	2,121	632	2,456
Phoenix	94.6%	95.2%	7.2%	4.8%	\$984	\$1,031	985	10,155	2,070	8,984
Inland Empire, CA	96.1%	96.1%	4.6%	4.7%	\$1,398	\$1,464	162	1,124	698	1,101
Tampa-St. Petersburg	95.6%	95.5%	3.9%	4.7%	\$1,102	\$1,154	1,159	5,043	1,631	5,197
Atlanta	94.7%	94.6%	4.9%	4.4%	\$1,129	\$1,179	2,657	9,396	2,368	10,079
Salt Lake City	95.8%	95.6%	5.6%	4.2%	\$1,054	\$1,098	433	2,388	697	2,527
Austin	91.0%	91.9%	0.9%	3.9%	\$1,198	\$1,245	4,094	10,989	1,357	9,827
San Jose	96.2%	96.5%	4.0%	3.9%	\$2,706	\$2,811	1,040	3,282	1,073	2,808
Richmond	96.1%	96.4%	5.0%	3.8%	\$1,013	\$1,052	698	2,161	514	1,972
Sacramento	96.6%	96.2%	7.8%	3.8%	\$1,345	\$1,396	195	512	451	1,115
Colorado Springs	96.6%	96.0%	7.6%	3.7%	\$1,029	\$1,067	475	599	386	1,088
NATIONAL	95.4%	95.6%	3.7%	2.9%	\$1,296	\$1,334	105,066	316,006	82,098	303,209

5.8%

Effective Rent Growth

#3 IN THE NATION



WAAHE CURRENT PORTFOLIO

YEAR ACQUIRED	LOCATION	PROPERTY	NO. OF UNITS	OWNERSHIP
NOV 2018	TUCSON AZ	TROPICANA APARTMENTS	14 UNITS	100%
FEB 2018	TUCSON AZ	LONGFELLOW PORTFOLIO	40 UNITS	100%
FEB 2018	TUCSON AZ	EQUINOX APARTMENTS II	19 UNITS	100%
MAR 2017	TUCSON AZ	EQUINOX APARTMENTS	45 UNITS	100%
FEB 2016	CHARLOTTE NC	LONG COVE RESORTS	102 UNITS	Share
MAY 2015	BUFFALO GROVE IL	CONDO	1	100%
FEB 2014	PALATINE IL	CONDO	1	100%

EQUINOX CASE STUDY

STATS	AT ACQUISITION	ACTUAL 20 MONTHS LATER
Cash-On-Cash	0.5%	27%
Projected Annualized Returns	19%	30%
Average Rent / Unit	\$534	\$791 (Up by \$257)
Occupancy	45%	96%
Renovation Budget	\$20K/unit	Avg. \$15K/ unit



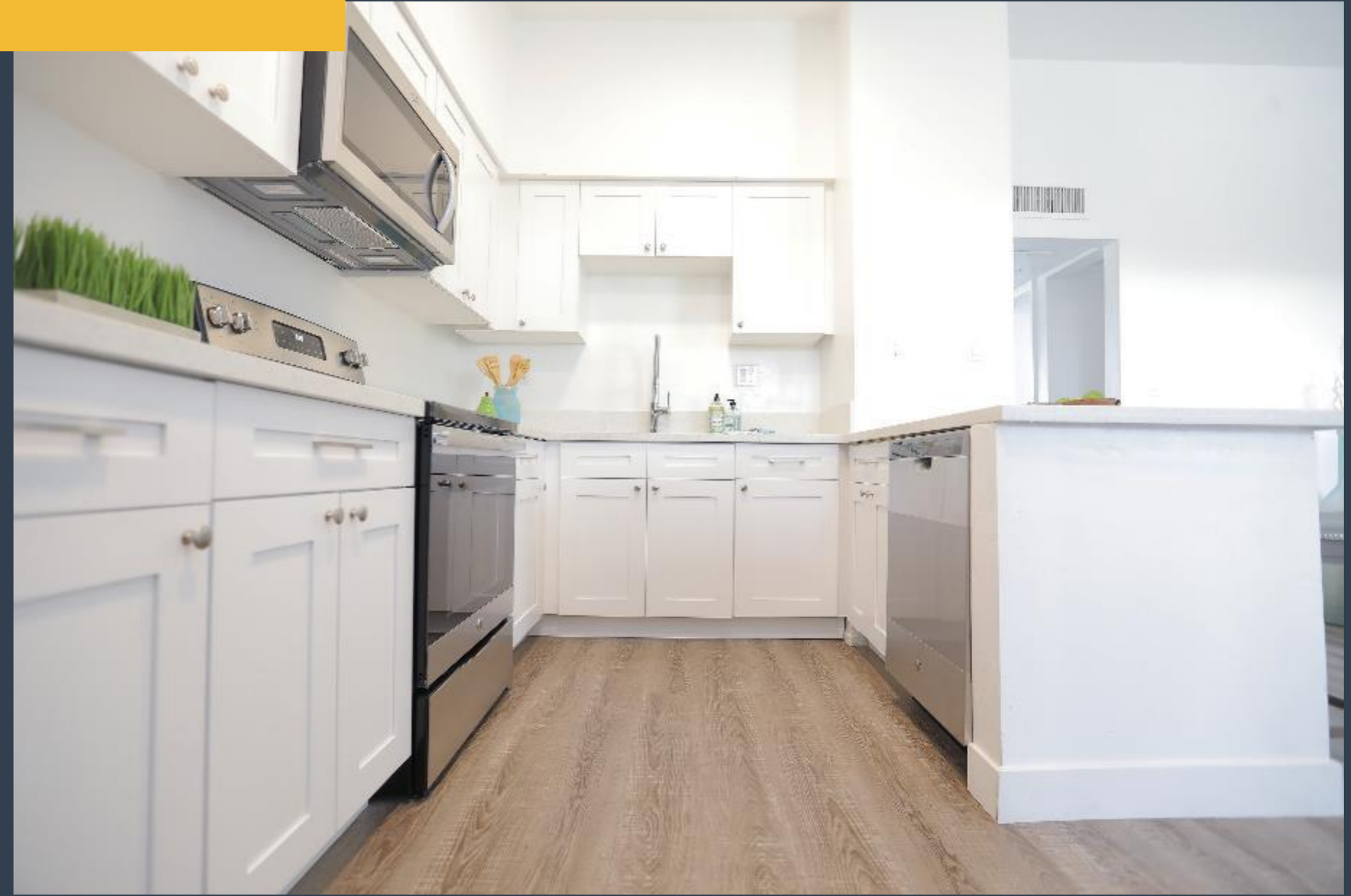
BEFORE



- True value add opportunity
- Dated cabinets and cracked tile countertops
- Dated appliances and no dishwasher

AFTER

- Redesigned the kitchen layout and made it bigger
- Added dishwashers
- New modern kitchen with breakfast bar and undermount sink

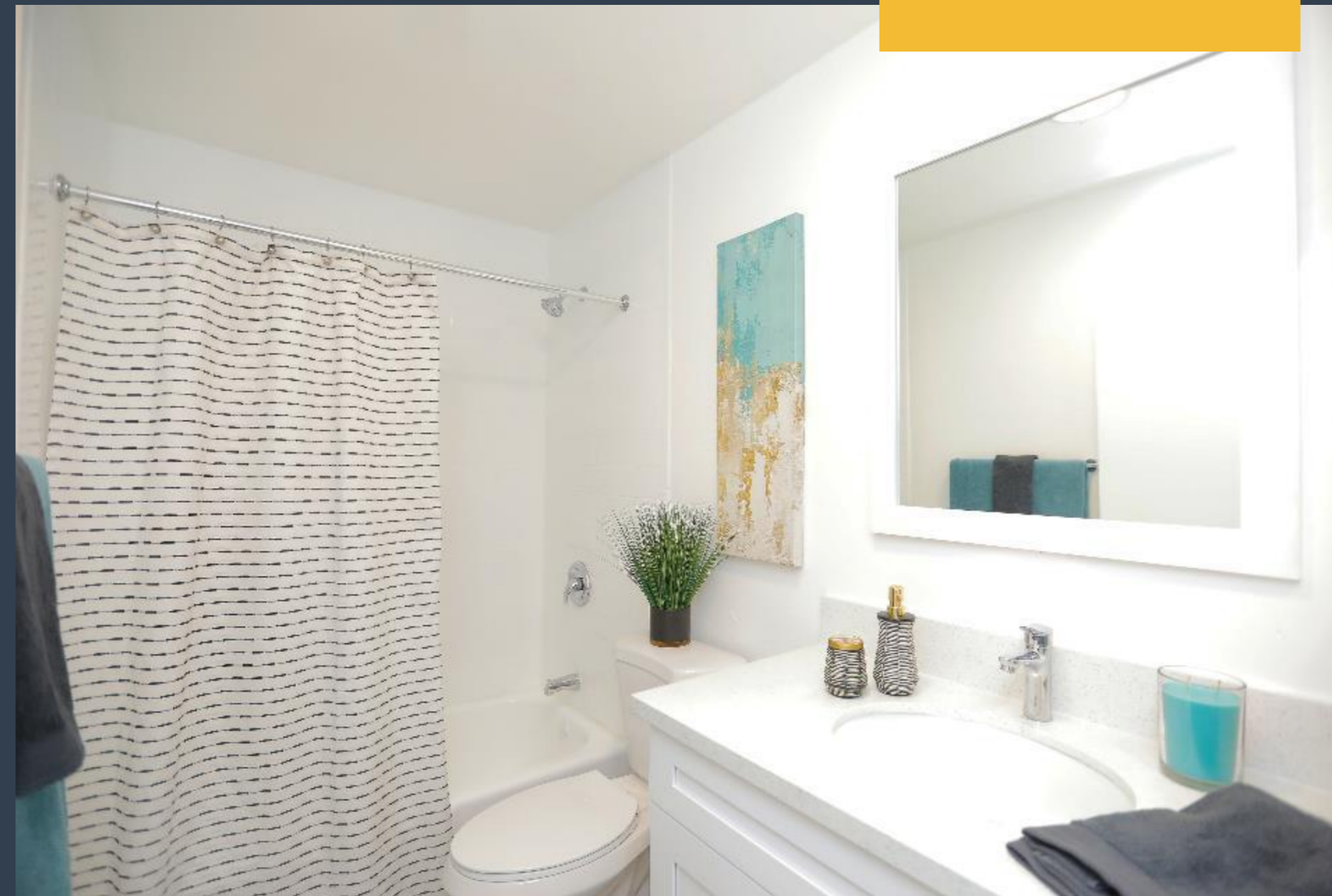


BEFORE

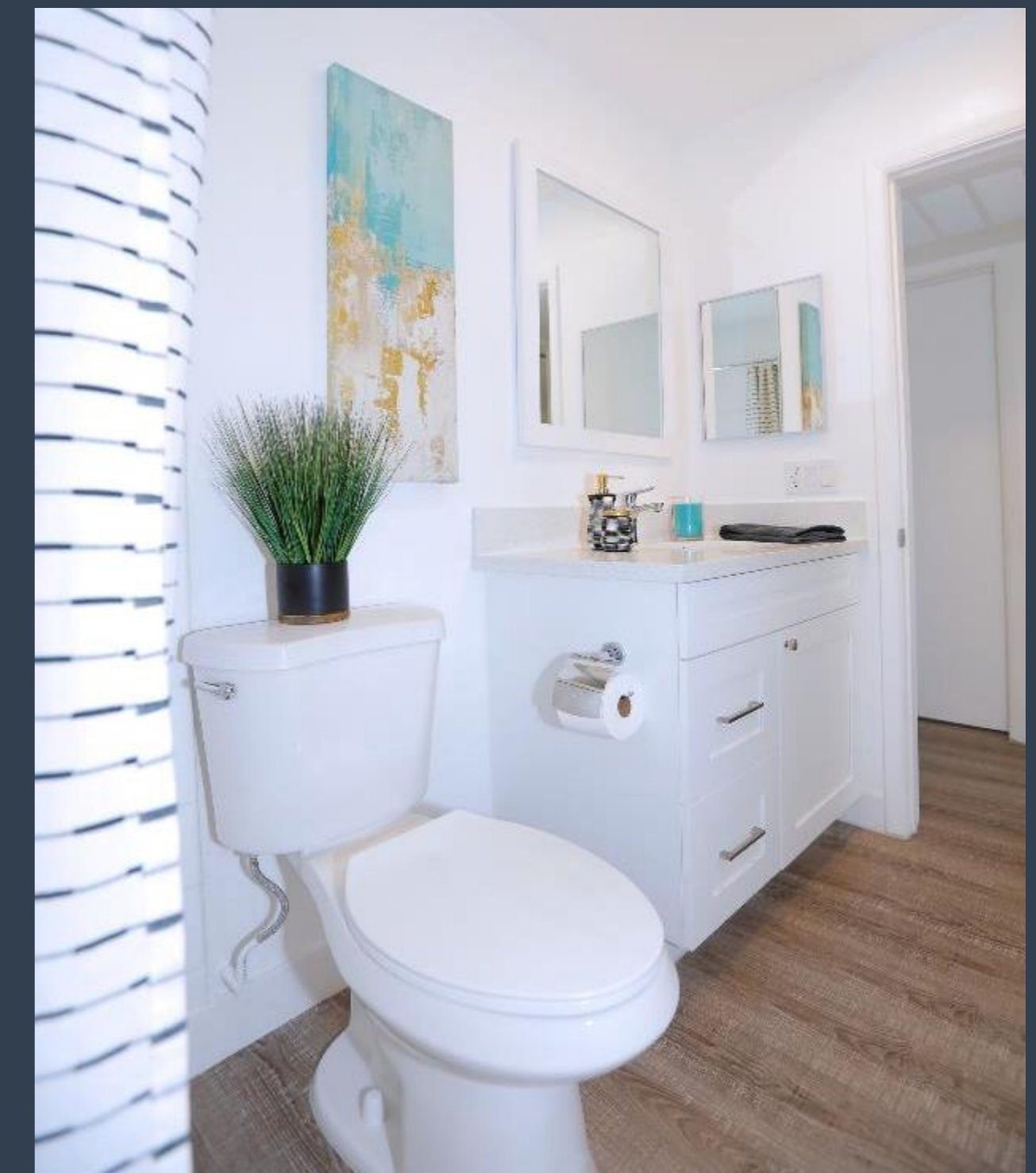
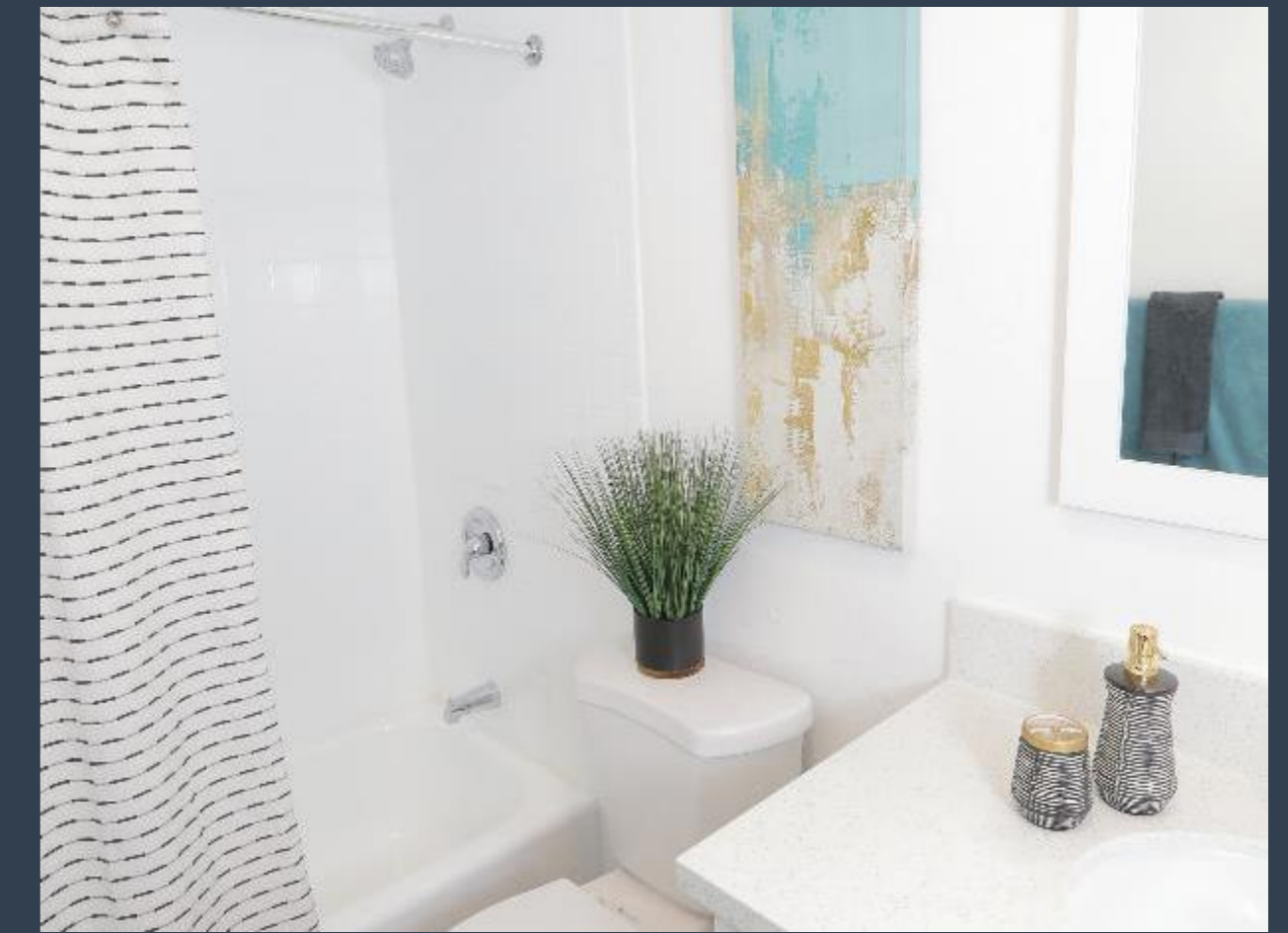
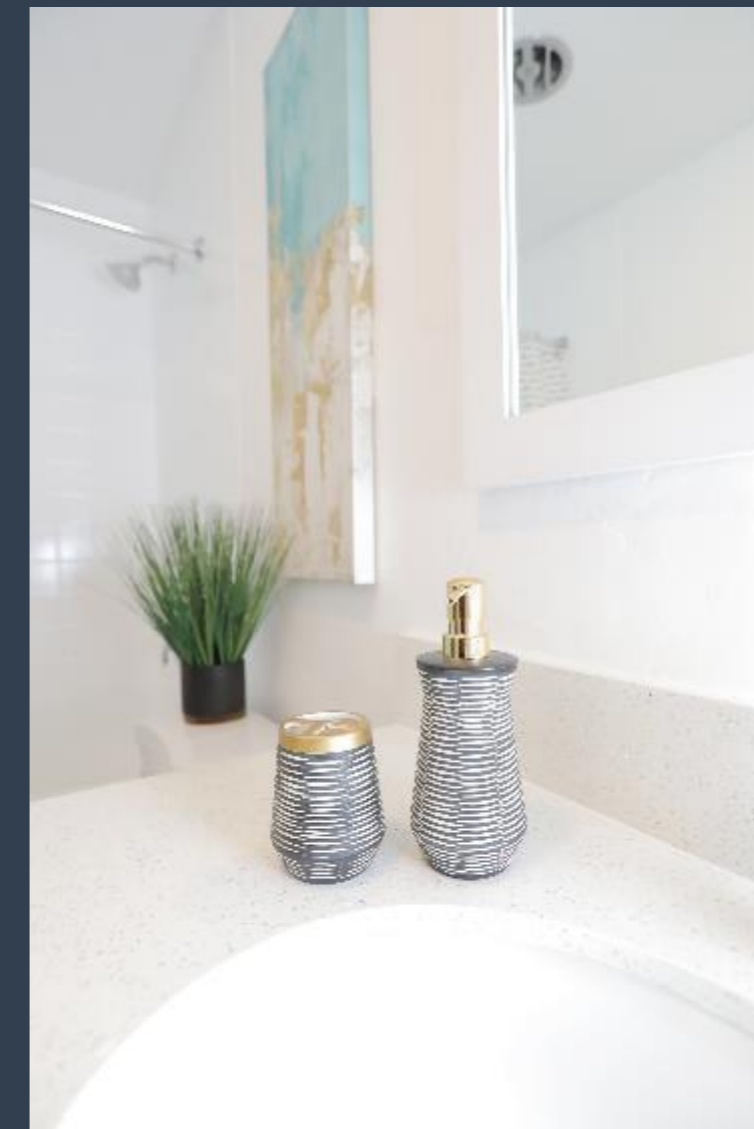


- Dated and leaking bathroom
- Outdated fixtures and poor lighting
- Old toilet

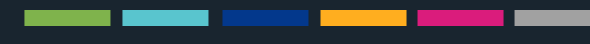
AFTER



- Bathtub and wall tiles resurfaced by third party
- New bathroom vanity, toilet and fixtures
- New waterproof flooring luxury vinyl flooring in the entire apartment



WAAHE CAPITAL DIFFERENCE



ASSET ACQUISITION

Underperforming multifamily assets, opportunity to rebrand and increase NOI through heavy remodel.



PROPERTY MANAGEMENT IN HOUSE

Alignment of end to end vision. Additional cashflow through reduced expenses and markup-free maintenance services



REDEVELOPMENT

Vertically integrated reducing the project costs by **30%** or more.



ASSET MANAGEMENT

Continually monitor the global and local economic markers to tailor strategies to maximize the Net Operating Income.



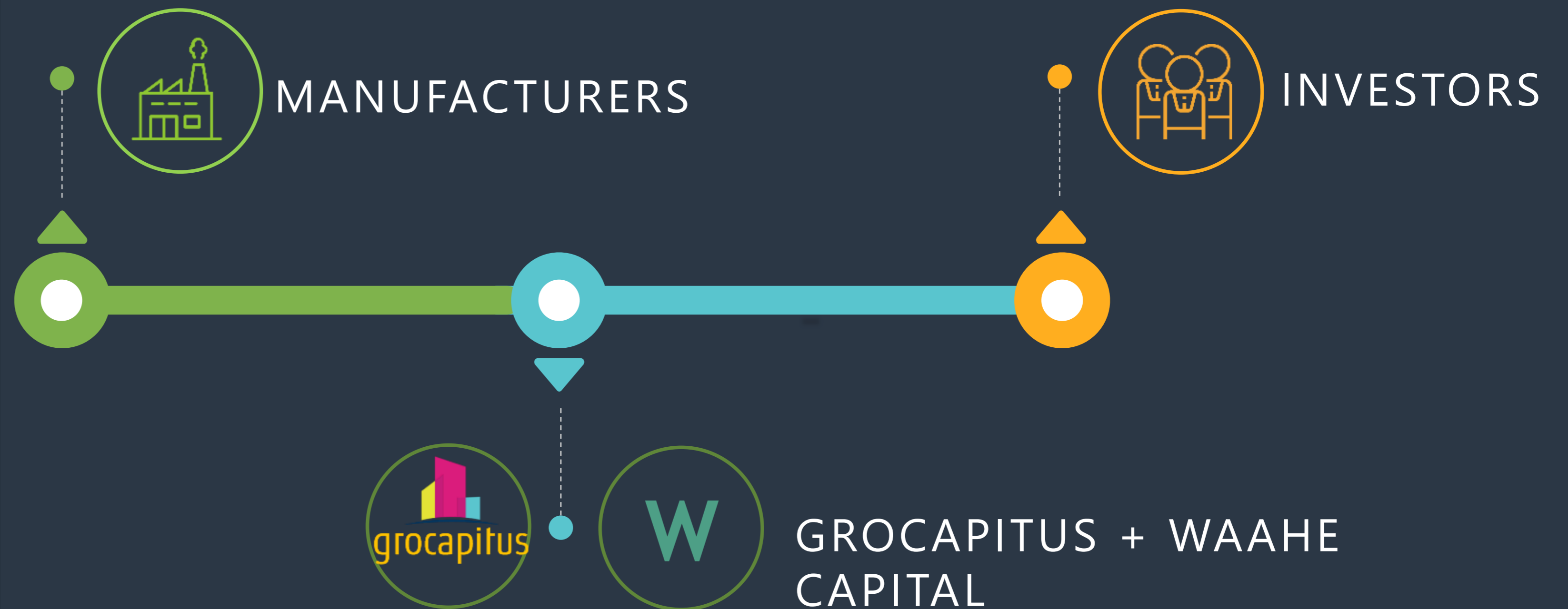
WAAHE CAPITAL BUSINESS MODEL

TRADITIONAL REAL ESTATE INVESTMENT COMPANY BUSINESS MODEL



- ❖ Vertically integrated business
- ❖ Global supply chain

✓ Eliminating the many layers helps us pass on the savings to the investors.





WHY PROPERTY MANAGEMENT IN HOUSE?



Incoming Call Management

Use of Virtual Assistants to take calls ensures all calls are answered and frees up time for onsite property manager



Leasing Script & Strategy

Constantly updated based on market trends. Based on analysis and experience, use different strategies at different days of the month



Custom Pricing

\$25 to \$50 Upsell on each units attributes (corner unit, larger kitchen...)



Owner's Touch

No one cares more about the bottom line



LOCATION OVERVIEW



LOCATION OVERVIEW



CAMPUS FARM - GREAT NEIGHBORHOOD

Underscored By Strong Area Demographics

CAMPUS FARM

AVERAGE SINGLE-FAMILY HOME PRICE

\$219,400

WHITE COLLAR EMPLOYMENT

61%

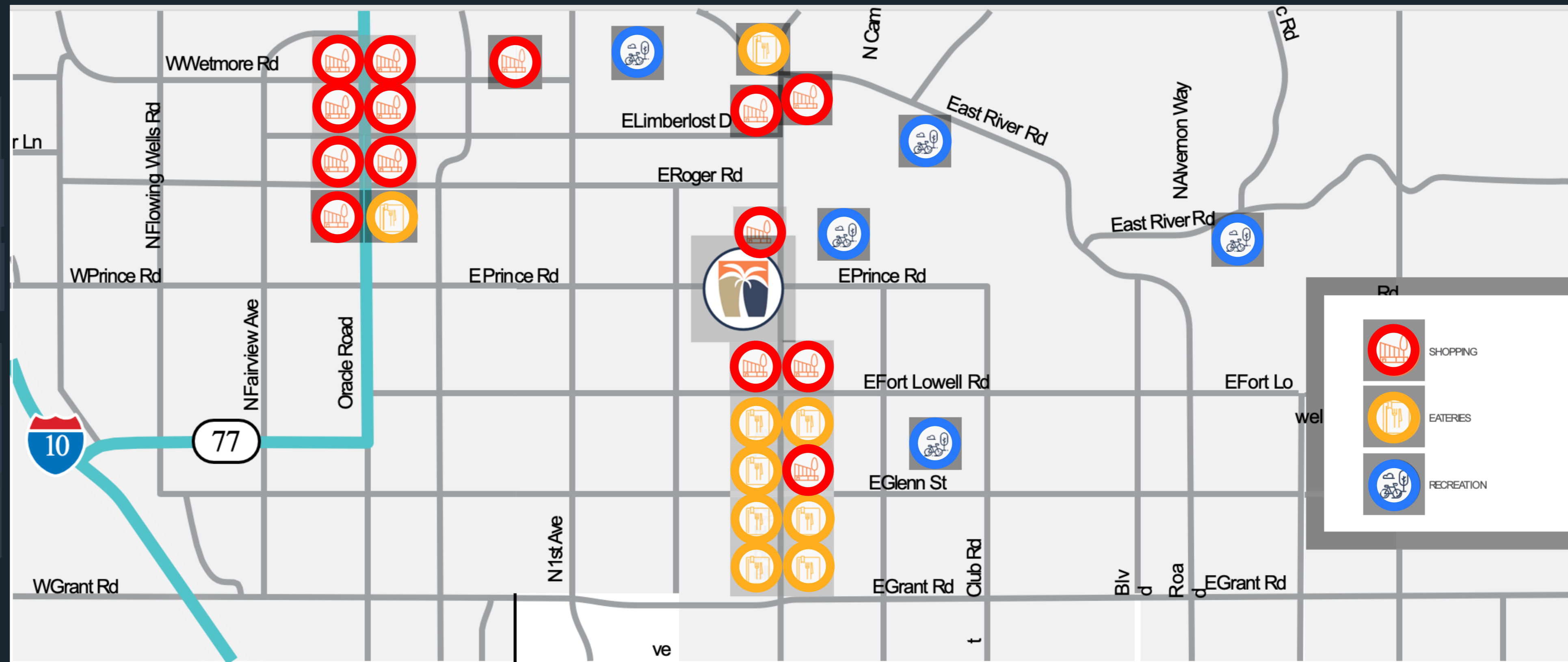
TUCSON

AVERAGE SINGLE-FAMILY HOME PRICE

\$189,900

WHITE COLLAR EMPLOYMENT

56%





Let's take a closer look at the Property

Why we think Arbor Villas is a winner – and don't worry we are changing the name...



The Property's Vital Stats

Price, Occupancy, Unit Count, Age

HOUSEHOLD INCOME

\$37K Median
\$53k Average

OCCUPANCY

92% today
98% historically

UNIT COUNT

114 Units

AGE

Built 1964

RENTS

Below Market

PRICE
\$6.5M + \$1.25M
Improvements

\$57K per door
before renovations

Zero Units are
recently renovated
A True Value Add
Opportunity

Current Community Amenities



Leasing Office



(2) Sparkling Swimming Pools



Lush, Open Landscaping w/ Picnic Area



Children's Playground



Clubhouse

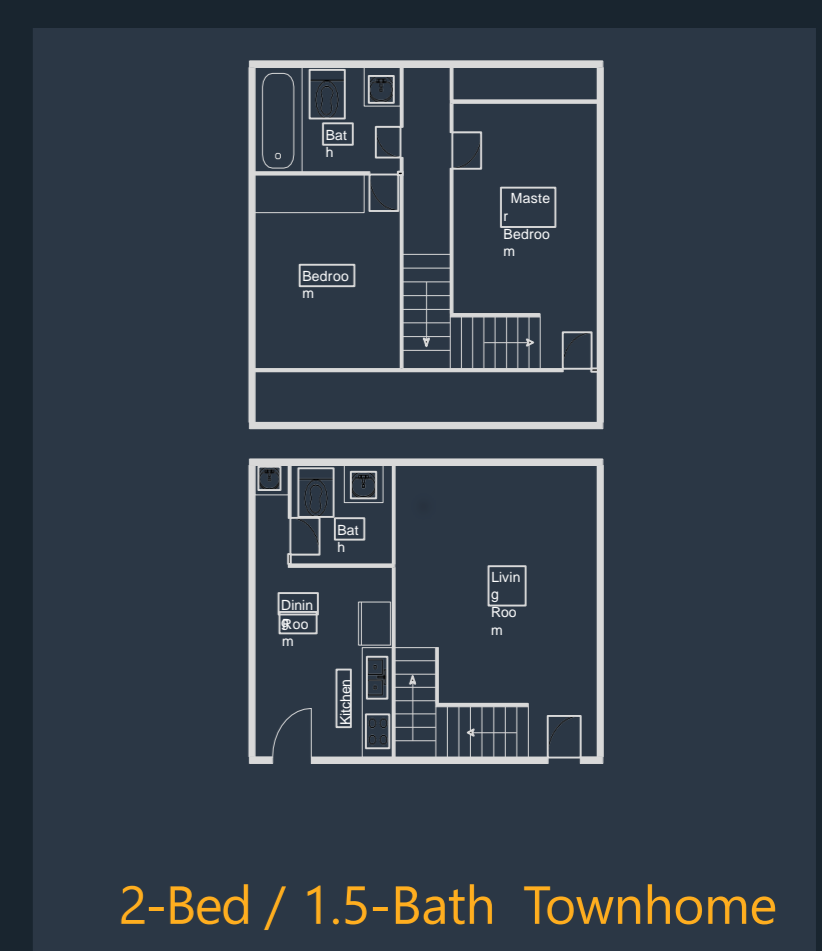
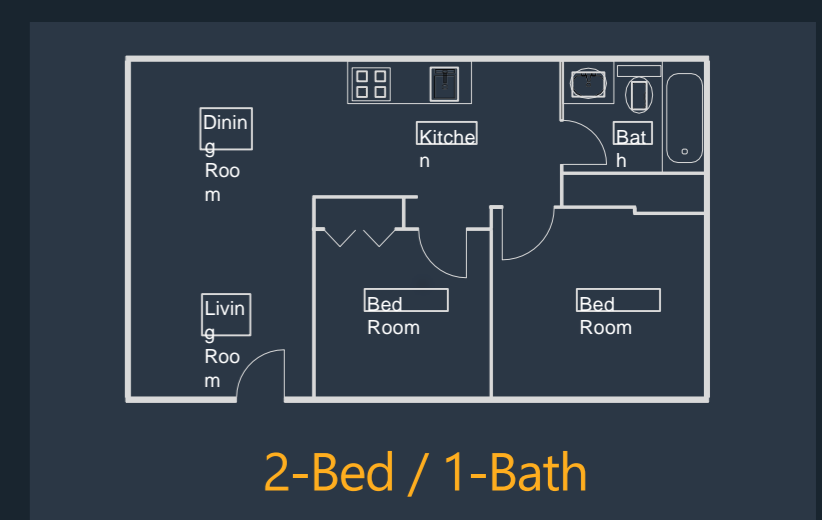
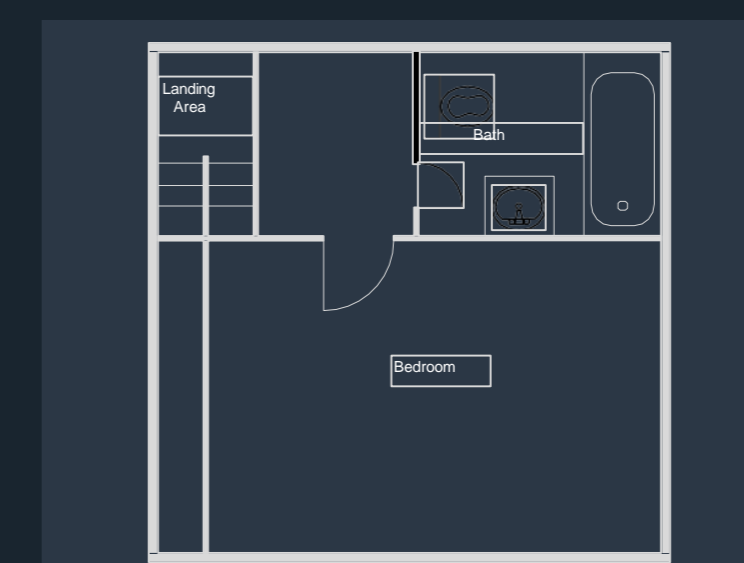
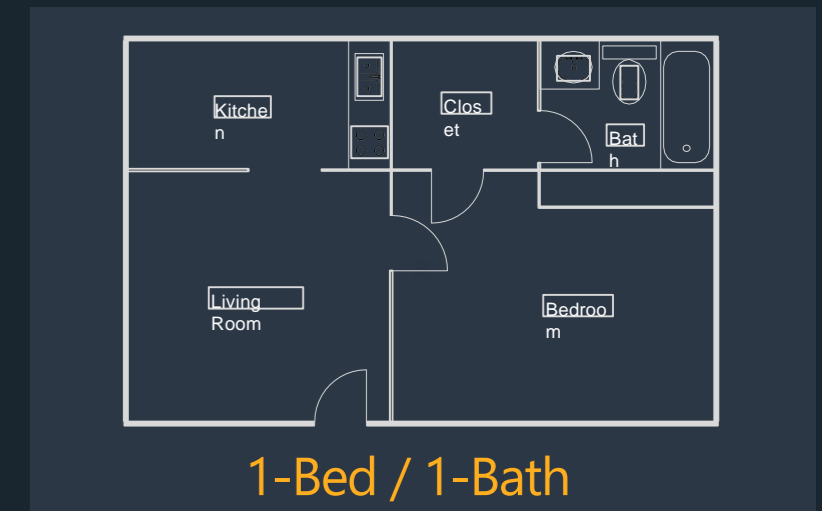
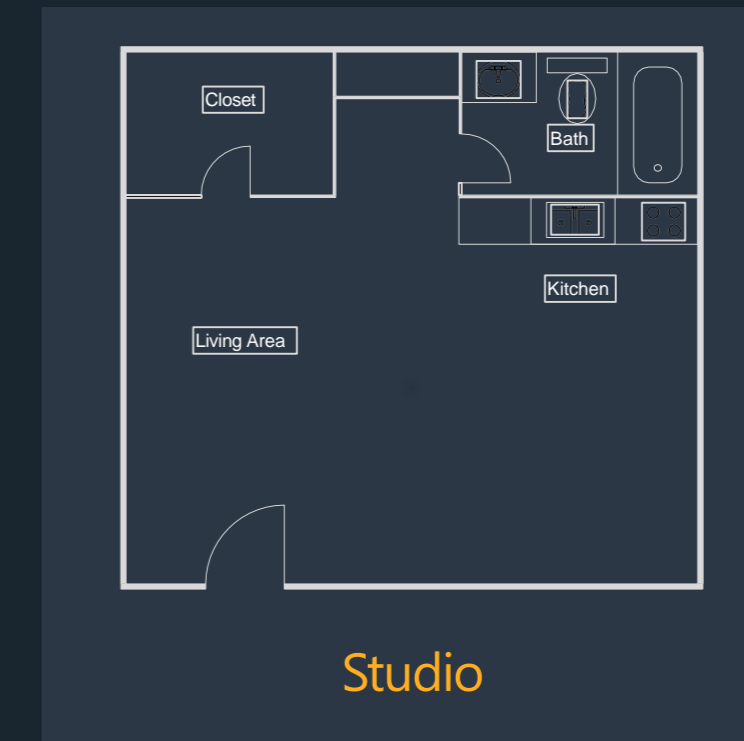
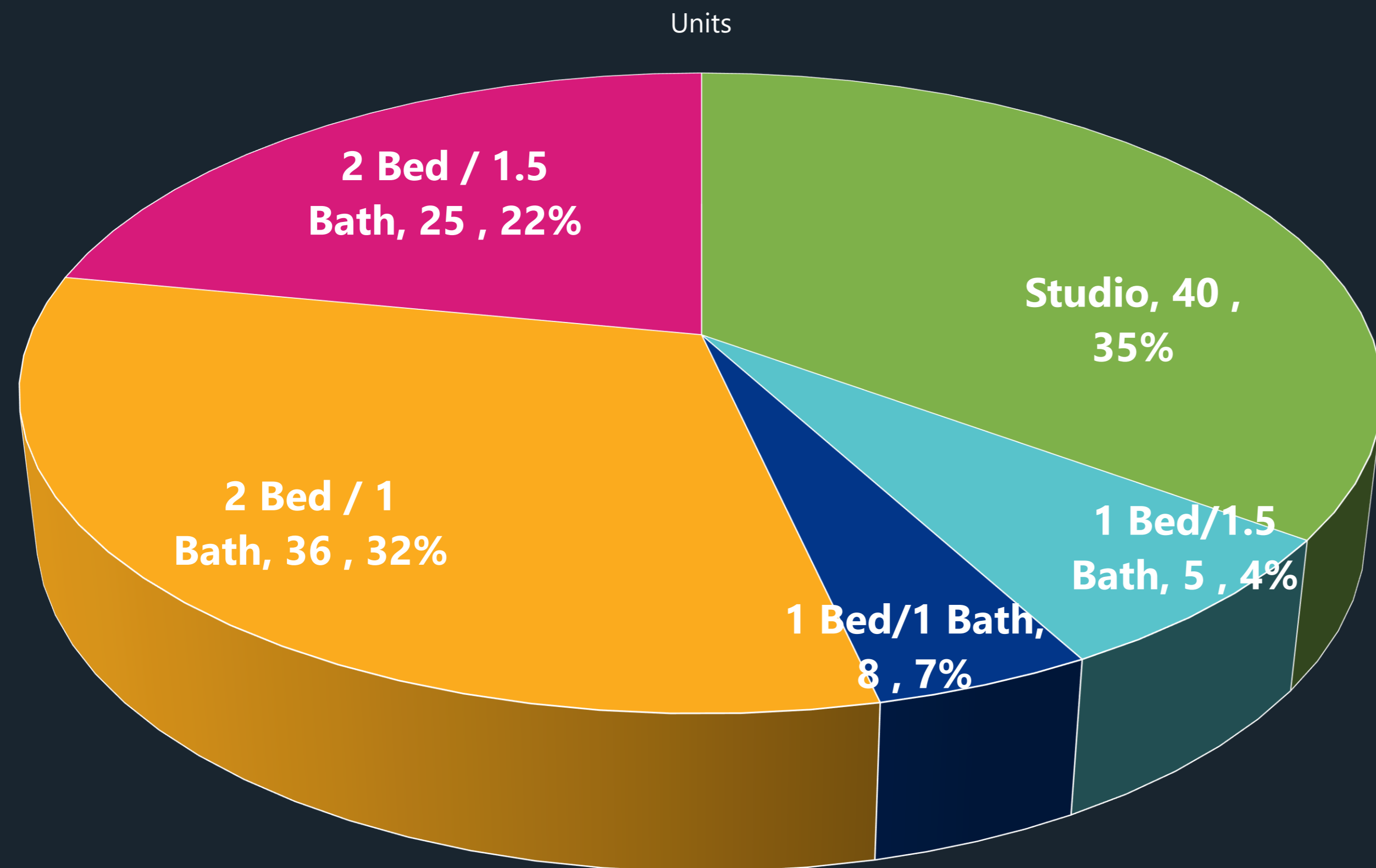


(2) Laundry Facilities



Excellent Unit mix makes leasing easier

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



Interior Renovation Plan

ACTUAL ARBOR VILLAS UNITS

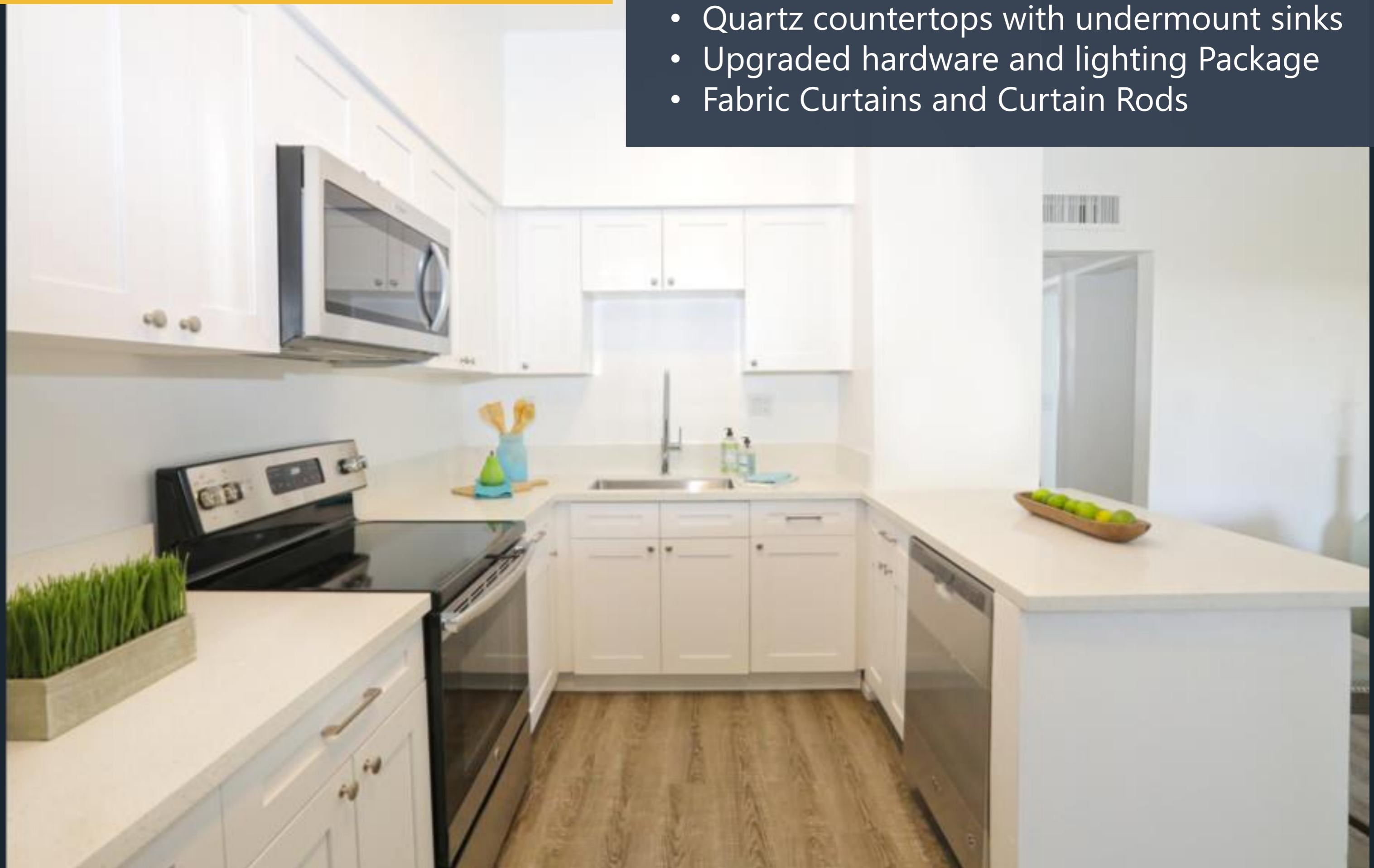


Unit Description

- White Appliances
- Painted Cabinetry (select units)
- Laminate countertops
- Wood look Laminate flooring
- Vertical blinds



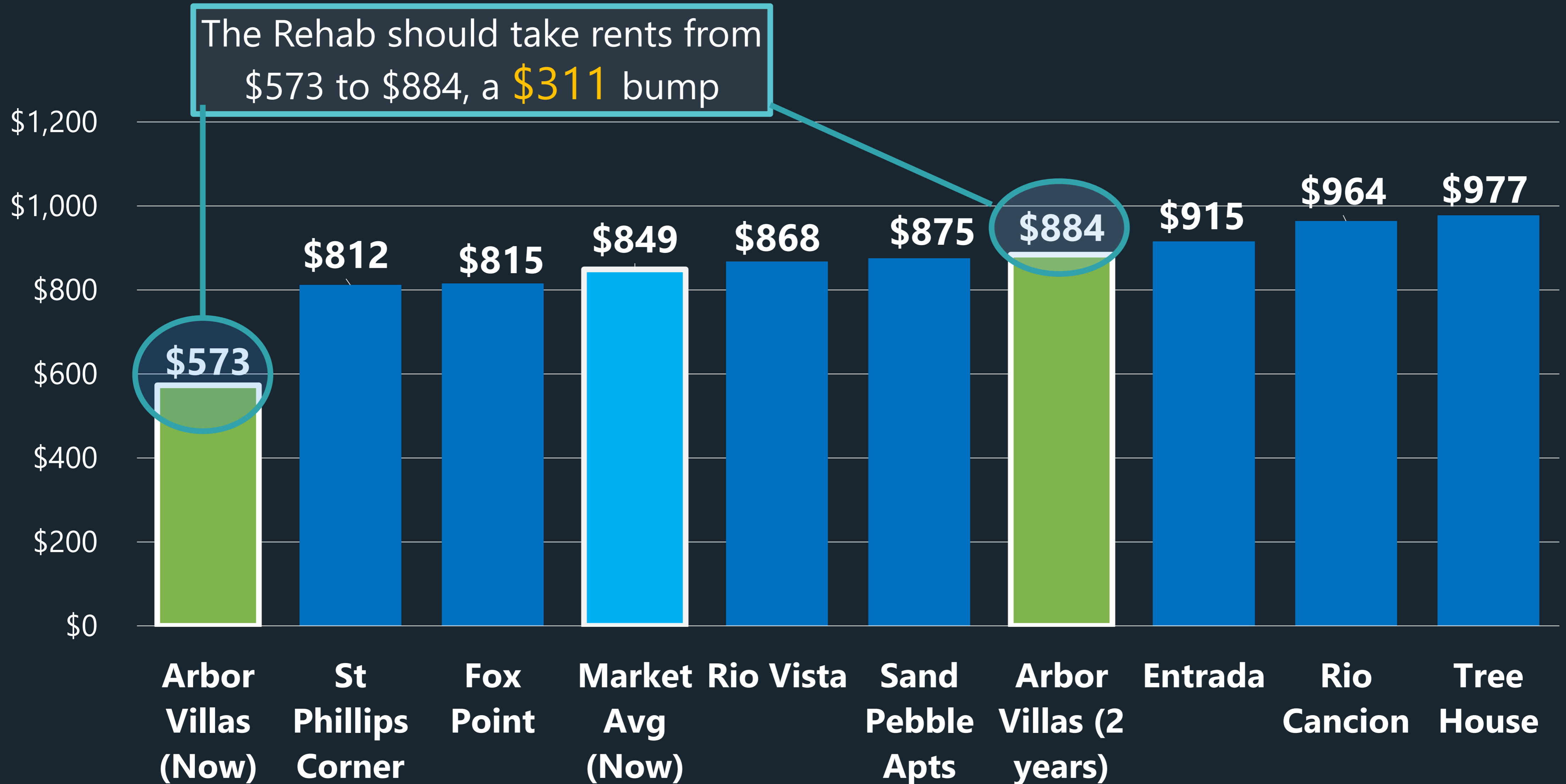
ACTUAL WAAHE UNIT



Renovation Description

- Stainless Steel Appliance package
- Wood Plank style Luxury Vinyl Plank Flooring
- New Cabinets / Cabinet Doors with updated Hardware
- Quartz countertops with undermount sinks
- Upgraded hardware and lighting Package
- Fabric Curtains and Curtain Rods

Our Plan to increase rents



Bottom line: Why we like this project

What makes this project so compelling

✓ TRUE VALUE ADD
BELOW-MARKET RENTS

✓ PURCHASING AT \$57K / DOOR

✓ GREAT SUB-MARKET WITH
QUALITY NEARBY JOBS

✓ UNIQUE TOWNHOMES &
SINGLE STORY LIVING





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

What are the numbers telling us?

Financial Highlights

The investment's vital statistics

PROJECTED RETURNS

10.34% CoC
20.58% AAR
over 5 years

INVESTOR PREF AND SPLIT

8% Pref,
70/30 split

CAP RATE

5.2% at purchase
6.25% end of yr 1
8.40% end of yr 2

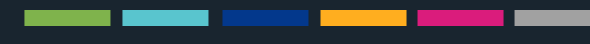
DEBT COVERAGE RATIO

1.16 at purchase
1.45 end of year 1

TOTAL EQUITY TO BE RAISED

\$2,076,000

Financing



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

SOURCE
**WALKER
&
DUNLOP**

AMORTIZATION
30
YEARS

INTEREST RATE
**LIBOR
+335**

INTEREST
ONLY PERIOD
3
YEARS

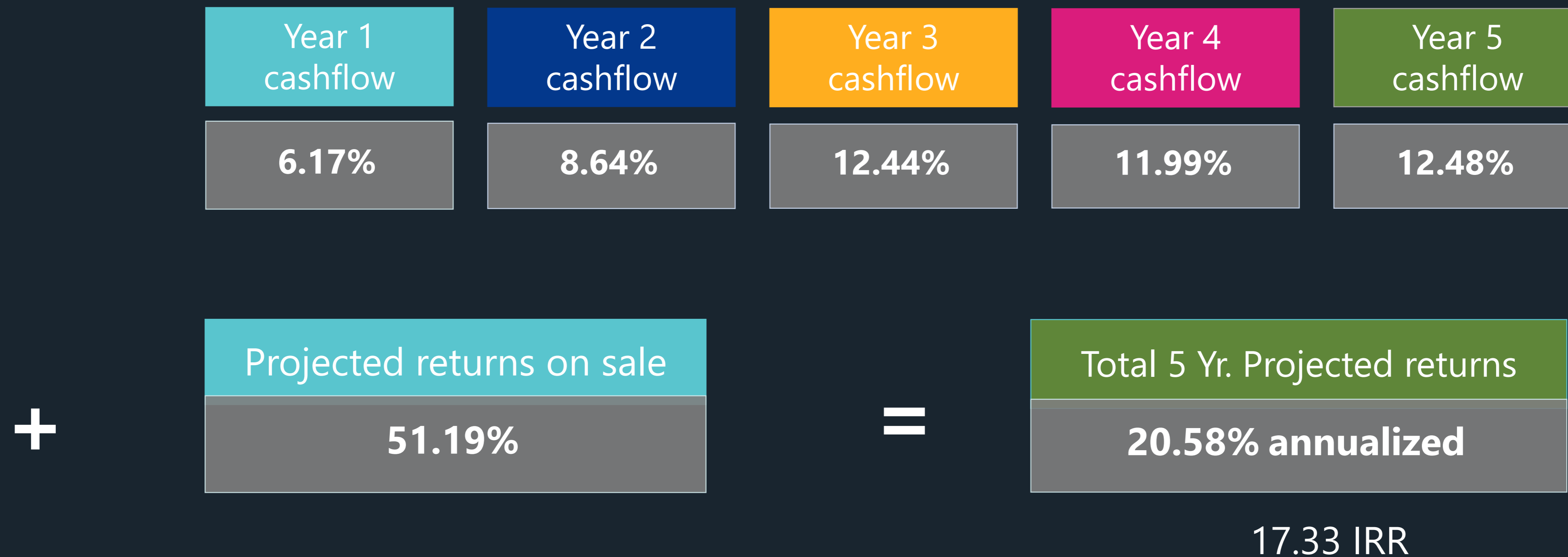
REPAYMENT TERMS
5
YEARS
(3+1+1)

LOAN AMOUNT
\$6,100,000

*Subject to change prior to closing
includes \$1.23M in Capex

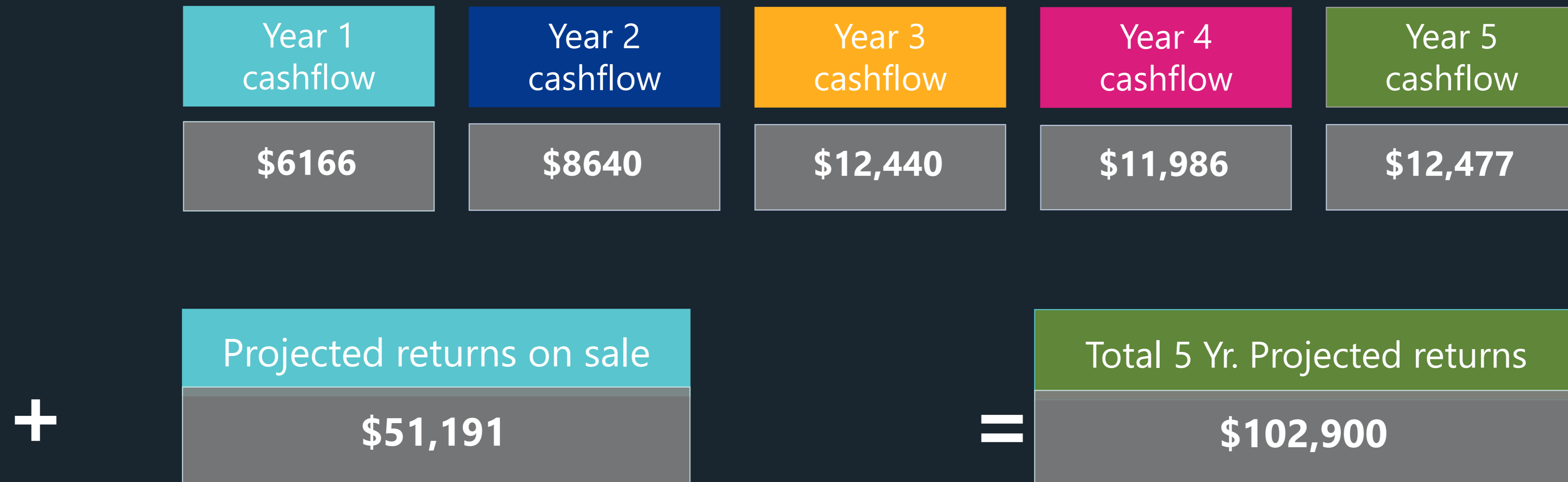
Projected Returns in percentages

Our cash flow and return projections over 5 years



Projected Returns on \$100,000 invested

Our cash flow and return projections over 5 years



Investment Offering



\$75k
MINIMUM INVESTMENT

70/30
LP/GP STRUCTURE

8% PREFERRED
RETURN

Our Fees & Qualifications

The components of our fees structure



Acquisition and loan fees

Promoters are charging a 3.0% (of purchase price) acquisition fee for this property. This a common acquisition fee number in projects of this size. We are not charging a construction fee (which would be normal for heavy lifts,) but there is a disposition fee of 1% on exit. IF we refinance there is a 1% refinance fee.



Asset management fee

A minimal fee of 2% of gross rents is charged annually to manage the asset on an ongoing basis.



Upside on sale

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.



Who can invest?

This project is for Accredited Investors only. Information will be provided with the Subscription Docs on how to verify your accredited status.

Timeline



JAN 9th - 2019

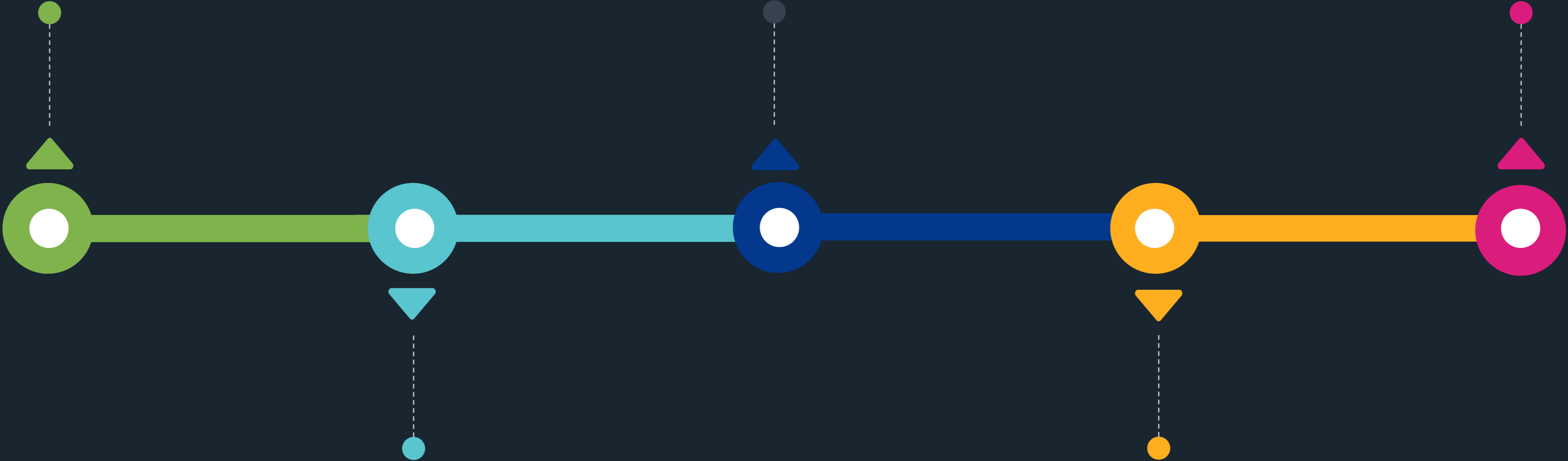
CONTRACT EFFECTIVE DATE

JAN 30th - 2019

DUE DILIGENCE COMPLETED

MAR 10th - 2019

PROJECT CLOSE DATE



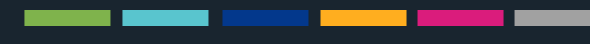
JAN 15th - 2019

LOAN APPLICATION SUBMITTED

FEB 12th - 2019

PPM SCHEDULED FOR
RELEASE

NEXT STEPS

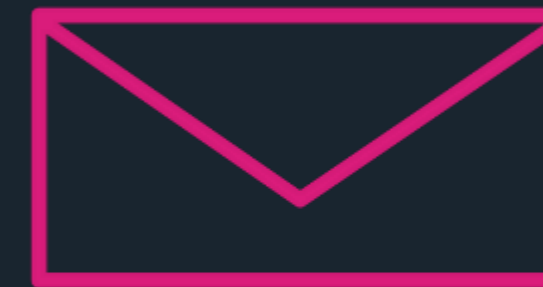


ANSWER
THE POLL



RESERVE YOUR SPOT!

QUESTIONS?



EMAIL QUESTIONS



SET UP A CALL

info@grocapitus.com

510-367-1510

Interior Renovation Plan

ACTUAL ARBOR VILLAS UNITS

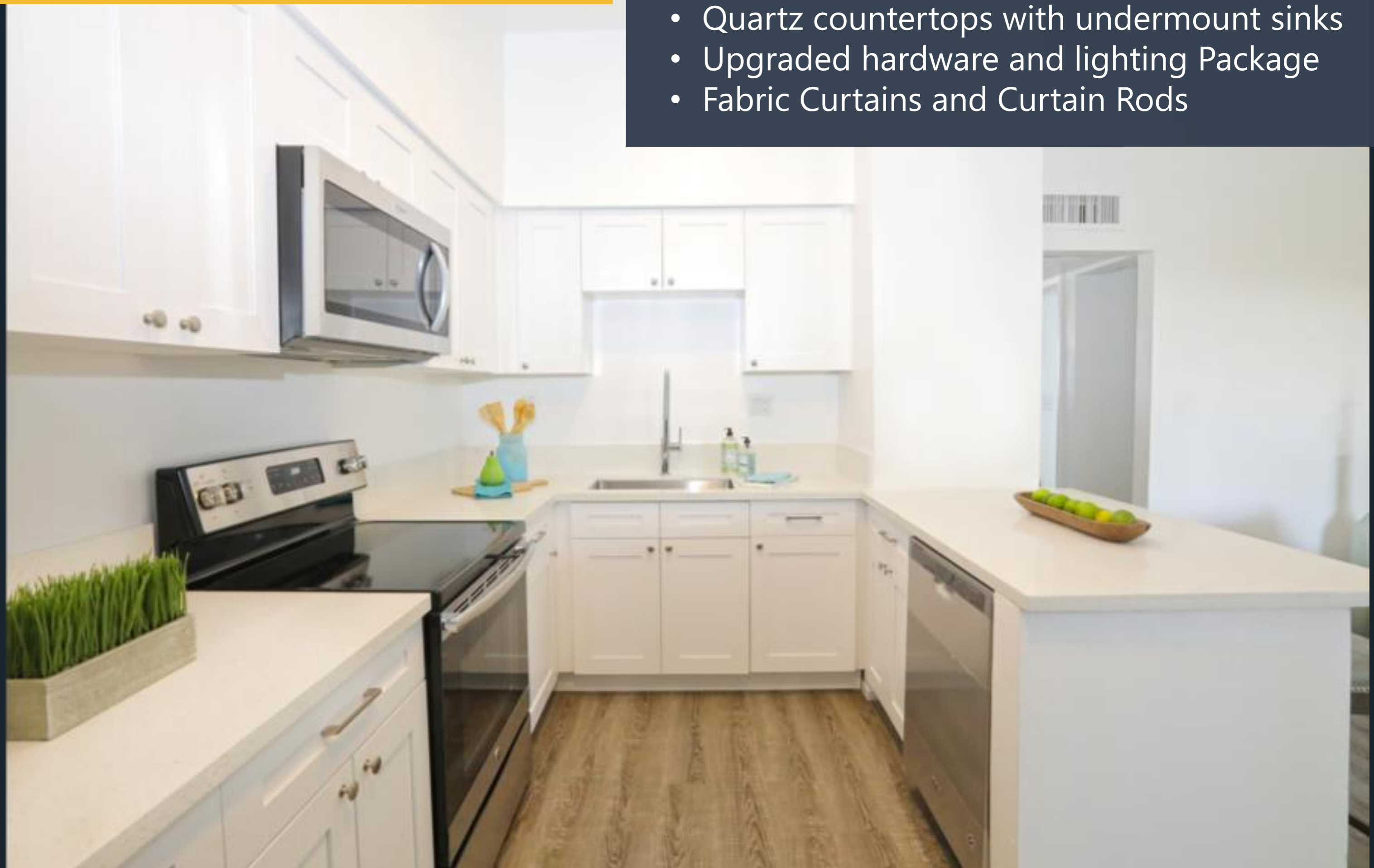


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