

Micro-Living

THE URBAN WORKFORCE HOUSING SOLUTION

ABD 2 OZONE FUND 2019
RIAZ CAPITAL



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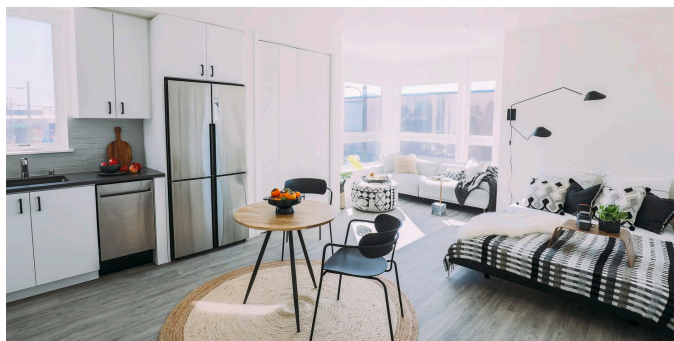
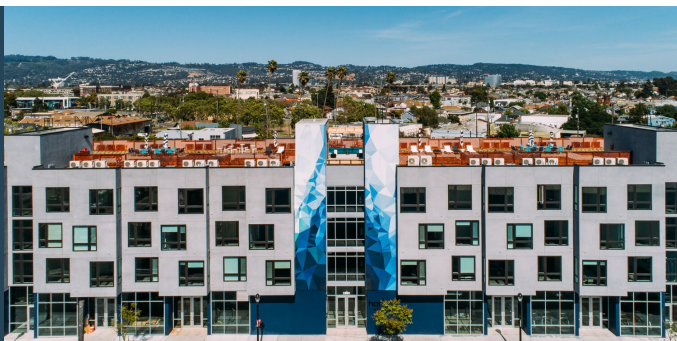
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Blended 36.2% IRR in Past Decade of Deals

Selected Recent Projects

Hannah



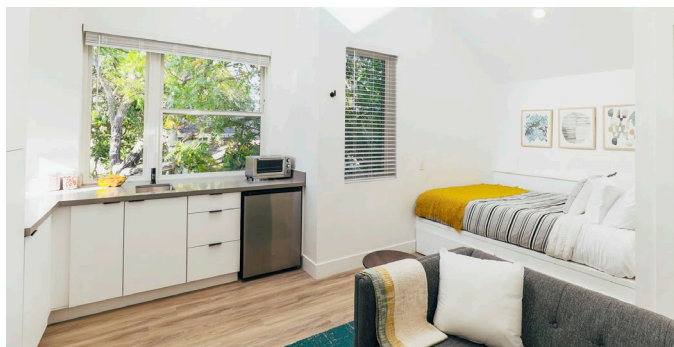
Budget	Actual
Total Capitalized Costs	\$35.1M
Total Residences	92
Cost per Residence	\$381K
Stabilized Return on Cost	6.6%
Average Rent per Unit	\$2,708

Church



Budget	Actual
Total Capitalized Costs	\$12.6M
Total Residences	60
Cost per Residence	\$210K
Stabilized Return on Cost	8.2%
Average Rent per Unit	\$2,041

Linden

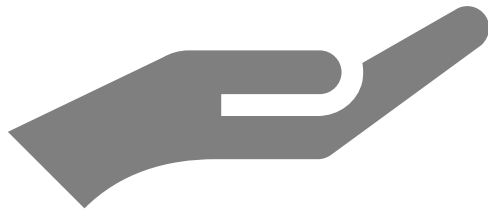


Budget	Actual
Total Capitalized Costs	\$7.0M
Total Residences	30
Cost per Residence	\$233K
Stabilized Return on Cost	6.5%
Average Rent per Unit	\$1,868

Why Should We Invest

Know Your Customer & Basis is Forever

The Urban Workforce Housing Solution



Studios for People Who Cannot Afford Them



High Yield:
Net Investor IRR of 16%



Predictable Cash Flow:
Average 12% Cash on Cash



Velocity of Capital:
Year 5: 60% Return of Capital



Low Risk:
Rents Can Drop By 30%+ Before In
Jeopardy of Missing Debt Payments

ABD Townhouse – Interior



ABD Townhouse – Interior

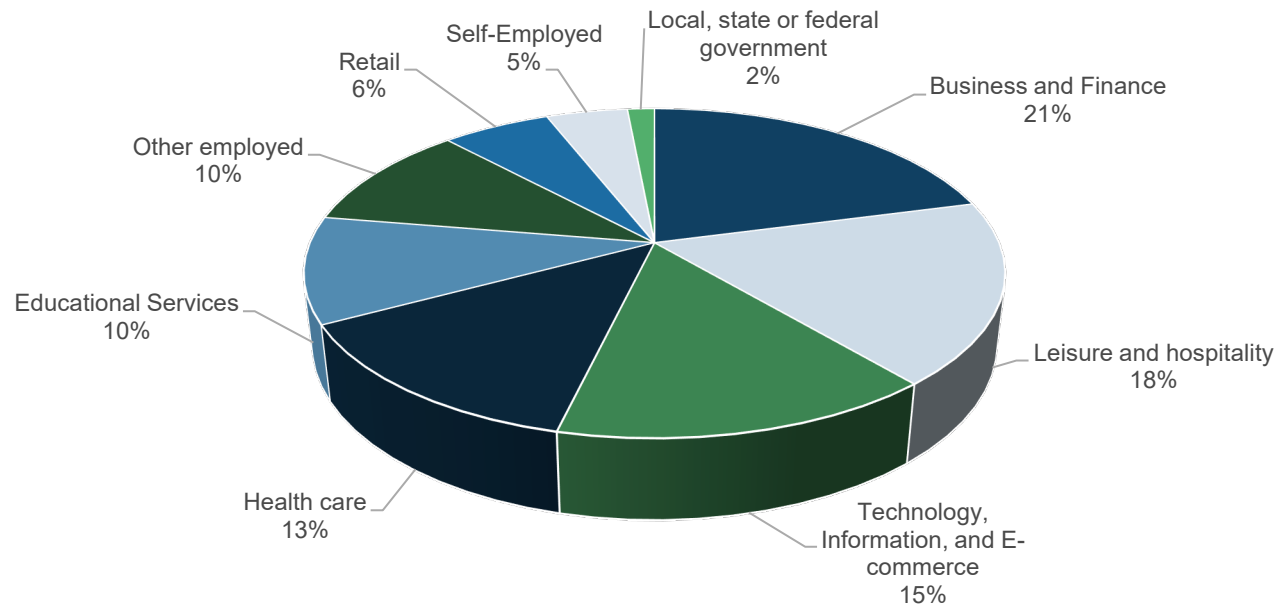


ABD Townhouse – Exterior



Customer: Diversified, Stable, Urban Professionals

Young Professionals Making \$50,000 - \$120,000 per Year



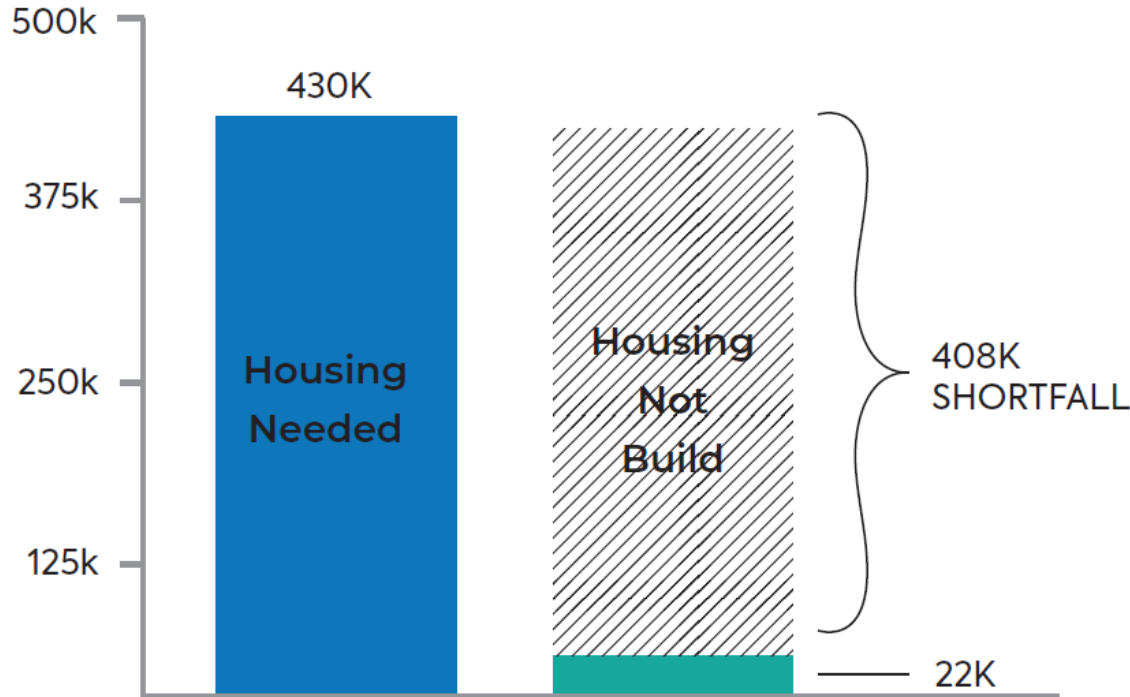
Micro-Studio Lease-Up	
% Leased at TCO	70%
Average Leases / Day	0.70
Total Days to Stabilized Post-Opening	30 days
Average Leads Relative to Traditional	4x

Micro-Studio Resident Average	
Age	33
Income	\$74,490
AMI %	81%
Rent Ratio	30%

Operating Portfolio	
Last Month Vacancy	2.8%
Last 6 Months Average Collections	98%
Greatest Professional Concentration	21%
Total Units	~1,200

Market Supply VS. Demand

ONLY Achieved 5% of the Goal – Shortfall: 408,000 Units



- Housing Needed: 430,000** Units that are affordable between \$40K and \$120K
- Housing Actually Built Since 2000: 22,000** Units that are affordable between \$40K and \$120K

Only 5% of the goal was built for our target market, resulting in a shortfall of 408,000 units

Per Next10.org's "Missing the Mark" report, **Oakland will not hit housing goals until beyond year 2500** for moderate-income units (\$40K - \$120K) and year **2072** for low-income units <\$40K

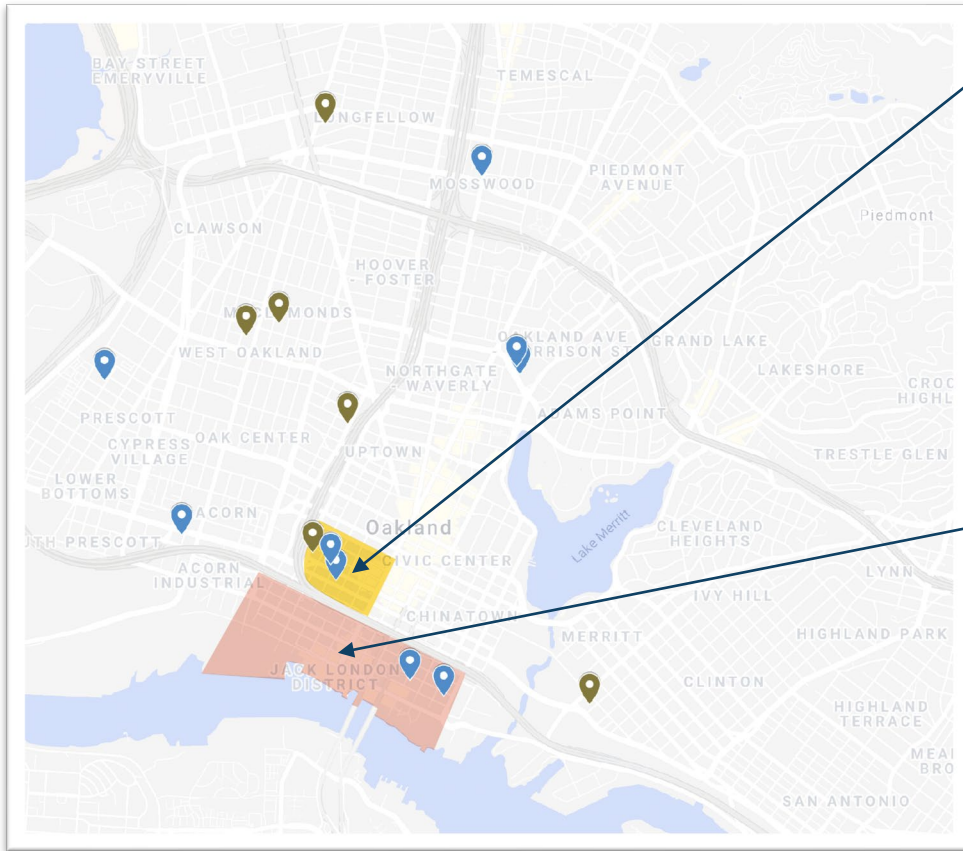
Midrise: Higher Density, Same Value Offering


Making Small Format Housing Simple and Profitable



PRICE + CONVENIENCE + STYLE = VALUE PROPOSITION

Future Projects Will Access Central Oakland Business Districts



 Under Control

 Projected

Old Downtown Oakland



Jack London Square







Cost-Per-Resident is 40% of Competing Construction

	Studio	Micro-Studio
Rent Per Resident	\$2,100	\$1,800
Cost Per Resident	\$221k	\$221k
Layout		

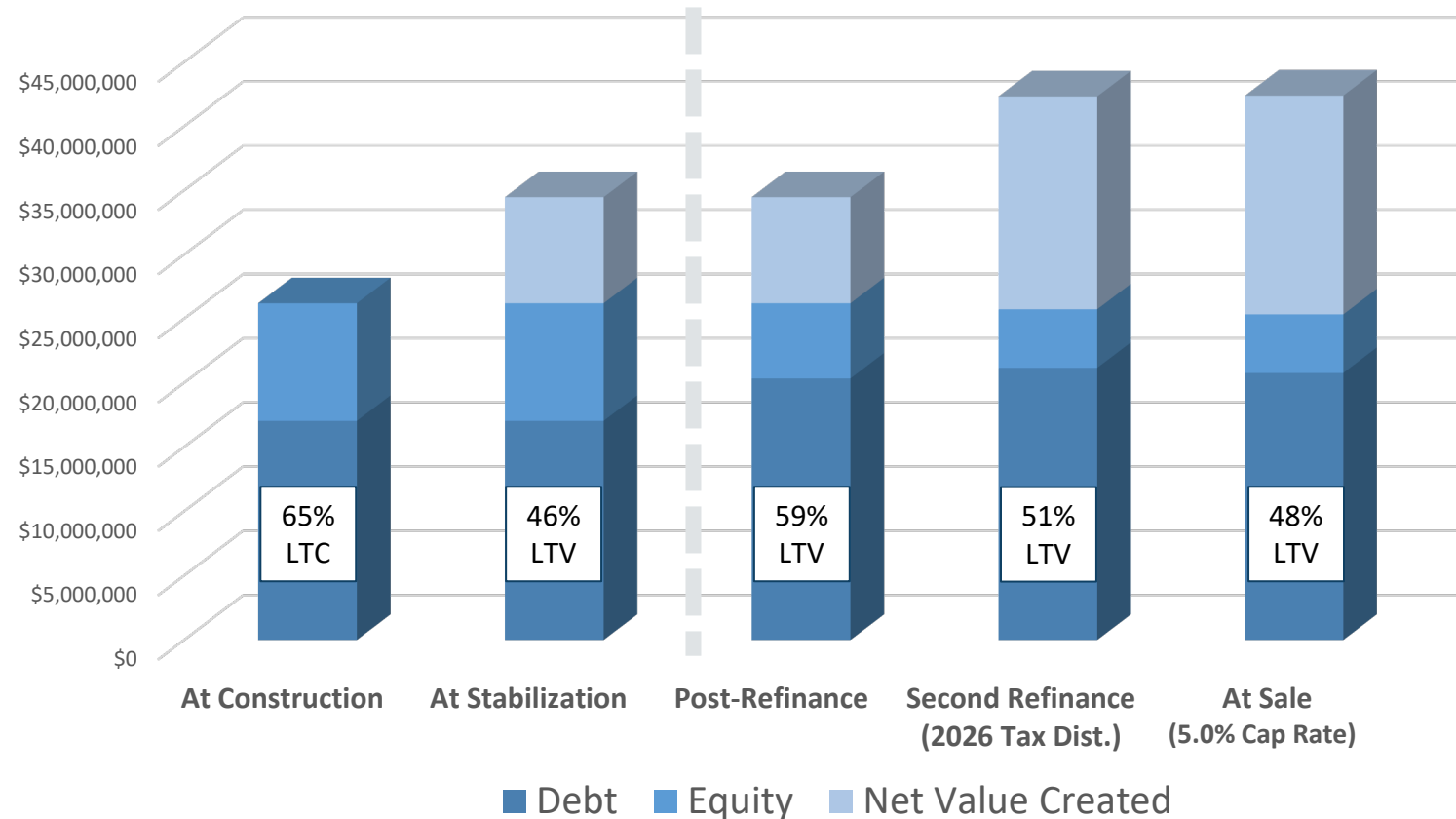
Our Protective Lane – We Can Reach an Entry Level Customer

Affordable by Design - Customers Need to Earn 42% More to Upgrade

	ABD Studio	MacArthur Commons	Baxter on Broadway	Average New Construction Studio
Sq Ft	300	379	450	320
Rent	\$1,991	\$2,476	\$2,683	\$2,585
Qualifying Income	\$75,600	\$91,656	\$101,520	\$93,060
% Increase	-	36%	47%	42%
Layout				

Downside Protection through Low Leverage

Rents Can Drop By 30%+ Before We Are In Jeopardy of Missing Debt Payments



Bay Area rents have never dropped by more than 18% average in a downturn

Our workforce housing units have never dropped by more than 4%

	Construction Loan	Permanent Loan
Minimum Rent Required to Achieve 1.0x DSCR	\$1,024 (39% drop in base rent)	\$1,180 (30% drop in base rent)

¹ Assumes a base rent of \$1,675 with a 34% expense ratio

² Construction Loan assumes a 5.5% interest only loan

³ Refinance Loan assumes a 5.0% interest only loan

2 Multifamily Trends We Avoid: Mega Projects & Over-Amenitization

Our Medium Sized Efficient Buildings Remove Project Risk and Improve Customer Experience

Hidden Density

Portfolio Development Strategy
Removes Single Project Risk



VS

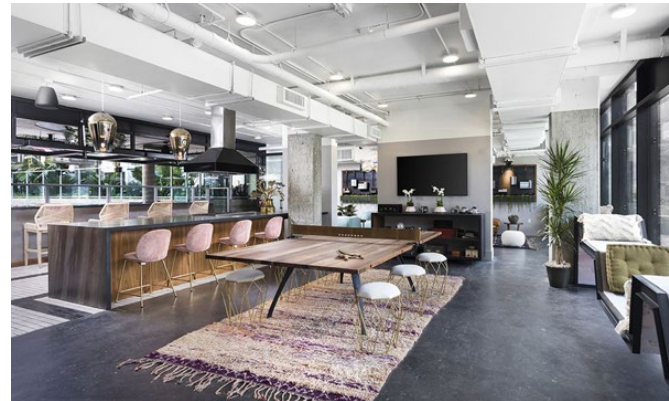


Efficient Building

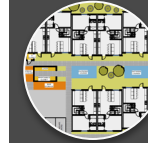
The City is Our Amenity



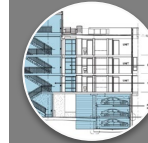
VS



Our 5 Principles



Achieve Hidden Density:
Increase Resident to Sq. Ft Ratio



Efficient Building:
Don't Build Parking, Circulation,
or Elevation



Don't Pay Unnecessary Fees:
Municipal, Utility and Permit Fees



By-Right Entitlement Process:
Predictable administrative
entitlement process



Transit & Bike-Oriented:
Focus on transit proximity

\$1M Investment Example: Base Case - Average Rents \$1,675 - 5% Stabilized Rate

Total Cash Flow of ~\$2.6M, 16% IRR, 2.6x Equity Multiple, and 12% Cash on Cash



High Yield & Predictable Cash Flow:

1. Year 5: 17% Cash on Cash at Stabilization
2. Average 12% Cash on Cash



Velocity of Return of Capital:

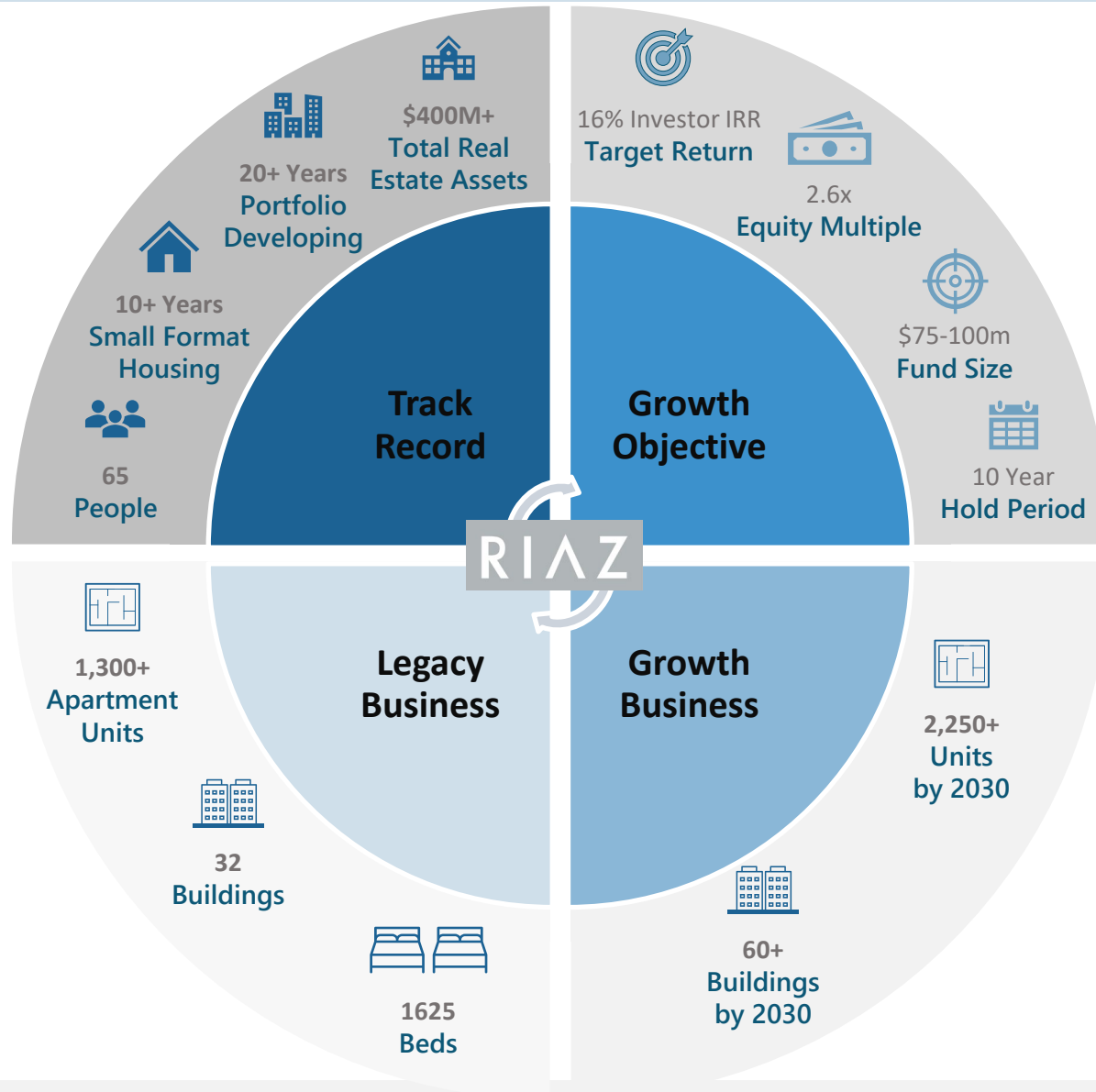
1. Year 4: 60% Return of Capital
2. Year 7: 100% Return of Capital



Tax Efficiency:

1. \$1.17M Cash Distributed Prior to Exit
2. -\$38K Total Net Taxable Income

Investor Cash Flow Metrics	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	Deployment			Refinance		Operations					Eliminate	Total
Individual Investor Cash Flow	\$0	\$0	\$0	\$359,090	\$226,240	\$70,265	\$74,400	\$300,744	\$66,559	\$71,102	\$1,388,669	\$2,557,069
% of Investor Capital Returned	0%	0%	0%	36%	59%	66%	73%	103%	110%	117%	256%	
Cash on Cash Metrics												
Cash on Cash (CF from Operations-Initial)	N/A	N/A	N/A	35.9%	22.6%	7.0%	7.4%	30.1%	6.7%	7.1%	138.9%	255.7%
Cash on Cash (CF from Operations-Remaining Cash)	N/A	N/A	N/A	35.9%	35.3%	16.9%	21.6%	N/A	N/A	N/A	N/A	N/A



Our Team

A Vertically-integrated Owner, Operator, And Developer Of Real Estate

Strategy



Riaz Taplin
Principal & Founder

Riaz Taplin has built a portfolio of over 1,300 units in the workforce housing category, explored co-living, adaptive reuse micro-units, student housing, and traditional ground-up construction – all of which led to the firm’s custom workforce housing solution – the ABD Studio. Riaz is a board member of the Oakland Promise, the urban planning think tank SPUR, and co-chair of the American India Foundation SF Bay Area board.

Finance and Acquisition



Paul DiCarlo
CIO and Partner

Paul DiCarlo is a principal at Riaz Capital, where he leads the asset management and investment team as the Chief Investment Officer for the Company. Paul spent four years at KPMG in their auditing practice where he rose to Senior Associate in just two years and obtained his CPA license at 25. Paul has been at Riaz Capital since 2012 and has closed over \$300 million in over 50 acquisition and disposition transactions since 2013 with the company.

Development and Construction



Seth Lang
VP of Project

Seth Lang is a partner at Riaz Capital, where he leads the project and acquisitions teams as Vice President of Project. Seth spent three years at Deloitte and Touche, LLC, as a Senior Associate in the audit practice working primarily with commercial real estate and financial services clients. Seth joined Riaz Capital in 2014 and has been heavily involved in all function areas within the Company.

Accounting and Operations



Maxim Reshulsky
Chief Financial Officer

Maxim spent over three years at Gazprom’s real estate subsidiary where he led the due diligence & finance team working on project pipeline, which included both commercial and residential projects worth more than \$1B. Maxim holds a Major in Economics from St. Petersburg University and an MBA from Hult International Business School.

Fund Management



Lawrence Drouin
Fund Manager

SVP of Financial Planning and Analysis. FP&A professional who brings 20+ years of experience of providing strategic and financial leadership to big data analytics companies, especially in the Real Estate and mortgage industries. Joined Riaz Capital in September 2018, but has known Riaz Taplin since 2004. Prior to joining Riaz Capital, Lawrence was VP of Finance at CoreLogic, Lender Processing Services (now Black Knight Financial) and LoanPerformance. He holds a BA in Economics from UCLA and an MBA from Tepper School of Business (Carnegie Mellon University).

Development and Construction



Lisa Vilhauer
VP of Land Entitlement

Lisa Vilhauer has over 15 years of experience in entitlements and construction, encompassing single and multi-family housing, urban infill, mixed use and commercial development. Lisa works directly with our VP of Development to lead the entitlement and permitting process, working closely with the acquisitions and construction team to design projects that are in line with our portfolio strategy. Lisa has a Bachelor’s degree from Cal Poly, San Luis Obispo.

Investment Returns

Target Return Total Cash Flow of ~\$2.6M, 16% IRR, 2.6x Equity Multiple, and 12% Cash on Cash

Return Summary	IRR	Equity Multiple	Average Cash on Cash
Return as a %	16%	2.6x	12%
Cash Return	n/a	\$2.6M	\$117K

Tax Adjusted Return Summary	IRR	Equity Multiple	Average Cash on Cash
Return as a %	25%	3.9x	24.4%
Cash Return	n/a	\$3.9M	\$243K

Cash Flow Summary - 100% of Capital Returned By Year 7				
Investment Amount = \$1,000,000	Stabilized Year 5 (2024)		Refinance Year 7 (2026)	
	%	\$	%	\$
Cumulative Return of Capital	65.6%	\$655,595	103.1%	\$1,030,739
Cash on Cash (on Invested Capital)	7.0%	\$70,265	30.1%	\$300,744
Cash on Cash on Remaining Risk Capital	16.9%	\$70,265	N/A	\$300,744
Tax-Adjusted Cash on Cash (on Invested Capital)	14.7%	\$146,581	37.5%	\$374,772
Tax-Adjusted Cash on Cash on Remaining Risk Capital	35.3%	\$146,581	N/A	\$374,772

\$1M Investment Example: Scenario Summary

Target Rent \$1675- \$1875

		Interest Rate								
		Base Case - 5%			Current Expectation - 4%			Upside 3%		
	Rent	\$1,475	\$1,675	\$1,875	\$1,475	\$1,675	\$1,875	\$1,475	\$1,675	\$1,875
	IRR	9%	16%	22%	10%	17%	24%	11%	18%	24%
	Avg Cash on Cash	7%	12%	15%	8%	13%	16%	9%	14%	17%
	Equity Multiple	2.0x	2.6x	3.1x	2.1x	2.7x	3.2x	2.2x	2.8x	3.4x

- Base Case
- Current Market
- Upside Case

Summary of Terms

Limited Partner	2019 ABD Ozone Fund LP
General Partner	2019 Riaz Ozone Fund GP, LLC
Size of 2019 ABD Ozone Fund	\$100 million
GP Commitment	\$5 million
Contribution Period	Callable capital, all funds contributed by 3/31/2022. Investors may accelerate capital contributions, up to the value of capital commitment
Term	12/31/2031 with the option to extend for two 1-year periods
Target Return	~16% net Investor IRR (25.0% post tax); 2.6x equity multiple
Waterfall Summary	After return of investor capital and an 8% annually compounded preferred return, 70% of all distributions to investor
Management Fee	1.5% Blended fee on Contributed Capital (2% through stabilization and 1% for the remaining term of the fund)

Disclosure: Operating agreement to be provided following submittal of soft commitments with all details of partnership. The above does not constitute an executive summary.

THANK YOU

If you'd like to learn more, please reach out to:

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investors@riazinc.com